

CHAPTER - II

SUGGESTIONS

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In this Chapter suggestions are based on the factual problems faced by Investigator in his study. Attempts are made to make suggestions to the point and practical that can be implemented with suitable legal facilities. State grants and aids, miscellaneous incomes, interests etc., are omitted from the study because the problem is directed only to the ways of increasing the revenues of the Nagar Parishad through different tax and rates system which can be levied by municipality by passing resolution at the Councillors meeting with sanction from Commissioner and Regional Director of Municipal Administration, Pune.

A) OCTROI :

1. It is possible to augment revenues from octroi if stricter supervision is exercised. The penalty provided in the Municipal Account Code has not proved quite effective. Stricter penalties should be provided for checking evasion.

2. There should be effective inspection of octroi barriers particularly during right by Octroi Superintendent and Inspectors. Members of municipal council may also help by co-operating with municipal staff and even by conducting surprise checks of barrier and trucks on the roads.

3. Strict instructions should be issued to the octroi staff not to allow the export of goods from entrance to next exit other than that specified in the transit pass. Action should also be taken against the importer under Rule V.65(b) of Municipal Account Code.

4. Proper weights and measures and other necessary facilities for easy and prompt collection of octroi duty will minimise unintentional evasion.

5. Employee training should be given in respect of patrolling, checks, treatment with evasion without creating tensions among local citizens.

6. Weighing bridges should be constituted at octroi offices as far as possible.

7. There should be surprise checks on employees regarding their impartiality.

However, as long as the standard of business morality remains woefully low, no attempt of punishment and no system of tax administration will be able to stamp out the evasion totally.

Another extreme innovative suggestion is as follows.

Many articles/goods cannot be taxed under octroi due to non-availability of any legal proof of importing those articles/goods. One cannot understand whether the wristwatch is purchased or it is old which is in the hands of passenger. We have ~~not~~ other remedy than to trust on the integrity of traders. Due to complexity and non-availability of proofs and inability of administrative staff of octroi department it can be suggested that 'octroi should be deleted totally by municipality. State Government should, with special powers, impose extra tax on all goods and services at the production centre and collected such large amount of revenue in the hands of State Government should be distributed among the all concerned municipal bodies in the ratio of total values of goods imported in Municipal Area. Statement of values should be prepared by municipality concerned.

BENEFITS OF THIS SCHEME :

1. All goods imported in Municipality Area and its value would be recorded by Municipal Officer at the entrance. Owners of goods will give genuine statements of bills. Tax evasion will be avoided.
2. Octroi department's employees will be curtailed and it will minimise the pay bill of municipality. This surplus staff will be absorbed by the State which requires extra staff for additional work involved in collecting octroi at the place of production centre.
3. Octroi will be collected 100% at production centre as there will be no evasion, bogus weighing, false documents, no waste of diesel, time, money and no high rate of depreciation of tyres.

Only precaution is that concerned municipality should receive original bills properly attested for determining value statement.

B) PROPERTY TAX :

1. Reassessment of rent rates should be made yearly matching with the prevailing rent.

2. Municipal Council should insist and stick to laws relating to property tax without considering the opinion or reflection of voters.
3. Qualified persons should do impartially the work of valuation of properties.
4. Low rates of property tax on old constructions should be upgraded.
5. Amount invested in lands and properties is amount as commercial investment. If that amount is deposited in bank as term deposit it will earn at least 10% p.a. interest. Chief Officer should calculate the such interest on the true and fair capital value of properties and should take it as base for determining reasonable rent. It is estimated that by this method revenue from property tax would be 2.5 times more than what is at this time.
6. Centralized assessment by valuation department of State Government with qualified persons should be made and all municipalities will be provided these services.

7. Periodical revision of annual values of buildings and lands is necessary for full utilization of the productive capacity of tax. Officer in-charge should maintain an up-to-date records of additions, new buildings constructed and alterations made since the last valuation.

8. Incentive in form of rebate of minimum 10% should be given for early payment of dues.

C) SPECIAL WATER TAX :

1. It is essential to increase at least 70% of the rates of water cess.
2. Water tax rate should include the charge for -  
(a) water service, (b) project cost.
3. Like meter placement of electricity, meters should be fixed at each premise to count the use of water and on such consumption water rate should be based.

D) TAX ON MARKET PLACES :

1. Rate of square foot (20 N.P. per square feet) should be doubled per day.

2. To avoid possibility of collusion between collecting staff and street traders strict supervision of higher authority is necessary. Motivation should be given to employees by paying commission on the collection.
3. Due to high rate of turnover on the days like Sunday there is no reason for incapacity of street traders not to pay this tax. So collection must be strictly followed.

E) ENTERTAINMENT TAX :

1. Discretionary powers should be given to Municipal Council in respect of rate fixation. It means existing rate should not be increased in relation to levying tax on cinema as he is already paying more. On the other hand circus, dramas are drawing proceeds in thousands of rupees. They should be taxed at high rate. It means entertainment tax should be high on the shows other than cinema.
2. Entertainment tax should be based not on number of shows but on the total proceed of that show e.g. it should be fixed at Rs. 3/- per the proceed of rupees hundred.



F) ADVERTISEMENT TAX :

1. Legal provisions should be changed as to permit the municipal authority for recovery of taxes without going into Court.
2. Definition of advertisement should be restated so as to cover all types of advertisement boards in Municipal Area for tax purpose.
3. Token should be given compulsorily to the person who makes advertisement or token should be fixed on board and it should be strictly observed.
4. Employees should be motivated in collection of revenues.
5. Rate-structure should be abolished because we cannot measure the effect of boards with lighting and without lighting.
6. Definition should be on following lines.  
"Any board, publicity, paper sticked on lands, buildings, walls, poles belonging to citizen or municipality should be taxed, if the intention of the board is to appeal public for doing any trade or business with profit motive."

G) VEHICLE TAX :

1. Instead of different and supplementary taxes, tax should be levied which would yield at least 15% of the total revenue to Nagar Parishad.
2. Proceed from vehicle tax is so small that it is better to abolish it because cost of administration of vehicle tax is more than its proceed.

H) SPECIAL SANITARY TAX :

1. To increase the revenue from sanitary tax, there should be compulsion on the owners for making provision of modern types latrines and there should also be a system of sewages to cover all the latrines.

GENERAL SUGGESTIONS :

1. In co-operative sector there is provision that financially strong District Central Co-operative Banks may transfer their excess funds to economically non-viable District Central Co-operative Banks. It is like if all the rivers in India are linked by canals then excess water in one river can be transferred to other dry rivers and due to this balanced utilization of water resources would be possible.

This concept is 'interlinking of funds' for fuller utilization. There should be inter-linking of all Municipal Councils and Corporations in each state. It is reported by the authorities that some Municipal Corporations have excess funds invested in securities earning ~~average~~ interest. If Corporations and Councils are interlinked excess funds can be transferred to economically weak Municipal Council on specific terms, especially to 'C' class councils.

2. Another suggestion is that there should be 'adoption scheme'. Large and strong Municipal Corporations should adopt two or three economically weak Municipalities and utilize excess funds as a cushion to developmental plans of Municipalities.

At the apex level State should constitute 'Commission for inter-linking of Municipal Funds' for interpretation work and supervision and guidance.

Government should not consider who are come on ruling in various local bodies.

3. ■ State Government should take necessary measures to ensure that the taxes are fully utilized by the - municipal bodies.

4. Integration of the municipal and State planning is necessary to ensure necessary development finance to local bodies.

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