

#### CHAPTER - IV

##### Non - Tax Sources of Municipal Revenue

Non - Tax revenue includes revenue from Municipal property - rents on lands, houses, sarais, rest houses, and dak banglows, sale proceeds of lands and produce of lands, conservancy receipts (other than rates) receipts from market and slaughter houses, fees and fines and contribution. Apart from these revenue source, special item such as loans, Grants, sale proceeds of securities, realisation of sinking funds and advances and deposits also feature in municipal finance.

Table No. 1.Income from tax and non tax sources

(1970-71 to 1986-87)

(Rs. in lakhs)

Sr. No.	Years	Total tax & Non-Tax Receipt	Total tax Receipt	Total non-tax Receipt
1)	1970-71	77.88	41.65	26.23
2)	1971-72	72.84	39.09	33.75
3)	1972-73	83.54	45.43	38.11
4)	1973-74	90.61	50.97	39.64
5)	1974-75	114.28	59.23	55.05
6)	1975-76	136.72	74.52	62.20
7)	1976-77	172.37	100.08	72.29
8)	1977-78	175.45	94.80	80.64
9)	1978-79	179.54	109.20	88.34
10)	1979-80	294.55	121.18	173.38
11)	1980-81	318.62	151.06	167.55
12)	1981-82	426.78	175.28	251.50
13)	1982-83	427.58	202.93	224.65
14)	1983-84	424.20	207.26	216.94
15)	1984-85	488.50	214.90	273.59
16)	1985-86	568.29	273.48	292.81
17)	1986-87	528.38	328.74	199.64

(Includes receipts in lien of Special Act.)

The data given in table no. 1 show that non tax revenue increased from Rs. 26.23 lakhs to Rs. 199.64 lakhs in 1986-87. The table no. 2 show that the proportion of non tax revenue to total municipal revenue in Sangli was fairly high and varied between 37.40 to 58 % during 70-71 to 1986-87. On an average this proportion was 48.72 % as compared to 51.28 % of the tax revenue.

Table No. 2.

<u>Tax &amp; Non-Tax Revenue Proportions</u>				
(Rs.)				
Sr.No.	Years	Tax & Non-Tax Revenue %	Tax revenue to total revenue %	Non-Tax revenue to total revenue %
1)	1970-71	100	53.48	46.52
2)	1971-72	100	53.67	46.33
3)	1972-73	100	54.38	45.62
4)	1973-74	100	56.25	43.75
5)	1974-75	100	51.83	48.17
6)	1975-76	100	54.50	45.50
7)	1976-77	100	58.06	41.94
8)	1977-78	100	54.04	45.96
9)	1978-79	100	55.28	44.72
10)	1979-80	100	41.14	58.86
11)	1980-81	100	47.41	52.59
12)	1981-82	100	41.07	58.93
13)	1982-83	100	47.46	52.54
14)	1983-84	100	48.86	51.14
15)	1984-85	100	44.00	56.00
16)	1985-86	100	48.12	51.88
17)	1986-87	100	62.22	37.78
Average tax & 100			51.28%	48.72%
Non tax revenue				

Table No. 3.

Avarage Proportion of Revenue of Municipalities  
for Tax and Non-Tax sourves in the Total Revenue.

(1971 to 1976)

Municipal Government	5 years avarage of % of		
	Tax revenue in total revenue	Non-Tax revenue in total revenue	Total percentag
Sangli	54%	46%	100
Municipal Bodies in the State	61%	39%	100

Data from Table No. 3 show that on an avarage in Maharashtra bout 61% of the total municipal revenue (excluding The revenue of corporations ) was attributable to tax and 39% of the revenue was attributed to non-tax sources. In case of Sangli municipality 54% of the municipal revenue is from taxes and 46% of the revenue was from non-tax revenue.

Revenue from Municipal Properties.

Revenues from municipal properties consists of rents of municipal lands, shops, serais, rest houses and dak - bungalows, sale- proceeds of lands and produce of lands conservancy receipts (other than rates) and receipt from markets and slaughter houses. The table No. 4 shows the revenue from municipal properties of Sangli Municipality.

Table No. 4.Revenues from Municipal Properties

Sr. No.	Years	Income	(Rs. in lakhs)
			Proportion to total non-tax revenue (%)
1)	1970-71	1.64	4.51
2)	1971-72	1.49	4.41
3)	1972-73	1.82	4.77
4)	1973-74	2.31	5.83
5)	1974-75	5.07	9.20
6)	1975-76	3.88	6.24
7)	1976-77	3.97	5.49
8)	1977-78	4.48	5.56
9)	1978-79	4.26	4.82
10)	1979-80	5.18	3.00
11)	1980-81	5.98	3.57
12)	1981-82	8.13	3.24
13)	1982-83	7.68	3.42
14)	1983-84	8.44	3.89
15)	1984-85	9.69	3.54
16)	1985-86	10.34	3.53
17)	1986-87	12.34	6.18

As obvious from the table No. 4 Municipal property makes the insignificant percentage contribution to the total non tax revenue per annum.

The data from Table No. 4 show that the amount of the revenue rose steadily from Rs. 1.64 lakhs in 1970-71 to Rs. 12.34 lakhs on 86-87. Similarly ~~the~~ their proportion to total non tax revenue of Sangli Municipality expanded from 4.51% to 6.18 during corresponding period.

These revenues include following 4 major receipts.

- 1) Rents.
- 2) Sale-proceeds and produce of land.
- 3) Conservancy receipts.
- 4) Market and slaughter houses.

The data given in table no. 5 show that

1) Rent element in the receipts is most preponderant. Moreover it increased from 60% in 1970-71 to 69% on 86-87.

ii) Next important receipt is the sales proceeds and produce of land. It divided from 18% to 12% in the correspondance years.

iii) Conservancy receipts raised between 11.40 to 14.40 % while market and slaughter houses receipts fell from 10% to 8% in correspondance years.

Table No. 5.

Percentage Distribution of Revenue from Municipal Property.

Sr. No.	Name of Items	1970-71	1974-75	1980-81	1986-87
1)	Rents	60	66	65	69
2)	Sales proceeds and produce of lands	18	16	13	12
3)	Conservancy receipts	12	11	14	11
4)	Market and slaughter houses	10	7	8	8
Total		100	100	100	100

- 1) Rents of Land, Houses, Rest Houses,  
Dak-Banglows, Shops, etc.

Here Sangli Municipality owns considerable lands and quite a large number of shops and receives rent by letting them. The following figures shows the annual percentage contribution by this source to the total non tax revenue.

Table No. 6.

Percentage Contribution of Rent.

Sr. No.	<del>Percentage</del> Year	(Rs. in lakhs)	
		Revenue	% of municipal properties
1)	1970-71	0.98	60
2)	1971-72	0.92	62
3)	1972-73	1.13	62
4)	1973-74	1.50	65
5)	1974-75	3.34	66
6)	1975-76	2.46	64
7)	1966-77	1.73	66
8)	1977-78	2.78	62
9)	1978-79	2.72	64
10)	1979-80	3.35	69
11)	1980-81	4.13	65
12)	1981-82	5.29	62
13)	1982-83	4.76	67
14)	1983-84	5.23	64
15)	1984-85	6.49	67
16)	1985-86	6.92	66
17)	1986-87	8.51	69



Here Sangli municipality enjoys better position. There are, rates of rent, were not revised for a long time in Sangli otherwise this revenue would have further increased. Municipal shops are generally leased out at nominal rent, without any reference to the prevailing market rent, which gives temptation to the original tenants for subletting. In order to step up revenue from this source, the evil of sub-letting should be checked and the rates of rents should be revised in keeping with the economic development of the city.

2) Revenue from Sale Proceeds and Produce of Lands.

The municipality under study possesses blockes of lands and earn revenue by disposing them off. However, sale of lands is not a stable source of revenue. The amount of revenue from this source depends upon the size of land disposed off. The figures given in the table no. 7 show the revenue derived from this source by the municipality.

Table No. 7.Revenue from Sale Proceeds and Produce of Land.

Sr. No.	Year	Revenue	(Rs. in lakhs)
			% in Municipal property.
1)	1970-71	0.39	18
2)	1971-72	0.28	19
3)	1972-73	0.30	17
4)	1973-74	0.35	15
5)	1974-75	0.81	16
6)	1975-76	0.54	14
7)	1976-77	0.43	11
8)	1977-78	0.62	14
9)	1978-79	0.51	12
10)	1979-80	0.57	11
11)	1980-81	0.66	13
12)	1981-82	1.06	15
13)	1982-83	1.15	17
14)	1983-84	1.43	15
15)	1984-85	1.36	14
16)	1985-86	1.45	13
17)	1986-87	1.48	12

Here data show that up to 1980-81 this revenue was small although rising. From 1981-82 it showed fairly rapid growth. However, its proportion to total revenue from properties of municipality declined from 18% to 12 % in the period understudy.

3) Conservancy Receipts.

Under the head comes the revenue obtained through the sale of sullage water and compost. In the state, almost all the municipalities are preparing compost manur. As a result, the revenue from this source has been increasing year after year, as the table no. 2 shows. Since 1980-81 the revenue from this source has shown considerable growth. The proportion of ~~conservancy receipts~~ conservancy receipts to total non tax revenue was between 10% to 14%.

Table No. 2.Revenue from Conservancy Receipts.

Sr.No.	Year	Revenue	(Rs. in lakhs)
			%in municipal properties
1)	1970-71	0.19	12
2)	1971-72	0.16	11
3)	1972-73	0.21	12
4)	1973-74	0.23	10
5)	1974-75	0.55	11
6)	1975-76	0.54	14
7)	1976-77	0.52	13
8)	1977-78	0.53	12
9)	1978-79	0.59	14
10)	1979-80	0.62	12
11)	1980-81	0.71	14
12)	1981-82	1.13	11
13)	1982-83	0.84	11
14)	1983-84	9.28	12
15)	1984-85	0.97	10
16)	1985-86	1.03	13
17)	1986-87	1.36	11

This revenue may be increased further if effective supervision over. The preparation of compost is imposed. So also the rates at which compost is sold are raised in upward direction.

8) Revenue from Market and Slaughter Houses.

Sangli municipality owns markets and slaughter houses. Whenever commodities are brought to market for sale they are charged fees and these fees vary according to the nature and quality of the articles. The principal motive of the municipality in levying the market - fees is to ensure, Sanitary and hygienic conditions at place of transaction. Further, the municipal authorities do not allow indiscriminate slaughtering of animals at all places in the towns due to its inhygenic effects on the city environment. Consequently, the municipality run slaughter houses. where animals are slaughtered and for the use of which a fee is charged. The following table shows the income from municipal markets and slaughter houses.

Table No. 9.Revenue from Market & Slaughter Houses.

Sr. No.	Year	(Rs. in lakhs)	
		Revenue	%in municipal properties
1)	1970-71	0.16	10
2)	1971-72	0.12	8
3)	1972-73	0.16	9
4)	1973-74	0.23	10
5)	1974-75	0.34	7
6)	1975-76	0.31	8
7)	1976-77	0.39	10
8)	1977-78	0.53	12
9)	1978-79	0.43	10
10)	1979-80	0.41	8
11)	1980-81	0.47	8
12)	1981-82	0.65	12
13)	1982-83	0.92	10
14)	1983-84	0.84	9
15)	1984-85	0.87	9
16)	1985-86	0.93	8
17)	1986-87	0.99	8

The data given in table no. 8 shows the growth of revenue from market & slaughter houses and its proportion to total non tax revenue. This revenue rose from a small level of Rs. 0.16 lakhs in 1970-71 to Rs. 0.92 lakhs in 1982-83 and further rose 0.99 lakhs in 1986-87.

However its proportion to total non tax revenue was mostly continued to 8% to 12%.

#### Revenue from Fees.

The fees realised by Sangli Municipality are mainly to five kinds. First, there are the Licence fees. The municipality issue a large number of Licences for various trades. In addition, the municipality charged Licence fees under the revention of food adulteration Act on dealers in food articles and drinks, hotels, restaurents, swee-shops, bakeries, dairies and on manufactures of ice-and ice-creadm.

Secondly, there are fees whose object is to recover a part of the cost of service from persons who derive special advantages i.e. fees charged by the educational or medical institutions.

Thirdly, there are fees for issuing notices, warrants etc. in connection with the recovery of municipal claims.

Fourthly, there are tehbazari fees which are charged on all retail sellers who use roads and pavements for selling goods and provisions.

Fifthly, there are miscellaneous fees such as building application fees, fee for giving copies of bye-laws etc.

Out of these five types of fees the Licence and tehbazari fees contribute a substantial amount of revenue to municipal finance and from the remaining three, the income is nominal. The table No. 10 shows the income derived from this source.

Table No. 10.

Revenue from Fees.

(Rs. in lakhs)

Sr. No.	Years	Revenue	% of total non tax revenue
<del>1978-71</del>			
1)	1970-71	0.26	0.23
2)	1971-72	0.29	0.83
3)	1972-73	0.45	1.18
4)	1973-74	0.50	1.27
5)	1974-75	0.55	1.01
6)	1975-76	0.62	1.00
7)	1976-77	0.49	0.69
8)	1977-78	0.57	0.71
9)	1978-79	0.50	0.57
10)	1979-80	0.66	0.38
11)	1980-81	0.73	0.44
12)	1981-82	0.86	0.34
13)	1982-83	1.04	1.46
14)	1983-84	1.48	0.68
15)	1984-85	1.72	0.63
16)	1985-86	2.36	0.80
17)	1986-87	2.25	1.13

The data from the table no. 10 show that the amount of revenue from these sources ~~continuously increased~~ considerably increased. There is steady growth from the year 1979-80. Its proportion total non tax revenue showed wide wide fluctuations.

This is because of certain malpractices prevalent in this area of tax realization. As in the case of other sources of income, fees particularly Licence and tehbazari fees suffer leakages and loss due to bad assessment and collection. The licence inspecetors who are generally entrusted with work of assessment and collection are influenced in their work by the Corporators are easy taken in by the false leading of the Licence holders who taking advantage of their poor financial conditions, influence them by offering some financial inducements and sundry gifts. As a result, cases of non-assessment, under assessment and embezzlement have become rempant in every municipality. Licences are generally not issued in respect of various traders and under the prevention of food adulteration rules. There are a large number of persons who are carrying on trades without licences. In other words, there is heavy exasion of fees. The tehbazari fee is not realised in advance ~~xx x xx~~ as required. Further, the rates of various fees are very old and have not been revised for a long time, resulting in loss of revenue to the municipal office.

There is enough scope for increasing revenue from this source by revising schedule of rates and exercising strict supervision over the collection staff. Strict supervision will also eliminate the evils of non-assessment and under assessments.



Revenue from other sources i.e. water and power  
charges, Income from business enterprises etc.,

Table No. 11.

Revenue from other sources i.e. water and power  
charges, Income from business enterprises etc.

Sr. No.	Year	Revenue	(Rs. in lakhs)
			% of total non-tax revenue
1)	1980-71	5.51	15.21
2)	1971-72	6.00	17.78
3)	1972-73	5.00	13.11
4)	1973-74	4.27	10.76
5)	1974-75	9.79	17.79
6)	1975-76	5.12	8.40
7)	1976-77	7.04	9.74
8)	1977-78	5.73	7.11
9)	1978-79	9.59	10.86
10)	1979-80	15.81	9.12
11)	1980-81	12.51	7.47
12)	1981-82	17.36	6.90
13)	1982-83	4.11	6.28
14)	1983-84	14.94	6.89
15)	1984-85	17.08	6.24
16)	1985-86	20.72	7.08
17)	1986-87	28.43	14.24



The data from table no. ~~11~~ shows that, The amount of revenue from water power etc. practically rose rapidly from Rs. 9.59 lakhs ~~in~~ in 1978-79 to Rs. 14.94 lakhs in 1983-84 and further to Rs. ~~22 lakhs~~ 28.43 lakhs in 1986-87. However its proportion the total non tax revenue widely fluctuated ~~and~~ and declined .

Table No. 12

Revenue from fines and Penalties.

Sr. No.	Year	Revenue	% of total non tax revenue.
1)	1970-71	0.24	0.67
2)	1971-72	0.24	0.72
3)	1972-73	0.42	1.10
4)	1973-74	0.42	1.05
5)	1974-75	0.47	0.87
6)	1975-76	0.49	0.78
7)	1976-77	0.52	0.72
8)	1977-78	0.41	0.50
9)	1978-79	0.47	0.54
10)	1979-80	0.53	0.30
11)	1980-81	0.59	0.35
12)	1981-82	0.52	0.21
13)	1982-83	0.59	0.26
14)	1983-84	0.68	0.31
15)	1984-85	0.65	0.24
16)	1985-86	0.65	0.22
17)	1986-87	0.70	0.35

Income from fines and penalties is the least important, source of non-tax revenue. The annual percentage contribution by this source to the total non-tax revenue was less than 1 % . (Table No.12)

The amount of Revenue steadily increased from Rs. 0.24 lakhs in 1970-71 to Rs. 0.70 lakhs in 1986-87.