

Draft

Financial Management Action Plan
(FMAP)

Bhubaneswar Municipal Corporation (BMC)



Bhubaneswar Municipal Corporation
Progress Through Partnership for Better Bhubaneswar

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List of Abbreviations

Acronym	Full Form
BDA	Bhubaneswar Development Authority
BMC	Bhubaneswar Municipal Corporation
BRGF	Backward Region Grant Fund
BSUP	Basic Service for Urban Poor
C&AG	Comptroller & Auditor General of India
CE	City Engineer
CFO	Chief Finance Officer
CMMO	City Municipal Medical Officer
CMR	Chief Minister Relief Fund
DAIT	Development Authorities and Improvement Trusts
DDO	Drawing and Disbursing Officer
DEA	Department of Economic Affairs, Government of India
DEABAS	Double Entry Accrual Based Accounting System
FMAP	Financial Management Action Plan
GoI	Government of India
H&UD	Housing & Urban Development
IGNOAP	Indira Gandhi National Old Age Pension
IGNWP	Indira Gandhi National Widow Pension
IHSDP	Integrated Housing and Slum Development Programme
ILSS	Integrated Low-cost Sanitation Scheme
ILW	Inspector of Local Works
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
LFA	Local Fund Audit
MBPY	Madhu Babu Pension Yojana
MLALAD	Member of Legislative Assembly Local Area Development
MPLAD	Member of Parliament Local Area Development
NRHM	National Rural Health Mission
OBBS	Output Based Budgeting
OGFR	Odisha General Financial Rules
OLFA	Odisha Local Fund Audit
OPWD	Odisha Public Works Department
OWSSB	Odisha Water Supply & Sewerage Board
PFMS	Public Financial Management System
PROOF	Public Record of Operations and Finance
RAY	Rajiv Awas Yojana
SFC	State Finance Commission of Odisha
SJSRY	Swarna Jayanti Sahari Rozgar Yojana
SJSRY- STEP UP	Swarna Jayanti Shahari Rozgar Yojana - Skill Training for Employment Promotion against Urban Poor
SJSRY-NULM	Swarna Jayanti Shahari Rozgar Yojana - National Urban Livelihoods Mission
SJSRY-UCDN	Swarna Jayanti Shahari Rozgar Yojana - Urban Community Development Network
SJSRY-USEP	Swarna Jayanti Shahari Rozgar Yojana - Urban Self Employment Programme
SJSRY-UWEP	Swarna Jayanti Shahari Rozgar Yojana - Urban Women Help Programme

SJSRY-UWSP	Swarna Jayanti Shahari Rozgar Yojana - Urban Self Help Programme
SWM	Solid Waste Management
TC	Tax Collector
UC	Utilisation Certificate
ULB	Urban Local Body
ZBB	Zero Based Budgeting

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There are various guiding works by the Government of India and State Government in highlighting the issues and prescription addressing the issues related to financial management of the ULBs in general as it directly and indirectly impacts the quality and quantity of service delivery to their citizens. They are based on international practices as now no ULB can afford to isolate itself. Hence, every ULB needs to compete with each other for ultimately providing better conditions for 'ease of businesses' to attract more and more economic activities into their folds.

Only a few of the studies may be cited here, for example, various reports of the Central Finance Commissions, Report of the Fourth State Finance Commission of Odisha, the *Best Practices in the Financial Management of Urban Local Bodies in India* by Yashda (2009), the work was done for Thirteenth Finance Commission, *Financial Management Knowledge & Awareness Module* by ASCI (2011), *Public Financial Management and Accountability in Urban Local Bodies India* by IPE (2006), etc, etc. Internationally there are host of country-specific literature which has been consulted though might not have been explicitly acknowledged but derived their viewpoints. Needless to say, they have been at the back of mind. The critical and closely reviewed comments made in the Audit Reports by LFA and CAG have also been used extensively.

The entire report has been structured as the Main Report on FMAP supported by detailed Annexure and Annexure Tables for further ready references and statistical clarity.

A grateful vote of thanks goes to all those officials who cooperated with us or even those who refused to do so, which was also helpful.

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Executive Summary

The 74th Amendment of the Constitution of India mandated all State Governments to operationalize Urban Local Bodies (ULBs) as units of self-governments. The Government of Odisha has also followed it and empowered its ULBs by making them more responsible with delegation of more powers and responsibilities. Various regulations were accordingly amended and this process is still continuing.

The objective of Financial Management Action Plan (FMAP) is to identify the areas of concern and suggest probable measures to improve Bhubaneswar Municipal Corporation's market-worthiness, thereby to attract more investors.

The latest study of the overall fiscal position and their Public Finance Management System (PFMS) has been provided by the 4th State Finance Commission (SFC) of Odisha (2015). Its recommendations have been considered by the Government and adequate actions are being taken up in a required phased manner.

This study is an attempt, taking Bhubaneswar Municipal Corporation (BMC) as a case, to model BMC for replication by other Municipal Corporations in State. Apart from this, the guiding foundations are the recommendations of several Finance Commissions (FCs), JnNURM, SFCs and other studies performed in this direction.

It is observed that despite rolling out of e-Municipality software in ULBs, the financial management system across the local bodies of the state is far from satisfactory and is a mix of continuing archaic system and modern techniques. For example, base data are first prepared and maintained manually and then digitized in a given format. For policy analysis purposes it cannot be retrieved immediately.

This study covers most of the components of Municipal Financial Management and captures an overview of the rules and regulations along with the observations on them.

Recommendations and Action Plan:

The improvement in governance and service delivery depends on sound FMS. Based on the key observations noticed under areas of FMS in BMC, the following recommendations and action plan has been suggested.

1. **Strengthening of enabling legislative framework:** While comprehensive in areas such as financial control, budgeting and audit, there are some gaps have been noted in procurement, monitoring and enforcement sections. The existing legislations are primarily directed to make BMC accountable to the State Government. However, there is scope for enhancing the implementation capacity. Major intervention required in this regard are: a) Updation of manual attached with the Orissa Municipal Corporation (OMC) Act, 2003 is needed to make it a more exhaustive and comprehensive document so that it is simple enough to be understood by each of the functionary by incorporating requisite and applicable provisions of the Orissa Government Manual and Rules, Orissa Audit Law, 1948 as well as Orissa Public Works Department Code or any other provision in related acts in the State as well as at the Central level for ULBs. b) Development of

subject and functionary specific exhaustive manuals which would provide support as ready reckoner (guidance), c) Approval and adoption of the prescribed budget formats (nine) in which the whole budget document has to be prepared and submitted as per The Odisha Municipal Accounting Manual (OMAM). It should be supported by budget making manuals too. For example, how to compute and treat opening balances in the process.

2. **Formulation of detailed Policy Manuals:** It has been observed that the detailed policy manuals are required to help the concerned officials to help understanding the provisions defined under regulations without any ambiguity. An indicative list of the such policies includes: a) tariffs policy; b) rates policy; c) credit control and debt collection policy; d) cash management and investment policy (for example Langeberg Municipality Cash Management & Investment Policy as given in Annexure-8); e) borrowing policy; f) funding and reserves policy; g) policy related to the long-term financial plan; h) supply chain management policy; i) policies dealing with the management and disposal of assets; j) policies dealing with infrastructure investment and capital projects, including (i) governing the planning and approval of capital projects; and (ii) developer contributions for property developments; k) policy related to the provision of free basic services; l) policy related to budget implementation and monitoring including - (i) shifting of funds; (ii) the introduction of adjustments budgets; (iii) unforeseen and unavoidable expenditure; and (iv) management and oversight; m) policies related to managing electricity and water including— (i) the management of losses: and (ii) to promote conservation and efficiency; n) policy related to personnel including policies on overtime, vacancies and temporary staff; o) policies dealing with municipal entities, including – (i) The service delivery agreement; and (ii) The dividend preference of the municipality; and Any other budget-related or financial management policies of the municipality. The government may take a call to select the policies useful for better and efficient functioning of the ULBs.
3. **Planning and Budgeting:** Budgets are generally seen as a statutory requirement and hence limited to providing sanction for expenses and revenues. Currently, budgeting practices are not directly linked to a larger management or strategic planning process. The rigor of planning is replaced by incremental budgeting and the need for debates and participation is limited to the elected representatives. It should involve public participation. Public at large remain unknown to the local budgeting process. The budgetary making procedures should follow the prescriptions given in the Odisha Fiscal Responsibility and Budget Management (FRBM) Act, 2005. The details are given in Annexure-3 & 4.
4. **Budget Classification:** The expenditures statements are to be classified as per OMC Act under major heads, minor heads, subordinate heads and primary units. Currently, the budgetary classification is based on accounting heads. There should be a clear distinction between accounting code and budgetary codes. But in any case, functional classification has been missing. For example, on receipts side, it has been noticed that all grants are clubbed as capital receipts. There is a strong need to classify the budgetary transactions both on receipt and expenditure side in systematic and objective basis yielding desired information. So, there is a need for developing a detailed manual for budget classification ideally based on International Monetary Fund (2001)

Government Finance Statistics Manual. The OMAM has also provided the basics of expenditure classification but not adopted and integrated with accounting codes.

5. **Budget Execution:** There is weak monitoring and following up of budgets with hardly any review mechanism for variations. This, along with unpredictability of state funding causes uncertainty in the budget execution process. Re-scheduling of budget heads during the year is a common practice. Further, any shortfall in revenues generally leads to cut in capital expenditure and O&M budget. The citizen interface also remains weak. PROOF (Public Record of Operations and Finance) is a public campaign launched in mid-2002 in Bangalore. As a result of the campaign, the City Municipal Corporation - Bangalore Mahanagara Palike (BMP) - has been releasing its quarterly performance data. Citizens have been participating in public debate and discussions on the results, every quarter since then. Similar campaign can be started by BMC.
6. **Accounting:** The BMC has switched over to DEABAS. But it is still maintaining the basic accounts in the single entry, cash basis of accounting. This limits BMC's ability to prepare meaningful performance reports and financial statements. Predominantly in absence of digital infrastructure, the multiplicity of registers and limited capacity of staff results in accounts remaining in arrears for several years. The challenge is to build capacity for using this financial information for improved decision making in the corporation.
7. **Cash and Fund Flow Management:** Bank reconciliations generally raise a red flag and cash management is limited to prioritization of cheque issues. Only annual reconciliation is possible. So, no information of current fund position is available.
8. **System of Procurement:** A major portion of the corporation budget requires external procurement, usually made by the consuming department itself. The process of procurement is prescribed. However, there is lack of focus on quality, performance and linkages with planning. Procurement practices lack modern concepts such as 'just-in-time' inventory, scientific determination of procurement quantities etc. The e-procurement and works based grievance redressal systems are not present in the corporation.
9. **Internal Control and Audit:** The OMC Act, 2003 does not specified the requirement for internal audit though internal controls are incorporated in financial rules and focus on delegation of financial limits is in place. It has Standing Committee for audit and accounts with the objective of scrutinizing the corporation accounts at each level and ensuring compliance with audit paras. With moving from traditional system to modern DEABAS, the need for effective internal audit has become even more necessary. Though the Model Municipal Law has stated that the State Government or the Municipality may provide for internal audit of the day-to-day accounts of the Municipality in the manner prescribed, yet the OMC Act does not prescribe for internal audit though it has the position of Chief Auditor. However, the provisions of Orissa Local Fund Audit Act, 1948 are applicable.
10. **Assets and Liabilities Management:** BMC holds a significant amount of fixed assets as land, buildings and infrastructure. This may be exploited for the commercial potential to generate non-tax revenues. The maintenance requirement can be ascertained if proper inventory is available, which can be allocated in the budget. The accrual accounting

practices are expected to address this shortcoming. The valuation of physical assets has been prepared for two years (2012-13 and 2013-14) by an external accounting firm. But the soft copy of the same was not provided by the vendor. Handholding is needed along with the training to the staff.

11. **Reporting:** The reporting is limited to compliance certificates, budgets and periodic administrative statements. There are no guidelines on disseminating financial results to the public. Some efforts have been made through the Public Disclosure Law, National e-Governance Action Plan (NEGAP), 2006, Citizen facilitation Centers (CFC), etc. Karnataka has incorporated a public reporting requirement in its recent accounting rules as well. These efforts are intended to improve the accountability of ULBs to the citizens. Such initiatives can be taken by BMC also.
12. **Financial Statements:** The BMC is preparing some of the required financial statements. But they are not certified by the competent authorities for any year, hence are not uploaded on the website for public scrutiny. They are prepared using the duly audited actual accounts data. It is required that these authenticated statements should also be uploaded. Budget document are on the website.
13. **External Audit:** Audit is generally carried out by the Local Fund Auditor (LFA). Audit objections or 'paras' are made where again the follow-up process is weak. The audit process in BMC is regular and carried out every year. The Comptroller & Auditor General of India has recently been involved in the ULB audits. With the adoption of DEABAS, audit capacity needs to be enhanced and professional independent audit, commenting on the 'truth and fairness' of financial statements required in addition to the routine compliance audits needs to be in place.
14. **Audit Issues:** The LFA should be an independent officer, being appointed by the State Government, to give opinion on the financial transactions, which helps in day-to-day functioning of the corporation. Officer should be under the overall supervision of the commissioner. The opinion given by officer on the issues raised by the recommending officers should also be communicated to the final sanction authority or the commissioner. The State Government should issue a clear set of guidelines under which the auditor functions. Presently no other function but to give opinion only when sought for. Concurrent auditing may help proper utilization of funds.
15. **Credit Rating:** Credit rating helps in confidence generation of the investors while accessing funds from capital market such as raising Municipal Bonds. Further, the corporation also gets reviewed by a third party on its credit worthiness. Regular practice can be mandated for the credit rating exercise.
16. **External Oversight:** Public involvement in BMC's governance is *prima-facie* missing in the current legislative environment. Limited availability of reports in the public domain, weak community structures and lack of involvement of citizens lead to poor external oversight. In absence of properly functioning ward committees, the only oversight is taken up by NGOs and CBOs. PROOF and Citizen Report Cards in Bangalore are good initiatives, which can be emulated by BMC also.
17. **Need for Risk Assessment:** There are three main areas impacting the quality of budget making process, involving financial risk. These areas are finance and accounts, human resources, and procurement and tendering process. The risk analysis is critical in these

areas. Different suggestive formats are given in Annexure-6 just to exemplify how it can be carried out. Necessary modifications may be incorporated.

18. **MIS and Digitized Database:** BMC has huge amount of information and data on various aspects apart from budgetary information. At present, most of the basic data is getting recorded manually and retrieval of same is a cumbersome exercise, which in turn acts as an impediment in the budget preparation and other decision making processes. Digitization of all the present and previous data available in the records is required, which is expected to improve the quality of administrative functioning, tendering, estimate preparation, budget preparation, etc.
19. **e-Municipality Project:** e-Municipality is one of the Mission Mode Projects that has significant citizen interaction. The vision of the National Mission Mode Project for e-Governance in Municipalities is to leverage the ICT opportunities for sustained improvement in efficiency and effectiveness of delivery of municipal services to citizens. The key objectives of the MMP includes provide single window services to citizens on anytime, anywhere basis; increase efficiency and productivity of ULBs; develop a single and integrated view of ULB information system across all ULB in the State; provide timely and reliable management information system relating to municipal administration for effective decision making; adopt a standards-based approach to enable integration with other related applications. In the first phase, 44 ULBs have been covered. Initially issue of death and birth certificates, payment of water rent and holding tax etc. are accessible by the public. Other services will be added shortly. It would be worthwhile and useful if an integrated module of Accounting and Budgeting is developed. The integration of Accounting Codes with the Budget Item Codes as per OMC Act and OMAM is essentially to be done.
20. **Role of the State Government on Non-Performing Officials:** The budget making is not considered as a serious exercise, it is also not taken as a joint responsibility of all the branches and departments. They have to provide their individual inputs to the accounts department. The critical inputs in budget preparation are estimates prepared by these departments and branches, particularly the engineering department and stores. But in fact the required information either does not flow to the accounts department (which gives final shape to the budget) or delayed or even not conforming to the formats. The State Government should address such irregularities strictly. It is also a duty of the concerned officials to timely provide such information. The non-availability of inputs affects the quality of the budget as it incorporates assumptions then. In any case, the budget has to be submitted timely. State has to make adequate provisions in the service rules regarding the same to bind the concerned officials.
21. **Need for Centre for Capacity Building:** The process of building smart cities in the first place as well as handling urban issues of all types of ULBs depends on experienced staff and all types of trained officials to handle highly complex modern-day urban issues and its implementation. In this regards, Annexure-9 provides a detailed contour of capacity building of the officials and elected representatives. A State level training centre is required to provide regular training to the ULB officials.
22. **Creation of a Centralized System of Municipal Finance Statistics of ULBs:** There is no centralized system of data bank at the State level. So, there is an urgent need for a

nodal agency to collect and monitor and also to lend technical advice on municipal data base.

23. Based on the situational analysis, action plans for short, medium and long terms may be contemplated in discussion with BMC and H&UD Department. State intervention will also be needed.

Action	Components	Term			Roles and Responsibilities	
		Short	Medium	Long	BMC	H&UDD
1. Digitization of Database	Digitization of all the fiscal and non-fiscal data available with the Corporation. Besides the main Corporation office, the hospital and dispensaries attached with the BMC Hospital have host of data which need digitization.	√			√	
2. Preparation of Manuals and Policy Documents	Development of <i>Budget Preparation Manual</i> for each level of stakeholders is required.	√				√
	Manual on Select Budget Policies such as cash management and investment policy; policy related to the long-term financial plan; supply chain management policy; policies dealing with the management and disposal of assets; policies dealing with infrastructure investment and capital projects; policy of providing free services; policies related to budget implementation and monitoring; policy relating to personnel including overtime, vacancies and temporary staff; service delivery agreement; etc.	√				√
3. Software Development for Budget Making	Development of software for Accounting and Budget Making in which accounting codes and budget classification codes are integrated to enable generation of statements as required under Act and Manuals.		√			√
	Rules to be framed for disciplinary action to taken against non-responsive functionaries.					√
	Public debate on budget	√			√	
5. Audit	Concurrent audit	√	√			√
	Social audit	√	√			√
6. Capacity Building of	Capacity building of Corporators					√

Action	Components	Term			Roles and Responsibilities	
		Short	Medium	Long	BMC	H&UDD
Functionaries	Training on budget preparation	√			√	√
	Capacity Building in Budget Preparation				√	√
	Capacity building of senior and middle level officials					√
	Accounts Section					√
	Capacity building of junior level officials	√			√	
	Engineering Section	√			√	√
	Store Management	√			√	
7. Risk Assessment	Accounts and Finance	√			√	
	Human resource management	√			√	
	Procurement and tendering	√				
8. Creation of State Level Agency	Creation of a State level agency for statistics on ULBs in the State on the Karnataka/Rajasthan Model		√			√
9. Credit Rating	Credit rating by third party should be made a regular feature	√	√			

Note: Short term means action plan to be completed in one year duration, Medium term means action plan to be completed in two year duration, and Long term means action plan to be completed in three year duration.

1. Background of the Study

1.1. Background

The Economic Survey of 2014-15 noted that the economy of Odisha is diversifying at a faster rate and the State economy has acquired some resilience to the natural shocks, despite numerous such calamities in the recent past. This is mainly because of transformation in the economy from “agriculture based” to “industries and service sectors driven”.

Keeping in view the rapid urbanization in Odisha, the State Government has put emphasis on planned growth of its cities with provision for adequate infrastructure and basic amenities, through legislative interventions, strengthening of regulatory framework and capacity building initiatives. However, municipal finances and institutional capacity continues to be weak and capital investments continue to rely on GoO's budgetary outlays and grants.

The Fourth State Finance Commission, Odisha has estimated an investment of around Rs. 6,500 crore is required for providing services¹ to citizens over the next five years (2015-20). Financing such large monetary requirements will require cities to be empowered, financially strengthened, and efficiently governed so that a significant share could be met through efficient and effective own source revenue mobilization, and improved capacity to mobilize external resources, particularly centrally sponsored schemes and private sector investments.

Most of the ULBs in the State are intending to migrate to Double Entry Accrual Based Accounting System (DEABAS), however, barring Bhubaneswar Municipal Corporation (BMC) the pace of reforms in other ULBs is extremely slow, with majority of the ULBs not having latest financial statements. The reporting requirements for ULBs in Odisha are therefore weak and there is also need for a comprehensive and unified database for ULBs. The rating agencies find it difficult to assign good rating to ULBs, mainly due to non-availability of systematic information on most of the required parameters.

Also, Government of India is focusing on increasing the participation from ULBs and State Governments in planning and implementing various Central Government Schemes. Some of the key proposed/on-going urban development initiatives require substantial financial contribution from State Governments and ULBs, intensifying the need of proper public finance management system at the level of ULBs.

¹ Services include water supply & drainage, toilets/sewerage, solid waste management, street lighting

1.2. Bhubaneswar Municipal Corporation (BMC)

Bhubaneswar is the capital city of the Odisha State, the largest city of the State and has become the center of economic and religious importance in the region.

Bhubaneswar is called the Temple City of India, due to the presence of large numbers of magnificent temples particularly Lingraj Temple and architectural heritage. The modern city of Bhubaneswar was designed by the German architect Otto Konigsberger in 1946. Like Chandigarh and Jamshedpur; it is one of the first planned cities of India. The city, with an abundance of greenery and an efficient civic body has become one of the cleanest and greenest cities of the country. Now it is the winner as the Best Smart City. Emergence of the city as a major center for IT industry, higher education and advanced medical care along with the boom in the metals and metal processing industries has made Bhubaneswar one of the fastest developing cities of India in recent years.

Right from its inception in the year 1948 as a Notified Area Committee to a Municipality in the year 1979, then finally to a Corporation in the year 1994, BMC as an organization, has traversed through many intricate paths and still grown from strength to strength.

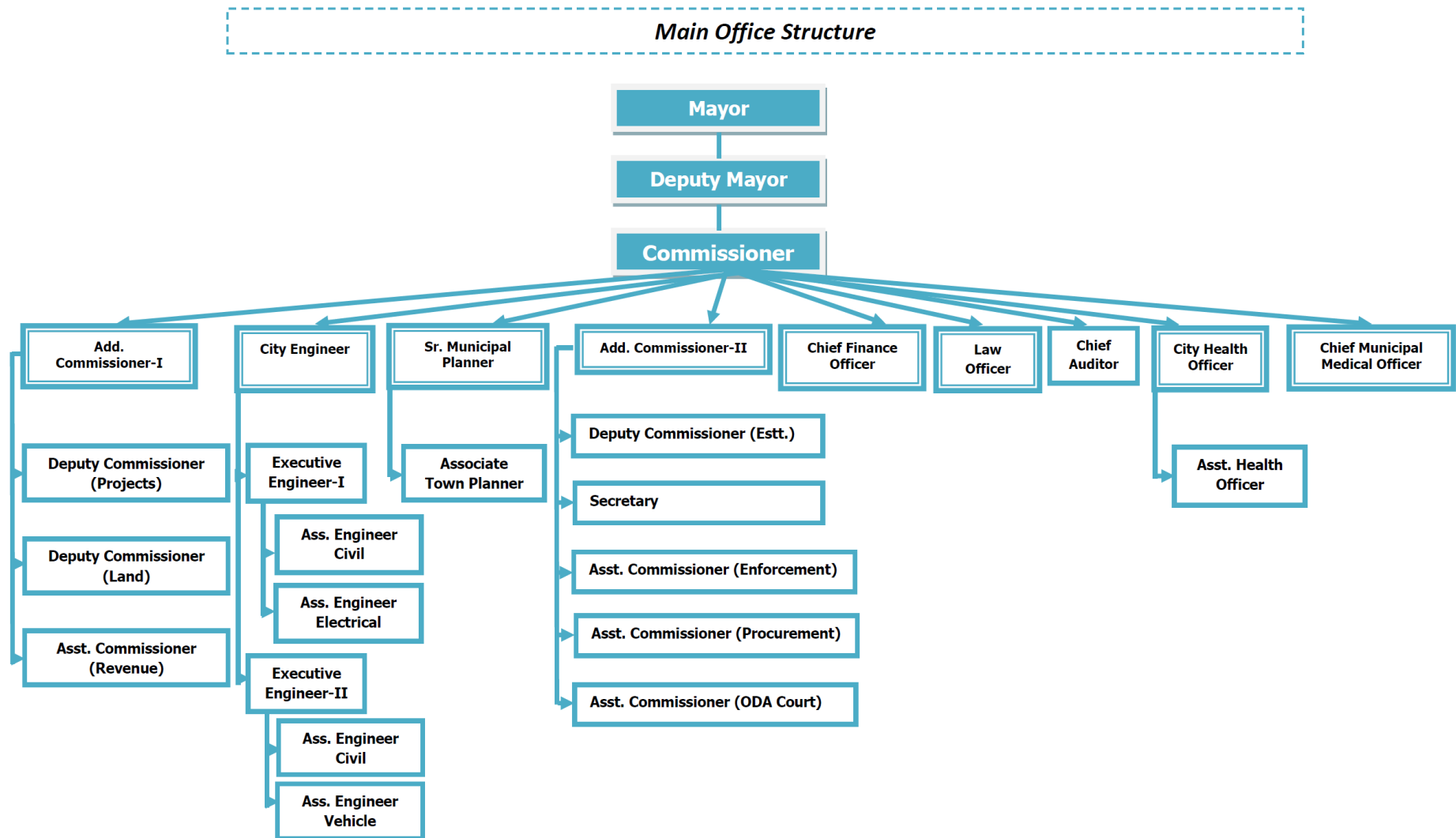
BMC has undertaken pioneering work in various fields and perceives its role as principal provider of services as detailed below for the cause of a better quality of life to the residents of Bhubaneswar: health & sanitation; slum development; disaster management; city beautification; citizen services; efficient solid waste management; underground sewerage system in the city; efficient urban planning and development; online services; vending zones; and parking zones.

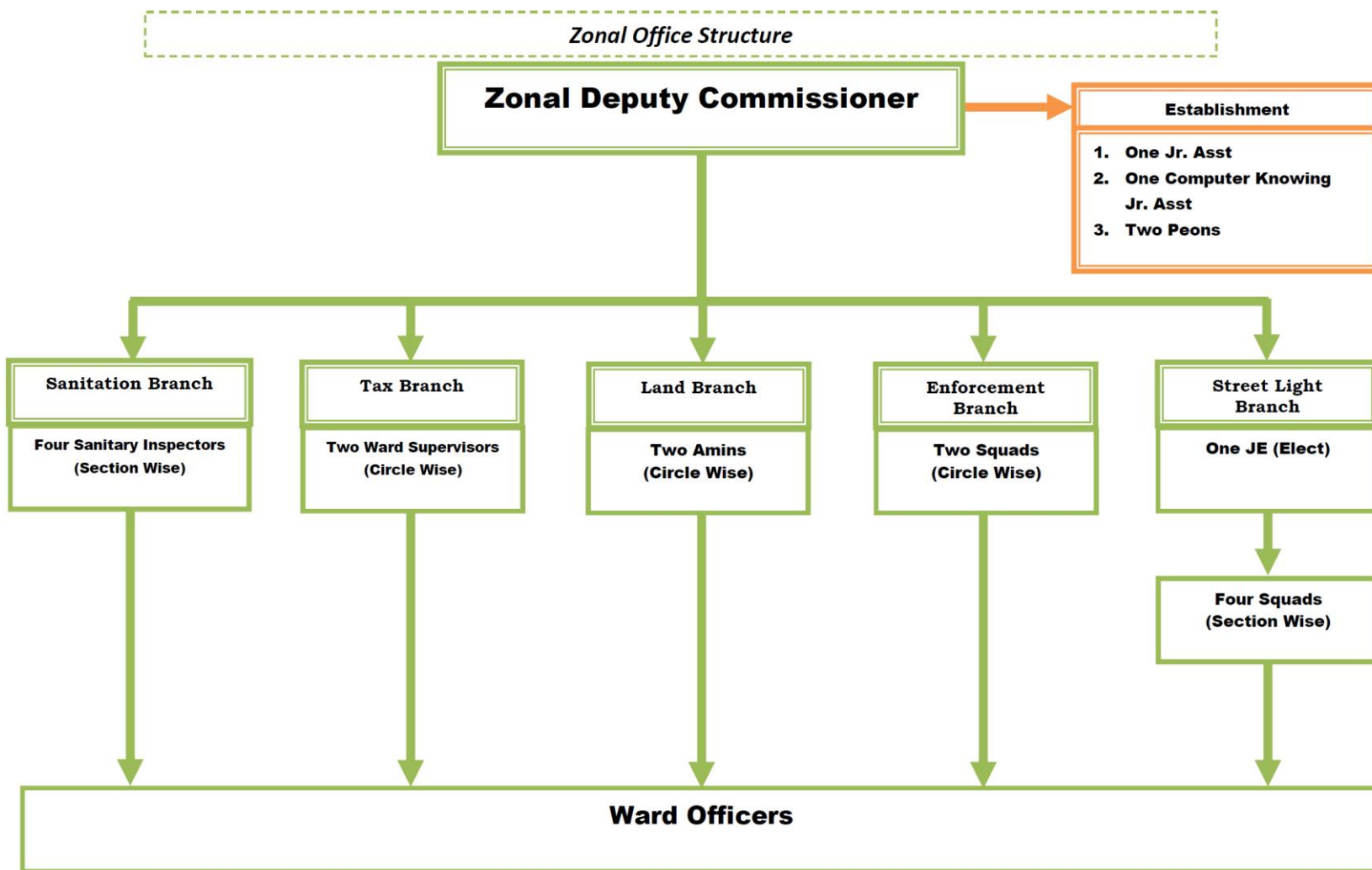
The entire jurisdiction of the Corporation is now divided into 67 wards grouped into three administrative zones, each under a Deputy Commissioner for better and effective civic administration and convenience of the citizens.

1.3. Organizational Structure

The organizational structure of the BMC is shown in Chart – 1. The Mayor and the Deputy Mayor are the elected representatives. The Commissioner is the executive head and supported by an Additional Commissioner-I as in-charge of projects, environment and revenue, whereas another Additional Commissioner-II is in-charge of establishment, Disaster Management, and recoveries. Other officers in the first rung are Chief Accounts Officer (CFO), Chief Medical Officer (CMO) and City Engineer. All are supported by various other officers and functionaries.

Chart – 1: Organization Structure





Source: <http://bmc.gov.in/Structure.aspx>

The Corporation has subject-specific Standing Committees to manage and approve the identified business of the Corporation. They have their own Chairpersons and members. Following are the Standing Committees: (1) Taxation, Finance & Accounts; (2) Public Health, Electric Supply, Water Supply, Drainage & Environment; (3) Public Works; (4) Planning & Development; (5) Education, Recreation & Culture; (6) License & Appeals; (7) Contracts; (8) Corporation Establishment; and (9) Grievance & Social Justice.

1.4. Departments at BMC

Following are dedicated departments: (1) Disaster Management; (2) Finance; (3) Health & Sanitation; (4) Engineering; (5) Holding Tax; (6) License; (7) Market; (8) Electrical; (9) Environment; (10) Urban Poverty Alleviation; (11) IT-Project Management Unit (PMU); (12) Establishment; (13) Land & Assets; (14) Orissa Development Authority (ODA) Court; (15) Planning; and (16) Recovery & Enforcement. To carry out these functions and responsibilities, the following staff is employed.

Staff Position of BMC

Staff	Strength (Number)
L.F.S (Group-C)	122
Non-LFS (Group - C)	85
Non-LFS (Group - D)	930
Totals	1,137
NMR	72 (Conservancy - 67 + General - 5)
DLR	552 (Conservancy - 260 + General - 292)
CLR	790 (Conservancy - 700 + General - 90)
Total	1,414 (Conservancy – 1,027 + General - 387)
Grand Total	2,551 (Regular – 1,137 + Other- 1,414)

Source: <http://bmc.gov.in/BMCStaff.aspx>

1.5. Services, Programs & Schemes taken up by BMC

BMC works in various fields to provide a better quality of life to the residents of Bhubaneswar. The key areas of services are:

1. Health & Sanitation
2. Slum Development
3. Disaster Management
4. City Beautification
5. Citizen Services
6. Efficient Solid Waste Management
7. Underground Sewerage System in the city
8. Efficient Urban Planning and Development
9. Online Services
10. Vending Zones
11. Parking Zones

The e-Services are: BMC online monitoring system; Kalian Mandap reservation; application for marriage certificate; citizen grievances; birth & death certificate; BMC tender; and contractor & suppliers. Besides these, there are: public health services; water supply services; street lighting; parks & recreation; plantation services; vending zones; city bus services; and parking services.

Government of India is focusing on increasing the participation from ULBs and State Governments in planning and implementation of various Central Government Schemes. Some of the key proposed/ on-going urban development initiatives require substantial financial contribution from State Governments and ULBs are:²

1. *Atal Mission for Rejuvenation and Urban Transformation (AMRUT)* focuses on the areas related to water supply; sewerage facilities and septage management; storm water drains to reduce flooding; pedestrian, non-motorized and public transport facilities, parking spaces, and enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centers, especially for children. For a city/ town with population up to 10 lakh, only 50% of the project cost will be funded by Gol and the balance 50% of project, cost along with O&M costs, will be funded by State Governments / ULBs or through private investment.
2. *Swachh Bharat Mission (Urban)* based on unit and per capita cost for its various components is estimated to be Rs. 62,009 crore. Gol's share, as per approved funding pattern, is about Rs. 14,623 crore and the State Governments have to contribute at least 25% of Gol funding, amounting to Rs. 4,874 crore, as State/ULB share.

² This section has been taken courtesy REMP Report (January 2016).

2. Objective and Approach

2.1. Objective

The objective of Financial Management Action Plan (FMAP) is to make the ULBs in Odisha market worthy by improving their Financial Management Systems (FMS) and by identifying areas of improvement with regard to budgeting, expenditure management, fund management, receivables management, internal controls, auditing, procurement and other operational aspects of financial management. FMAP would complement the Revenue Enhancement Management Plan (REMP) and would help in implementing critical reforms identified from the initial market worthiness exercise.

Finance Management System (FMS) entails:

1. Improving the collection of revenues through properly resourced and motivated revenue services, thereby increasing efficiency;
2. Efficient management of debt and cash, especially, proper management of the government's borrowing programme to reduce the overall cost of funding;
3. Effective planning and allocation of resources by institutionalizing planning process at all levels of government, following transparent and inclusive budgeting process, focusing on outputs rather than on mere expenditure related inputs, with strong accounting and reporting procedures; and
4. Effective oversight and monitoring with clear rules on transparency and reporting as well as enforceable sanctions for failure.

2.2. Approach

To achieve the objective of the FMAP, the following approach has been adopted.

Review of Literature	Identifying Gaps	Recommendations
<ul style="list-style-type: none">• Studying the available binding documents like Odisha Municipal Manual, 1950, Orissa Municipal Corporation Manual, 2003 and Orissa Municipal Accounting Manual, Odisha Municipal Accounting Rules• Interviewing various city/state administration officials• Reviewing the currently adopted practices and flow of processes	<ul style="list-style-type: none">• Analysis of Budget documents, Audit Reports of the LFA and C&AG and other related documents• Studying the best practices being followed in the Financial Management discipline across the world• Identifying gaps and loopholes in current processes	<ul style="list-style-type: none">• Based on the previous two steps, gaps and recommendations for the same have been listed• Action Plan for short, medium and long term have been prepared

The study is largely based on extensive consultations with the main functionaries in the system of BMC. This study includes understanding the structure of BMC, analyzing various documents like Odisha Municipal Manual 1950, Orissa Municipal Corporation Manual, 2003 and Orissa Municipal Accounting Manual, Odisha Municipal Accounting Rules, reviewing

and analyzing the current processes and benchmarking with the best practices in the domains present across the world. The study is based on extensive consultations with the main functionaries in BMC (a list of officials consulted is provided in Annexure-1). This is also supported by analysis of Budget documents, Audit Reports of the LFA and C&AG and other related documents.

An assessment of the various components of FM has been done so as provide recommendations on every aspect, thereby overhauling the entire process. The need for strong financial management system at ULB level was also captured by various reports of the Finance Commissions, State Finance Commission of Odisha, Administrative Reform Commission, Jawaharlal Nehru National Urban Renewal Mission (JnNURM), etc. Please refer Annexure-2 for more details.

3. Regulatory and Legislative Framework

3.1. Existing framework

There are several legislative provisions to guide and monitor the financial management of the ULBs in Odisha for both municipal corporations and other municipalities. Some of the binding documents are Odisha Municipal Manual 1950, Orissa Municipal Corporation Manual, 2003 and Orissa Municipal Accounting Manual, Odisha Municipal Accounting Rules. There are regular amendments in these documents. Further, they are supported by Odisha Public Works Department Code (OPWDC), Odisha General Financial Rules (OGFR), Odisha Local Fund Audit (OLFA), Orissa Audit Law, 1948 and other relevant applicable provisions in the state in case there is any ambiguity in the regulations directed for municipal bodies. These laws are primarily directed to make the ULBs accountable to the State Government.

The object of the regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the Municipal Act.

3.2. Situation Review

1. Orissa Municipal Corporation Manual, 2003

Though the ULBs in the State are well supported by suitable regulations, yet, it is felt, that there are little inconsistencies in some cases of Orissa Municipal Corporation Manual, 2003. They may impact financial control, budgeting and audit due to these gaps in procurement, monitoring and enforcement.

At present the Manual attached with the OMC Act, 2003 is relatively less detailed. It needs to be updated and made more exhaustive and comprehensive to be understood by all with no ambiguity by incorporating related and applicable provisions of the Orissa Government Manual and Rules, Orissa Audit Law, 1948 as well as Orissa Public Works Department Code or any other provision in related Acts in the State as well as at the Central level for ULBs. Besides, there is a need to develop subject-specific and functionary-specific exhaustive manuals which would provide support as ready beckoner (guidance) to all to facilitate how to do a specific work. For example, the OMAM has prescribed the Nine Budget Formats in which whole budget document has to be prepared and submitted. But so far they have not been approved and adopted in their final form. This has to be done quickly as far as possible. It should be supported by Budget Making Manuals too. For example, how to compute and treat opening balances.

2. The Odisha Municipal Corporation Act, 2003 (the Act)

OMC Act, 2003 needs some amendment in some of its provisions or in Rules to clarify or addition for better and unambiguously invoking those provisions. It needs a thorough review by a municipal law expert. A few examples are the following:

- a) **Section 191, 192, 248 & 249:** These sections deal with surcharge on entertainment tax and electricity consumption respectively. But both of them are managed by different departments at state level, namely, the Commercial Tax Department and Electricity Department. Though Corporation is empowered to levy surcharge on them but there is no effective way as it does not directly deal with them. Surcharge can be loaded on the main levy in the main bill itself. This lacuna hampers the recovery of these surcharges. Therefore, a proper guideline should be prepared to deal with this issue.
- b) **Section 192:** User charges may be levied on the entry of heavy duty motor vehicles. But this is handled by the Transport Department. So a provision in the Motor Vehicle Act should be incorporated to collect this charge and transferred to the Corporation. An integration of both the Acts is required. Congregation charges as in section 192 (1)(h) are not reflected in the MV Act.
- c) **Section 256 –** This section deals with the manner of recovery of taxes under the Act. This section provides of several ways but has missed out one critical method which is more powerful that is attachment of sources of receivables such as bank accounts. This is most potential in recovery of other taxation system. This power should be included in regulations.
- d) **Operation of ATM:** The OMC Act does not contain any provision that the bank in the city would notify the location of their ATMs in the city. It must be mandated in the Act since it is a business activity and is liable for levy of licence fee.
- e) **Corporation Social Service (CSR):** This activity should be carried out in the city urban jurisdiction. But the Act is silent on this critical aspect.
- f) **Environmental issues:** The social forestry is an important activity from environmental point of view. This activity if carried out by the Forest Department should be mandatorily reported to the Corporation. The Act is silent on it.
- g) **Data of Professionals:** The Act must have a provision of empowering the Corporation to maintain data on various types of income-earning professions such as doctors, chartered accountants, coaching centres, etc. which fall under the category of trade and licence fee or profession or not. All such activities must be reported at the Corporation level. It must be mandated in the Act.

3. Requirement of formulation of detailed Policy Manuals

It has been observed that the detailed policy manuals are required to help the concerned officials to help understanding the provisions defined under regulations without any ambiguity. An indicative list of such policies includes:

- a) the tariffs policy;
- b) the rates policy;
- c) the credit control and debt collection policy;
- d) the cash management and investment policy;
- e) a borrowing policy;
- f) a funding and reserves policy;
- g) a policy related to the long-term financial plan;
- h) the supply chain management policy;

- i) policies dealing with the management and disposal of assets;
- j) policies dealing with infrastructure investment and capital projects, including
 - (i) the policy governing the planning and approval of capital projects; and
 - (ii) the policy on developer contributions for property developments;
- k) the indigents policy of the municipality;
- l) policies related to the provision of free basic services;
- m) policies related to budget implementation and monitoring including:
 - (i) policy dealing with the shifting of funds within votes;
 - (ii) policy dealing with the introduction of adjustments budgets;
 - (iii) policies dealing with unforeseen and unavoidable expenditure; and
 - (iv) policies dealing with management and oversight;
- n) policies related to managing electricity and water including:
 - (i) policy related to the management of losses: and
 - (ii) policy to promote conservation and efficiency;
- o) policies relating to personnel including policies on overtime, vacancies and temporary staff; any policies dealing with municipal entities, including:
- p) the service delivery agreement; and
- q) the dividend preference of the municipality; and any other budget-related or financial management policies of the municipality.

H&UD department shall discuss the need of the above mentioned manuals in consultations with ULBs and try to develop them as the need felt in phased manner.

4. Budgeting and Planning

Odisha Municipal Accounting Manual has defined Budget as “quantitative plan of activities and programs expressed in terms of money in respect of assets, liabilities, revenues and expenses. The budget expresses the ULB goals in terms of specific financial and operating objectives and expected outcomes.”

A budget is thus a statement of allocation of (scarce) resources to achieve an organization's objectives for a specific time period. It may be termed as the financial plan for how an organization will receive and spend money for a set time period (the fiscal period). It is thus a prediction of expenses; the link between financial resources and human behavior in order to accomplish policy objectives; a representation in monetary terms of governmental activity; and a record of the outcomes of the struggle over political preferences; and attempts to allocate scarce financial resources through political processes in order to realize disparate visions of the good life.

Budget preparation techniques have been evolved over the last few years. Most of these approaches are managerial in their nature, in the sense that there is a rational decision making process involved. Budgets also have a political angle, where the decisions are ratified based on political power play and narrow interests of one's constituency. In India, the Outcome Based Budgeting (OBB) and Zero Based Budgeting (ZBB) is gaining popularity now-a-days (Annexure-3).

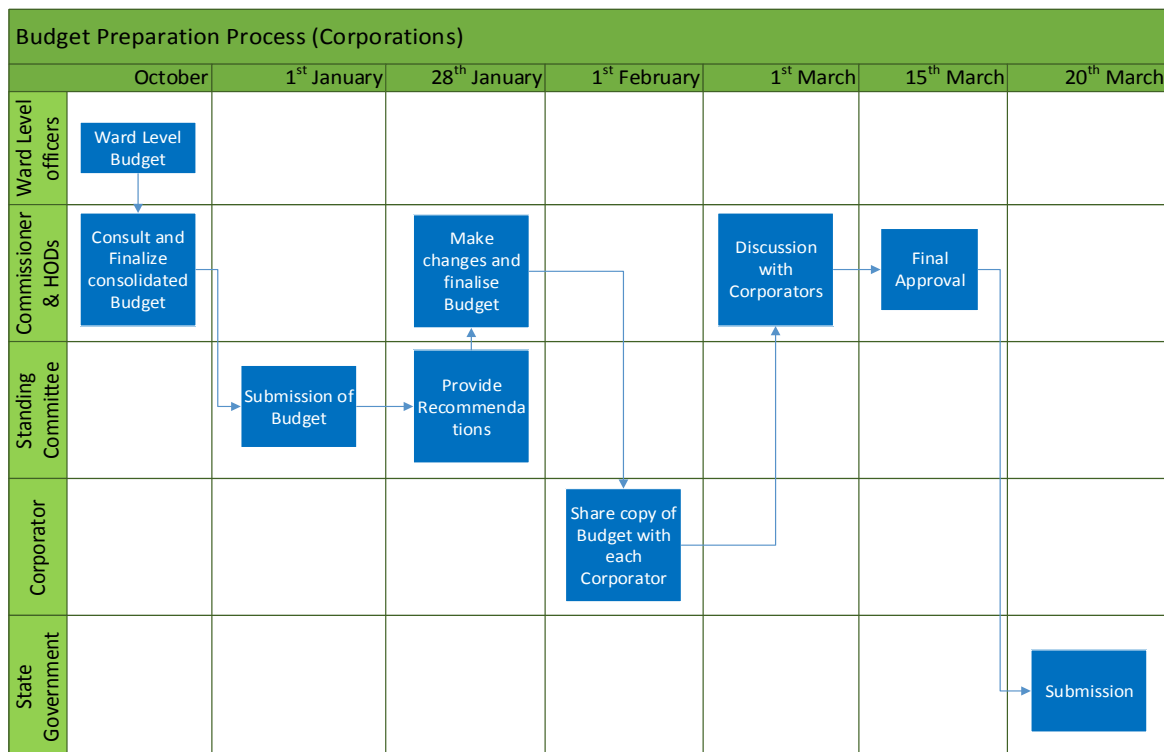
Approaches of Budget Preparation

1. Lump-sum budget;
2. Line-item budget;
3. Performance budget;
4. Program budget;
5. PPBS (Planning Programming Budgeting System);
6. Zero base budgeting;
7. Outcome budget;
8. New Performance Budgeting;
9. Balanced Budget

4.1. Budget Preparation Cycle in BMC

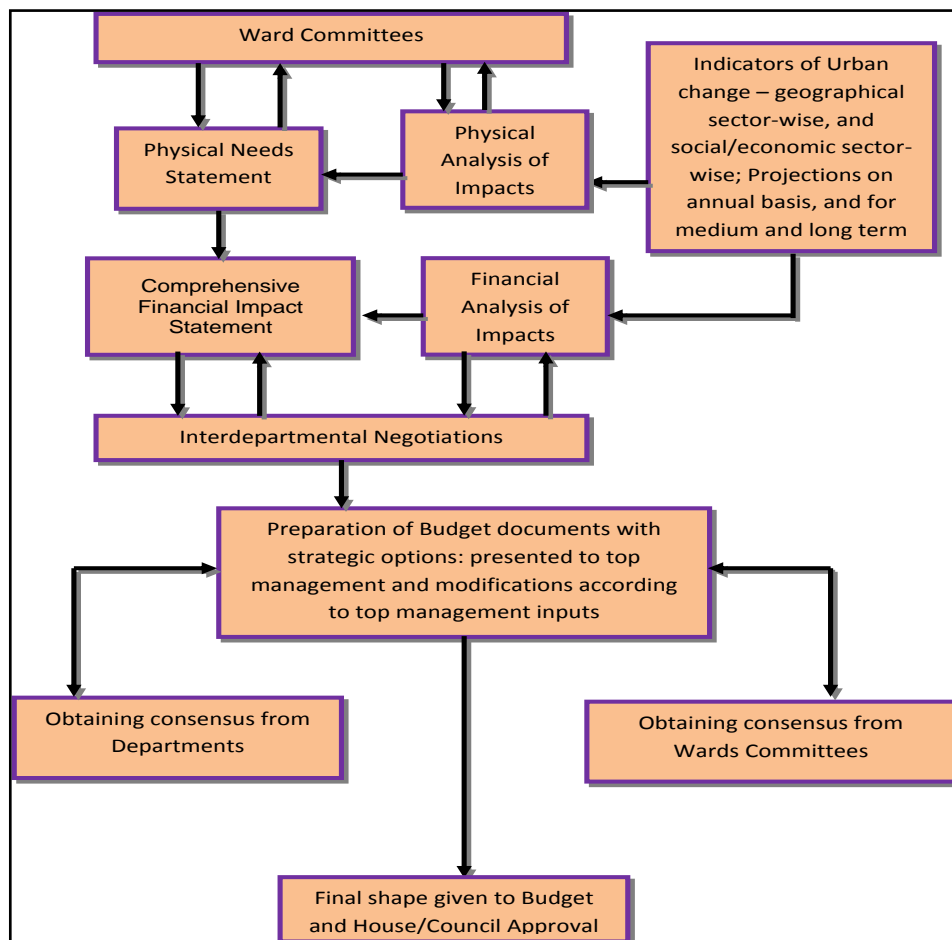
Against the backdrop of the stated principles, timeline and prescriptions, an analysis would be attempted to make as-in analysis of the budget making exercise in BMC. The budget preparation is done as per the provisions contained in the OMC Manual. The Budget Document contains information of (a) Actual for the previous year, (2) Budget Estimates for the current year, (3) Revised Estimates for the current year, and (4) Budget Estimates for the next year. Summary of the Budget Preparation Cycle is given in the following Figure 1, whereas in Figure 2 an ideal situation is shown. The details of stages of budget preparation etc. have been described in Annexure-3.

Figure 1 Budget preparation process



Source: Odisha Municipal Corporation Manual, 2003

Figure 2 Ideal budget process for the ULBs



4.1.1. Observations in budget preparation

The latest available approved budget in operation is for the year 2015-16. The process and timeline followed is given below:

1. **Issuing of letters to the sections/ branches for providing information:** The letters along with the format are issued to all the concerned sections/ branches by the office of the Chief Finance Officer (CFO) by mid-November of the year. These sections are approached individually also for any help or guidance too for preparation of the budget estimates. The responses are received at different dates but are not as per the format circulated. These inputs are whetted by the Accountant and he uses his judgment for filling up the figures and finalizes in consultation with the CFO.
2. **Submission by the CFO:** The CFO submits the budget to the Commissioner by January-end. In the meantime, the CFO informally interacts with the Councilors and the Commissioner to receive inputs on the budget preparation exercise.
3. **Submission to the Standing Committee:** The Commissioner presents the budget to the Standing Committee for approval. The meeting is usually held in the month of February.
4. **Submission to the Mayor:** After the budget proposals are voted by the Standing Committee, it is presented to the Mayor for his approval.
5. **Submission to the Government:** The Commissioner then submits it to the Government for approval in the second week of March, certifying that due care has been taken to provide all obligatory charges, discharges and all liabilities in respect of outstanding arrear.
6. **Approval by the Government:** The Government normally approves it by May/June. But the implementation of the budget starts from April 1 and ends on March 31.

Reasons of Rejection by the Government: Normally, the Government approves the budget without any objection. In the case of rejection, the exercise is to be re-done taking into account the stated points. But generally it is returned on non-quantitative issues like format.

In case of rejection, the process has to be repeated considering following aspects:

- a) Payment of salaries/ allowances to the employees.
- b) The Budget Estimates in the prescribed Performa.
- c) The estimate of Income should be realistic and based on actual.
- d) A minimum closing balance of 10% to be maintained as per Government instructions.
- e) The opening balance must tally with the closing balance of previous year budget.
- f) Earmarking of 25% Budget Estimate for Basic Urban Services to Urban Poor
- g) The copy of Council Resolution & Public Notice should be furnished.
- h) Explanatory note on the Budget Estimate.
- i) Utilization Certificate
- j) The copy of sanction order of Budget by Government for the current year should be furnished.

k) The Budget Estimate should be prepared/ certified by Accountant & concerned EO.

In case of mis-utilization/ de-falsification of the Corporation Funds due disciplinary action would be initiated against the person at fault, in compliance with the FRBM Act, 2005 as specified in Annexure-3 and OFRBM Act in Annexure-4.

4.2. Provision for Basic Urban Services to Urban Poor

Although as per the instructions issued of the Government of Odisha, at least 25% Budget Estimates for Basic Urban Services to Urban Poor (BSUP) should be maintained but the cloud of doubt is still hovering over this estimate as to what can be covered in it and how to compute these estimates as there are various schemes directed towards the section (more details on observations on the BMC Budget Documents of 2015-16 and Provision for Basic Urban Services to Urban Poor in Annexure 10).

4.3. Supplementary Budget

The Supplementary Budget is prepared for the preparing Revised Estimate (RE) of the current on-going year as per section 142 of the Act. This current year RE is estimated based on the available facts and figures generally for 8 months and anticipated expenditure/ receipts for the next 4 months. This is also reflected in the next year budget.

But the Revised Estimates are not available for all the budgetary items. Only a few expenditure items are covered. So, the series was completed by taking the figures of budget estimates for the gaps. This shows that this exercise is not performed as it should be.

4.4. Actual (Accounts)

All the budgetary transactions are post-audited on the closing of the fiscal year (March 31). The process starts immediately after that and before the closing of the fiscal year it is submitted to the Government. These figures of the previous year are also reflected along with the next year Budget Estimates.

4.5. Additional Statements Required

The Odisha Accounting Manual, 2012 requires for the following statements also:

- a) **Annual Financial Statements:** (1) The Commissioner shall cause to prepare, the Financial Statements for the preceding year in respect of the accounts of the Corporation. (2) The Chief Finance Officer shall be responsible for the preparation of Financial Statements which shall consist of the following:
- b) **Balance Sheet:** Assets, Liabilities and Reserve heads shall be posted from the Trial Balance to the Balance Sheet.
- c) **Income and Expenditure Statement** - This Statement shall include all the income earned during the year whether actually received or not and all the expenditure incurred whether actually paid or not.

- d) **Statement of Cash Flows** – This Statement shall include Cash Flows from operating, investing and financing activities in a manner, which is most appropriate to the activities of the Corporation.
- e) **Receipts and Payments Statement** – This Account shall record all receipts and payments on cash basis.
- f) **Notes to Accounts** – This shall comprise of Statement of Significant Accounting Policies, Statement on Contingent Liabilities, Subsidy Report and Other Disclosures.
- g) **Financial Performance Indicators**–This shall mean the financial ratios as prescribed by the Government.

Comparative amounts shall be entered on the Financial Statements for the preceding year except, in the case of the first year to which these rules apply.

4.5.1. Observations

It is reported that the BMC is preparing some of the above required statements. **But they are not certified by the competent authorities for any year**, hence not published on website for public scrutiny. Although they are prepared using the duly audited actual accounts data. The reason could not be explained. However, it is required for the validation of the submitted budget document on the website. Table 1 covers the financial position of BMC for the FY 2013-14. Note two sets of closing balances (1) closing balance as per audit as on 31.03.2014 and (2) closing balance as per audit as on 31.03.2014 of the current year. Both are contrasting figures.

Table 1 Financial position of BMC 2013-14

Sl. No.	Head of Account	Amount (Rs lakh)	Share (%)
1	Opening Balance as per last Audit Report as on 01.04.2013	20,696.27	29.5
2	Add opening Balance of NMMP Cash Book which was not accounted for in last Audit Report due to non-production	237.55	0.3
3	Add opening Balance of Solar city programme Cash Book which was not accounted for in last Audit Report due to non-production	2.33	0.0
4	Opening Balance as on 01.04.2013 as per Audit	20,936.15	29.8
5	Receipt during the year	49,283.41	70.2
6	Total Receipts	70,219.56	100.0
7	Expenditure during the year	42,991.45	61.2
8	Closing Balance as per Audit as on 31.03.2014	27,228.11	38.8
9	Closing Balance as per Audit as on 31.03.2014 of the Current Year	6,531.84	13.3

Source: BMC

4.6. Budget Classification

Budget classification is one of the fundamental building blocks of a sound budget management system, as it determines the manner, in which the budget is recorded, presented, reported, and analyzed and as such has a direct impact on the transparency and coherence of the budget.

A budget classification system thus provides a normative framework for both policy decision making and accountability. Classifying expenditures and revenues correctly is important for

- a) policy formulation and performance analysis;
- b) allocating resources efficiently among sectors;
- c) ensuring compliance with the budgetary resources approved by the legislature; and
- d) day-to-day administration of the budget.

Once established on a sound basis, a classification scheme should not be substantially changed unless there are strong reasons; a stable classification facilitates both the analysis of trends in fiscal policy over time and inter-government comparisons.

Section 145, of the OMC Act, 2003 provides for the manner of the expenditure of a budget estimate are to be classified as well in Volume IX on Budgets and Management Information System in Odisha Municipal Accounting Manual prescribes the manner in which budget is to be classified particularly the expenditures under major heads, minor heads, subordinate heads and primary units as described hereunder –

- a) “Major head” means the principal head of account corresponding to the different services under which expenditure is classified in the budget estimates and may be divided into two or more minor heads;
- b) “Minor head” means the head of accounts immediately subordinate to a major head under which each major head is classified and may be further subdivided into two or more subordinate heads;
- c) “Subordinate head” means the head of accounts immediately subordinate to a minor head under which each minor head is classified and may be further subdivided into two or more primary units; and
- d) “Primary unit” means the ultimate group or groups into which individual items of expenditure in the budget estimates are arranged.

As per OMAM, chart of Accounts is a system of classification applied to financial transaction.

4.6.1. As-is Analysis

Currently, the BMC budget is classified into following heads:

- a) **Revenue Receipts:** Tax Resources; Assigned Revenue & Compensations; Rental Income from Municipal Properties; Fees & User Charges; Sale & Hire Charges; Income from Investment - General Fund; and Other Income.
- b) **Capital Receipts:** Loans; Deposits received; Grants - Grants from Central Government; Grants - State Government Grant; Grants - Others Government Agencies; Funds from sale of property; and Expected Income from Arrears.

- c) **Revenue Expenditure:** Salary of Deputationist; Salary of Regular Staff; Conservancy Regular Staff; Wages; Administrative Expenses; Solid Waste Management; Repair & Maintenance (R&M); Interest & Finance Charges; Programme Expenses; SJSRY; Revenue Grants, Contributions & Subsidies; Other Grant; Provision & write-off; Miscellaneous Expenses; Repayment of Loans; Refund of Deposit; Loans & Advances to Employees; Medical Expenses; and Purchase of Stores (Inventories).
- d) **Capital Expenditure:** Capital Fixed Assets/Capital Work in Progress; Investment - General Fund; Investment - Other Funds; and Arrears Liabilities.

4.6.2. Observations

Currently, the budgetary classification is based on accounting heads. There is a distinction between accounting code and budgetary codes. In the earlier budgets, the expenditures used to be classified as major, minor and unit codes. But in any case, functional classification has been missing.

On receipts side, it has been noticed that all grants, for example, are clubbed as capital receipts. As a principle, grants provided for the purpose of acquisition of non-financial fixed assets should be treated as capital receipts. However, if there is doubt about the nature of grant, it may be treated as revenue grant. Conceptually, all receipts which either create liability or reduce assets are to be treated as capital receipts, whereas receipts which neither create liability nor reduce assets of the government are called revenue receipts. Borrowings and disinvestments are capital receipts and taxes and non-tax receipts are revenue receipts. The main difference between revenue and capital receipts is that in the case of revenue receipts, government is under no future obligations to return the amount, i.e., they are non-redeemable.

There is a strong need to classify the budgetary transactions both on receipt and expenditure sides on a systematic and objective basis yielding desired information. There is a need for developing a detailed manual for budget classification ideally based on International Monetary Fund (2001) *Government Finance Statistics Manual*.

A model of budgetary classification of income (Table 2) and expenditure (Table 3) is demonstrated below extracted from a budget of a Corporation. With the help of such classification, department wise classification is possible to enable priority of expenditure going to each function or activity for which departments have been created.

Table 2: Income (RBE FY 20XX-XX & BE FY 20XX-XX) Amount in Rs. lakh

[illegible]

Table 3: Expenditure (RBE FY 20XX-XX & BE FY 20XX-XX) Amount in Rs. lakh

Major Code/ Group Code	Old Deptt. Code	New Deptt. Code	Account Code	Particulars	Actual Income FY 20XX-XX	Actuals (for the period)	BE FY 20 XX-XX Approved by Corporation	RBE FY 20 XX-XX Proposed by commissioner	RBE FY 20 XX-XX Recommended by Standing Committee	RBE FY 20 XX-XX Approved by Corporation	BE FY 20 XX-XX Proposed by Commissioner	BE FY 20 XX-XX Recommended by Standing Committee	BE FY 20 XX-XX Approved by Corporation
				General Administration									
				Municipal Secretary Office, Corporation & Standing Committee									
				Salaries - Group A									
				Salaries - Group B									
				Salaries - Group C									
				Salaries - Group D									
				Allowances & Facilities to Councilors, including additional facilities									
				Mayor's Expenses									
				Tour of members of elected body									
				Maintenance & Repairs - Vehicles									
				Miscellaneous									
				Chairman Stg. Committee Expenses									
				Chairmen of Ward Committees / Other committees									

Major Code/ Group Code	Old Deptt. Code	New Deptt. Code	Account Code	Particulars	Actual Income FY 20XX-XX	Actuals (for the period)	BE FY 20 XX-XX Approved by Corporation	RBE FY 20 XX-XX Proposed by commissioner	RBE FY 20 XX-XX Recommended by Standing Committee	RBE FY 20 XX-XX Approved by Corporation	BE FY 20 XX-XX Proposed by Commissioner	BE FY 20 XX-XX Recommended by Standing Committee	BE FY 20 XX-XX Approved by Corporation
				Expenses -Dy Mayor, Dy. Chairman Stg Committee and Leader BSP									
				Expenses Leader of House									
				Expenses leader of opposition									
				Laptops for Councilors									
				Postage Stamps									
				Civic receptions and hospitality to dignitaries									
				Expenditure on Agenda and other miscellaneous items pertaining Corporation/ Committee meeting									
				Telephone Charges									
				Petrol & Oil									
				Maintenance of Computers									
				TOTAL									

4.7. Budgetary Controls

In keeping with the objectives, the following control requirements are to be built into the budgeting system:

1. no expenditure can be incurred unless backed by a budget;
2. any expenditure prior to being incurred must be identified to its budget head for allocation of money; and
3. any expenditure prior to being incurred should be backed by appropriate sanctions (administrative/ technical sanctions as the case may be) in accordance with the procedures lay down by the State/Act in this regard.

4.8. Budget Variance Report (BVR)

An important budgetary control tool used for monitoring and measurement is Budget variance report (BVR) and should be prepared at the overall ULB level as well as at each of the Budgeting Centres/ department/ branch.

The BVR forms the basis of control as it can provide information on: Negative variance (actual is more than budget estimates) shall be analysed for reasons. For instance, actual tax collection is more than the projected say in ward or a zone. The reasons for the same can be analysed and replicated. Whereas positive variance (actual is less than budgeted estimates), shall be analysed for reasons and cost control measures identified. For instance, the increase in maintenance expenses or finance charges could indicate lack of planning or implementation follow-up.

However, Currently BMC is not preparing any Budget variance report (BVR).

Ideally, the BVR should be prepared on a monthly basis or such periods as the State laws/ Acts governing the ULB may define. Review mechanisms for disposing of the unfavorable variances would add value to the Management of ULB. (more details are attached in Annexure 10).

4.9. Service Delivery Achievement

It is not clear what the actual achievement against the benchmark is because service-wise benchmarking is not available. State Level Benchmarking of the Corporation would help in estimating realistically, in a phased and planned way, for the services which are critical in any ULB. The Ministry of Urban Development (MoUD), Government of India has indicated the following different proposed benchmarks for key four services, which are supposed to be achieved by each ULB in the country (Table 4). These benchmarks may be targeted while preparing budget. On fulfillment of these targets, the objective remains to maintain the levels.

Table 4: Service Level Benchmarking

SI No	Proposed Indicator	Benchmark
1	Water Supply Services	
a)	Coverage of water supply connections	100%
b)	Per capita supply of water	135 lpcd
c)	Extent of metering of water connections	100%
d)	Extent of non-revenue water (NRW)	20%
e)	Continuity of water supply	24 hours
f)	Quality of water supplied	100%
g)	Efficiency in redressal of customer complaints	80%
h)	Cost recovery in water supply services	100%
i)	Efficiency in collection of water supply-related charges	90%
2	Sewage Management (Sewerage and Sanitation)	
a)	Coverage of toilets	100%
b)	Coverage of sewage network services	100%
c)	Collection efficiency of the sewage network	100%
d)	Adequacy of sewage treatment capacity	100%
e)	Quality of sewage treatment	100%
f)	Extent of reuse and recycling of sewage	20%
g)	Efficiency in redressal of customer complaints	80%
h)	Extent of cost recovery in sewage management	100%
i)	Efficiency in collection of sewage charges	90%
3	Solid Waste Management	
a)	Household level coverage of solid waste management services	100%
b)	Efficiency of collection of municipal solid waste	100%
c)	Extent of segregation of municipal solid waste	100%
d)	Extent of municipal solid waste recovered	80%
e)	Extent of scientific disposal of municipal solid waste	100%
f)	Efficiency in redressal of customer complaints	80%
g)	Extent of cost recovery in SWM services	100%
h)	Efficiency in collection of SWM charges	90%
	Storm Water Drainage	
a)	Coverage of storm water drainage network	100%
b)	Incidence of water logging/flooding	0

4.10. Issues

Other observations (as pointed out in Audit Report are attached in Annexure 10), while other issues are listed below:

- a) The budget-making exercise is largely based on best informed judgment taken by the authorities. It is the impression that 60% the estimates are based on inputs received from the sections and the rest 40% on best judgment or the past facts.
- b) In preparing budget estimates, no statistical techniques have been employed.
- c) The estimated head wise receipt items are purely ad hoc with round figures without using any rationale.
- d) The feedback information received from the concerned branches/sections is in haphazard manner although timely a uniform format is circulated in the month of November of the year.
- e) The Revised Estimates are also not prepared in any scientific basis. For the year 2013-14, for example, the Revised Estimates for receipts are not prepared at all. For the expenditure side also, all the expenditure heads are not covered. It reflects that the preparation of Revised Estimates is not seriously taken by the Corporation.
- f) The e-Municipality modules are not integrated to furnish information to be used in budget making process.
- g) One of the requirements of budget preparation is earmarking of at least 25% of the budget for Basic Services for Urban Poor. There is absence of preparation of the basic data on this aspect. This can be done scheme wise for all the schemes.

4.11. Case Studies of Municipal Reforms and Budget Making

There have been several experiments witnessed in budget making process and other areas in municipal governance. For details refer Annexure-5 and 10.

5. Resource Mobilization

Resource mobilization is critical in PFS as service delivery and other things depend on it. Budgeted receipts reflect the sources of finance (revenues) for meeting its expenditure requirements. The income of the BMC flows through taxes and other non-taxes sources and intergovernmental fiscal transfer from the Central and State Governments. The Corporation acts as an agency to work on behalf of the Central and State Governments, hence it has to furnish the utilization certificates against these grants.

Holding tax and service taxes are critical in own sources revenues of the Corporation. On management of these taxes, particularly the DCB Register, the Audit Report 2014-15 has observed the following. As required under Rule 59(1) and 50(1) of Odisha Municipal Accounting Rules, 2012, the Corporation should maintain a Demand, Collection & Balance (DCB) Register in Form-ACNT-20. All the demands as well as all other fixed recurring demands shall be recorded through the DCB Register. This rule has not been followed in the Corporation till date. It is suggested that the Corporation should prepare this register and ensure frequent examinations. Similarly, as per Rule-62(3) of OMAP Rules, 2012, provisions should be made for unrealized rental income and any other income accrued as per Rule-62(2) shall be made at the end of the year in accordance with the prescribed norms (Annexure 10).

The Report on REMP has recommended various implementable measures to improve the revenue enhancement in the Corporation.

6. Expenditure Management

The foundations of expenditure management hinges on the quality of budget preparation, cash management and procurement system. It is followed by how as per the given rules, these transactions are accounted and as a control measure what is the system of auditing both internal and external, are placed.

Improving public expenditure management has remained an important objective of budget reforms around the world. In recent years, there has been much emphasis on the role of institutional arrangements in influencing budget outcomes at three levels: (i) Aggregate fiscal discipline; (ii) Allocation of resources in accordance with strategic priorities; and (iii) Efficient and effective use of resources by the implementing agencies. For improvement in public expenditure management, it is required that there should be (i) a greater focus on performance; (ii) adequate link between policy making, planning and budgeting; (iii) well-functioning accounting and financial management systems; and (iv) appropriate links between budgeting and other systems of the Government as suggested by the World Bank's in *Public Expenditure Management Handbook*, 1998.

Hence, a full understanding of the budget planning and preparation system is essential, not just to derive expenditure projections but to be able to advise policymakers on the feasibility and desirability of specific budget proposals, from a macroeconomic or microeconomic perspective advised The Word Bank (1999). It is much easier to control government expenditures at the "upstream" point of budget preparation than later during the execution of the budget. Budget planning and preparation hence are (or should be) at the heart of good public expenditure management. To be fully effective, public expenditure management systems require four forms of fiscal and financial discipline:

- a) Control of aggregate expenditure to ensure affordability; that is, consistency with the macroeconomic constraints;
- b) Effective means for achieving a resource allocation that reflects expenditure policy priorities;
- c) Efficient delivery of public services (productive efficiency); and
- d) Minimization of the financial costs of budgetary management (i.e., efficient budget execution and cash and debt management practices).

After budget approval, effective from April 1 of the fiscal year, the execution of schemes etc. starts. The first stage of expenditure is thus procurement of goods and public works and contract management.

7. Procurement System, Public Works & Contract Management

7.1. Procurements of Stores

According to Accounting Manual, 2012, the accounting of store would be done as follows:

1. Expenditure in respect of material, equipment, procured shall be recognized on accrual basis, i.e., on admission of Bill by the Municipality in relation to materials, equipment, delivered.
2. Accounting of goods received and accepted and no Bills received as of the cut-off date shall be accounted based on purchase orders.
3. Revenue in respect of disposal of material shall be recognized on actual receipt.

Valuation of Stores:

1. The stock lying at the period-end shall be valued at cost following the first in first out (FIFO) method.
2. Finished goods and work-in-progress related to production for sale will be valued at cost.

Cost of finished and work-in-progress includes all direct costs and applicable production overheads to bring the goods to the present location and condition.

7.2. Public Works

It is a critical component in the budgetary outgo besides expenditure on establishment. The Orissa Municipal Corporation Rules (OMCR), 2004 has prescribed regulatory provisions under chapter on Public Works Rules 31 to 38. Various provisions are spelled out as follows:

1. **Annual Statement of Works:** The City Engineer has to furnish a statement of works with estimated cost to be executed during the year to the Standing Committee for Public Works. In turn, the Commissioner would take up the repairs works and contingency expenditure of Rs. one lakh. Beyond it approval of Mayor is required. The works may be taken up on any land vested with the Corporation, and the Corporation may take up any work on the land or property owned by the Government or any other authority with their written consent in the larger interest of the public.
2. **Basic Schedule of Rates:** The schedule rates are applicable in the OPWD for preparation of estimates for general work, with extra percentage permissible for any local area to be adopted by the Corporation for the Corporation works. The current rates should be used but if any change during the year take places it should be factored into the estimates. For the sanitary projects, the schedule of rates of the PHED should be applied.
3. **Classification of Works:** The works should be classified (a) original works includes new constructions whether entirely new or of addition and alteration to existing works, and (b) repairs and maintenance. The Inspector of Local Works (ILW) would finally decide whether the work is original or repair.

4. **Preparation of Plans and Estimates:** Plan and estimates for the Corporations of the original and repairs, shall ordinarily be prepared by or under the supervision of City Engineer.
5. **Financial Limit for Technical Sanction:** The financial limit for technical sanction of ILW or City Engineer etc. of the Municipal Corporation is at par with the norms and the limit prescribed.³ The EIC and CE have full powers whereas SE has full power for repair works. The power of Rs. 4 crore is for original works of Roads, Buildings & Bridges, Irrigation, Flood Control, Drainage Works and Storage Reservoirs for Drinking Water Supply. The power of Rs. 3 crore is in case of Public Health Works and Electricity. The power of Rs. 2 crore is in case of Public Health Engineering Works (GPHD) and Electrical Works (GED). For all other works, it is Rs..... 60 lakh. The Divisional Officers have the power to sanction of Rs..... one crore for Repair Works and of Rs. 30,000 for ordinary repairs. In case of Original Works, he has the sanction powers of Rs. One Crore in case of Roads, Buildings & Bridges, whereas in other cases it is Rs. 50,000. The technical sanction of these functionaries, shall be obtained to the plan and estimates relating to Corporation works. The City Engineer not below the rank of Assistant Engineer authorized by him shall be in-charge of the work executed by the Corporation who may be assisted by the Junior Engineer concerned.
6. **Regulation of Tender:** The Corporation works shall be put to tender provided the estimated cost of the work of which is less than Rs. 3 lakh can be taken up departmentally, with the approval of the Mayor.
7. **Inspection of Local Works:** The Chief Engineer, Public Health (Urban) shall be the ILW of the Corporations.
8. **Powers and Duties of ILW:** The ILW may conduct inspection of any Corporation works, office of the City Engineer on whose notes the Commissioner may take action. The ILW may call for any bills relating to any work whether complete or in progress and may disallow or reduce payment for any item of work included in such bills. The City Engineer may correspond directly with the ILW with regard to professional or technical advice, which he may seek from ILW and the ILW may tender such advice direct to him and in such case the City Engineer shall keep the Commissioner informed of the same. The ILW shall help to prepare design of important local works of the Corporation and he shall communicate freely and personally on all professional matters with the Engineer of the Corporation and afford him the benefit of his advice in performance of his duties. The ILW shall check and accord technical sanction of local works when submitted to him by the City Engineer.

³ para 6.3.2 of the OPWD Code, Volume-I.

7.3. Observations

Centralized Procurements System in BMC is maintained on annual basis. The requirement of various items is decided through the feedback received from all the sections in the corporation. There are three stores:

- General and Conservancy Store
- Electrical Store
- Medical Store at BMC Hospital

The Medical Store is in BMC Hospital and caters to the needs of other 17 Primary Health Centres (PHCs) in the city.

The City Engineer has been delegated all the technical sanctioning power as well as financial power up to Rs. 5 lakh. It may not have situational relation with the financial position of the corporation.

7.4. Organizational Structure

The Additional Commissioner (Establishment) heads the department assisted by the Assistant Commissioner (Stores). All the stores are under the command of each Store Keeper.

Process of Procurement

The procurement process starts with invitation of requisition on annual basis for each item required by each section. These items in the indents are consolidated and classified. The respective list of items is placed before the related Standing Committee for approval. The approved lists are then placed before the Mayor for approval. Then tenders are invited for supply of goods as well as for annual maintenance contracts of assets and machinery as well as for work. The tenders are published at least two newspapers (Odia and English) on distributed basis.

Normal tender process is followed, including, the process of approvals and sanctions. The cost of tender papers is the income of the corporation whereas the deposit money needs to be returned within a year of completion of the job. The deposits of other bidders are refunded immediately.

Estimate Preparation and Tendering

Estimates are prepared on an annual basis. The market rates are taken for estimate preparation. These estimates are approved by the Estimate Committee. The tenders are invited for the quantity of goods or services. But the estimated cost remains confidential. Based on the tenders received, L1 quote is approved by the Tender Committee. This approved tender may further be negotiated by the City Engineer, the Tender Committee, and the Commissioner and also by the Mayor. The supply of goods is supplied at the store gate of the Corporation. The freight charges or any other charges are not permissible.

Observations in Audit Report

The Audit Report has comments a few irregularities such as cases of excess payments, improper preparation of estimates, defective tendering, supply of materials through authorized dealer, and irregular purchase of goods (Annexure 10).

7.5. Issues

1. The first stage of procurement is preparation of realistic estimates. It is noticed that due to absence of database, the estimates are not realistic at times. Tender process gets delayed also because of several rounds of negotiations. Database of required variables should be maintained in the Corporation.
2. The defects in the tender process should be rectified. Preparation of a tender document is critical to undergo any contract. Any loophole in the tender document may cause considerable loss and inconvenience to the Corporation.
3. The process of e-Tendering may be adopted wherever possible.
4. A physical verification of all stores should be made at least once in every year by the head of office concerned or such other officer authorized by him in this behalf.⁴ The BMC is suggested to take appropriate steps to conduct physical verification of stores so as to check the loss of stock and stores which were detected. The Corporation is therefore suggested to take appropriate steps to conduct physical verification of stores.

⁴ As per Rule-111 of OGFR Vol-I.

8. Utilization Certificates

Audit Report has pointed out several cases of non-submission of UCs on utilisation of grants received under several central and state funded projects. This indicates that the grants have not been utilized properly and as such the very purpose of grants is being defeated.

BMC is advised to take effective steps for utilization of the grants by obtaining ex-post sanction from the competent authority and compliance reported.

The BMC should maintain the Register of Grant-in-Aid as required under Rule-33 of the OGFR, to keep a check on the receipts and expenditures ensuring proper utilization of grants and submission of UCs in due time.

9. Accounting System

9.1. Current Practice in BMC on Accounting

9.1.1. Double Entry Accrual Based Accounting System (DEABAS)

The BMC follows a Double Entry Accrual Based Accounting System (DEABAS) for preparation of audited accounting statements since 2012 and uses e-Municipality software. But so far it could not implement accrual based accounting. The OMC Act stipulates u/s 147 that there shall be fund called, the Corporation Fund, to be held by the Corporation in trust for the purpose of this Act and all money realized or realizable under this Act and all money otherwise received by the Corporation shall be credited thereto. However, the Corporation Fund shall be maintained in the following five accounts, namely, (a) the Water Supply, the Sewerage and the Drainage Account, (b) the Road Development and Maintenance Account, (c) the Bustee Services Account, (d) the Commercial Projects Accounts, and (e) the General Account which relates to all money received by, or on behalf of the Corporation, other than those specified in clause (a), (b), (c) or (d).

9.1.2. Chart of Accounts

All the ULBs in the State follow the OMAR for maintaining accounting procedures. But there are no separate Funds, only one Corporation Fund with 140 different accounts. The Chart of Accounts is provided in OMAM with accounting codes.

9.1.3. Use of a Computerized Financial Accounting System

BMC is using accounting module of e-Municipality software. However, it is observed that BMC is also maintaining cash books manually. So it is a hybrid system.

9.1.4. Organisation of accounting team at BMC

The Chief Finance Officer (CFO) is responsible for maintenance of accounts and preparation of Annual Accounts in Municipal Corporation. CFO has a team of accountants to prepare the accounts. This team collates the information provided by other sections/ departments of BMC to come up with complete account statements.

There are six accountants each for the following sections with activities as follows:

1. **Under the CFO: DEABAS Accountant:** Full time on temporary basis, Accountant for maintaining DEABAS and also for preparing the budget. He receives inputs for entries in e-Municipality software from six section accountants. *Finance Section:* (1) Maintains all the accounts of BMC collections, taxes and non-taxes collections as cash, cheques and draft. The receipts through net banking or credit cards are recorded by the DEABAS Accountant. Some of the hospital payments and all other payments are also made through this section.
2. **Under the Deputy Commissioner (Projects):** These projects are financed by the grants received from the Government of India and/or the State Government of Odisha.

Utilization certificates are submitted for their spending. The section accounts in-charge are for (2) Basic Services for Urban Poor (BSUP), (3) Rajiv Awas Yojana (RAY), (4) National Urban Livelihood Mission (NULM) formerly Swarn Jayanti Shahri Rozgar Yojana (SJSRY), and (5) Old Age Pension (OAP):

3. **Under the City Health Officer:** (6) BMC Hospital and 17 dispensaries.

These six accountants are not regular but with dual responsibilities and additional charge. The BSUP accountant is Tax Daroga-cum-Accountant, the NULM accountant is Junior Assistant-cum-Accountant, the RAY accountant is Store Keeper-cum-Accountant, etc. These section accountants maintain accounts manually and have cash books also.

However, it is noted that the accountants in the respective sections are maintaining information only in manual registers and provides the same to main accounts team in form of registers for converting it into DEABAS as per accounting codes, which results in delay of completing the proper accounting. It is suggested that all the section accounts should be in digitized form and integrated with the main accounting software.

9.2. Audit Observations on Accounting

The Audit Report 2014-15 has identified a few inconsistencies in accounting system by the Corporation. The examples are improper maintenance of register of investment, various advance registers, etc., non-production of money receipts; collection against bounced cheques; irregular payment to DLRs/CLRs; non-deduction of income tax from the Consultants; non-deduction of TDS from the vendors (Annexure 10).

Technically the BMC is still following hybrid system. The basic book keeping is manual and on cash basis. The State Government had engaged Accountant and MIS Computer Programmer on contractual basis in all the ULBs on May 30, 2013. The responsibility of the Accountant was as follows:

- a) Develop Mechanisms & Systems for implementation of accrual based double entry accounting system and provide handholding support to staff/officer of the ULBs.
- b) Identify reform measures for revenue enhancement for tax and non-tax resources of ULBs.
- c) Train and provide handholding support to the staffs/officers of the ULBs for implementation of the above mandatory reforms in a time bound manner.
- d) Update maintenance of records, books of accounts, registers, files and other related documents.
- e) Processing of payment bills and maintenance of Registers at ULB level.
- f) Preparing Bank Reconciliation Statements for every month by the 7th of succeeding month.
- g) Preparation of annual budget and ensuring effective/efficient flow of funds.
- h) Monitor/review implementation of municipal financial and accounting reforms.
- i) Establishing internal and external audit arrangement.
- j) Helps ULB in Asset Valuation and preparation of Balance Sheet.

- k) Develop innovative approach towards capital financing, timely preparation of reports project wise and submission of the same to funding agencies, District, State and Central Government.
- l) Handling of Tally software and train other staff associated with Accountings matters of the ULB.
- m) Prepare all vouchers viz. payment, receipt, contra, and journal and its posting in books of accounts.
- n) Deduct all statutory liabilities viz. Works Contract Tax, Tax Deducted at Source, Sales Tax, Royalty from the contractor bills passed for payment in accordance with Municipal Act or Municipal Corporation Act as the case may be.
- o) Ensure prompt payment of all deducted statutory liabilities to the Government exchequer within in stipulated timeline.

10. Fund Management System

The Fund and Cash Management System maintains an up-to-date picture of the corporation's liquidity position and cash requirements. This system obtains information on actual agency expenditures and cash balances in corporation (including agency) accounts from the general ledger, revenue inflows, borrowing, loan disbursements, treasury bills, government bonds, and cash deposit maturities. This information is obtained either from the general ledger or from the systems for these areas, e.g., the debt management system.

Corporation can use this information to decide on: (i) budget ceilings and fund releases to line agencies; and (ii) the timing of the issues and redemptions of government securities to provide short-term financing.

(a) Collection Procedure and Bank Accounts

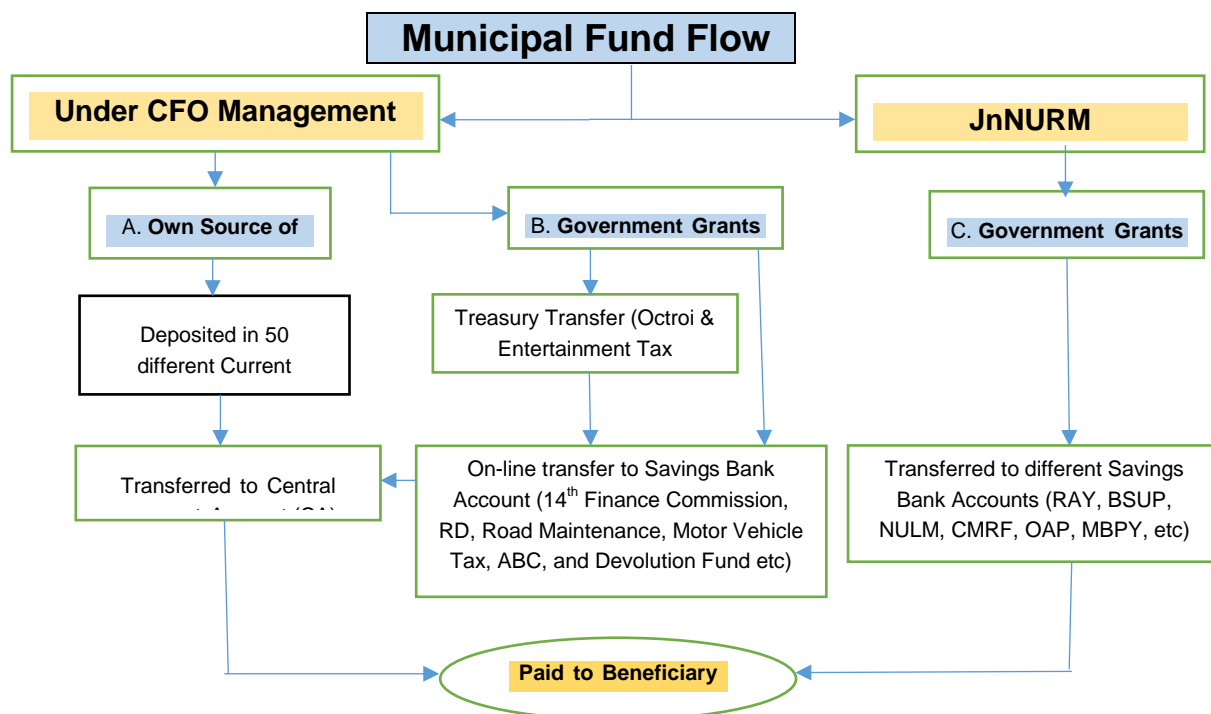
The corporation follows the guideline for depositing the daily collection amounts in the concerned bank accounts, adhering to the RBI Norms.

1. There are individual non-operative accounts under each head of collections that would be undertaken by each zone separately for depositing in central collection accounts of BMC existing in the Axis Bank, Samanarapur Branch.
2. There are two separate prescribed proforma developed for cash and cheque separately which should be entered carefully at the end of the day with denominations, so that the depositing cashier cannot skip the amount nor it will twist the amount convincingly. A consolidated collection sheet for both cash and cheque are to be prepared on daily basis where head wise collection data will be captured.
3. The principal banker will provide designated officer for each zone voluntarily to collect collection proceeds along with the cheque with acknowledgement to maintain date wise record in each zone.
4. The will arrange for cash and cheque pick up from all zones at a stipulated time fixed by the concerned zonal head with NIL cost.
5. The daily collection amount will be credited to the accounts head wise and zone wise by the bank and it will provide customized MIS of collections for all zones separately along with the MTD (month till date) and YTD (Year till date) collection data on daily basis and also as and when required.

(b) Flow of Funds

The sources of funds flow to the BMC mainly from three sources. It is under the direct command of the CFO and the others are as per JnNURM management system (Figure 3). Under the CFO Management both the own source revenues and government grants whereas under the JnNURM exclusively the central grants come under it.

Figure 3: Cash Flow in BMC



(c) Maintenance of Bank Accounts

The cash in BMC is maintained in 140 different bank accounts. Some of the bank accounts didn't have any balance and a substantial number of accounts went inactive.

The BMC receives fund from (a) own sources, (b) compensations in lieu of abolition of octroi, share as per SFC recommendations, and (c) scheme-related funds from the Central Government and State Government. The flow of these fund can be shown as a schematic diagram as shown in self-explanatory flow chart in Figure 3. As per the graph the entire payment of CFO section is paid from Central Payment account. But actually if required payment is made from other savings bank account also. However, 70% of the total payment of CFO section is made from central payment account by temporarily managing with diversion of different funds (more details are attached in Annexure 10).

The interest earned amount may become more if the normal savings account is converted into flexi account, along with better budgeting and financial management.

Also, timely transfers from current to savings account can save the charges paid to the bank

(d) Irregular Maintenance of Cash Books

The Audit Report 2013-14 has mentioned that the Municipal Corporation shall maintain their Books of Account on accrual basis under the DEABAS of book-keeping.⁵ The primary books

⁵ As under Rule-3 (Chapter-2) of Odisha Municipal (Accounts) Rules, 2012.

of accounts and supporting documents under the DEABAS shall be Cash Book, Bank Book, Journal Book, General Ledger and Sub-Ledger and Vouchers.⁶ Again, wherever the books of accounts are maintained manually, the books of accounts, Registers, Receipts, Bill Books and other accounting records and registers shall be fixed with seal of the Municipal Corporation/ Municipality and each of the pages shall be serially numbered and the number of pages shall be certified on the last page after actual verification.⁷

But, the Cash Book has not been maintained in prescribed manner. Only the Payment side has been reflected without seal and signature of the Finance Officer on each date. Further, the DEABAS is not in full-fledged manner. The practice of maintaining manual cash book is still continuing which is also not proper. The account records should be maintained as prescribed in Odisha Municipal (Accounts) Rule, 2012.

(e) Non-availing Benefits of Flexi Account

The Government instructed the Implementing Agencies to keep the Central Share and State Share or only Central Share of Centrally Sponsored plan schemes in Flexi Accounts so that higher interest accruals from the scheme funds can be ploughed back to expand coverage of the scheme without affecting fund flow from the scheme. But this instruction has been ignored and funds received under different schemes are kept in Savings Bank or Current Account. Due to non-availing of the benefits of Flexi Account, BMC has sustained a loss of higher interest. It is argued that whatever the funds received were as grant for specific purposes as per proposed work plan approved by Government. Soon after the receipt of amounts the payment is made UC is submitted for which Government is pressing hard for submission of UC within three to six months and reviewing the position in each month by 18,19 and 20. If the account will be opened for this amount as Flexi then that must be within a reserved balance above of which the payment is to be made. But the Government grants are kept watching one fund one account for full UC.

(f) Unsecured Loan

The details of outstanding loan and its purpose was not available due non-maintenance of Loan Ledger. Suitable steps may be taken in order to ascertain the outstanding position and compliance reported. Repayments should be done quickly so as to reduce the principal and interest accruing on the same.

(g) Non-deposit of Professional Tax & EPF Deducted from the Work Bills

BMC holds back a part of payments to contractors by way of deduction for Professional Tax from respective work bills. Similarly, substantial amount has also been deducted towards EPF. There is delay in depositing such dues/deductions. Since non-deposit of Government dues on time invites penalty, the Corporation is suggested to deposit the balance outstanding to proper quarter as early as possible to avoid any loss to the institution.

⁶ Under Rule-(1) (Chapter-2) of Odisha Municipal (Accounts) Rules, 2012.

⁷ Under Rule-4(3) (Chapter-2) of Odisha Municipal (Accounts) Rules, 2012.

(h) Acquittance Roll wanting

Every payment met from the Municipal fund either in cash or by cheque should be covered by a receipt stamped if necessary and signed by the person to whom the money is due and to whom it has actually been paid.⁸ But certain payments amount was not supported by the Acquittance Rolls to be considered as genuine.

⁸ As per Rule-43 of Odisha Municipal (Accounts) Rules 2012.

11. Assets & Liabilities Management

The BMC possesses assets as fixed immovable assets in the form of Buildings; Bridges & Culverts; Drains; Roads; Lakes & Ponds; Water Supply System; Park and Garden; and Other Fixed Assets. In addition to there are movable assets as Computers; Furniture & Fixtures; Office Equipment; Plants & Machineries; and Vehicles. Others include Land and Street Lighting Systems. The maintenance of accounts of all these assets is maintained in prescribed formats as per the Odisha Municipal Accounting Rules, 2012.

11.1. Basis of the Preparation of Fixed Asset Register

(a) Capitalization of Fixed Asset

The cost of fixed assets include cost incurred in acquiring or installing or constructing fixed assets, interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets, and other incidental expenses incurred up to that date.

Any addition to or improvement to fixed assets that results in increasing the utility or capacity or useful life of the asset is capitalized and included in the cost of the asset. Revenue expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which isles than a year is charged off.

Assets under erection/ installation on existing projects and capital expenditures on new projects (including advances for capital works and project stores) are accounted as “Capital Work-in-Progress”.

(b) Register of Fixed Assets

The Corporation maintains the following fixed asset registers comprising of land, buildings and all other infrastructure, immovable and movable properties which belong to the corporation:

- a) Register of Land (Form ACNT – 32)
- b) Register of Immovable Properties (Form ACNT - 30)
- c) Register of Movable Properties (Form ACNT - 31)
- d) Register of Public Lighting System (Form ACNT - 36)

These registers are maintained category wise in respect of lands, buildings, etc. The infrastructure assets like roads, bridges, culverts, drains, are recorded in such a manner as to identify location, measurements, etc. the registers are maintained fund wise. Any new asset that is capitalized, purchased or obtained by way of grant or gift are recorded in the register on the date the asset is capitalized, purchased or obtained. An Asset Replacement Register is also maintained in Form CNT-35 which records the history of the asset in use in the Corporation. This captures the usage and depreciation details of the asset.

(c) Valuation of Fixed Assets

Fixed assets are recorded at historical cost including directly attributable expenses such as freight, insurance etc for bringing the asset to its working condition. In case a fixed asset is

acquired at a concessional rate, it is recorded at the acquisition cost incurred. In case a fixed asset is acquired free of cost, it shall be recorded at a nominal value of rupee.

(d) Depreciation on Fixed Asset

Depreciation has been provided on all fixed assets except those which are non-depreciable (like land, water body) and those, which are yet not complete (i.e. those, which are capital work in progress, and those, which are abandoned before completion).

(e) Useful Life of Assets

The useful life of assets for adopting the straight-line method of depreciation in BMC is shown in Table 14.

Table 5: BMC: Useful Life of Assets as on 2013-14

SI No	Asset	Useful Life
1	Land	Perpetual
2	Land with structures	20/30 years
3	Landfill Sites – Dumping Ground	20 years for structures
4	Building	
	Class I Structure	30 years
	Class II Structure	20 years
5	Water Supply System	
	Pipelines	10 years
	Pumps and Motors	10 years
	Water Reservoir	40 years
6	Drainage and Sewerage Network	10 years
7	Roads Network of Mastic, Concrete, Bitumen, Others, Roads Over Bridges (ROB) and Roads Under Bridges (RUB)	10 years
8	Subways, Causeways, Culverts	10 years
9	Office Equipment	10 years
10	Plant and Machinery	10 years
11	Computers	3 years
12	Street Lighting System	10 years
13	Furniture	
14	Office	20 years
15	School and Hospitals	10 years
16	Park	10 years
17	Road	10 years
18	Heavy Vehicles	10 years
19	Light Vehicles	10 years
20	Earth Moving Vehicles	10 years
21	Carts	5 years

This accounting has been done by Manas Dash & Co, Chartered Accountant appointed by the H&UDD. The Corporation has received hard copies of the accounts of assets and

liabilities only. Soft copies are not handed over. It is required that the corporation has the handholding of this too.

12. Auditing

Auditing refers to a systematic and independent examination of books, accounts, documents and vouchers of an organization to ascertain how far the financial statements present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained by the concern as required by law. As a result of an audit, stakeholders may effectively evaluate and improve the effectiveness of risk management, control, and the governance process over the subject matter.⁹ The purpose of an audit is to provide an objective independent examination of the financial statements, which increases the value and credibility of the financial statements produced by management, thus increase user confidence in the financial statement, reduce investor risk and consequently reduce the cost of capital of the preparer of the financial statements.

12.1. Institutional Arrangements

The Examiner, Local Fund Audit (ELFA) is the Statutory Auditor and conducts audit of the ULBs under Section 113 of Orissa Municipal Act 1950 through the District Audit Officers, Audit Superintendents and Auditors. Section 122 of the Orissa Municipal Corporation Act, 2003 stipulates the powers and functions of the Chief Auditor. He shall (a) perform such duty as provided under this Act or the rules made under and perform such other duties with regard to the audit of the accounts of the Corporation fund as would be required by the Corporation or the Standing Committee; (b) specify, subject to such direction of the Standing Committee on Taxation, Finance and accounts, the duties and powers of the Auditors, Assistant Auditors, Clerks and other employees who are immediately subordinate to him; and (c) subject to the order of the said Standing Committee, supervise and exercise control over the acts and proceedings of such Auditors, Assistant Auditors, Clerks and other employees.

12.2. Observations

In BMC, currently, the CFO is a Super Grade Officer whereas the CA is junior to him. The post of the CA is vacant since March 2015 and is under the charge of the CFO. It implies the accounts and audit is under the same person.

The system of audit of in Odisha is well defined. There is a provision of the following stages of auditing in BMC:

1. **Pre-Audit or Internal Audit:** It should be done before payment orders are passed by countersigning of the Auditor.
2. **Post-Audit:** It is done with full details of all the transactions by the LFA. It statutorily to be submitted to the Government. Now the instructions have been issued that with effect from this year (2014-15), the copy of the report is to be tabled in the Assembly House.

⁹ <https://en.wikipedia.org/wiki/Audit>

3. **AG Audit:** It is a test audit. The Report is submitted to the office of the CAG.
4. **H&UD Department:** The Housing & Urban Department, Odisha may also order for auditing for any period, may be for a fortnight or a month or whatever it decides.
5. **Special Audit:** If there is some allegation against the BMC, special audit may be instituted for the whole year.

(a) Internal Pre-Audit System

The Odisha Municipal (Accounts) Rules, 2012 stipulates that all expenditures shall be accrued and payments shall be made only after it has been pre-audited by the persons authorized for the same. The Government shall specify by notification in the Gazette the persons who shall conduct pre-audit.

The Local Fund Auditor is appointed by the State Government without specific guidance. Currently, he is put under Chief Finance Officer (CFO). He is supposed to give his opinion whenever required by the recommending officer (not essentially by the sanctioning authority). The Auditor gives his considered opinion on the issue which may be accepted by the authority with or without modification or even may be turned down. His opinion does not go up to the level of the sanctioning authority. At this level there is no comprehensive audit.

(b) Concurrent Audit System

In BMC, the concurrent audit is absent.

(c) Post-Audit System

After the end of the fiscal year, March 31, the complete post-audit starts of all the transactions on an annual basis as per the guidance of Orissa Local Fund Audit Act, 1948. Manuals are prepared subsequently. It is done under the overall guidance of the CAG, India. Technically, the procedure of post-audit may start from April 1 of the next fiscal year.

Another Local Fund Auditor is appointed by the State Government with a precise mandate to make comprehensive audit of all the transactions made by the Corporation during the completing fiscal year. It is required to submit its draft to the Commissioner in ten months period for the review. Within a month, the issues raised in the report may be accepted by the Commissioner. If not, point-wise these issues are discussed and sorted out in the exit conference. If the Commissioner is able to provide documentary proof or otherwise satisfy the auditors, the point may be deleted or modified, otherwise it stands in the report. The final report is then submitted to the Government.

(d) Social Audit

There is no mechanism of social audit in Odisha state.

(e) Compliance Audit by CAG

Audit of 20 ULBs was entrusted to the CAG under section 20(1) of the CAG's (DPC) Act, 1971. As most of the ULBs are significantly financed by grants from Central/ State Government, they were audited under Section 14 of CAG's (DPC) Act. On the recommendations of the XIII Finance Commission, the State Government the State Government entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with

audit of all the ULBs of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.¹⁰ Besides, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of ULBs. The Government notified (July 2011) the parameters of the TGS agreed to, in the Official Gazette.

Further, the Director, LFA, under the Finance Department, is the Statutory Auditor, who conducts audit of ULBs and certifies their accounts under Section 113 of the OMA, 1950 and the provisions of Odisha Local Fund Audit (OLFA) Act, 1948 through District Audit Officers (LFA), Audit Superintendents and Local Fund Auditors.

¹⁰ A few observations based on CAG Report (2015) for Odisha.

13. Financial Management

Some of the observations emerging out of compliance audit by the CAG are attached in Annexure 10.

13.1. Observations

The LFA should be an independent officer as he is appointed by the State Government to give free and frank legal opinion relating to financial transactions to help in day-to-day functioning of the Corporation. In the BMC, he functions under the CFO. Ideally, he should be under the overall command of the Commissioner. The opinion given by him on the issues raised by the recommending officers should also be communicated to the final sanctioning authority or the Commissioner. The State Government should issue a clear set of guidelines under which the auditor functions. Presently, there is no function with them other than giving opinion only when sought for.

The audit is being done as per the provisions contained in the Odisha Municipal Act, 1950 and the Odisha Municipal Rules, 1953.

14. Credit Worthiness

Credit rating of the BMC was done under the initiative of JnNURM in the year 2011. It was given the grade of BBB. But since then, there has not been any credit rating done for BMC. However, under DEA's initiative the credit assessment is being done.

More details on Credit Worthiness are appended in Annexure 10.

15. Risk Management

The risk assessment system helps in identifying any fillip required in the areas of finance and accounts, personnel cost and human resource management as well as procurement and contract management. The financial outgoes from the budget are largely in the areas of procurements and salary and wages. A proper and periodical systematic review would help in proper financial planning.

A critical issue in the provision of local public goods under budget constraints is for a better quality of life of its citizens including employees, those visiting municipality and those just passing through it. It has to provide for their safety and well-being. The services of the municipality are either directly provided by the municipal entity and/or privatized for delivery by a third party under, say, PPP mode.

This needs an evaluation of risk at several stages for the level of proficiency in delivering a service that may impact the level of risk in the municipality. It has financial implications as well. The risk assessment should include the areas of creation and maintenance of its physical assets, elected representatives, and employees both regular and ad hoc. Whether the documentation, policies in place and regulations also need to be assessed.

15.1. Observations

Currently, there is no such system. Annexure-6 provides the formats for assessment of finance & accounts risk review, personnel cost & process review, and procurement & contract management to take clue.

16. Reporting & MIS

Management Information System (MIS) reports are necessary in ULBs for measuring its activities in a more meaningful and transparent manner. MIS not only provides information on accounting and financial aspects but also covers non-financial aspects/ information in an integrated mode. The objective of preparation of MIS reports is to provide the performance details/ statistical data of the activities of the ULBs in various forms. MIS reports serve as critical inputs for any decision making on any of the conducts of the ULBs. MIS requirements in details are given in Annexure-7.

16.1. Bases and Coverage

- *MIS reports are prepared from the accounting and other records maintained for the conduct of the ULB activities.* The basic data needs to be maintained properly for the accurate preparation of the MIS reports. Therefore, maintenance of proper accounting and other records is critical for effective MIS reports.
- *MIS covers non-financial aspects of the activities also* for example, the data on health: number of hospitals and dispensaries under ULB, number of doctors and para medical staff, number of department wise patients outdoor and others, form part of such data. These data points are used integrally with financial results in preparation of various analytical reports like cost of service delivery.
- *MIS reports prepared in ULBs shall cover the following key areas:* Financial Performance (Balance Sheet, Income and Expenditure, Cash Flow Statements, etc.); Departmental Performance (Departmental collection summary, etc.); Recovery of Cost / Subsidy Report (Water Supply cost sheet, etc.); Key Performance Indicators (Financial ratio analysis, etc.); and Ward Level MIS (Ward level revenue, expenses etc.).
- *MIS reports concerning Financial Statements* including Income & Expenditure; Balance Sheet; Statement of Cash flows; Receipts & Payments Account; Subsidy Report; and Financial Ratios.
- *ULBs may also prepare* the following reports on a periodical basis, submit them to various governing committees for review, analysis, and decision making purposes. These reports may be on Statement of Receivables; Statement of Payables; Ward wise Liability Summary Report; and Revenue Trend analysis.
- *ULBs may also specify additional MIS reports*, which are appropriate and necessary for their functioning and monitoring.

16.2. Observations

The MIS System in BMC has a wide scope of improvement. Almost all the basic data are recorded manually and its retrieval is very cumbersome, which in turn acts as an impediment in the budget preparation and other decision making processes. Since the existing staff is not capable of handling the task of MIS, the Government had engaged MIS Computer Programmer on May 30, 2013 in each ULB to perform the followings tasks:

- a) Planning and scheduling of all monitoring, evaluation and quality control activities at ULB, District and State.

- b) Development/maintenance of MIS for different programmes being implemented at ULB level.
- c) Preparation of MIS reports for each scheme/programme for handholding support of the officer concerned and periodic updation of data.
- d) Preparation of power point presentation of different programmes for the meeting at ULB/District/State level review meetings.
- e) Feedback on monitoring and quality control data.
- f) Preparation of project related documents and newsletters for publication.
- g) Regular update of official website of ULB.
- h) Regular visit to e-Despatch site of this Department and download all related letters for kind perusal authority concerned.
- i) Regular visit to e-Municipality application and monitor different modular applications.
- j) Ensure e-Transfer of communication to different quarters from the ULB concerned to save delay and cost.
- k) Periodic maintenance of Computer Hardware and Software of the ULB.
- l) Dissemination/sharing of information with officers/staff in-charge of implementation of programmes/schemes at ULB level and other quarters i.e., DUDA/SUDA/Government PMU of this Department.
- m) Liaison with MIS agency of District/DUDA/SUDA/PMU of this Department/ Line Departments implementing the programmes in urban areas.
- n) Train the base staff/officers implementing the programme/schemes for capturing information/records more systematically.
- o) Address e-Abhiyog and On-Line Grievance Redressal System relating to ULB concerned.
- p) Any other work assigned by Commissioner of Municipal Corporation/ Executive Officer of the Municipalities/ NCAs from time to time.

17. Recommendations and Action Plan

The improvement in governance and service delivery depends on sound FMS. Based on the key observations noticed under areas of FMS in BMC, the following recommendations and action plan has been suggested.

17.1. Recommendations to improve BMC's FMS

1. **Strengthening of enabling legislative framework:** While comprehensive in areas such as financial control, budgeting and audit, there are some gaps have been noted in procurement, monitoring and enforcement sections. The existing legislations are primarily directed to make BMC accountable to the State Government. However, there is scope for enhancing the implementation capacity. Major intervention required in this regard are: a) Updation of manual attached with the Orissa Municipal Corporation (OMC) Act, 2003 is needed to make it a more exhaustive and comprehensive document so that it is simple enough to be understood by each of the functionary by incorporating requisite and applicable provisions of the Orissa Government Manual and Rules, Orissa Audit Law, 1948 as well as Orissa Public Works Department Code or any other provision in related acts in the State as well as at the Central level for ULBs. b) Development of subject and functionary specific exhaustive manuals which would provide support as ready reckoner (guidance), c) Approval and adoption of the prescribed budget formats (nine) in which the whole budget document has to be prepared and submitted as per The Odisha Municipal Accounting Manual (OMAM). It should be supported by budget making manuals too. For example, how to compute and treat opening balances in the process.
2. **Formulation of detailed Policy Manuals:** It has been observed that the detailed policy manuals are required to help the concerned officials to help understanding the provisions defined under regulations without any ambiguity. An indicative list of the such policies includes: a) tariffs policy; b) rates policy; c) credit control and debt collection policy; d) cash management and investment policy (for example Langeberg Municipality Cash Management & Investment Policy as given in Annexure-8); e) borrowing policy; f) funding and reserves policy; g) policy related to the long-term financial plan; h) supply chain management policy; i) policies dealing with the management and disposal of assets; j) policies dealing with infrastructure investment and capital projects, including (i) governing the planning and approval of capital projects; and (ii) developer contributions for property developments; k) policy related to the provision of free basic services; l) policy related to budget implementation and monitoring including - (i) shifting of funds; (ii) the introduction of adjustments budgets; (iii) unforeseen and unavoidable expenditure; and (iv) management and oversight; m) policies related to managing electricity and water including— (i) the management of losses: and (ii) to promote conservation and efficiency; n) policy related to personnel including policies on overtime, vacancies and temporary staff; o) policies dealing with municipal entities, including – (i) The service delivery agreement; and (ii) The dividend preference of the municipality; and Any other budget-related or financial management

policies of the municipality. The government may take a call to select the policies useful for better and efficient functioning of the ULBs.

3. **Planning and Budgeting:** Budgets are generally seen as a statutory requirement and hence limited to providing sanction for expenses and revenues. Currently, budgeting practices are not directly linked to a larger management or strategic planning process. The rigor of planning is replaced by incremental budgeting and the need for debates and participation is limited to the elected representatives. It should involve public participation. Public at large remain unknown to the local budgeting process. The budgetary making procedures should follow the prescriptions given in the Odisha Fiscal Responsibility and Budget Management (FRBM) Act, 2005. The details are given in Annexure-3 & 4.
4. **Budget Classification:** The expenditures statements are to be classified as per OMC Act under major heads, minor heads, subordinate heads and primary units. Currently, the budgetary classification is based on accounting heads. There should be a clear distinction between accounting code and budgetary codes. But in any case, functional classification has been missing. For example, on receipts side, it has been noticed that all grants are clubbed as capital receipts. There is a strong need to classify the budgetary transactions both on receipt and expenditure side in systematic and objective basis yielding desired information. So, there is a need for developing a detailed manual for budget classification ideally based on International Monetary Fund (2001) *Government Finance Statistics Manual*. The OMAM has also provided the basics of expenditure classification but not adopted and integrated with accounting codes.
5. **Budget Execution:** There is weak monitoring and following up of budgets with hardly any review mechanism for variations. This, along with unpredictability of state funding causes uncertainty in the budget execution process. Re-scheduling of budget heads during the year is a common practice. Further, any shortfall in revenues generally leads to cut in capital expenditure and O&M budget. The citizen interface also remains weak. PROOF (Public Record of Operations and Finance) is a public campaign launched in mid-2002 in Bangalore. As a result of the campaign, the City Municipal Corporation - Bangalore Mahanagara Palike (BMP) - has been releasing its quarterly performance data. Citizens have been participating in public debate and discussions on the results, every quarter since then. Similar campaign can be started by BMC.
6. **Accounting:** The BMC has switched over to DEABAS. But it is still maintaining the basic accounts in the single entry, cash basis of accounting. This limits BMC's ability to prepare meaningful performance reports and financial statements. Predominantly in absence of digital infrastructure, the multiplicity of registers and limited capacity of staff results in accounts remaining in arrears for several years. The challenge is to build capacity for using this financial information for improved decision making in the corporation.
7. **Cash and Fund Flow Management:** Bank reconciliations generally raise a red flag and cash management is limited to prioritization of cheque issues. Only annual reconciliation is possible. So, no information of current fund position is available.

8. **System of Procurement:** A major portion of the corporation budget requires external procurement, usually made by the consuming department itself. The process of procurement is prescribed. However, there is lack of focus on quality, performance and linkages with planning. Procurement practices lack modern concepts such as 'just-in-time' inventory, scientific determination of procurement quantities etc. The e-procurement and works based grievance redressal systems are not present in the corporation.
9. **Internal Control and Audit:** The OMC Act, 2003 does not specified the requirement for internal audit though internal controls are incorporated in financial rules and focus on delegation of financial limits is in place. It has Standing Committee for audit and accounts with the objective of scrutinizing the corporation accounts at each level and ensuring compliance with audit paras. With moving from traditional system to modern DEABAS, the need for effective internal audit has become even more necessary. Though the Model Municipal Law has stated that the State Government or the Municipality may provide for internal audit of the day-to-day accounts of the Municipality in the manner prescribed, yet the OMC Act does not prescribe for internal audit though it has the position of Chief Auditor. However, the provisions of Orissa Local Fund Audit Act, 1948 are applicable.
10. **Assets and Liabilities Management:** BMC holds a significant amount of fixed assets as land, buildings and infrastructure. This may be exploited for the commercial potential to generate non-tax revenues. The maintenance requirement can be ascertained if proper inventory is available, which can be allocated in the budget. The accrual accounting practices are expected to address this shortcoming. The valuation of physical assets has been prepared for two years (2012-13 and 2013-14) by an external accounting firm. But the soft copy of the same was not provided by the vendor. Handholding is needed along with the training to the staff.
11. **Reporting:** The reporting is limited to compliance certificates, budgets and periodic administrative statements. There are no guidelines on disseminating financial results to the public. Some efforts have been made through the Public Disclosure Law, National e-Governance Action Plan (NEGAP), 2006, Citizen facilitation Centers (CFC), etc. Karnataka has incorporated a public reporting requirement in its recent accounting rules as well. These efforts are intended to improve the accountability of ULBs to the citizens. Such initiatives can be taken by BMC also.
12. **Financial Statements:** The BMC is preparing some of the required financial statements. But they are not certified by the competent authorities for any year, hence are not uploaded on the website for public scrutiny. They are prepared using the duly audited actual accounts data. It is required that these authenticated statements should also be uploaded. Budget document are on the website.
13. **External Audit:** Audit is generally carried out by the Local Fund Auditor (LFA). Audit objections or 'paras' are made where again the follow-up process is weak. The audit process in BMC is regular and carried out every year. The Comptroller & Auditor General of India has recently been involved in the ULB audits. With the adoption of DEABAS, audit capacity needs to be enhanced and professional independent audit,

commenting on the 'truth and fairness' of financial statements required in addition to the routine compliance audits needs to be in place.

14. **Audit Issues:** The LFA should be an independent officer, being appointed by the State Government, to give opinion on the financial transactions, which helps in day-to-day functioning of the corporation. Officer should be under the overall supervision of the commissioner. The opinion given by officer on the issues raised by the recommending officers should also be communicated to the final sanction authority or the commissioner. The State Government should issue a clear set of guidelines under which the auditor functions. Presently no other function but to give opinion only when sought for. Concurrent auditing may help proper utilization of funds.
15. **Credit Rating:** Credit rating helps in confidence generation of the investors while accessing funds from capital market such as raising Municipal Bonds. Further, the corporation also gets reviewed by a third party on its credit worthiness. Regular practice can be mandated for the credit rating exercise.
16. **External Oversight:** Public involvement in BMC's governance is *prima-facie* missing in the current legislative environment. Limited availability of reports in the public domain, weak community structures and lack of involvement of citizens lead to poor external oversight. In absence of properly functioning ward committees, the only oversight is taken up by NGOs and CBOs. PROOF and Citizen Report Cards in Bangalore are good initiatives, which can be emulated by BMC also.
17. **Need for Risk Assessment:** There are three main areas impacting the quality of budget making process, involving financial risk. These areas are finance and accounts, human resources, and procurement and tendering process. The risk analysis is critical in these areas. Different suggestive formats are given in Annexure-6 just to exemplify how it can be carried out. Necessary modifications may be incorporated.
18. **MIS and Digitized Database:** BMC has huge amount of information and data on various aspects apart from budgetary information. At present, most of the basic data is getting recorded manually and retrieval of same is a cumbersome exercise, which in turn acts as an impediment in the budget preparation and other decision making processes. Digitization of all the present and previous data available in the records is required, which is expected to improve the quality of administrative functioning, tendering, estimate preparation, budget preparation, etc.
19. **e-Municipality Project:** e-Municipality is one of the Mission Mode Projects that has significant citizen interaction. The vision of the National Mission Mode Project for e-Governance in Municipalities is to leverage the ICT opportunities for sustained improvement in efficiency and effectiveness of delivery of municipal services to citizens. The key objectives of the MMP includes provide single window services to citizens on anytime, anywhere basis; increase efficiency and productivity of ULBs; develop a single and integrated view of ULB information system across all ULB in the State; provide timely and reliable management information system relating to municipal administration for effective decision making; adopt a standards-based approach to enable integration with other related applications. In the first phase, 44 ULBs have been covered. Initially issue of death and birth certificates, payment of water rent and holding tax etc. are accessible by the public. Other services will be added shortly. It

would be worthwhile and useful if an integrated module of Accounting and Budgeting is developed. The integration of Accounting Codes with the Budget Item Codes as per OMC Act and OMAM is essentially to be done.

20. **Role of the State Government on Non-Performing Officials:** The budget making is not considered as a serious exercise, it is also not taken as a joint responsibility of all the branches and departments. They have to provide their individual inputs to the accounts department. The critical inputs in budget preparation are estimates prepared by these departments and branches, particularly the engineering department and stores. But in fact the required information either does not flow to the accounts department (which gives final shape to the budget) or delayed or even not conforming to the formats. The State Government should address such irregularities strictly. It is also a duty of the concerned officials to timely provide such information. The non-availability of inputs affects the quality of the budget as it incorporates assumptions then. In any case, the budget has to be submitted timely. State has to make adequate provisions in the service rules regarding the same to bind the concerned officials.
21. **Need for Centre for Capacity Building:** The process of building smart cities in the first place as well as handling urban issues of all types of ULBs depends on experienced staff and all types of trained officials to handle highly complex modern-day urban issues and its implementation. In this regards, Annexure-9 provides a detailed contour of capacity building of the officials and elected representatives. A State level training centre is required to provide regular training to the ULB officials.
22. **Creation of a Centralized System of Municipal Finance Statistics of ULBs:** There is no centralized system of data bank at the State level. So, there is an urgent need for a nodal agency to collect and monitor and also to lend technical advice on municipal data base.
23. The Karnataka model is given Table 6 for guidance.

Table 6: Elements of Centralized System of Municipal Finance Statistics of ULBs

Component of Karnataka Model		Status in Odisha	Required or not
A	Creation of Centralized System of Municipal Finance Statistics of ULBs		
a.	State Level Nodal Agency: A State Level Nodal Agency may be named as Municipal Reform Cell for consultation on accounting reforms for framing the implementation strategy. This is to be managed by a dedicated team headed by a finance senior official at the State level, a Chartered Accountant & some trained accountants to monitor the Accounting Reforms Implementation and Field Level Consultants at ULB level to handhold them during inception for one year.	A comprehensive similar agency is not in existence. The e-Municipality software takes care of the ULB-level requirements.	Required.
b.	Project architecture: Certain features of the E-Gov system would be:		
	* Sound Database of all the properties available with the ULB.		Required.
	* Digitized Ward/ Block maps prepared up to property level with unique Property Identification Number, which can be accessed by other departments like Urban Development Authorities for City Planning, Infrastructure Planning and City Survey Department for Property Title Certification. Even it can be used by Electricity Department, Transport, Census Department, etc.		Required.
	* Centralized database accessed by ULBs through web connectivity. This gives required information to the State Level Agency (DMA) to evolve State Level Plans.		Required.
c.	Data Updating Schedules: Data updating should happen through the following schedules:		
(i)	Daily Procedures		
	* Updating of books of prime entry: All the entries are made in the next working day. Entries of the branch accounts are made monthly or once in every two months.		Required.
	* Physical verification of cash balance	Currently, the LF audit makes the physical	Required.

Component of Karnataka Model		Status in Odisha	Required or not
		verification of cash balance once a year. Also, AG audit makes physical verification when they make the audit. Besides that no physical verification is made.	
* Deposit of collection in Bank.		The cash & cheque collections are deposited in the next working day when they are received by the cashier and on that basis accounting entries are made.	
* Ledger posting.		Currently, after making the accounting entries in the e-Municipality software the posting is made in the respective ledger automatically.	
* Up-dation of Classified Register.		Various registers have been prescribed in the OMAM.	Required.
(ii)	Monthly Procedures		
* Payment of pension fund & leave salary contribution for employees on deputation.		Required. Currently, payment is made when the bill file is submitted by the Establishment Section. No automation.	
* Remittance of statutory recoveries.		It is done within the due date of the next month. System calculates the amount & it is deposited manually.	Required.
* Transfer from 'Specific Grant' to 'Income' or 'Deferred Income'		Transfer is made depending upon the UC submitted by ULB	
* Transfer from 'Earmarked Fund Received' to 'Earmarked Fund Utilized'.		No such transfer is made as there is no such fund.	

Component of Karnataka Model		Status in Odisha	Required or not
* Balancing of Ledger a/c.			Required.
* Preparation of monthly Receipt and Payment, Trial Balance, consolidated statement of Demand, Collection and Balance (DCB).		Except DCB all other statements are available in software.	
* Bank Reconciliation Statement.		Prepared	
* Reconciliation of Inter-fund transfer accounts.		Not made as Fund Code is not available in the software although it is required for Corporations as mentioned in OMAM.	Required.
* Reconciliation of sub-ledgers with control accounts.		Sub-ledger is available only for Contractors & Suppliers for which no reconciliation is made.	
(iii)	Quarterly Procedures		
* Reconciliation of Capital Work-in-Progress (CWIP) a/c with Register of Public Works and Summary Statement of Status on CWIP.		Not made	Required.
(iv)	Year-end Procedures		
* Reconciliation of Receivable Account.		Currently not made.	Required.
* Physical verification of stores.		No. it is done manually.	Required.
* Reconciliation of closing stock with balances in General Ledger (GL).		Reconciliation is not made as stock entries are not made through software.	Required.
* Physical verification of Fixed Asset.		Physical verification is not done also no facility is available in software.	Required.
* Reconciliation of Fixed Asset a/c.		Not available in software	Required.
* Reconciliation of Deposits & Advance, Loans, etc.		Not made as sub ledger of these ledgers are not available in software.	Required.
* Confirmation of Permanent Advance & Miscellaneous Advance.		No confirmation is given to accounts.	Required.
* Accrual of interest accrued, but not due on borrowings.		Journal Entry is passed for such accrual	Required.

Component of Karnataka Model	Status in Odisha	Required or not
	interest.	
* Accrual of interest on investments.	Accrual entry is passed for FD investments on the basis of FD statements.	Required.
* Provision for year-end expenses.	No provision is made.	Required.
* Provision for unrealized receivables.	Not made.	Required.
* Accounting of depreciation.	As no Fixed Asset Module is available in the software therefore Depreciation is calculated manually & entry is passed in system.	Required.
* Preparation of Annual Financial Statements.	Income expenditure, Balance sheet, receipt payment along with all schedules of Income & Expenditure & Balance Sheet is available in the software.	
* Closing of Ledger accounts.	When the accounts are closed for a particular FY the ledger balances are also closed.	
* Carrying forward balances in Assets and Liability accounts.	It is made automatically by the software.	
* Pay Roll of DLR/CLR		Required.
* Wages payment		Required.
* Pension payment		Required.
* Arrear of salary payment manually		Required.
* Fixed Assets,		Required.
* Stores Material Management		Required.
B Fund Based Double Entry Accrual Accounting System		

Component of Karnataka Model	Status in Odisha	Required or not
* Dedicated Expert Management Cell to monitor effective implementation and to trouble shoot field level problems.		Required.
* Karnataka Municipal Data Society (KMDS) has been established, with all ULBs and stake holders as its members, with the objective of taking the municipal reforms process forward.		Required.
* Training programme for elected representatives carried out to enable them to use the financial information effectively for decision making.		Required.
* Audit of financial statements by Chartered Accountant Firms carried out.		Required.
* Internal controls, periodical reports, financial indicators and public participation in budget preparation are mandated in the accounting system.		Required.
E-Gov Financials web-based accounting software with central server architecture (Thin Client) is being used with centralized software installation.		Required.

17.2. Action Plan

Based on the situational analysis, action plans for short, medium and long terms may be contemplated in discussion with BMC and H&UD Department. State intervention will also be needed.

Action	Components	Term			Roles and Responsibilities	
		Short	Medium	Long	BMC	H&UD
1. Digitization of Database	Digitization of all the fiscal and non-fiscal data available with the Corporation. Besides the main Corporation office, the hospital and dispensaries attached with the BMC Hospital have host of data which need digitization.	√			√	
2. Preparation of Manuals and Policy Documents	Development of <i>Budget Preparation Manual</i> for each level of stakeholders is required.	√				√
	Manual on Select Budget Policies such as cash management and investment policy; policy related to the long-term financial plan; supply chain management policy; policies dealing with the management and disposal of assets; policies dealing with infrastructure investment and capital projects; policy of providing free services; policies related to budget implementation and monitoring; policy relating to personnel including overtime, vacancies and temporary staff; service delivery agreement; etc.	√				√
3. Software Development for Budget Making	Development of software for Accounting and Budget Making in which accounting codes and budget classification codes are integrated to enable generation of statements as required under Act and Manuals.		√			√
	Rules to be framed for disciplinary action to taken against non-responsive functionaries.					√
	Public debate on budget	√			√	
5. Audit	Concurrent audit	√	√			√
	Social audit	√	√			√
6. Capacity Building of	Capacity building of Corporators					√

Action	Components	Term			Roles and Responsibilities	
		Short	Medium	Long	BMC	H&UDD
Functionaries	Training on budget preparation	√			√	√
	Capacity Building in Budget Preparation				√	√
	Capacity building of senior and middle level officials					√
	Accounts Section					√
	Capacity building of junior level officials	√			√	
	Engineering Section	√			√	√
	Store Management	√			√	
7. Risk Assessment	Accounts and Finance	√			√	
	Human resource management	√			√	
	Procurement and tendering	√				
8. Creation of State Level Agency	Creation of a State level agency for statistics on ULBs in the State on the Karnataka/Rajasthan Model		√			√
9. Credit Rating	Credit rating by third party should be made a regular feature	√	√			

Note: Short term means action plan to be completed in one year duration, Medium term means action plan to be completed in two year duration, and Long term means action plan to be completed in three year duration.

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Geospatial Analytics Case Study: Broadening Property Tax Base in Odisha



Issue

For a ULB, Property Tax is the most important revenue source - accounts for around 70% of own sources of revenue. The Odisha Government intends to plug leakages and widen the property tax base. They need to be able to assess the large no. of properties outside the tax net and improve overall tax management.



Approach

Our approach collects, analyzes, and identifies city zones with highest revenue leakages, risk triggers, triangulates data from electricity records, VAT records and combines these with external geo spatial (GIS – satellite imagery) data source to enable Odisha Government to be able to more actively identify leakages. A series of dashboards were created to help Odisha Govt. to identify wards with maximum leakages. Govt. officers were trained and the process was institutionalized.

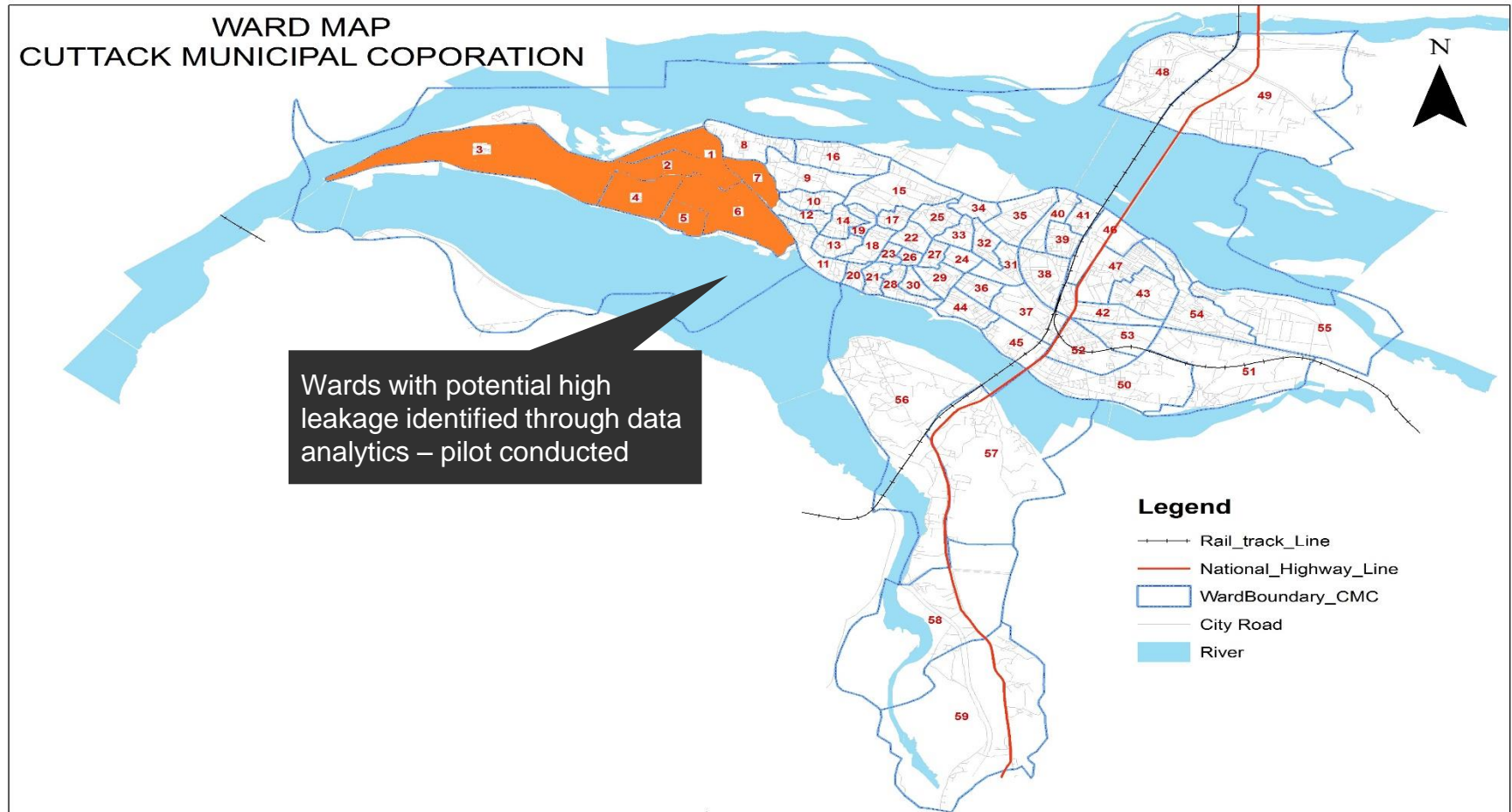


Impact

In a pilot conducted in 7 wards of Cuttack, around 30% additional properties (5000 nos.) have been brought in the tax net within a month. This will help in generating around 40-50 lakhs of additional property tax revenue per annum.

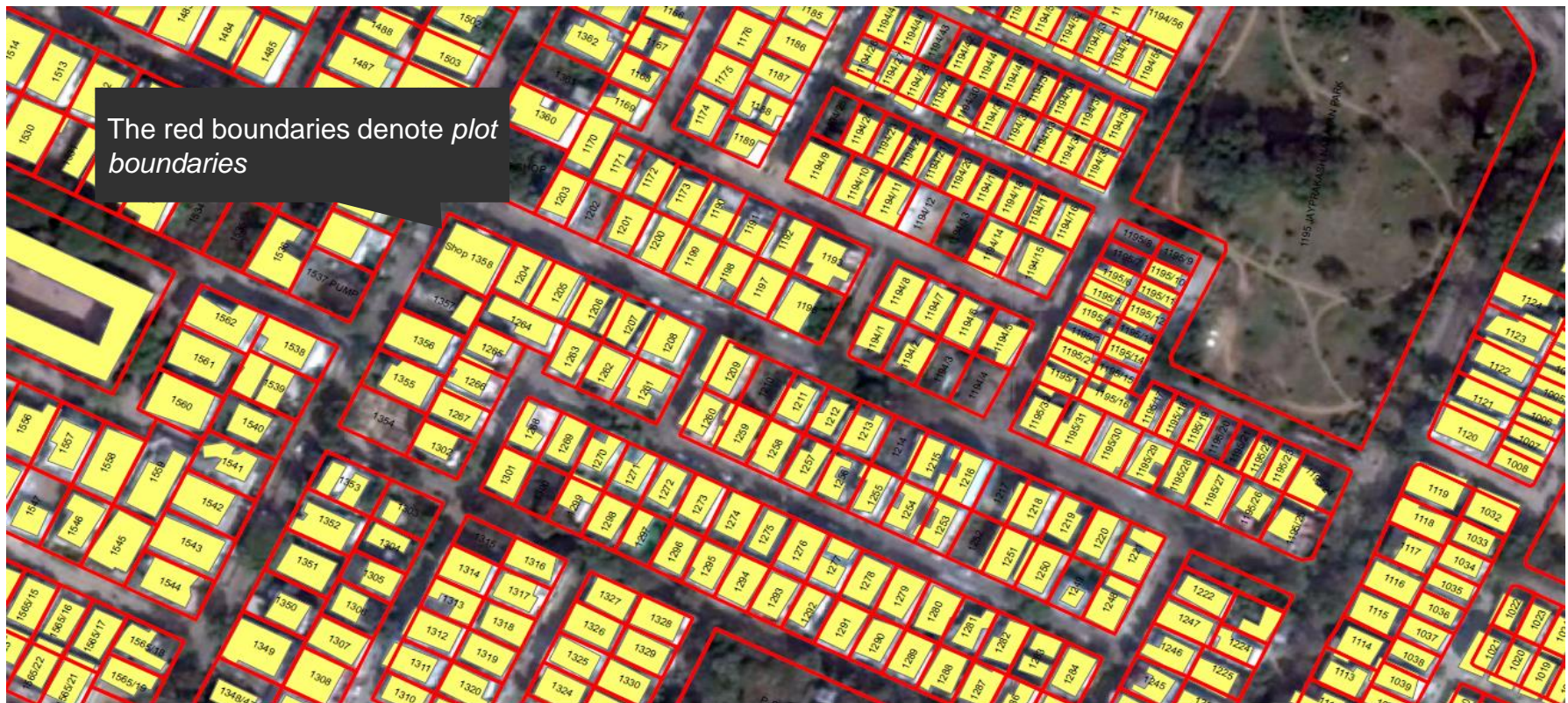
Geospatial Analytics Case Study: Odisha

Step 1: Identify wards with potential high leakages based on analysis of large collection



Geospatial Analytics Case Study: Odisha, contd.

Step 2: Geospatial analytics- Georeference Layout maps using satellite imagery



Geospatial Analytics Case Study: Odisha, contd.



Step 3: Compare data with Property Tax Register to identify properties outside the tax net



slc

Government of Odisha
Housing & Urban Development Department

No. 10376 /HUD., Bhubaneswar dated the 30.04.2016
HUD-DIR-BUD-01/2016

From

Sri Durga Prasad Mohapatra
Deputy Secretary to Government

To

The Executive Officer
(copy enclosed)

Sub: Review on Municipal Budget submitted for the year 2016-17.

Sir/Madam,

I am directed to say that Government shall take a review on the Budget of your ULBs for the year 2016-17 as per the scheduled date and time in **Conference Hall of SUDA, Bhubaneswar** (copy enclosed).

The Executive Officer/Accountant and Person involved in preparation of Budget of concerned ULBs are requested to attend the review meeting with the required information including actual Revenue Receipts & Expenditure and Capital Receipts & Expenditure for the year 2015-16, opening balance as on 01.04.2016 with details of bank statement, list of incomplete projects and action plan for new projects etc. on the scheduled date and time .

Yours faithfully,


Deputy Secretary to Government

Memo No. 10377 /HUD Dated 30.04.2016

Copy forwarded to the Addl. Director, SUDA, Bhubaneswar for information and necessary action with a request to spare the conference Hall of SUDA on the scheduled date and provide all logistic support out of the Capacity Building Fund.


Deputy Secretary to Government

Date-03.05.2016		Time
1.	Angul(M)	10.00 AM
2.	Talcher(M)	11.00 AM
3.	Titlagarh(M)	12.00 PM
4.	Jaleswar(M)	3.00 PM
5.	Soro(M)	4.00PM
Date-04.05.2016		Time
1.	Bargarh (M)	10.00 AM
2.	Basudevpur(M)	11.00 AM
3.	Choudwar(M)	12.00 PM
4.	Deogarh(M)	3.00 PM
5.	Paralakhemundi(M)	4.00PM
Date-05.05.2016		Time
1.	Paradeep (M)	10.00 AM
2.	Jajpur (M)	11.00 AM
3.	Belpahar (M)	12.00 PM
4.	Brajarajnagar (M)	3.00 PM
5.	Jharsuguda (M)	4.00PM
Date-06.05.2016		Time
1.	Bhawanipatna (M)	10.00 AM
2.	Kendrapara(M)	11.00 AM
3.	Pattamundai(M)	12.00 PM
4.	Anandapur(M)	3.00 PM
5.	Barbil(M)	4.00 PM
Date-07.05.2016		Time
1.	Joda (M)	10.00 AM
2.	Keonjhargarh(M)	11.00 AM
3.	Umerkote(M)	12.00 PM
4.	Khurda (M)	3.00 PM
5.	Jeypore(M)	4.00 PM
Date-16.05.2016		Time
1.	Koraput (M)	10.00 AM
2.	Sonepur (M)	11.00 AM
3.	Malkanagiri (M)	12.00 PM
4.	Rairangapur (M)	3.00 PM
5.	Nawarangapur(M)	4.00 PM
Date-17.05.2016		Time
1.	Phulbani(M)	10.00 AM
2.	Sunabeda (M)	11.00 AM
3.	Rayagada(M)	12.00 PM
4.	Biramitrapur(M)	3.00 PM
5.	Rajgangpur(M)	4.00 PM
Date-18.05.2016		Time
1.	Baripada (M)	10.00 AM
2.	Bolangir (M)	11.00 AM
3.	Jatni(M)	12.00 PM
4.	Sundergarh(M)	3.00 PM
5.	Dhenkanal(M)	4.00 PM

 21/7/16

Government of Odisha
Housing & Urban Development Department.

No. 6723 /HUD., Bhubaneswar, dated the 15.3.16
HUD-DIR-BUD-01/16

From

Sri Pabitra Mandal, OAS(SAG)
Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

To

The Municipal Commissioner, all Municipal Corporations
Executive Officer, all Municipalities

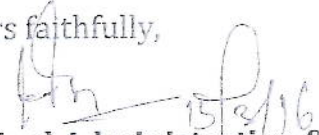
Sub: Video conference on 18.03.2016 at 11.30 AM to 01.30 PM "feedback on draft Municipal Budget and training on online uploading of Budget".

Sir/Madam,

With reference to above, I am directed to say that Commissioner-cum-Secretary to Government, H & U.D. Department shall hold a Video conference on 18.03.2016 at 11.30 AM to 01.30 PM "feedback on draft Municipal Budget and training on online uploading of Budget".

You are, therefore, requested to attend the video conference with all required information in your respective center as per scheduled date & time.

Yours faithfully,


Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

Memo No. 6724 /HUD., Dated 15.3.16

Copy forwarded to the General Manger, OCAC, Bhubaneswar for information and necessary action.

It is requested to make all necessary arrangement for successful holding of the video conference in the aforesaid date and time. ULBs invited for participation in the referred video conference spread over 27 Districts excluding the District Boudh, Nayagarh and Nuapara.


Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

Memo No. 6725 /HUD., Dated 15.3.16

Copy forwarded to PS to Commissioner-cum-Secretary, H & U.D. Department for kind information of Commissioner-cum-Secretary to Government.


Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

URGENT

979
Government of Odisha
Housing & Urban development Department

No. 27621 / HUD., Bhubaneswar dated the 24.11.16
HUD-DIR-POLICY-20/16

From,

Shri G. Mathivathanan, IAS
Commissioner -cum- Secretary

To

The Municipal Commissioners of All Municipal Corporations.
The Executive Officer of all Municipalities / NACs.

Sub: Revenue Enhancement and Mobilization Plan to achieve the Collection Target.

Madam/Sir,

In inviting a reference to the Subject cited above, I am to inform you that during the Cluster Review thrust was given on increasing demand and improving collection efficiency by adopting specific strategies.

In this connection I am to request you to revise your demand substantially & increase the demands in all the components pertaining to your generation of revenue for the year 2016-17, specifically Holding Tax.

Accordingly, you may go for new assessment of properties outside the Holding Tax coverage, Reassessment of Properties basing on change of use and land value and assign target to the Tax Collectors Tax to achieve the revised target within Last four months of the Financial Year.

In this regard a format has been prepared & enclosed here with to assign monthly target for each Tax Collector for Holding Tax Collection, New assessment and Re-assessment targets which is to be filled and send to this Dept. through Email: pmuhud@gmail.com by 30th November 2016 positively.

You are also requested to monitor weekly progress on tax Collection, new and Re-assessments of holding against the target of each Tax collector and take drastic action against the non-performing staff. The ULB shall update the actual Collection against each Tax Collector in every month and mail in the enclosed Excel format to this Dept. for review by 7th day of succeeding month through Email: pmuhud@gmail.com

This be treated as MOST URGENT.

Yours faithfully,

G. Mathivathanan
24/11/16
Commissioner-cum-Secretary

Monthly Target for Tax Collectors based on Revised Holding Tax Target 2016-17

Explanatory notes:
Holding Tax Target shown in the annual budget 2016-17 shall be shown here
Target shall be revised based on the views expressed during half yearly cluster level performance review
Actual collection till 20th November 2016 and estimated collection for 20-30th November 2016
Remaining Holding Tax Target to be collected during December, January, February and march 2017

	Dec-16	Jan-17	Feb-17
17			

[illegible]

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Government of Odisha
Housing & Urban Development Department.

No. 14827 /HUD., Bhubaneswar, dated the 22.6.16
HUD-DIR-BUD-01/2016

From

Sri Sachin R. Jadhav, IAS
Director Municipal Administration &
Ex-Officio Joint Secretary to Government

To

The Municipal Commissioner,
All Municipal Corporation
The Executive Officer
All Municipalities

Sub: Submission of the Budget for the financial year-2016-17.

Madam/Sir,

In inviting a reference to the subject cited above, I am to say that during May, 2016, this Department has reviewed the Budget submitted/prepared by Municipalities and Municipal Corporations for financial year 2016-17 at SUDA, Bhubaneswar. At that time various observations were made and discussed particularly on own source of revenue, operating expenses and availability of fund for development projects. Various logical actions for revenue enhancement and operating expenses were also discussed and draft estimates were prepared.

ULBs were advised to submit the signed hard copies of the final Budget along with explanatory note to achieve the budgeted revenue & expenses targets and action-plan for new projects by 8th June 2016, as discussed during the review by this Department. ULBs were also advised to submit their budget through online in the ULB Budget Tool given on the H & U.D. Department website.

However, many ULBs were yet to submit the hard copies of the budget & online upload the same.

Therefore, you are requested to ensure submission of hard copies of the Budget-2016-17 and online upload the same by 25th June 2016.

Yours faithfully,


**Director Municipal Administration &
Ex -Officio Joint Secretary to Govt.**

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GOVERNMENT OF ODIHSA
HOUSING AND URBAN DEVELOPMENT DEPARTMENT

No. 6666/HUD, Bhubaneswar, Dated 18/3/16
HUD-DIR-PLAN-02/16

From

G.Mathi Vathanan, IAS
Commissioner-cum-Secretary to Govt.

To,

The Commissioner, Berhampur Municipal Corporation
The Executive Officers of NACs:
Aska, Soroda, Kabisuryanagar, Gopalpur, Ganjam,
Rambha, Polasara, Buguda, Chikiti, Bhanjanagar,
Digapahandi, Chhatrapur, Purusottampur, Khallikot,
Belaguntha, Hinjilicut and Kodala.

Sub: **Action plans for Revenue Enhancement of Urban Local Bodies in Ganjam District**
Review meeting held on 04.03.2016 at Berhampur.

Sir,

This is with reference to the workshop held at Circuit House, Berhampur on 4th March 2016 on Revenue Enhancement and Mobilization Plan for ULBs. Please find below the agreed action plan for various revenue enhancement measures;

1. Fixing of weekly and monthly targets for each Tax Collector
2. Weekly monitoring of each Tax Collector's actual collection against target
3. Preparing list of large tax defaulters
4. Publishing names of large Tax Defaulters in various public places
5. Monitoring of collection from large defaulters, Government properties
6. Identifying potential un-assessed Holdings by comparison with Electricity Consumer records
7. Conduct survey to identify properties outside Holding Tax net
8. Demand assessment of surveyed properties
9. Identify potential unassessed Trade License payees by comparison with Electricity Consumer Records (commercial connections), VAT Registration records
10. Survey of shops to identify defaulters in Trade License and assessment
11. Resolution to be passed by council for levy of penalty on late payment of Holding Tax
12. Resolution to be passed by council for enhancement of Holding Tax Rate
13. Levy of service charges on Central Government properties
14. Development of RFP for outsourcing of preparation of demand notices for Holding Tax
15. Tie-up with banks to open tax collection counter
16. Outsourcing of agency for Preparation of Demand Notices
17. Issue of Demand Notices through Courier Agency


P.T.O

Agreed Action plan with timelines for Berhampur Municipal Corporation has been given in Annexure-1.

Other NACs shall focus on first 12 revenue enhancement measures listed above and draw-up a timeline for each initiative considering the proposed timeline for Berhampur Municipality Corporation.


You are advised to strictly focus on above agreed revenue enhancement measure which will be reviewed from time to time.

Yours faithfully,


14/3/16
Commissioner-cum-Secretary

Memo No. 6667 / HUD., Dated 14/3/16.

Copy forwarded to the Collector and District Magistrate, Ganjam / Project Director, DUDA, Chhatrapur, Ganjam / Chairpersons of Aska, Soroda, Kabisuryanagar, Gopalpur, Ganjam, Rambha, Polasara, Buguda, Chikiti, Bhanjanagar, Digapahandi, Chhatrapur, Purusottampur, Khallikot, Belaguntha, Hinjilicut and Kodala ULBs.


14/3/16
Commissioner-cum-Secretary

Annexure-1: Revenue Enhancement and Mobilization Plan for Berhampur Municipal Corporation

Sl. No.	Initiative	31 st Jan	15 th Feb	29 th Feb	15 th Mar	31 st Mar	15 th Apr	30 th Apr	15 th May	31 st May	15 th Jun	30 th Jun
1	Fixing of weekly and monthly targets for each Tax Collector											
2	Weekly monitoring of each Tax Collector's actual collection against target											
3	Preparing list of large tax defaulters											
4	Publishing names of large Tax Defaulters in various public places											
5	Monitoring of collection from large defaulters, Government properties											
6	Identifying potential un-assessed Holdings by comparison with Electricity Consumer records											
7	Conduct survey to identify properties outside Holding Tax net											
8	Demand assessment of surveyed properties											
9	Identify potential unassessed Trade License payees by comparison with Electricity Consumer Records (commercial connections), VAT Registration records											
10	Survey of shops to identify defaulters in Trade License and assessment											
11	Resolution to be passed by council for levy of penalty on late payment of Holding Tax											
12	Resolution to be passed by council for enhancement of Holding Tax Rate											
13	Levy of service charges on Central Government properties											
14	Development of RFP for outsourcing of preparation of demand notices for Holding Tax											
15	Tie-up with banks to open tax collection counter											
16	Outsourcing of agency for Preparation of Demand Notices											
17	Issue of Demand Notices through Courier Agency											

R. ygm
14/3/16

✓

Government of Odisha
Housing & Urban Development Department.

No. 3511 /HUD., Bhubaneswar, dated the 11.2.16
HUD-DIR-BUD-01/16

From

Sri Pabitra Mandal, OAS(SAG)
Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

To

The Municipal Commissioner, all Municipal Corporations
Executive Officer, all Municipalities

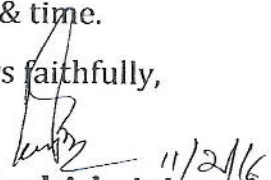
Sub: Video Conference on 16.02.2016 at 12.00 AM on Enhancement of Holding Tax coverage.

Sir/Madam,

With reference to above, I am directed to say that Commissioner-cum-Secretary to Government, H & U.D. Department shall hold a Video Conference on 16.02.2016 at 12.00 AM on Enhancement of Holding Tax coverage.

You are, therefore, requested to attend the video conference with all required information in your respective center as per scheduled date & time.

Yours faithfully,


**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

Memo No. 3512 /HUD., Dated 11.2.16

Copy forwarded to the General Manager, OCAC, Bhubaneswar for information and necessary action.

It is requested to make all necessary arrangement for successful holding of the video conference in the aforesaid date and time.


**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

Memo No. 3513 /HUD., Dated 11.2.16

Copy forwarded to PS to Commissioner-cum-Secretary, H & U.D. Department for kind information of Commissioner-cum-Secretary to Government.


**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

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Government of Odisha
Housing & Urban Development Department

No 5661
HUD-DIR-PLAN-02/2016

/ HU D., Bhubaneswar Dated the 22.2.16

From:

Sri Pabitra Mandal, OAS(SAG)
Director Municipal Administration &
Ex-Officio Addl. Secretary to Government

To:

The Mayor, Berhampur Municipal Corporation, Berhampur
The District Magistrate & Collector, Ganjam
The Municipal Commissioner,
Berhampur Municipal Corporation, Berhampur
The Secretary, Berhampur Development Authority, Berhampur

Sub:- Revenue Enhancement and Mobilisation Plan(REMP), a presentation scheduled to be organised by Odisha Support for Urban Infrastructure Programme(OSUIP) on 04.03.2016 at 11.00 AM at Berhampur Municipal Corporation, Berhampur .

Sir,

I am directed to say that the Forth State Finance Commission has highlighted significant fund requirements for ULBs for driving growth and providing effective citizen services. In order to meet this fund requirement, the ULBs have to identify innovative ways to augment revenues and the State Government has to facilitate revenue generation. Usually tax bases of ULBs are narrow, inflexible and lack buoyancy and they have also not been able to levy rational user charges for the services they deliver. The ULB need to critically examine their resources of revenues and develop a road map for undertaking initiatives aimed at Revenue Generation by preparing a Revenue Enhancement and Mobilisation plan (REMP). With the objective of augmenting own resource of revenue, Government of Odisha and Department for International Development (DFID), under the umbrella project of Odisha support for Urban Infrastructure Programme (OSUIP) have prepared a Revenue Enhancement and Mobilisation Plan for the Municipal Corporations of Odisha and the technical assistant team will provide handholding support to the Municipal Corporations for operationalizing the plan.

It has been scheduled to organise a presentation on Revenue Enhancement and Mobilisation Plan (REMP) by Odisha Support for Urban Infrastructure Programme (OSUIP), a technical assistant to Housing & Urban Development Department, Government of Odisha **on 04.03.2016 at 11.00 AM at Berhampur Municipal Corporation, Berhampur .**

Commissioner-cum-Secretary to Government, H & U.D. Department, Special Secretary to Government H & U.D. Department, and Director Municipal Administration & Ex-Officio Addl. Secretary to Govt. H & U.D. Department shall remain present and participate in the referred presentation in order to draw road map for interventions in the time bound manner.

You are requested to attain the presentation in the scheduled date and time for facilitating the implementation of the recommendation outlined by OSUIP.

Commissioner, Berhampur Municipal Corporation, Berhampur is requested to make necessary arrangements for facilitating the presentation in the scheduled date and time. He is also requested to invite the other stakeholders to attend the scheduled presentation.

Yours faithfully,


**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

26/2/16
Cont.....2

Memo No. 5662 /HUD., Dated 27.2.16

Copy forwarded to PS to Commissioner-cum-Secretary to Government, H & U.D. Department / P.S. to Special Secretary to Government, H & U.D. Department/P.S. to Director Municipal Administration & Ex-Officio Addl. Secretary to Govt. H & U.D. Department for kind information of the officers concerned.

 26/2/16
**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

Memo No. 5663 /HUD., Dated 27.2.16

Copy forwarded to Sri Murali Mohan, Team Leader, Odisha Support for Urban Infrastructure Programme (OSUIP), H & U.D. Department, Email-osuip.dfidta@gmail.com for information and necessary action.

 26/2/16
**Director Municipal Administration &
Ex-Officio Addl. Secretary to Government**

The Odisha Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 1259, CUTTACK, TUESDAY, AUGUST 25, 2015 / BHADRA 3, 1937

SECRETARIAT
OF
THE ODISHA LEGISLATIVE ASSEMBLY
NOTIFICATION

The 25th August, 2015

No.8935/L.A.—The following Bill which has been introduced in the Odisha Legislative Assembly on the 24th August, 2015 is herewith published under Rule 68 of the Rules of Procedure and Conduct of Business in the Odisha Legislative Assembly for general information.

THE ODISHA MUNICIPAL LAWS (AMENDMENT) BILL, 2015

A

BILL

FURTHER TO AMEND THE ODISHA MUNICIPAL CORPORATION
ACT, 2003 AND THE ODISHA MUNICIPAL ACT, 1950.

BE it enacted by the Legislature of the State of Odisha in the Sixty-sixth
Year of the Republic of India as follows: —

CHAPTER I

PRELIMINARY

Short title
and
commence-
ment.

1.(1) This Act may be called the Odisha Municipal Laws (Amendment) Act, 2015.

(2) It shall come into force on such date as the State Government may, by notification, appoint and different dates may be appointed for different Municipalities.

CHAPTER II
AMENDMENT TO THE ODISHA MUNICIPAL CORPORATION
ACT, 2003

Amendment
of Section.21.

2. For Section 21 including its marginal heading of the Odisha Municipal Corporation Act, 2003 (hereinafter referred to as the Corporation Act), the following sections shall be substituted, namely:—

Odisha
Act 11 of
2003.

“Constitution
of
Ward
Committee.

21. (1) There shall be constituted by the Corporation a Ward Committee for each ward in a Corporation within a period of six months from the date appointed for its first meeting referred to in clause (a) of sub-section (2) of section 14:

Provided that where a Corporation has been constituted before the commencement of the Odisha Municipal Laws (Amendment) Act, 2015, the Ward Committee shall be constituted within six months from such commencement.

(2) The Ward Committee shall consist of the following members, namely :—

- (a) the Corporator representing the ward who shall be the Chairperson thereof;
- (b) the Representative of each Area Sabha of the concerned ward;
- (c) the member of the Legislative Assembly representing the Constituencies which comprises wholly or partly the ward; and
- (d) not more than ten persons of eminence from the ward, to be nominated by the Corporation in such manner as may be prescribed:

Provided that if the population of the ward is not more than ten thousand, the number of nominated members shall be four, and thereafter, there shall be one additional member for every four thousand population or part thereof:

Provided further that one- half of the persons to be nominated to the Ward Committee shall be women.

Explanation.— For the purposes of this section and Section 21-C, the expression “persons of eminence” means representative of any non-Government organization or association of persons, established, constituted or registered under any law for the time being in force and working for social welfare, and includes any community-based organization, professional institution and civic, health, educational, social or cultural body or any trade or industrial organization and such other association or body as the Corporation may decide.

(3) A person shall be disqualified for being nominated as a member of the Ward Committee or to continue as such member if under the provision of this Act or any other law for the time being in force, he would be disqualified for being elected as a Corporator of the Corporation.

(4) The Sanitary Inspector or any other officer nominated by the Commissioner shall be the Secretary of the Ward Committee and shall have the

right to take part in the proceedings at the meeting of a Ward Committee but shall not be entitled to vote at any such meeting.

(5) The Chairperson of the Ward Committee shall have power to invite the officer of the concerned Department of the Corporation as special invitee to participate in the meeting relating to the Department which is the subject matter of the discussion.

(6) The term of office of the Ward Committee shall be co-terminus with the term of office of the Corporation.

(7) The Ward Committee shall meet at least once in a year and business of the Ward Committee shall be conducted in such manner as may be prescribed:

Provided that the Chairperson may call upon emergency meeting as and when he deems fit.

Functions
of the Ward
Committee.

21-A. Subject to the provisions of this Act and overall control of the Corporation, every Ward Committee shall have the following functions, namely:—

- (a) provide assistance in solid waste management in the ward;
- (b) supervision of sanitation works in the ward;
- (c) provide assistance for preparation and implementation of development schemes for the ward;
- (d) encourage harmony and unity among various groups of people in the ward;
- (e) mobilize voluntary labour and donation by cash or kind for conducting social welfare programmes in the ward;
- (f) provide assistance for identification of beneficiaries for the implementation of development and welfare schemes;
- (g) encourage activities of art, culture, sports and games;
- (h) encourage people's participation in voluntary activities necessary for successful implementation of the developmental activities of the Corporation;
- (i) ensure maintenance of street lighting and park in the ward;
- (j) provide assistance for timely collection of taxes, fees and other sums due to the Corporation; and
- (k) perform such other functions as may be assigned to it by the Corporation.

Responsibility
of the Ward
Committee.

21-B. (1) It shall be the responsibility of every Ward Committee to perform the following duties, namely:

- (a) prepare the annual ward plans and produce the same in a manner consistent with the District plans within such period and in such manner as may be prescribed;

- (b) prepare the ward budget in accordance with the ward plans within such period and in such manner as may be prescribed;
- (c) ensure optimal collection of all revenue sources;
- (d) ensure maintenance of parks and street lighting in the ward;
- (e) prepare the report on housing and public distribution system in the ward;
- (f) prepare and maintain beneficiary list for all programmes and schemes undertaken by the Government in coordination with the concerned agencies or Departments of the Government;
- (g) ensure road works including construction, maintenance and restoration;
- (h) take measures necessary for general beautification of the locality;
- (i) submit periodical report on the activities undertaken by it to the Corporation; and
- (j) discharge such other duties as may be entrusted to it by the Corporation.

(2) The Ward Committee may, for the purpose of carrying out its functions and duties, obtain information relating to ward from the Commissioner or from any other officer and formulate guidelines for giving effect to the duties entrusted to it under sub-section (1)."

3. After Chapter III of the Corporation Act, the following Chapter shall be inserted, namely:—

**"CHAPTER III-A
AREA SABHA**

21-C. (1) In every ward of a Corporation there shall be constituted one or more Area Sabha.

(2) Every Area Sabha shall be comprised of all persons registered in the electoral rolls as relates to the area who shall be the members.

Explanation.— For the purpose of this section the expression "area" in relation to an Area Sabha means polling area consisting of such number of electors as may be decided by the Election Commission.

(3) There shall be an Area Sabha Representative for each area to be nominated by the Corporation from among persons of eminence of the concerned area as may be prescribed.

(4) The qualification and disqualification prescribed for getting elected as Corporator of the Corporation and for holding the office as Corporator of the Corporation under the relevant provision of this Act shall apply mutatis-mutandis for the Area Sabha Representative.

(5) The term of office of the Area Sabha Representative shall be co-terminus with the term of office of the Corporation.

(6) The business of the Area Sabha shall be conducted in such manner as may be prescribed.

Insertion
of a new
Chapter.

Constitution
of Area
Sabha.

Functions
of the Area
Sabha.

21-D. Subject to the provisions of this Act and overall control of the Corporation, every Area Sabha shall have the following functions, namely:—

- (a) evolve proposals and determine the priority of different schemes relating to the development programmes of the area;
- (b) identify and prepare lists of beneficiaries in different beneficiary oriented schemes;
- (c) verify the eligibility of persons getting different welfare assistance from the Government;
- (d) verify the eligibility of persons to get pension and subsidies assistance in different schemes;
- (e) suggest the location of street lights, public water taps, public wells, public sanitation units and other public amenities within the area;
- (f) identify the defects and deficiencies in water supply and street lighting within the area and suggest remedial measures;
- (g) assist the activities of the public health centre for prevention of disease and for family welfare in the area;
- (h) mobilize voluntary labour and contributions both in cash and kind for developmental works within the area and supervise such work through volunteer teams;
- (i) create awareness among the Area Sabha members of their obligations to pay municipal taxes and user charges; and
- (j) perform such other functions as may be assigned to it by the Corporation.

Responsibility
of the
Area Sabha.

21-E. It shall be the responsibility of every Area Sabha to perform the following duties, namely:—

- (a) obtain informations from the Corporation and the Ward Committee relating to the developmental works within the area proposed to be done for next three months;
- (b) obtain informations from the Ward Committee about every decision in connection with the area and the follow-up action on that;
- (c) create awareness on the matter of public interest like cleanliness, protection of environment and control of pollution;
- (d) promote harmony and unity within the area;
- (e) co-operate with the Ward Committee in the matter of sanitation arrangement within the area; and
- (f) discharge such other duties as may be entrusted to it by the Corporation.”.

Amendment
of Section 24.

4. In the Corporation Act, in Section 24, after clause (xxvi), the following clause shall be added, namely:—

“(xxvii) providing necessary administrative, financial and infrastructure support to the Ward Committee for its efficient performance of function and discharge of duties.”.

Amendment
of Section 198.

5. In Section 198 of the Corporation Act,—

(a) for sub-section (2), the following sub-section, shall be substituted, namely:—

“(2) Save as otherwise provided in this Act, the rate of property tax on lands and buildings shall be between a minimum of eight percentum and a maximum of twenty percentum of the annual value of such lands and buildings, as may be specified by the Corporation, from time to time:

Provided that the Corporation may, at any time, specify different rates for the lands and buildings used differently:

Provided further that the rate of tax on lands and buildings of the Government used for office or educational or medical purposes shall be five percentum.

Explanation.—The expression “lands and buildings of the Government” shall not include the lands and buildings used for residential, commercial, joint venture projects, Government Corporations or statutory bodies.”; and

(b) after sub-section(4), the following sub-section shall be inserted, namely:—

“(5) Save as otherwise provided in this Act the Corporation shall levy five percentum surcharge on the annual tax fixed against each property annually and progressively till such time the State Municipal Corporation Valuation Committee revise the unit rate.”.

Amendment
of section 199.

6. In Section 199 of the Corporation Act, after the proviso, the following proviso shall be added, namely:—

“Provided further that nothing in this section shall prevent the Corporation from levying a service charge on any property of the Central Government which is exempted from payment of property tax under this section, at the rate of five percentum of the annual value of such land and building.”.

Amendment
of section 200.

7. In Section 200 of the Corporation Act, for the words “not having any title over the land”, the words “not having a built up area of more than two hundred fifty square feets” shall be substituted.

Omission of section 201.

8. Section 201 of the Corporation Act shall be omitted.

Amendment
of section 202.

9. In Section 202 of the Corporation Act, for the words “not exceeding twenty five percent”, the words “not exceeding fifty percentum” shall be substituted.

Amendment
of section 203.

10. In Section 203 of the Corporation Act, in sub-section (1), —

(a) after clause (iii), the following clause shall be inserted, namely:—

“(iv) heritage lands and buildings, as may be specifically notified by the Government and properties protected by notification by the Archaeological Survey of India or the Government as the archaeological property.”; and

- (b) the existing Explanation shall be renumbered as Explanation I and after the Explanation as so renumbered, the following Explanation shall be added, namely: —

“Explanation II.— For the purpose of clause (iii), open space shall not include any land on which any trade or business is carried on, or from which any rent or income is derived.”.

Amendment of
section 205.

11. In Section 205 of the Corporation Act, —

(a) In sub-section (1)—

- (i) for the words “Corporation Valuation Committee”, the words “the State Municipal Corporation Valuation Committee” shall be substituted; and
- (ii) for clause (b) , the following clauses shall be substituted namely: —

“(b) the structural characteristics of the buildings including age factor; and

- (c) use-wise category of the land and building, as may be prescribed,”;

(b) in sub-section (2), —

- (i) for the words “within sixty days” the words ,“within thirty days” shall be substituted; and
- (ii) for the words “ Corporation Valuation Committee”, the words “State Municipal Corporation Valuation Committee” shall be substituted; and

- (c) after sub-section (3), the following sub-section shall be inserted, namely :—

“(4) In Unit Area Value System of assessment, the entire corporation area has to be grouped into homogenous categories for fixation of Unit Area Value and such grouping shall be done taking into consideration factors like average rental value, average capital value of land, quality of available physical infrastructure, availability of social and market infrastructure, type of development and average economic standard of the residents of the area.”.

Amendment
of section 206.

12. In Section 206 of the Corporation Act, for sub-sections (2), (3), (4) and (5), the following sub-sections shall be substituted, namely:—

“(2) Every such objection shall be determined by the State Municipal Corporation Valuation Committee after giving the person an opportunity of being heard.

(3) The procedure for hearing and disposal of objections shall be such as may be prescribed.

(4) Any person aggrieved by an order as specified in the public notice under sub-section (3) of Section 205 may prefer an appeal, within thirty days of such order, before the State Municipal Corporation Assessment Tribunal constituted under section 218, and the decision of the said Tribunal on such appeal shall be final.”.

Amendment
of section 209.

13. For Section 209 of the Corporation Act, the following section shall be substituted, namely:—

“209. For the purpose of this Act, the Government shall, having regard to the materials of construction used and the construction practices employed, prescribe the types of buildings which may be classified as pucca, semi-pucca or kutcha building.”.

Amendment
of section 210.

14. In Section 210 of the Corporation Act, for sub-section (1), the following sub-sections, shall be substituted, namely:—

“(1) The Annual Value of any vacant land and building shall be the amount arrived at as per the formula (UNIT RATE VALUE X BUILT UP AREA + UNIT RATE OF VACANT LAND X VACANT LAND AREA) which shall be determined by an order of the Commissioner, if the property owner fails to determine and submit returns as provided in Section 213 or files a wrong data and assessment.

(1-a) A copy of the order shall be served within fifteen days thereof to the owner or occupier of land and building, as the case may be, in such form and in such manner, as may be prescribed.”.

Omission of
Section 211.

15. Section 211 of the Corporation Act shall be omitted.

Amendment
of section 213.

16. For section 213 of the Corporation Act including its marginal heading, the following section shall be substituted, namely:—

“Self
Assessment
and default
in filing of
returns.

213. (1) Any owner of any land or building or any other person liable to pay the property tax or any occupier, in absence of such owner or person, shall, —

(a) compute the tax due on the basis of annual value of land and building as determined under section 210 and the rate of tax as determined under section 198;

(b) file a return on or before the 30th June of every financial year whose tax liability is more than one thousand rupees and in other case as may be prescribed;

(c) pay the tax due as provided under section 235;

- (d) avail rebate at such rate, not exceeding ten percentum of the tax payable, as may be notified by the Corporation, in the event of the annual tax being paid in lump sum by the end of first quarter of the financial year; and
 - (e) pay interest at the rate of three percentum per quarter on the tax payable which he fails to pay on the due date.
- (2) The Commissioner may, at any time, —
- (a) make *suo motu* assessment in any case where a return on the basis of self-assessment has not been filed;
 - (b) revise any assessment where the information furnished in the return of self-assessment is found to be incorrect; and
 - (c) reopen any assessment in any case where it has been detected that there is wilful suppression of information.

(3) If any owner of any land or building or any other person liable to pay the property tax or any occupier in absence of such owner or person, fails to file a return without sufficient cause or furnishes information in the return which is found to be incorrect, or it has been detected that there has been wilful suppression of information, the commissioner may, after giving such person a reasonable opportunity of being heard, direct him to pay in addition to the tax and interest, if any, payable by him, a penalty of thirty percentum of the amount of tax with interest, if any, so payable.”.

17. After Section 213 of the Corporation Act, the following section shall be inserted, namely:—

213-A. (1) Whenever the title of any holding is transferred, both the transferor and the transferee shall, within three months after the execution of the instrument of transfer or if no such instrument is executed within three months after the transfer is effected, give notice in writing of such transfer to the Commissioner.

(2) In the event of the death of the transferee, his heir shall, within one year from the date of death, give notice in writing of such transfer to the Commissioner.

(3) Any person who is primarily liable for the payment of taxes on any land or building, if transfers his title over such property, without giving notice of such transfer to the Commissioner, as aforesaid, shall, unless the Corporation, on grounds of hardship arising out of special circumstances otherwise directs, in addition to any other liability which he incurs through such neglect, continue the liability for the payment of all such taxes, from time to time, payable in respect of the said property until he gives such notice or until the transfer is recorded in the Corporation Books.

(4) Nothing in this section shall be held to diminish the liability of the transferee for the said taxes or to affect the prior claim of the Corporation for the

Insertion
of new section
213 - A.

Information
to the
Commissioner
regarding
transfer of
title of the
property.

recovery of the taxes due thereupon and the Corporation may revise the assessment list as against the transferee with effect from the date on which they are satisfied that the transfer was made.”.

Amendment of
section 215.

18. In Section 215 of the Corporation Act, –

(a) for sub-section (1), the following sub-section shall be substituted, namely :—

“(1) The Government may, by notification, constitute the State Municipal Corporation Valuation Committee.”;

(b) in sub-section (2), for the words “the Corporation Valuation Committee”, the words “State Municipal Corporation Valuation Committee” shall be substituted;

(c) for sub-sections (3), (4), (5) and (6), the following sub-sections shall be substituted, namely :—

“(3) The Chairperson and other members shall be appointed by the Government.

(4) The qualification and experience for appointment as Chairperson and other members of the State Municipal Corporation Valuation Committee, the manner of selection for appointment and terms and conditions of service including salaries and allowances shall be such as may be prescribed.”.

Omission of
section 216.

19. Section 216 of the Corporation Act shall be omitted.

Amendment
of section 217.

20. In Section 217 of the Corporation Act, for the words “Corporation Valuation Committee” the words “State Municipal Corporation Valuation Committee” shall be substituted.

Amendment
of section 218.

21. In Section 218 of the Corporation Act, —

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) There shall be constituted a State Municipal Corporation Assessment Tribunal in the State for all Corporations consisting of a Chairperson and such other members, not exceeding five, as the Government may determine.”, and

(b) for sub-section (4), the following sub-section shall be substituted, namely:—

“(4) The expenses incurred for the State Municipal Corporation Assessment Tribunal including salaries and allowances referred to in sub-section (3) shall be recovered from the Corporations in such manner as may be determined by the Government.”.

Omission of sections
223, 224, 225 and 226.

22. Sections 223, 224, 225, and 226 of the Corporation Act shall be omitted.

Amendment of
section 227.

23. In Section 227 of the Corporation Act, in sub-section (1), —

(a) the words and figure “or by the determination of annual value under section 226” shall be omitted and for the words “Corporation Assessment Tribunal” the words “State Municipal Corporation Assessment Tribunal” shall be substituted ; and

(b) in the proviso thereto for the words “ Corporation Assessment Tribunal” the words “State Municipal Corporation Tribunal” shall be substituted and the words, figure and commas “or section 226, as the case may be,” shall be omitted.

Amendment
of section 228.

24. For Section 228 of the Corporation Act, the following section shall be substituted, namely:—

“228. Every valuation made under section 210 or section 222 shall, subject to decision in appeal, if any, be final.”.

Amendment
of section 229.

25. In Section 229 of the Corporation Act, —

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) All assessed properties shall be entered in the Corporation Assessment Book and shall have a Property Tax Index Number (PTIN) and every PTIN shall reflect the annual value of the concerned land or building or both.”;

(b) In the proviso to sub-section (5), the words, comma and figures “under Section 224 or section 227, as the case may be” shall be omitted; and

(c) after sub-section (6), the following sub-section shall be inserted, namely:—

“(7) The Corporation may take the help of such technology as may be considered appropriate for ascertaining the details of land and building for assessment or revision of assessment of the annual value of such land and building.”.

Amendment
of section 235.

26. In Section 235 of the Corporation Act, the sub-sections (2), (3) and the Explanation thereto shall be omitted.

Omission
of section 236.

27. Section 236 of the Corporation Act shall be omitted.

CHAPTER III

AMENDMENT TO THE ODISHA MUNICIPAL ACT, 1950

Amendment
of Chapter V-A.

28. For Chapter-V-A of the Odisha Municipal Act, 1950 (hereinafter referred to as the Municipal Act), the following Chapter shall be substituted, namely: —

Odisha Act
23 of 1950.

“CHAPTER V-A

WARD COMMITTEE

Constitution
of Ward
Committee.

57-A. (1) There shall be constituted by the Municipality a Ward Committee for each ward in a Municipality within a period of six months from the date appointed for its first meeting referred to in clause (a) of sub-section (2) of Section 47:

Provided that where a Municipality has been constituted before the commencement of the Odisha Municipal Laws (Amendment) Act, 2014, the Ward Committee shall be constituted within six months from such commencement.

- (2) The Ward Committee shall consist of the following members, namely:—
- (a) the Councillor representing the ward who shall be the President thereof;
 - (b) the representative of each Area Sabha of the concerned ward;
 - (c) the member of the Legislative Assembly representing the constituency which comprises wholly or partly the ward; and
 - (d) not more than ten persons of eminence from the ward, to be nominated by the Municipality in such manner as may be prescribed:

Provided that if the population of the ward is not more than ten thousand, the number of nominated members shall be four and thereafter, there shall be one additional member for every four thousand population or part thereof:

Provided further that one-half of the person to be nominated to the Ward Committee shall be women.

Explanation.—For the purposes of this section and Section 57-D the expression “persons of eminence” means any non-Government organization or association of persons established, constituted or registered under any law for the time being in force and working for social welfare and includes any community-based organization, professional institution and civic, health, educational, social or cultural body or any trade or industrial organization and such other association or body as the Municipality may decide.

(3) A person shall be disqualified for being nominated as a member of the Ward Committee or to continue as such member if under the provisions of this Act or any other law for the time being in force, he would be disqualified for being elected as a Councillor of the Municipality.

(4) The Sanitary Inspector or any other officer nominated by the Executive Officer shall be the Secretary of the Ward Committee and shall have the right to take part in the proceedings at a meeting of the Ward Committee but shall not be entitled to vote at any such meeting.

(5) The President of the Ward Committee shall have power to invite the officer of the concerned Department of the Municipality as special invitee to participate in the meeting relating to the Department which is the subject matter of the discussion.

(6) The term of office of the Ward Committee shall be coterminous with the term of office of the Municipality.

(7) The Ward Committee shall meet at least once in a year and business of the Ward Committee shall be conducted in such manner as may be prescribed:

Provided that the President may call upon emergency meeting as and when he deems fit.

Functions
of the Ward
Committee.

57-B. Subject to the provisions of this Act and overall control of the Municipality, every Ward Committee shall have the following functions, namely: —

- (a) provide assistance in solid waste management in the ward;
- (b) supervision of sanitation works in the ward;
- (c) provide assistance for preparation and implementation of development schemes for the ward;
- (d) encourage harmony and unity among various groups of people in the ward;
- (e) mobilize voluntary labour and donation by cash or kind for conducting social welfare programmes in the ward;
- (f) provide assistance for identification of beneficiaries for the implementation of development and welfare schemes;
- (g) encourage activities of art, culture, sports and games;
- (h) encourage people's participation in voluntary activities necessary for successful implementation of the developmental activities of the Municipality;
- (i) ensure maintenance of street lighting and park in the ward;
- (j) provide assistance for timely collection of taxes, fees and other sums due to the Municipality; and
- (k) perform such other functions as may be assigned to it by the Municipality.

Responsibility
of the Ward
Committee.

57-C. (1) It shall be the responsibility of every Ward Committee to perform the following duties, namely: —

- (a) prepare the annual ward plans and produce the same in a manner consistent with the District plans within such period and in such manner as may be prescribed;
- (b) prepare the ward budget in accordance with the ward plans within such period and in such manner as may be prescribed;
- (c) ensure optimal collection of all revenue sources;
- (d) ensure maintenance of parks and street lighting in the ward;
- (e) prepare the report on housing and public distribution system in the ward;
- (f) prepare and maintain beneficiary list for all programmes and schemes undertaken by the Government in co-ordination with the concerned agencies or Departments of the Government;
- (g) ensure road works including construction, maintenance and restoration;
- (h) take measures necessary for general beautification of the locality;

- (i) submit periodical reports on the activities undertaken by it to the Municipality; and
- (j) discharge such other duties as may be entrusted to it by the Municipality.

(2) The Ward Committee may, for the purpose of carrying out its functions and duties, obtain information relating to ward from the Executive Officer or from any other officer and formulate guidelines for giving effect to the duties entrusted to it under sub-section (1).”.

Insertion
of new
Chapter.

29. After Chapter V-A of the Municipal Act, the following Chapter shall be inserted, namely: —

“CHAPTER V-B
AREA SABHA

Constitution
of Area
Sabha.

57-D. (1) In every ward of the Municipality there shall be constituted one or more Area Sabha.

(2) Every Area Sabha shall be comprised of all persons registered in the electoral rolls as relates to the area who shall be the members.

Explanation.— For the purpose of this section the expression “area” in relation to an Area Sabha means polling area consisting of such number of electors as may be specified by the Election Commission.

(3) There shall be an Area Sabha Representative for each area to be nominated by the Municipality from among persons of eminence of the concerned area as may be prescribed.

(4) The qualification and disqualification prescribed for getting elected as Councillor of the Municipality and for holding the office as Councillor of Municipality under the relevant provision of this Act shall apply *mutatis mutandis* for the Area Sabha Representative.

(5) The term of office of the Area Sabha Representative shall be co-terminous with the term of office of the Municipality.

(6) The business of the Area Sabha shall be conducted in such manner as may be prescribed.

Functions
of the Area
Sabha.

57-E. Subject to the provisions of this Act and overall control of the Municipality, every Area Sabha shall have the following functions, namely:—

- (a) evolve proposals and determine the priority of different schemes relating to the development programmes of the area;
- (b) identify and prepare lists of beneficiaries in different beneficiary oriented schemes;

- (c) verify the eligibility of persons getting different welfare assistance from the State Government;
- (d) verify the eligibility of persons to get pension and subsidies assistance in different schemes;
- (e) suggest the location of street lights, public water taps, public wells, public sanitation units and other public amenities within the area;
- (f) identify the defects and deficiencies in water supply and street lighting within the area and suggest remedial measures;
- (g) assist the activities of the public health centre for prevention of diseases and family welfare in the area;
- (h) mobilize voluntary labour and contributions both in cash and kind for developmental works within the area and supervise such work through volunteer teams;
- (i) create awareness among the Area Sabha members of their obligations to pay municipal taxes and user charges; and
- (j) perform such other functions as may be assigned to it by the Municipality.

Responsibility
of the Area
Sabha.

57-F. It shall be the responsibility of every Area Sabha to perform the following duties, namely:—

- (a) obtain information from the Municipality and the Ward Committee relating to the developmental works within the area proposed to be done for next three months;
- (b) obtain informations from the Ward Committee about every decision in connection with the area and the follow-up action on that;
- (c) create awareness on the matter of public interest like cleanliness, protection of environment and control of pollution;
- (d) promote harmony and unity within the area;
- (e) co-operate with the Ward Committee in the matter of sanitation arrangement within the area; and
- (f) discharge such other duties as may be entrusted to it by the Municipality.”.

Insertion
of new section
103-B.

30. In the Municipal Act, after Section 103-A, the following section shall be inserted, namely:—

“Obligation of
Municipality.

103-B. The Municipality shall provide necessary administrative, financial and infrastructure support to the Ward Committee for its efficient performance of functions and discharge of duties.”.

Amendment
of sections
131 to 175.

31. In the Municipal Act, for Sections 131 to 175 (both inclusive), the following sections shall be substituted, namely:—

“Power to
levy taxes.

131. (1) The Municipality shall have, for the purpose of this Act, the power to levy the following taxes, namely: —

- (a) property tax on lands and buildings;
- (b) tax on deficit in parking spaces in any non-residential building;
- (c) water tax;
- (d) fire tax;
- (e) tax on advertisements, other than advertisements published in newspapers;
- (f) surcharge on entertainment tax;
- (g) surcharge on electricity consumption within the Municipal area;
- (h) tax on congregation; and
- (i) toll —
 - (i) on roads, bridges and ferries; and
 - (ii) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988 plying on the public street.

59 of 1988.

(2) Subject to prior approval of the State Government, the Municipality may, for raising revenue for discharging its duties and performing its functions under this Act, levy any other tax which the State Legislature has the power to levy under the Constitution of India.

(3) The levy, assessment and collection of taxes mentioned in sub-section(1) shall be in accordance with the provisions of this Act and the rules and regulations made thereunder.

Power to levy
“user charges.

132. The Municipality shall levy user charges for, —

- (i) provision of water supply, drainage and sewerage;
- (ii) solid waste management;
- (iii) parking of different types of vehicles in different areas and for different periods;
- (iv) stacking of materials of rubbish on public streets for constructions, alteration, repair or demolition work of any type; and
- (v) other specific services rendered in pursuance of the provisions of this Act,

at such rates as may be determined, from time to time, by regulation:

Provided that a Municipality may, having regard to the conditions existing in the Municipal area, decide not to levy or postpone the levying, of any of the user charges as aforesaid:

Provided further that the State Government may, direct the Municipality to levy any of the user charges as aforesaid, not levied, or postponed, by the Municipality.

Property
Tax on lands
and
buildings.

133. (1) For the purposes of this Act, a property tax determined under this Chapter on the annual value of any land or building in the Municipal area including any land or building belonging to the State Government, or the Municipality or any undertaking or public sector corporation under the control of the State Government or the Municipality, but excluding any land or building specifically exempted under this Act, shall be levied by the Municipality.

(2) Save as otherwise provided in this Act, the rate of property tax on lands and buildings shall be between a minimum of eight percentum and a maximum of twenty percentum of the annual value of such lands and buildings, as may be specified by the Municipality, from time to time:

Provided that the Municipality may, at any time, specify different rates for the land and building used differently:

Provided further that the rate of tax on lands and buildings of the State Government used for office, educational, or medical purposes shall be five percentum.

Explanation — The expression “lands and buildings of the State Government” shall not include the lands and buildings used for residential, commercial, joint venture projects, Government Corporations or Statutory Bodies.

(3) The amount of property tax determined under this Chapter shall be linked to the consumer price index of urban non- manual workers for a year in which a general valuation of all lands and buildings within the Municipal area has been made, and it shall be lawful to realize the amount of such tax so determined on a yearly basis according to the changes in the aforesaid index till the next general valuation of such lands and building.

(4) In calculating the amount of property tax and the amount payable per quarter or annually after allowing rebate for timely payment, the fraction of a rupee shall be rounded off to the nearest rupee, fifty paise being treated as one rupee.

Property Tax
on Central
Government
properties.

134. Notwithstanding anything contained in this Act, any land or building which is the property of the Central Government shall, save in so far as Parliament by law otherwise provides, be exempted from the property tax:

Provided that nothing in this section shall, until Parliament by law otherwise provides, prevent the Municipality from levying any tax on any property of the Central Government to which such property was immediately before the commencement of the Constitution of India liable or treated as liable, so long as the property tax continues to be levied by the Municipality:

Provided further that nothing in this section shall prevent the Municipality from levying a service charge on any property of the Central Government which is exempted under this section, at the rate of five percentum of the annual value of such land and building.

Explanation — A property of the Central Government shall not include any property vested, or belonging to, any statutory body or Public Sector Corporation under the control of the Central Government.

Surcharge on
rented land,
building or hut.

135. The Municipality may levy a surcharge at a rate, not exceeding fifty percentum of the rate of property tax, on such land or building or hut or portion thereof which is rented out:

Provided that in the case of any building which is partly occupied and partly rented out, the surcharge shall be levied only on the property tax of the rented portion.

Exemption of
lands and
buildings from
property tax.

136. (1) Notwithstanding anything contained in the foregoing provisions of this Chapter,—

- (i) any land or building or portion thereof exclusively used for the purpose of public worship; or
- (ii) any land or building exclusively used for the purpose of public burial as cremation ground, or any other place used for the disposal of the dead duly registered under this Act; or
- (iii) any open space including a parade ground which is the property of the Central or the State Government; or
- (iv) heritage lands and buildings, as may be specifically notified by the State Government, and properties protected by notification by the Archaeological Survey of India or the State Government as the archaeological property,

may be exempted by the Municipality from the property tax.

Explanation I.—For the purpose of clause(i), any land or building used for public worship shall not be deemed to be exclusively used for such worship if on such land or in such building, any trade or business is carried on, or any rent or income is derived in respect of such land or building.

Explanation II.—For the purpose of clause (iii) open space shall not include any land on which any trade or business is carried on, or in respect of which any rent or income is derived.

(2) The Executive Officer shall cause to be maintained a register showing separately the lands and buildings exempted from the property tax under sub-section (1) in such Form as may be determined by regulations, and such register shall be open to the public for inspection.

Classification of
land and building
and fixation of
annual values.

137.(1)The Municipality shall, on the recommendation of the Valuation Organization constituted under section 146 and having regard to,—

- (a) the location of lands and buildings in the Municipal area;
- (b) the structural characteristics of buildings including age factor; and

(c) use wise category of the land and building as may be prescribed, declare its intention to classify lands and buildings in each ward of the Municipality into such groups as the Municipality may specify by a public notice and shall also specify in such public notice the annual value it proposes to fix per unit area of vacant land and per unit area of covered space of buildings within each such group.

(2) If any owner or occupier of any land or building in any ward in respect of which a public notice has been issued under sub-section (1) has any objection to the manner of classification of any group or groups or the value per unit area of vacant land or the value per unit area of covered space of building in any group, he may submit to the Executive Officer of the Municipality, his objection in such Form, and containing such particulars, as may be prescribed within thirty days from the date of publication of such public notice and such objection shall be considered by the valuation officer of the Valuation Organisation or any other officer as may be empowered by the State Government in this behalf.

(3) On the expiry of the period specified in sub-section (2) and after considering the objections, if any, in accordance with the provisions of Section 138, the Municipality shall, by a public notice, specify group wise the value per unit area of vacant land and the value per unit area of covered space of building.

(4) In this Unit Area Value System, the entire Municipal area has to be grouped into homogenous categories for specifying Unit Area Value and such grouping shall be done taking into consideration the factors like average rental value of the property in the area, average capital value of land, quality of physical infrastructure, availability of social and market infrastructure, type of development and economic standards of the residents of the area.

Procedure for hearing objection to classification of lands and buildings.

138. (1) Any objection under sub-section (2) of Section 137 shall be entered in a register to be maintained for the purpose in such Form and manner and containing such particulars as may be prescribed.

(2) Every such objection shall be determined by the Valuation Organization after giving the person an opportunity of being heard.

(3) The procedure for hearing and disposal of objections shall be such, as may be prescribed.

(4) Any person aggrieved by an order as specified in public notice under sub-section (3) of Section 137 may prefer an appeal within thirty days of such order to the District Magistrate under whose jurisdiction the Municipality is situated or to such other officer as may be empowered by the State Government in this behalf, and the decision of such appeal shall be final.

Validity of the unit area values and periodic revision thereof.

139. The unit area value of vacant land and the unit area value of covered space of building, determined under section 137, in respect of a group in any ward

shall not be revised before expiration of a period of five years from the date of such determination:

Provided that till the revision of such unit area value is completed, the existing unit area value shall continue to be in force.

Location
characteristic.

140. (1) The location of any land or building in the Municipal area, referred to in clause (a) of sub-section (1) of Section 137, shall be determined with reference to —

- (a) the ward in which the land or building is situated; and
- (b) the category of public street on which such land or building is situated.

(2) In the case of any private street or pedestrian pathway, the Executive Officer shall, having regard to the nature and width of the private street or pedestrian pathway on which any land or building is situated, determine the category of such private street or pedestrian pathway.

Structural
characteristics.

141. For the purpose of this Act, the State Government shall, having regard to the materials of construction used and the construction practices employed, prescribe the types of buildings which may be classified as pucca, semi-pucca or kutcha building.

Annual value of
land and building.

142. (1) The annual value of any vacant land and building in any ward of the Municipality shall be the sum of the amount arrived at as per the formula (UNIT RATE X BUILT UP AREA + UNIT RATE OF VACANT LAND X VACANT LAND AREA) which shall be determined by an order of the Executive Officer, if property owner fails to determine and submit returns as provided in Section 144 or files a wrong data and assessment.

(2) A copy of the order shall be served within fifteen days thereof to the owner or occupier of the land and building, as the case may be, in such Form and in such manner, as may be prescribed.

(3) The value of any machinery contained in, or situated upon, any land or building shall not be taken into consideration while determining the annual value.

Explanation I — In case of a building with appurtenant land, the area of the land under the plinth area of the building shall be excluded from the total area of land, the balance being treated as vacant land which shall be assessed as such.

Explanation II—The covered space of any building shall mean the total floor area of the building in all the stories.

Explanation III—For the propose of this section, “machinery” shall include lifts, air-conditioning equipment and equipment for providing earthquake proofing and other movable properties.

(4) Any owner or occupier of any land or building, aggrieved by an order of the Executive Officer under sub-section (1), may prefer an appeal in such Form as may be prescribed, within thirty days of such order, to the District Magistrate under whose jurisdiction the Municipality is situated or to such other officer as may be empowered by the State Government in this behalf.

Determination of annual value of building where land is exempted from property tax.

143. Where land is exempted from property tax under any law for the time being in force, the annual value of any building erected on such land, which is in existence for more than one year and is not entitled to any exemption from such tax under this Act or any other law for the time being in force, shall be determined separately for the purpose of levy of tax in accordance with the provisions of this Chapter.

Self-assessment and default in filing of return.

144. (1) Any owner of any land or building or any other person liable to pay the property tax or any occupier in absence of such owner or person shall,—

- (a) compute the tax due on the basis of annual value of the land and building as determined under section 142 and the rate of tax as determined under section 133;
- (b) file a return on such times, in such Form and manner as may be prescribed;
- (c) pay the tax due as provided under section 159;
- (d) avail rebate at such rate, not exceeding ten percentum of the tax payable, as may be notified by the Municipality in the event of the annual tax being paid in lump sum by the end of the first quarter of the financial year; and
- (e) pay interest at the rate of three percentum per quarter on the tax payable which he fails to pay on the due date.

(2) The Executive Officer may, at any time,—

- (a) make, suo motu, assessment in any case where a return on the basis of self-assessment has not been filed;
- (b) revise any assessment where the information furnished in the return of self-assessment is found to be incorrect; and
- (c) re-open any assessment in any case where it has been detected that there is wilful suppression of information.

(3) If any owner of any land or building or any other person liable to pay the property tax or any occupier, in absence of such owner or persons, fails to file a return without sufficient cause or furnishes information in the return which is found to be incorrect or it has been detected that there has been wilful suppression of information, the Executive Officer may, after giving such person a reasonable opportunity of being heard, direct him to pay in addition

to the tax and interest, if any, payable by him a penalty of thirty percentum of the amount of tax with interest, if any, so payable.

Unit of
Assessment.

145. (1) Every building together with the land appurtenant thereto shall be assessed as a single unit:

Provided that where portions of any building together with the land appurtenant thereto are separately owned so as to be entirely independent and capable of separate enjoyment, notwithstanding the facts that access to such separate portions is made through a common passage or a common stair case, such separately owned portions shall be assessed separately.

(2) All lands or buildings, to the extent they are contiguous or are on the same foundation and are owned by the same owner or co-owners as an undivided property, shall be treated as one unit for the purpose of assessment under this Act:

Provided that if such land or building is sub divided into separate shares which are not entirely independent and capable of separate enjoyment, the Executive Officer may, on application from the owner or co-owners, apportion the valuation and assessment of such land or building among the co-owners according to the value of their respective shares treating the entire land or building as single unit.

(3) Each residential unit with its percentage of the undivided interest in the common areas and facilities constructed or purchased and owned by or under the control of any housing co-operative society registered under any law regulating co-operative housing for the time being in force, shall be assessed separately.

(4) Each apartment and its percentage of the undivided interest in the common areas and facilities in a building within the meaning of any law regulating apartment ownership for the time being in force, shall be assessed separately.

(5) Notwithstanding any assessment made before the commencement of the Odisha Municipal Laws (Amendment) Act, 2014, the Executive Officer may, on his own motion or otherwise, amalgamate or separate, as the case may be, lands or buildings or portions thereof so as to ensure conformity with the provisions of this section.

(6) If the ownership of any land or building or a portion thereof is sub-divided into separate shares, or if more than one land or building or portion thereof comes under one ownership by amalgamation, the Executive Officer may, on an application from the owner or the co-owners, as the case may be, separate or amalgamate, such lands or buildings or portions thereof so as to ensure conformity with the provisions of this section.

(7) The Executive Officer shall, upon an application made in this behalf by an owner, lessee, sub-lessee or occupier of any land or building and upon payment of such fee as may be determined by the Municipality, by regulation, furnish to such owner, lessee, sub-lessee or occupier, as the case may be, information regarding the apportionment of the property tax on such land or building among the several

occupier of such land or building for the current assessment period or for any preceding assessment period:

Provided that nothing in this sub-section shall prevent the Municipality from recovering any arrear dues on account of property tax from any such person.

Establishment
of Valuation
Organisation
and
appointment
of valuation
officers.

146. (1) The State Government shall establish a Valuation Organization consisting of such number of officers and other employees as they consider necessary.

(2) The State Government may, by notification, appoint such number of officers to the valuation organization as they think fit, to be valuation officers and they shall exercise such powers and perform such duties as have been conferred or imposed upon them by or under the provisions of this Act within such local area of the Municipality as may be assigned.

(3) The Valuation Organization and the officers and employees thereof shall be subject to the control of the Director.

(4) Every Municipality shall pay to the State Government such amount towards its contribution for maintenance of the Valuation Organization as may be determined by the State Government.

(5) The principles according to which the amount of contribution is to be determined shall be such as may be prescribed.

Function of
Valuation
Organisation.

147. The function of the Valuation Organization shall be, —

- (a) to make recommendation to the Municipality on the matters relating to classification of lands and buildings into different groups and fixation of values per unit area of such lands and buildings under section 137;
- (b) to determine objections under sub-section (2) of Section 137;
- (c) to prepare the valuation list of unit-rate proposed to fix per unit area of vacant land and per unit area of covered space of buildings in groups; and
- (d) to perform such other functions as may be prescribed.

Submission
of Property
Tax returns.

148. (1) The Executive Officer shall, with a view to determining the annual value of lands and buildings in any ward and the persons primarily liable for the payment of the property tax, by notice, require the owners and the occupiers of such lands or buildings or any portion thereof, including such owner or person computing the tax due under the provisions of Section 144, to furnish returns in such Form as may be prescribed and within such time, not being less than thirty days from the date of publication of such notice, as may be specified therein, containing the following particulars, namely : —

- (a) the name of the owner and the occupier;

- (b) the number of the ward, the number of the premises, and the name and number, if any, of the public street or the description of the private street or the pedestrian pathway on which such land or building is situated;
- (c) whether the building is pucca or semi-pucca or kutcha;
- (d) whether the land or the building is connected with the municipal water supply main or the municipal drain;
- (e) the uses to which such land or building is put or intended to be put in terms of occupancy or use group as mentioned in this Chapter;
- (f) the area of the land and the covered area of the building with break up of the area under various uses;
- (g) in the case of non-residential uses, whether wholly owner occupied or wholly rented out or partly owner occupied and partly rented out and the areas thereof; and
- (h) such other particulars as may be prescribed.

(2) Every owner or occupier shall be bound to comply with such notice and to furnish return with a declaration that the statement made therein is correct to the best of his knowledge and belief.

(3) The Executive Officer or any person subordinate to him duly authorized by him, in writing, in this behalf, may, with or without giving any previous notice to the owner or the occupier of any land or building, enter upon, and make any inspection or survey or take measurement of, such land or building with a view to verifying the statement made in the return for such land or building or for collecting the particulars referred to in sub-section (1) in respect of such land or building:

Provided that no such entry shall be made except between the hours of sunrise and sunset.

Periodic
Assessment.

149. The Executive Officer shall, having regard to the recommendations of the Valuation Organization relating to classification of lands and buildings into different groups and fixation of values per unit area of such lands and buildings, cause a general valuation of all lands and buildings in the Municipal area in accordance with the provisions of this Chapter, as soon as possible, after the constitution of a new Municipal area and at periodic intervals in the case of all other Municipal areas so as to ensure that there is a revision of such valuation of all lands and buildings at the expiration of successive period of five years:

Provided that it shall be lawful to divide the Municipal area into groups of wards so that periodic assessment at the interval of every five years may take place in each such group instead of in the entire Municipal area at a time:

Provided further that the annual value of any land or building situated in the Municipal area, which has been determined earlier and is in force on the date of commencement of the Odisha Municipal Laws (Amendment) Act, 2014, shall remain in force and shall be deemed to be the annual value for the purpose of

assessment of property tax on such land or building under this Chapter, until a fresh annual value is determined under the provisions of this Act as amended by the said Amendment Act:

Provided also that where, on the date of commencement of the Odisha Municipal Laws (Amendment) Act, 2014, the determination of annual value of any such land or building is under process, such determination shall be completed and the value so determined shall be deemed to be the annual value under this Act until a fresh annual value is determined under the provisions of this Act as amended by the said Amendment Act.

Period of
validity of
Assessment.

150. (1) The annual value of any land or building determined under this Chapter—

- (a) shall have effect from the date of commencement of the quarter of a year ending on the 30th June or the 30th September or the 31st December or the 31st March, as the case may be, and
- (b) shall, subject to the other provisions of this Chapter, remain in force in respect of each ward of the Municipality for a period of five years.

(2) Where the annual value of any land or building in any ward has not, for the reasons which are on record in writing, been revised on the expiration of five years, the previous annual value of such land or building shall continue to remain in force until it is revised.

(3) Save as otherwise provided in this Act, the Municipality shall charge five percentum as surcharge annually on the annual tax fixed against each property till such time the Valuation Organisation revised the Unit Rate.

Revision of
Assessment.

151. (1) The Executive Officer may cause any revision to be made in the annual value of any land or building or any portion thereof in the following cases, namely:—

- (i) where any tenancy or any rent changes; or
- (ii) where the nature of use changes; or
- (iii) where a new building is erected or an existing building is redeveloped or substantially altered or improved during the period the annual value remains in force; or
- (iv) where, on an application made in writing by the owner or the person liable to pay the property tax, it is established that during the period the annual value remains in force, its value has been reduced by reason of any substantial demolition or has suffered depreciation from any accident or any calamity, proved to the satisfaction of the Executive Officer to have been beyond the control of such owner or such person; or

- (v) where any land or building or portion thereof is acquired by purchase or otherwise by the Central Government or the State Government or the Municipality; or
- (vi) where any land or building or portion thereof is sold or otherwise transferred to the Central Government or the State Government or the Municipality; or
- (vii) where, upon the acquisition or transfer of any land or building in part, a residual portion remains; or
- (viii) where it becomes necessary so to do for any other reason to be recorded in writing.

(2) Any revision in the annual value of any land or building or portion thereof under this section shall come into force from the date of commencement of the quarter of a year ending on the 30th June or the 30th September or the 31st December or the 31st March, as the case may be, following that in which such revision comes into force and shall remain in force for the unexpired portion of the period during which but for such revision, such annual valuation would have remained in force.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), where the annual value of any land or building,—

- (i) has not, for any reason, been determined under this Act, the annual value of such land or building may be determined by the Executive Officer at any time during the currency of the period of assessment in respect of such land or building under section 149 or Section 150; or
- (ii) has been cancelled on the ground of irregularity, the annual value of such land or building may be determined by the Executive Officer at any time after such cancellation, and such annual value shall remain in force until a fresh valuation or revision is made and shall take effect from the beginning of the quarter from which the previous valuation which has been cancelled would have taken effect:

Provided that the valuation made under clause (i) or clause (ii) shall remain in force for the unexpired portion of the period specified in this Chapter.

(4) Any revision of annual value of any land or building or any portion thereof under this section shall be made with reference to the group into which such land or building or part thereof is classified under section 137 and the annual value fixed per unit area of such land or building for that group shall be applicable.

(5) Notwithstanding anything contained in the foregoing provisions of this section, no revision of the annual value of any land or building under this section shall be made without giving the owner or the occupier of such land or building a reasonable opportunity of being heard.

(6) Where any revision of the annual value of any land or building is made under this section, the order of such revision shall be communicated to the owner or the occupier of such land or building within fifteen days from the date of such order.

(7) An appeal shall lie against an order under sub-section (6) to the District Magistrate under whose jurisdiction the Municipality is situated or to such other officer as may be empowered by the State Government in this behalf, if preferred by the owner or the occupier of such land or building within thirty days from the date of receipt of the order.

(8) The annual value of any land or building determined after the disposal of the appeal shall take effect from the quarter from which such annual value would have taken effect and shall continue to remain in force during the period such annual value would have remained in force, had no appeal been filed.

(9) The provisions of Part-II and Part-III of the Limitation Act, 1963, relating to appeals shall apply to every appeal preferred under this section. 36 of 1963.

(10) The procedure for hearing and disposal of appeals shall be such as may be prescribed.

Information to Executive Officer regarding transfer of title of the property.

152.(1) Whenever the title of any holding is transferred, both the transferor and the transferee shall, within three months after the execution of the instrument of transfer or if no such instrument is executed within three months after the transfer is effected give notice in writing of such transfer to the Executive Officer.

(2) In the event of the death of the transferee, his heir shall, within one year from the date of death, give notice in writing of such transfer to the Executive Officer.

(3) Any person who is primary liable for the payment of taxes on any land or building, if transfers his title over such property, without giving notice of such transfer to the Executive Officer, as aforesaid, shall, unless the municipality on grounds of hardship arising out of special circumstances, otherwise direct, in addition to any other liability which he incurs through such neglect, continue the liability for the payment of all such taxes, from time to time, payable in respect of the said property until he gives such notice or until the transfer is recorded in the municipal books.

(4) Nothing in this section shall be held to diminish the liability of the transferee for the said taxes or to affect the prior claim of the Municipality for the recovery of the taxes due thereupon and the Municipality may revise the assessment list as against the transferee with effect from the date on which they are satisfied that the transfer was made.

Finality of the valuation.

153. Every valuation made under section 142 or Section 151 shall subject to decision in appeal, if any, shall be final.

Municipality
Assessment
Book.

154. (1) The Municipality shall maintain a Municipal Assessment Book in such Form, and in such manner, as may be prescribed.

(2) All assessed properties shall be entered in the Municipal Assessment Book and shall have a property Tax Index Number (PTIN) and every PTIN shall reflect the annual value of the concerned land or building or both.

(3) The Executive Officer may, at any time, make such corrections in the Municipal Assessment Book as may be necessary to incorporate changes required to be made in accordance with the provision of this Act or for removal of patent errors or defects on the face of the records.

(4) The Municipal Assessment Book, duly authenticated in the manner prescribed, shall be kept in the office of the Municipality and shall be open for inspection free of charges during office hours and extracts therefrom shall be made available on payment of such fee as may be prescribed.

(5) The Municipal Assessment Book shall be printed and published for every ward of the Municipality and shall be made available for sale to the public in such Form and in such manner, as may be prescribed:

Provided that the publication of Municipal Assessment Book shall not be kept pending on the ground that an objection or appeal has been made in respect of any case.

(6) Wherever it is possible for the Municipality to do so, the Municipal Assessment Book shall also be put on a website for public information.

(7) The Municipality may take the help of such technology as may be considered appropriate for ascertaining the details of land and building for assessment or revision of assessment of the annual value of such land and building.

Property tax
and surcharge
thereon to be
first charge on
land and
buildings and
movables.

155. The property tax on any land or building and the surcharge thereon, due from any person, shall, subject to the prior payment of land revenue, if any, due to the State Government on account of such land or building, be a first charge upon such land or building belonging to such person and upon the movable property, if any, on or within such land or building and belonging to the person liable to pay such property tax and surcharge thereon.

Incidence of
property tax.

156. (1) The property tax on any land or building shall be primarily leviable upon the owner thereof.

(2) The liability of the several owners of any land or building constituting a single unit of assessment, which is , or purports to be, severally owned in parts or flats or rooms, for payment of property tax or any instalment thereof, payable during the period of such ownership, shall be joint and several:

Provided that the Executive Officer may apportion the amount of property tax on such land or building among several co-owners:

Provided further that in any case where the Executive Officer is, for the reasons to be recorded in writing, satisfied that the owner is not traceable, the

occupier of such land or building for the time being shall be liable for payment of the property tax and the surcharge thereon and shall also be entitled to the rebate, if admissible.

(3) The property tax on any land or building, which is the property of the Municipality and the possession of which has been delivered under any agreement or licensing arrangement, shall be leviable upon the transferee or the licensee, as the case may be.

Incidence of
surcharge.

157. Where a surcharge has been imposed under this Chapter, such surcharge shall be payable by the owner or the occupier, as the case may be, who uses such land or building for any purpose other than residential purpose.

Apportionment
of surcharge.

158. The person primarily liable to pay the property tax in respect of any land or building may recover the entire amount of the surcharge on the property tax on such land or building from the occupier who uses it for any purpose other than residential purpose:

Provided that if there is more than one occupier, the amount of surcharge may be apportioned and recovered from each of such occupiers in such proportion as the annual value of the portion occupied by each such occupier bears to the total annual value of such land or building.

Payment of
property tax
on land and
building.

159. Save as otherwise provided in this Act, the property tax on any land or building under this Chapter shall be paid by the person liable for the payment thereof in quarterly instalments and, for purposes of this section, each quarter shall be deemed to commence on the first day of April, the first day of July, the first day of October and the first day of January of a Year.

Water Tax.

160. The Municipality may levy a water tax on any land or non residential building at such percentum of property tax as may be prescribed.

Fire Tax

161. The Municipality may levy a fire tax on any building at such percentum of property tax as may be prescribed.

Government's
power to
abolish,
suspend,
reduce or
increase the
rate of any tax.

162. (1) If the State Government, either on their own motion or on the representation made by the inhabitants of any Municipality, are satisfied that the imposition of any tax referred to in Section 131, or the rate at which such imposition is made, is likely to cause hardship to the inhabitants of the Municipality, they may, after consulting that Municipality, by order,—

- (a) abolish such tax; or
- (b) suspend such imposition for such period, not being more than two years, as may be specified in the order; or
- (c) fix such lower rate as they deem fit.

(2) Upon an order being made under sub-section (1) in respect of any tax, such tax shall be abolished, suspended or as the case may be, levied at the lower rate, with effect from such date as may be specified in the order.

(3) Any tax which is abolished under this section or for which lower rate is fixed thereunder shall not be re-imposed or as the case may be, imposed at a higher rate without the previous sanction of the State Government.

(4) Any tax, the imposition of which is suspended under this section, may, after the expiry of period of suspension, be re-imposed by the Municipality at such rate as it may determine.

(5) Where the State Government are satisfied that the rate at which the imposition of any tax referred to in Section 131 is abnormally low, they may increase such rate after consulting the concerned Municipality in the matter:

Provided that in no case the rate of any such tax, after such increase, shall exceed the maximum limit provided therefor in this Act.

Recovery of
Taxes as an
arrear of land
revenue.

163. (1) Any arrear of tax, due from any person, on the first day of the quarter immediately preceding, shall be recoverable as an arrear of land revenue as per the provisions of the Odisha Public Demand Recovery Act, 1962.

Odisha Act
1 of 1963.

(2) The Executive Officer of any Municipality may, at any time, apply to the Collector of the District for the recovery of the whole or any part thereof as arrear of tax which he has failed to realise.

(3) If the Collector of the District is satisfied that the Executive Officer has so failed to realise the whole or any part of any tax and that the application has been submitted-not more than one month after such failure, he shall allow the application and shall thereupon publish in the prescribed manner and for the prescribed period, a list of the arrears of taxes in respect of which the application has been allowed.

(4) After such publication of the list, any arrear of tax included therein shall be treated as an arrear of land revenue payable' to the Municipality.

(5) For all sums paid on account of any tax under this Act a receipt noting the details of payment be given by the Executive Officer or any other officer of the Municipality authorized by him."

CHAPTER IV

MISCELLANEOUS

Omission of
certain
references.

32. Throughout the Corporation Act and the Municipality Act the reference of sections or sub-sections, omitted in the Odisha Municipal Laws (Amendment) Act, 2015, in any provision of those Acts shall be omitted and such other consequential amendments as the rule of grammar may require shall also be made.

STATEMENT OF OBJECTS AND REASONS

The present Bill envisages amendment to the Odisha Municipal Corporation Act, 2003 and the Odisha Municipal Act, 1950 with a view to introducing property tax and Community Participation Law.

1. Property Tax Amendment.

Property Tax is one of the important sources of revenue for Urban Local Bodies and this has been covered in the mandatory reforms that the State Government have to implement under JnNURM, UIDSSMT and the 13th Finance Commission Schemes. The amendments have been proposed in line with the best models of the country, which will help in augmenting the resources base of ULBs.

The existing provisions of the Odisha Municipal Corporation Act, 2003, and the Odisha Municipal Act, 1950 do not adequately address the issue of a rational and reasonable tax structure while assessing the properties located within the geographical limits of an ULB. In the amendment, it has been suggested for introduction of 'Unit Area' Method (UAM) for assessing properties as against the existing Annual Rental Value (ARV) Method.

The proposed amendments will —

- (i) make the process of assessment, levy and collection a transparent and simple process;
- (ii) minimise the discretions on the part of the assessor in tax levy;
- (iii) ensure equity between classes of tax payers or property owners; and
- (iv) facilitate self-assessment of property tax by property owners or occupiers.

This new approach has been adopted by many States like Bihar, Andhra Pradesh, Tamilnadu, Gujarat, Delhi, Madhya Pradesh and Karnataka.

2. Community Participation.

For better transparency and accountability of ULBs, as per suggestions of Government of India the provisions of Community Participation Law have been incorporated in the proposed amendment.

The Community Participation Law aims at institutionalization of citizens' participation in municipal functions, e.g. setting priorities, budgeting provisions etc. by setting up of Area Sabha.

It aims at broadening the participation of the community in the planning and implementation of all municipal programmes and schemes at the community level for the greater interest of the city or town.

It envisages constitution and governance of two important structures:—

- (a) Ward Committee at the Ward level;
- (b) Area Sabhas within the Ward.

The Bill seeks to achieve the above objectives.

PUSPENDRA SINGH DEO
Member-in-Charge

A.K. SARANGI
Secretary
Odisha Legislative Assembly

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HOUSING & URBAN DEVELOPMENT DEPARTMENT

NOTIFICATION

The 1st October, 2016

S.R.O. No.470/2016— Whereas the draft of certain rules further to amend the Odisha Municipal Corporation Rules, 2004 was published as required by sub-section(1) of Section 656 of the Odisha Municipal Corporation Act, 2003 (Odisha Act, 11 of 2003) in the Extraordinary issue No.987/HUD., dated the 1st June, 2016 of the *Odisha Gazette* under the notification of the Government of Odisha in the Housing & Urban Development Department No. 13097-HUD-13-LEGIS-67-POLICY-15-09/2016 dated the 31st May, 2016 bearing **S.R.O. No. 192/2016** inviting objections and suggestions from all persons likely to be affected thereby within a period of thirty days from the date of publication of the said notification in the *Odisha Gazette*;

And, whereas no objection or suggestion has been received in respect of the said draft within the stipulated period;

Now, therefore, in exercise the powers conferred by sub-section (1) of Section 656 of the said Act, the State Government do hereby make the following rules further to amend the Odisha Municipal Corporation Rules, 2004, namely:—

1. (1) These rules may be called the Odisha Municipal Corporation (Second) (Amendment) Rules, 2016.

(2) They shall come into force on the date of their publication in the *Odisha Gazette*.

2. In the Odisha Municipal Corporation Rules, 2004(hereinafter referred as the said rules), after Chapter VIII, the following Chapter shall be inserted, namely:—

“Chapter-IX

PROPERTY TAX

51. In these rules, unless the context otherwise requires,—

(a) "assessment" means determination of property tax on the basis of the annual value of land and building under this Act and includes self-assessment, periodic assessment, *suo motu* assessment and revision of assessment;

(b) "Assessment Tribunal" means the State Municipal Corporation Assessment Tribunal constituted under section 218;

(c) "assessment year" means the period of twelve months commencing on the First day of April every year;

(d) "Built-up area" or "covered space" means the area immediately above the plinth level covered by the building (at all floors or levels) measured from the outside thickness of the wall of the building, but does not include the space covered by, —

- (i) temporary structure with floors, walls and thatches with wood, bamboo or Galvanised Corrugated Iron (GCI)/ Asbestos Cement Corrugated sheets and specifically used for housing animals, like cows, pigs, goats, dogs, poultry and other similar creatures;
- (ii) garden, rockery, well and well structures, plant nursery, water pool, swimming pool (if uncovered), platform round a tree, tank, fountain and bench;
- (iii) drainage, culvert, conduit, catch-pit, gully-pit, chamber, gutter and the like;
- (iv) compound wall, gate, slide or swing door, canopy and areas covered by chajja or similar projections and staircases which are uncovered and open at least on three sides and also open to the sky; and
- (v) all areas required for common services, i.e. lifts, sanitary pipe shafts open to sky, uncovered garages and other uncovered parking area, uncovered outside balcony and common (uncovered) entrance areas between flats or buildings, servant quarters, sub-station, pump house.

Explanation. — area coming within canopied or covered balcony with parapets and railing around the balcony shall come within the definition of built-up area.

(e) "Commercial use" includes the use of land or building or any part thereof or land other than agriculture land for the purpose of trade and commerce or for storage of goods or as an office whether attached to any industry or otherwise;

(f) "Educational use" means the use of land and building for undertaking activities for furtherance of educational objects including establishment, maintenance

and improvement of schools, colleges, vocational training institutions and hostels thereof;

(g) "Industrial use" means use of any land and building or any part thereof for the purpose of industry;

(h) "Property" means any building, apartment, dwelling house, premises, hut, masonry building or public building used for residential, educational, commercial, industrial, charitable, purpose or mix of all purposes or for any other purposes and includes any vacant land having no structure and land appurtenant to any such building, apartment or other structure mentioned herein;

(i) "Recreation and Sports purpose" means any land or building or part thereof where groups of people congregate or gather for amusement or recreation or for sports, or similar other purposes, and such buildings shall include theatres, motion picture houses, drive-in-theatres, assembly halls, city halls, town halls, auditoriums, exhibition halls, museums, skating rings, gymnasium, dance halls, club rooms, health and sports clubs, bowling alleys, stadia, and recreation piers;

(j) "Residential use" means use of any land reserved for residential purpose or any building constructed for use of human habitation of such building or part thereof but shall not include any building which is a hotel or lodge or mess and building which was constructed for the residential purpose but are being used for the purpose other than residential purpose;

Explanation. — If any tower or hoarding is erected on or over a residential land or building, it shall be deemed that such land or building is used for the purpose other than residential purpose and shall be treated as commercial.

(k) "Statutory Bodies" means an authority or body created by an Act of Parliament or State Legislature;

(l) "Valuation Committee" means the State Municipal Corporation Valuation Committee constituted under section 215.

(m) "Unit area" means area of a unit in square foot.

52. Use wise categorization of land and building. — For the purpose of declaration under sub-section (1) of Section 205, the Valuation Committee while recommending to the Corporation on matters relating to classification of a land and building under the said section, shall, among other factors as provided in the Act, also

take into consideration following factors, in relation to use of land and building, namely:—

- (a) Residential;
- (b) Commercial;
- (c) Recreation and Sports;
- (d) Industrial;
- (e) Hospitals and nursing homes;
- (f) Educational;
- (g) Public Purpose;
- (h) Hotels and Restaurants.

53. Public notice on classification of land and building.— (1) The Corporation on the recommendations of the Valuation Committee, shall publish a notice in the Official Gazette in **Form No.P.T-1** appended to these rules specifying the unit area value and at least in two leading newspapers of which one shall be in the vernacular to the residents of the ward concerned and on the website of the Municipal Corporation and also shall be placed on the conspicuous places in the office(s) of the Municipal Corporation.

(2) Any person having a property in a particular classified area, whose interest is likely to be affected thereby, within thirty days of the publication of such notice, may submit objection, if any, in **Form No.P.T-2** appended to these rules to the Commissioner or any other officer authorized by the Commissioner of the Municipal Corporation as specified in such notice.

(3) The Commissioner or any other officer authorized by the Commissioner shall record the objections received under sub-section (2) of Section 205 in a Register in **Form No.P.T-3** appended to these rules mentioning the details which shall include location, name and other relevant details.

(4) All such objection shall be presented by the Municipal Corporation to the Valuation Committee, which shall analyse the objections and after giving the person an opportunity of being heard, pass an order, determining the annual value of the land and building within sixty days of the receipt of the objection from the Municipal Corporation.

(5) Any person aggrieved by an order of the Valuation Committee may file an appeal before the Assessment Tribunal in **Form No.P.T-4** appended to these rules within forty-five days of the receipt of the order from the Valuation Committee.

(6) The Valuation Committee shall communicate its final recommendations to the Corporation after disposal of appeal.

(7) The Corporation shall notify the final classification of areas and the final value per unit area of vacant land and the value per unit area of covered area of building of each classified area within twenty-one days of the disposal of the appeal or twenty-one days after expiry of thirty days of the order passed by the Valuation Committee under sub-rule (4) as the case may be.

54. Structural Character. — Keeping in view the materials of construction used and the construction practices employed the building shall be classified into —

- (a) pucca building if the structure is constructed mainly of brick, stone or concrete or any combination of these materials or any other materials of a durable nature with reinforcement or cement concrete (RCC) roof;
- (b) semi-pucca building, a building that has fixed walls made up of pucca material but roof is made up of the material other than those used for pucca house;
- (c) kutcha building, if the structure is constructed mainly of wood, mud, leaves, grass, cloth, polythene rolls or thatches and includes any temporary structure of whatever size of any materials and the building whose wall and roof both are made of non-pucca materials.

55. Annual Value of land and building. — (1) The annual value of the land and building as determined under section 210 by the Commissioner, shall be intimated to the owner or occupier of land and building, as the case may be, by an order in **Form No.P.T-5** appended to these rules by registered post or by Speed Post or by Special Messenger and shall also be posted in the Website of the Corporation.

(2) The order under sub-rule (1) shall be served on the owner or occupier who is in actual possession of the land and building as per the address available in the office of the Corporation.

56. Filling of return on self-assessment. —(1) All persons, who is liable to pay Property Tax under the Act and these rules, shall file a Return in **Form P.T-6** appended to these rules.

(2) In cases where the liability of the property tax is one thousand rupees or less than that, the owner of the land or building or any other person liable to pay such tax or

any occupier, in absence of such owner or person, shall file the return on or before the 30th September of every financial year.

(3) All other conditions as specified in section 213 which are applicable to an owner or person or occupier of the land or building in relation to filing of returns, shall, *mutatis mutandis* be applicable to an owner or person or occupier who files return in accordance with sub-rule (2).

(4) The payment for property tax dues shall be made through a Challan in **Form P.T-7** appended to these rules.

57. Penalty for failure to file return etc. — If, any owner or any person or occupier, in absence of such owner or such person, fails to file return or furnishes information in the return which is found to be incorrect or there has been suppression of information, the Commissioner may issue a demand notice in **Form No.P.T-8** appended to these rules demanding tax and interest, if any and also for imposition of penalty for such failure of filing of return or giving incorrect information and for suppression of information.

58. Notice about transfer of title of the property. — (1) In case of transfer of the title of any holding as referred in sub-section (1) of Section 213-A, the transferor and the transferee shall jointly give notice in **Form No.P.T-9** appended to these rules to the Commissioner.

(2) In the event of the death of the transferee, the legal heirs shall intimate about the death of the transferee in **Form No.P.T-10** appended to these rules.

59. Qualification and manner of appointment of Chairperson and other members of the Valuation Committee.—(1) The Valuation Committee shall consist of-

- (a) a Chairperson;
- (b) four other Members; and
- (c) a Member-Secretary, who shall be an officer on deputation from the State Government not below the rank of Additional Secretary.

(2) The Chairperson shall be appointed from amongst persons, who is or has been member of the Indian Administrative Service Super Time Scale or above having knowledge and experience in matters relating to land laws and municipal administration including the field of urban and rural development or any allied field; and

(3) Out of the four members,—

- (a) two shall be appointed from amongst persons who are or have been member of the Indian Administrative Service or Odisha Administrative Service, in the State, not below the rank of Additional Secretary, having knowledge and experience in matters relating to land laws and municipal administration including the field of urban and rural development or any allied field; and
- (b) one shall be appointed from amongst persons who is or has been member of the Odisha Finance Service, in the State, not below the rank of Additional Secretary, having knowledge and experience in matters relating to taxation laws and associated in the working of municipal administration; and
- (c) one shall be appointed from amongst persons who is or has been member of the Odisha Engineering Service or Architect in the State, not below the rank of Chief Engineer or Chief Architect, having knowledge and experience in matters relating to general laws, policy making and municipal administration including the field of urban and rural development or any allied field.

(4) The Chairperson and every other Member shall hold office for a term of three years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as the Chairperson or other Member after he has attained the age of sixty-five years.

(5) For the purpose of appointment of Chairperson and other members of the Valuation Committee under sub-rule (1), the Government shall constitute a Selection Committee consisting of following members, namely:-

- (a) The Chief Secretary of Odisha – Chairman
- (b) The Development Commissioner, Odisha – Member
- (c) The Secretary to Government, Housing & Urban Development Department, Odisha – Member-Secretary

(6) The Chairperson and the Members of the Valuation Committee shall be appointed by the Government from the list recommended by the Selection Committee.

(7) The Selection Committee shall recommend persons for appointment as Chairperson and other members from amongst the persons in the list of candidates prepared by the Housing & Urban Development Department after inviting applications therefore.

(8) The Selection Committee shall evolve its own procedure of selection of Chairperson and other members to the Valuation Committee and shall publish such procedure adopted, in the department website for general information.

(9) On the basis of recommendation of Selection Committee, the Government shall appoint Chairperson and other members of the Valuation Committee as they may consider fit.

(10) The Chairperson and other members shall receive such salary and allowances as determined by the Government.

60. Notice before determining annual value of land and building. —

(1) Before determining the annual value of land and building in any ward the Commissioner shall issue notice in **Form No.P.T-11** appended to these rules to the person liable to pay property tax, the owner or the occupier of such land and building, requiring him to furnish information with the particulars as set out in return of Information **Form No.P.T-12** appended to these rules.

(2) The Commissioner or any officer duly authorized in writing may enter into such land or building after receipt of notice under sub-rule (1) by the owner or occupier of such land and building.

61. Revision of assessment. — (1) It shall be the duty of every owner or occupier to intimate any change taken place in the land and building as mentioned in Section 222, within thirty days of such changes to the Commissioner for revision of assessment of his property tax and on receipt of such intimation the Commissioner shall proceed to revise annual value of land and building in the manner provided under sub-rule (2).

(2) Where the Commissioner, *sou motu* or on receipt of intimation from the owner or occupier or otherwise makes any revision in the annual value of the land and building under section 222, after taking into account all relevant materials which he has gathered, he shall give notice in **Form No.P.T-13** appended to these rules calling upon the owner or occupier of such land or building to show cause, on the date and time as specified in the notice, as to why the annual value of the land and building so revised should not be made final for payment of property tax at such revised rate.

(3) After receipt of reply within the date as specified in the said notice or such further period if prayed for, by the owner or occupier or his authorized representative and is allowed, the Commissioner shall revise the assessment order, which shall be final

subject to appeal, if any, and such order shall be communicated by Registered Post or Speed Post or by e-mail as furnished by such owner or occupier.

(4) Any such owner or occupier, if aggrieved by such order of revision passed under sub-rule (3), may prefer an appeal before the Assessment Tribunal in **Form No.P.T-14** appended to these rules within forty-five days from the date of receipt of the order.

62. Procedure for filing of appeal. — (1) Subject to the provisions of Section 227, a Memorandum of appeal to the Assessment Tribunal shall be presented in triplicate in **Form No.P.T-4** appended to these rules for appeal with regard to order of valuation committee or **Form No.P.T-14** appended to these rules for appeal with regard to the order of revision in person or through authorized representative and in case of the Corporation by the Commissioner or by an officer subordinate to him duly authorized by the Mayor of the Corporation or sent by post addressed to the Chairperson of the Assessment Tribunal or to an officer of the said Tribunal as may be declared by the Chairperson to receive the Memorandum of appeal.

(2) Every Memorandum of appeal shall be written in English or Odia and shall set forth concisely and under distinct heads, the grounds of appeal without any argument and such grounds shall be numbered consecutively and shall be accompanied by three copies of the order out of which at least one shall be the certified copy of the order appealed against passed by the Valuation Committee or the Commissioner, as the case may be.

(3) After admission of the appeal, the notice along with a copy of Memorandum of appeal shall be sent to the Respondent to file cross objection.

(4) Where appeal has been admitted and the Respondent has appeared and has filed the cross objection, the Assessment Tribunal shall notify the date of hearing the appeal or any other day to which the hearing may be adjourned and after finally hearing the appeal from both the parties, shall dispose of such appeal by allowing or dismissing such appeal or remanding the case to the authorities against whose decision the appeal was filed:

Provided that the Assessment Tribunal may hear the appeal, on the day fixed for hearing or on any other date to which the hearing may be adjourned and may decide the appeal *exparte*, for default of the appellant or for default of the Respondent.

(5) The proceeding before the Assessment Tribunal shall be open to public and the order of the Tribunal shall be in writing and shall be signed and dated by the member constituting it and shall be pronounced in open Court.

(6) The Assessment Tribunal shall, with the previous approval of the Government, by regulation, formulate its own procedure for conduct of the cases filed before it and shall publish such procedure adopted, in the department website for general information.

(7) The Assessment Tribunal shall, after the order is signed, cause it to be communicated to the Appellant and Respondent.

63. Preparation and maintenance of the Assessment Book.— (1) All the assessed properties of every ward shall be entered in a register maintained for the purpose in **Form No.P.T-15**, namely the Assessment Book, which shall be subject to amendment, at any time, on any of the grounds mentioned in Section 230.

(2) The Commissioner or any officer duly authorized in writing by him shall, after finalization of the objections on the classification of land and building and determination of annual value of such land and building of any ward and property tax thereof so determined, enter the particulars in appropriate columns of the Corporation Assessment Book.

(3) The Commissioner or the authorized officer shall be responsible to make necessary entries in the Corporation Assessment Book and shall also make necessary amendment in the entries of Corporation Assessment Books after receipt of the information for such amendment and shall sign each page of the said Assessment Book where he has made any amendment to any entry of the said Assessment Book and shall put the date.

(4) After preparation of the Corporation Assessment Book, the correctness of the entries shall be ensured by the officer-in-charge, who shall also obtain the approval of the Commissioner thereon and shall take step for its printing in the Government Press and its publication in the Official Gazette and the printed copies of such Book shall be published after being countersigned by the officer-in-charge and shall be opened for sale in the counter of the Corporation office during office hours.

64. Allotment of Property Tax Index Number. — (1) The Corporation shall allot identification code to all properties, which shall be termed as "Unique Property Tax Index Number" or UPTIN.

(2) The Commissioner or any officer authorized by the Commissioner shall be responsible to allot UPTIN to all properties within the Corporation area.

(3) The Corporation shall allot the UPTIN on the following basis, namely: —

- (a) Ward Code: XXX (3 numeric digits in Arabic numerals);
- (b) Zonal code XX (2 numeric digits in Arabic numerals);
- (c) Ownership Code: X (1 numeric digits in Arabic numerals);
- (d) Property Serial Number: XXXXXXXX (7 alphanumeric characters/ digits in Arabic numerals) that the Municipal Corporation shall allot serially for all properties recorded in the property database.

(4) Each property owner of the land and building or land shall display the UPTIN at a point on the property clearly visible from the nearest road access, painted or printed in display board and it shall be the responsibility of each property owner to maintain the display board and keep it clean from any stickers and bills.

(5) Each property owner shall quote the UPTIN for any correspondence with the Municipal Corporation, for deposit of Property tax through Challan, for submission of other taxes, for replying to notices, for applying to any service from the Corporation.

(6) Mis-quoting or non-quoting the UPTIN by the property owner shall make the document or challan or correspondence invalid.

(7) The Corporation shall quote the UPTIN for issuing notices and for making correspondence with the property owners on any matters that concern municipal services.

(8) The Corporation shall update the UPTIN in the Property Database on a regular basis."

3. In the said rules, after Appendix III, the following Forms shall be added, namely: —

"Form P.T-1:
[See Rule 53 (1)]
Public Notice for Unit Area Values
Ward No: _____

Following Zone wise Unit Rate Values are proposed to be levied by Municipal Corporation

Unit Rate Value (Rs per Sq Ft)

Zone-1 (Covering Areas)	Use of the Land	Vacant Land	Covered Area
	Residential		
	Commercial		
	Recreation and Sports		
	Industrial		
	Hospitals and nursing homes		
	Educational		
	Public Purpose		
	Hotels and Restaurants		

Zone-2 (Covering Areas)	Use of the Land	Vacant Land	Covered Area
	Residential		
	Commercial		
	Recreation and Sports		
	Industrial		
	Hospitals and nursing homes		
	Educational		
	Public Purpose		
	Hotels and Restaurants		

Zone-3 (Covering Areas)	Use of the Land	Vacant Land	Covered Area
	Residential		
	Commercial		
	Recreation and Sports		
	Industrial		
	Hospitals and nursing homes		
	Educational		
	Public Purpose		
	Hotels and Restaurants		

Form P.T-2:*[See Rule 53 (2)]***Submission of objections in response to "Draft Notification for Classification of Municipal Area and fixation of Unit Area Values"**

To

The Municipal Commissioner

_____ (Name of the Municipal Corporation)
 _____ (Address of the Municipal Corporation)
 _____ (Address of the Municipal Corporation)

This is in response to the draft notification issued by the Corporation _____
 (name of Municipal Corporation) vide Notification No: _____ dated
 _____. I/We have the

following objections / suggestions to provide as I/we are persons having property in the classified area
 and my/our interest is likely to be affected. The details of objections / suggestions are provided below:

- 1 Name of the applicant:
 2 Property Details
 (a) Ward No: (b) UPTIN No (if any):
 (c) Property Details:

Building/Holding No
 Name of Principal road
 Name of sub or side
 road
 Name of nearby
 landmark
 PIN Code and other
 details

- (d) Contact details:
 Landline Number: _____
 Mobile Number: _____
 E-Mail id: _____

3 Status of Respondent

- ☐ Property Owner/Person liable to pay tax
☐ Tenant
☐ Others (Please Specify)

- 4 Specific objections of the respondent/(s) submitted under Rule 53 (2) of Odisha Municipal Corporation Rules, 2004 (please enter your suggestions in 100 words or less)

Date: _____

Signature of the
Applicant: _____

Form P.T-3:

[See Rule 53(3)]

Register for recording of objections with regard to classification of Municipal Area and fixation of Unit Area Values

[illegible]

Form P.T-4:

[See Rule 53 (5) and 62 (1)]

Appeal before the State Municipal Corporation Assessment Tribunal

Appeal No _____ of 20 _____	
Name and Address	Appellant
vs.	
Name and Address	Respondent

Sl. No.	Particulars	Details
1	Appeal against order dated _____ passed by the Valuation Committee.	
2	Property Address (for which appeal is filed):	
3	UPTIN:	
4	Date of service of notice:	
(1) : Statement of Facts		
(2): Grounds of Appeal		
(3): Relief claimed in appeal		
(4): List of Documents Attached		
Verification		
I,, son/daughter of the appellant, do hereby declare that what is stated above is true to the best of my information and belief.		
Date: _____		Signature of the appellant: _____

Form P.T-5:*[See Rule 55 (1)]***Annual Value of the Land and Building**

The annual value of your property in accordance with section 210 of the Odisha Municipal Corporation Act, 2003 and Odisha Municipal Corporation Rules, 2004 has been estimated as follows:

Computation of Annual Value of Covered area

Floor No	Covered area (in Sq. Ft.):-(a)	Use	Unit area value (Rs/Sq. Ft.):-(b)	Annual Value (Rs):- (c)=(a)*(b)
1				
2				
3				
4				
5				
6				

Sub Total: (I)

Computation of Annual Value of Vacant land

	Vacant land area (in Sq. Ft.):-(a)	Use	Unit area value (Rs/Sq. Ft.):-(b)	Annual Value (Rs):- (c)=(a)*(b)
Vacant Land				
Building with appurtenant land				

Sub Total: (II)

Total Annual Value: (III)= (I)+(II)

Form P.T-6:
Self-Assessment Return of Annual Value and Property Taxes
[See Rule 56 (1)]

Assessment Year of Property Taxation _____															
A. ASSESSEE DETAILS															
1 Ward No.															
2 UPTIN No:															
3 Property Address: <i>(provide full details)</i>	Location/Street Name: City/State: Nearest landmark: Pin code: Landline Mobile														
Telephone Number															
Email-ID															
<i>(where the acknowledgment of return would be sent)</i>															
B. OWNERSHIP DETAILS															
1	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>a. Name of the Owner (First Name, Middle Name, Surname):</td> <td></td> </tr> <tr> <td>b. Name of the Co-Owners (First Name, Middle Name, Surname)</td> <td></td> </tr> <tr><td> </td><td></td></tr> <tr><td> </td><td></td></tr> <tr><td> </td><td></td></tr> <tr><td> </td><td></td></tr> <tr><td> </td><td></td></tr> </table>	a. Name of the Owner (First Name, Middle Name, Surname):		b. Name of the Co-Owners (First Name, Middle Name, Surname)											
a. Name of the Owner (First Name, Middle Name, Surname):															
b. Name of the Co-Owners (First Name, Middle Name, Surname)															
2	Father's / Husband's Name: (only in case of individual and single ownership)														
3	Address for Correspondence (present): [If different from the one mentioned in Assessee details]														
4	Nature of Ownership (Tick the appropriate one) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td><input type="checkbox"/> Individual (single/joint)</td> <td><input type="checkbox"/> State Government</td> </tr> <tr> <td><input type="checkbox"/> Charitable Organizations</td> <td><input type="checkbox"/> PSU</td> </tr> <tr> <td><input type="checkbox"/> Trust and Societies</td> <td><input type="checkbox"/> Others (Please Specify)</td> </tr> <tr> <td><input type="checkbox"/> Company</td> <td></td> </tr> </table>	<input type="checkbox"/> Individual (single/joint)	<input type="checkbox"/> State Government	<input type="checkbox"/> Charitable Organizations	<input type="checkbox"/> PSU	<input type="checkbox"/> Trust and Societies	<input type="checkbox"/> Others (Please Specify)	<input type="checkbox"/> Company							
<input type="checkbox"/> Individual (single/joint)	<input type="checkbox"/> State Government														
<input type="checkbox"/> Charitable Organizations	<input type="checkbox"/> PSU														
<input type="checkbox"/> Trust and Societies	<input type="checkbox"/> Others (Please Specify)														
<input type="checkbox"/> Company															
5	Nature of Structure (Kutchha/Semi-Pucca/Pucca):														
6	Nature of Use (Tick the appropriate one) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td><input type="checkbox"/> Residential</td> <td><input type="checkbox"/> Recreation and Sports</td> <td><input type="checkbox"/> Hospitals and NursingHomes</td> </tr> <tr> <td><input type="checkbox"/> Commercial</td> <td><input type="checkbox"/> Industrial</td> <td><input type="checkbox"/> Educational</td> </tr> <tr> <td><input type="checkbox"/> Public Purpose</td> <td><input type="checkbox"/> Hotels and Restaurants</td> <td></td> </tr> </table>	<input type="checkbox"/> Residential	<input type="checkbox"/> Recreation and Sports	<input type="checkbox"/> Hospitals and NursingHomes	<input type="checkbox"/> Commercial	<input type="checkbox"/> Industrial	<input type="checkbox"/> Educational	<input type="checkbox"/> Public Purpose	<input type="checkbox"/> Hotels and Restaurants						
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<input type="checkbox"/> Commercial	<input type="checkbox"/> Industrial	<input type="checkbox"/> Educational													
<input type="checkbox"/> Public Purpose	<input type="checkbox"/> Hotels and Restaurants														

C. PROPERTY DETAILS

1. Details of structure and use each Floor/Level as on the date of Return.

Floor No.	Covered Area (in sq. Ft):	Use	User(Tick/Select the appropriate)	Nature of Structure Kutcha or Semi Pucca or Pucca with RCC roof)
		Tick/Select the appropriate		
Floor 1		Residential	Owner	
			Tenant	
		Commercial	Owner	
			Tenant	
		Recreation and Sports	Owner	
			Tenant	
		Industrial	Owner	
			Tenant	
		Hospitals and nursing homes	Owner	
			Tenant	
		Educational	Owner	
			Tenant	
Floor 2		Public Purpose	Owner	
			Tenant	
		Hotels and Restaurants	Owner	
			Tenant	
		Residential	Owner	
			Tenant	
		Commercial	Owner	
			Tenant	
		Recreation and Sports	Owner	
			Tenant	
		Industrial	Owner	
			Tenant	
		Hospitals and nursing homes	Owner	
			Tenant	
		Educational	Owner	
			Tenant	
		Public Purpose	Owner	
			Tenant	
		Hotels and Restaurants	Owner	
			Tenant	
			Owner	
			Tenant	
			Owner	
			Tenant	

Floor 3					
	Residential			Owner	
				Tenant	
	Commercial			Owner	
				Tenant	
	Recreation and Sports			Owner	
				Tenant	
	Industrial			Owner	
				Tenant	
	Hospitals and nursing homes			Owner	
				Tenant	
	Educational			Owner	
				Tenant	
	Public Purpose			Owner	
				Tenant	
	Hotels and Restaurants			Owner	
				Tenant	

Please add additional sheets for more than three floors.

D. INCIDENCE OF TAXATION

Incidence to determine Annual Value and Property Tax thereof rests with the owner:

[Select the appropriate one]

Not within the exempted list of assesses as per section 203 of the Odisha Municipal Corporation Act, 2003

Within the exempted list of assesses as per section 203 of the Odisha Municipal Corporation Act, 2003

If claiming exemption, then tick / select appropriate category to claim exemption

Any land or building or portion thereof exclusively used for the purpose of public purpose [Sec. 203(1)(i)]

Any land or building exclusively used for the purpose of public burial or as cremation ground ; or any other place used for the disposal of dead duly registered under the Odisha Municipal Corporation Act, 2003 [Sec. 203(1)(ii)]

Any open space including a parade ground which is the property of the Central Government or the State Government [Sec. 203(1)(iii)]

Heritage lands and buildings, as may be specifically notified by the Government and properties protected by notification by the Archaeological Survey of India or the Government as the archaeological property.

E. COMPUTATION OF ANNUAL VALUE AND PROPERTY TAX

[Applicable for only those assesses that are not claiming exemption]

Sl. No.	Use	Vacant Land/Building with appurtenant Land :-(a)	Unit Area Value of Vacant Land: (b)	Covered Area-Owned : (c)	Covered Area-Rented : (d)	Unit Area Value of Covered Area: (e)	Annual Value of Vacant land : (f)=(a)*(b)	Annual Value of covered area owned : (g)=(c)*(e)	Total Annual Value of land and owned covered area: (h)=(f)+(g)	Total Annual Value of Covered Area-Rented: (I)=(d)*(e)
1	Residential									
2	Commercial									
3	Recreation and Sports									
4	Industrial									
5	Hospitals and nursing homes									
6	Educational									
7	Public Purpose									
8	Hotels and Restaurants									
Grand Total of Annual Value										

Tax Payable on the Annual Value		Rate of Tax (%)	Property Tax
Annual Value (in Rs)			
Annual Value of Covered Area-Rented: (i)			
Annual value of vacant land and covered area-own (ii)			
Total Property Tax : (a)=(i)+(ii)			
Less: Rebate, if any: (b)			

Gross Annual Tax Payable: (a)-(b)

Service Charge on the Central Government Buildings		
Annual Value	Rate of Service Charge	Amount (INR)

F. PAYMENT OF ANNUAL TAX

1 Choose the Payment Option to Pay Annual Tax [Claim rebate as per section 213(1) (d)]

<input type="checkbox"/>	Annual Payment before 30 th June of the Assessment Year
<input type="checkbox"/>	Half-yearly payment before 30 th June and 31 st December of the Assessment Year
<input type="checkbox"/>	Quarterly payment before 30 th June, 30 September, 31 st December, 28 th February of the Assessment Year

2 Payment of Dues

Total Tax Payable	With Rebate	Without Rebate after Due Date
Payable before 30 June		
Payable before 30 September		
Payable before 31 December		
Payable before 31 March		

Net Annual Tax Payable

Add: Interest under 213(1)(e), if any,

Less: Adjustment of Advances

Date of Advance: _____

Challan Number: _____

Net Dues Payable

--

I (name in block letters), son/wife/daughter of resident of Ward No: hereby certify that the above details are true to my knowledge and belief. I provided the details for this Self Assessment Return in the capacity of an owner / occupier (mention capacity and position held, if occupier). I further declare that I am making this declaration in my capacity as (Individual / Designation of Occupier) and I am also competent to make this submission and verify it. I am aware of the penal provisions of the Odisha Municipal Corporation Act, 2003 (as amended) and the Odisha Municipal Corporation Rules, 2004 which are attracted on willful suppression and submission of false and incorrect particulars.

Date:

Signature of owner / occupier (with seal; if non-individual)

Form P.T-7:
[See Rule 56(4)]
Challan

Assessee's Copy

Challan No:

Challan Date:

UPTIN No:

Name of the

owner/occupier:

Property Address:

Net Dues payable with this challan (Amount in Rs)	
---	--

Following details to be provided in case of payment by cheque/DD

Cheque No		Bank		Branch	
-----------	--	------	--	--------	--

Note:

- 1 Cheque / DD shall be in the name of _____.
- 2 Please write the owner's name,UPTIN, and your phone number on the reverse of Cheque/DD.
- 3 Only one cheque/DD accepted against one challan.

_____ Acknowledgment Slip _____

Challan No:

Challan Date:

UPTIN No:

Name of the

owner/occupier:

Property Address:

Amount Received (in Rs)	
-------------------------	--

Cheque No		Bank		Branch	
-----------	--	------	--	--------	--

Form P.T-8:
[See Rule 57]
Demand Notice

Name of the Municipal Corporation			
Address of the Municipal Corporation			
To			
Name of Owner			
Property Address			
UPTIN		Assessment Year	
Sub:	Notice under Rule 57 of Odisha Municipal Corporation Rules, 2004		

Dear Sir / Madam

- 1 This is in reference to the no return filed under Rule 56

or,

- 2 Filling of return under Rule 56 but with incorrect information or suppression of information as below:

Particulars	As per return Filed	As per municipal corporation	Remarks

- 3 We therefore have calculated/modified the Annual Value and the property tax on the basis of the information available with the municipal corporation as below:

Modified/Computed Annual Value (in Rs)	Rate of Property Tax	Property Tax (in Rs)

- 4 Additional Interest and Penalty is being levied in accordance with provisions of Section 213(1) of "The Odisha Municipal Corporation Act, 2003" as below:

Particulars	Amount (in Rs)
Interest	
Penalty	

- 5 Total outstanding amount (inclusive of Property Tax, Interest and Penalty) against you is Rs _____
- 6 Failure to pay the above amount by _____, shall attract recovery procedures as specified in Section 256 of the Odisha Municipal Corporation Act, 2003

Place: _____

Date: _____

(Municipal Commissioner)
with seal and name

Form P.T-9:
See Rule 58(1)

Notice of Transfer of Title of property

1	<p>To The Municipal Commissioner _____ (Name of the Municipal Corporation) _____ (Address of the Municipal Corporation) _____ (Address of the Municipal Corporation)</p> <p>Ref: Property with UPTIN No _____ in the matter of Transfer of Title and Mutation</p> <p>Consequent upon transfer by sale / partition / assignment / family arrangement, it is requested that necessary mutation in the Property Database of the municipal corporation pertaining to the property described in this application be effected.</p> <p>Particulars of the Property</p> <p>(a) Ward No: _____ (b) Property/House No: _____</p> <p>(c) Property/House No: _____</p> <p>(d) Property Address: _____</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> _____ _____ _____ _____ </div> <div style="width: 35%;"> Building No Name of Principal road Name of sub or side road Name of nearby landmark PIN Code and other details </div> </div> <p>2 Particulars of Transferor / (s)</p> <table style="width: 100%;"> <tr> <th style="width: 40%;">Name of owner/(s)</th> <th style="width: 60%;">Father's Name</th> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table> <p>3 Particulars of Transferee / (s)</p> <table style="width: 100%;"> <tr> <th style="width: 40%;">Name of transferee/(s)</th> <th style="width: 60%;">Father's Name</th> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table> <p>4 Particulars of Transfer</p> <p>Reason Transfer by sale / Partition / Assignment / Family Arrangement</p> <p>Date of Transfer: _____</p> <p>Date of Execution of Transfer Document: _____</p> <p>5 We hereby state that the above details are true and correct to our knowledge and we attach all necessary certificates and documents in support of our application</p> <p>Date: _____ Signature of Transferor _____</p> <p>Date: _____ Signature of Transferee _____</p> <p>Attached with the Application</p> <table style="width: 100%;"> <tr> <td style="width: 10%;"><input type="checkbox"/></td> <td>Certified copy of land transfer certificate</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Certified copies of up to date payment of municipal taxes</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Sale/Purchase deed (in case of purchase/sale)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Gift Deeds</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Any other documents (Please specify)</td> </tr> </table>	Name of owner/(s)	Father's Name	_____	_____	_____	_____	_____	_____	Name of transferee/(s)	Father's Name	_____	_____	_____	_____	_____	_____	<input type="checkbox"/>	Certified copy of land transfer certificate	<input type="checkbox"/>	Certified copies of up to date payment of municipal taxes	<input type="checkbox"/>	Sale/Purchase deed (in case of purchase/sale)	<input type="checkbox"/>	Gift Deeds	<input type="checkbox"/>	Any other documents (Please specify)
Name of owner/(s)	Father's Name																										
_____	_____																										
_____	_____																										
_____	_____																										
Name of transferee/(s)	Father's Name																										
_____	_____																										
_____	_____																										
_____	_____																										
<input type="checkbox"/>	Certified copy of land transfer certificate																										
<input type="checkbox"/>	Certified copies of up to date payment of municipal taxes																										
<input type="checkbox"/>	Sale/Purchase deed (in case of purchase/sale)																										
<input type="checkbox"/>	Gift Deeds																										
<input type="checkbox"/>	Any other documents (Please specify)																										

Form P.T-10:
[See Rule 58(2)]

Notice of Transfer of Title of property

To
The Municipal Commissioner

(Name of the Municipal Corporation)

(Address of the Municipal Corporation)

(Address of the Municipal Corporation)

Ref: property with UPTIN No. _____ in the matter of _____ :ter of Transfer of Title and
Transfer of Title and

Consequent upon succession / inheritance, it is requested that necessary mutation in the
Property Database of the municipal corporation pertaining to the property described in this
application be effected.
Particulars of the Property

(a) Ward No: _____ (b) Property/House No: _____

(c) Property/House No: _____

(d) Property Address: _____

Building No
Name of Principal road
Name of sub or side road
Name of nearby landmark
PIN Code and other details

2 Particulars of Transferor / (s)
Name of owner/(s) Father's Name Date of death (in case of Death)

3 Particulars of Transferee / (s)
Name of transferee/(s) Father's Name

4 Particulars of Transfer

Reason Succession / Inheritance

Date of Transfer: _____

Date of Execution of Transfer Document: _____

5 We hereby state that the above details are true and correct to our knowledge and we attach all
necessary certificates and documents in support of our application

Date: _____

Signature of Heir / Property-owner

Attached with the Application

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Certified copy of land transfer certificate |
| <input type="checkbox"/> | Certified copies of up to date payment of municipal taxes |
| <input type="checkbox"/> | Certified copy of Death Certificate issued by municipality or any department of State |
| <input type="checkbox"/> | Any other documents (Please specify) |

Form P.T-11:
[See Rule 60(1)]

Notice for determination of Annual Value

To			
Name of Owner			
Property Address			
UPTIN		Assessment Year	
Sub:	Notice under Rule 60 of the Odisha Municipal Corporation Rules, 2004 for determination of Annual Value.		
<p>Dear Sir / Madam</p> <ol style="list-style-type: none"> 1 The annual value of your property needs to be determined due to wilful suppression of facts/furnishing of wrong information/change in the nature and area of property. 2 Accordingly, you are requested to furnish the required information in form P.T-12 within __days of receipt of this notice. 3 In case you fail to provide the requisite information within due time, the assessment will be carried out on the basis of information available with the Municipal Corporation along with applicable interest and penalty in accordance with the provisions of Odisha Municipal Corporation Act, 2003 <p>Place: _____</p> <p>Date: _____</p> <p align="right">(Municipal Commissioner) with seal and name</p>			

Form P.T-12:
[See Rule 60(1)]
Return of Information

Name of Owner			
Address			
UPTIN (if any):		Assessment Year	
Sub:	Notice under Rule 60 of the Odisha Municipal Corporation Rules, 2004 for determination of Annual Value.		

Dear Sir / Madam

The following information is furnished in response to the "Notice for determination of Annual Value"

(a) Name of the owner :

(b) Property Address :

(i) Plot No. :

(ii) Ward No. :

(iii) Street No. :

(iv) Description of the Private Street
and Pedestrian pathway :

(c) Nature of structure :

(Pucca/Semi-pucca/kutchra)

(d) Whether land and building is
connected with the Corporation/Government
water supply :

(e) Uses to which the land or the building is
put (Residential/Commercial/Industrial/
Educational/Hotel/Recreation/
Public Purpose etc.). :

(f) The area of the land, built-up/cover area of the building : Land Building

(g) Whether-

(i) wholly occupied :

(ii) partly occupied and partly rented :

(iii) wholly rented details of floor be :
mentioned.

(h) in case of apartment, details thereof :

Declaration

I/We declare that to the best of my/our knowledge and belief, the information furnished in the statement(s) is/are correct and complete and other particulars shown therein are truly stated.

❖ Strike out if it is not applicable.

Date:

Signature of owner / occupier
(with seal, if non-individual)

Form P.T-13:*[See Rule 61 (2)]***Notice for Revision of Assessment**

Name of the Municipal Corporation

Address of the Municipal Corporation

To

Name of Owner			
Property Address			
UPTIN		Assessment Year	

Sub: Notice under Rule 61(2) for revision of annual value

Dear Sir / Madam

- 1 The annual value of your property needs to be revised due to

Scenario	Tick the applicable scenario
Change in Tenancy or rent	
Change in nature of use	
Change in the covered area	
Acquisition by purchase or otherwise by the Central Government or the State Government or the Corporation	
Sold or otherwise transferred to the Central Government or the State Government or the Corporation	
Acquisition or transfer of any land or building in part, leading to a residual portion	
Any Other (Please Specify)	

- 2 I therefore propose to modify the Annual Value and the property tax on the basis of the information available with the municipal corporation as follows:

Sl. No	Total Covered Area: (a)	Total Vacant land/land appurtenant: (b)	Unit area value of covered land : (C)	Unit area value of vacant land: (d)	Total Annual Value: (e)=(a)*(c) + (b)*(d)
1					
Rate of Property Tax					
Total Property Tax					

- 3 In case, you disagree with the assessment and the proposed increase, you may present your case with all available records either in person or through an authorized representative on at AM/PM in the chamber of the undersigned.

- 4 In case you fail to appear on the appointed date and time or otherwise explain why the AV and the tax should not be assessed as above, the assessment will be framed under Rule 61 on the basis of the information available with the municipal corporation as indicated above.

Place: _____

Date: _____

(Municipal Commissioner)
with seal and name

Form P.T-14:

[See Rule 61 (4) and 62(1)]

**Appeal before the State Municipal Corporation Assessment Tribunal
against the order of the Municipal Commissioner**

Appeal No _____ for the year _____		
Name and Address	Appellant
	vs.	
Name and Address	Respondent

Sl.No	Particulars	Details
1	Appeal against order dated _____ passed by the Municipal Commissioner	
2	Property Address (for which Appeal is filled)	
3	UPTIN	
4	Assessment Year for which appeal is filled	
5	Rule under which the Order Passed and date of Order	
6	Date of Service of Notice	
7	Tax liability under the Odisha Municipal Corporation Rules, 2004 [Provide date of payment, enclose copy of challan] {Note: The appeal shall be treated as invalid in case evidence of payment of admitted tax is not enclosed}	

Annexure-A

(1) : Statement of Facts	
(2): Grounds of Appeal	
(3): Relief claimed in appeal	
(4): List of Documents Attached	
Verification	
I,, son/daughter of the appellant, do hereby declare that what is stated above is true to the best of my information and belief.	
Date: _____	Signature of the appellant: _____

Form P.T-15:*[See Rule 63(1)]***Assessment Book**

Sl.NO.	UPTIN	Ward No	Name and address of the person liable for payment of Property Tax	Area of Covered Space (Sq.Ft) of building owned/occupied by the person mentioned in Col 2	Area of vacant land((Sq. Ft) owned/occupied by the person mentioned in Col 2	Annual Value as determined (Rs)		Annual Value as amended (Rs)		Remarks
						Covered space of building	Vacant land	Covered space of building	Vacant land	
1	2	3	4	5	6	7	8	9	10	11

[No. 23390-HUD-13-LEGIS-67-POLICY-15-9/2016/HUD.]

By Order of the Governor

G.MATHI VATHANAN

Commissioner-cum-Secretary to Government

Revenue Enhancement & Mobilisation Plan

Revised Draft Report

Prepared for:
Rourkela Municipal Corporation

Prepared under:
**Technical Assistance Support
for Implementation of Odisha
Urban Infrastructure Programme (OSUIP)**

July 2016



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Disclaimer

1. This report is intended for the use of Rourkela Municipal Corporation and Housing and Urban Development Department, Government of Odisha and is subject to the scope of work and purpose defined therein. We, by means of this report are not rendering any professional advice or services to any third party.
2. For purposes of the exercise, we have used information obtained from primary interactions and secondary information sources, which we believe to be reliable and our assessment is dependent on such information being complete and accurate in all material respects. We do not accept any responsibility or liability for any losses occasioned to any party as a result of our reliance on such information.
3. Our procedures did not constitute an audit.
4. We make no representation or warranty as to the accuracy or completeness of the information used within this assessment, including any estimates, and shall have no liability for any representations (expressed or implied) contained in, or for any omission from, this assessment.

Acknowledgements

We acknowledge the support extended by Mrs. Monisha Banerjee, IAS, Administrator, Rourkela Municipal Corporation for her continued support and help during the entire process of preparation of Revenue Enhancement and Mobilization Plan (REMP).

We thank Mr. Akshaya Kumar Mallick, OAS, Municipal Commissioner and Mr. Kailash Chandra Sethy, Accounts Officer, RMC for extending their support in preparing this document in consultative manner and providing all the information with regard to this report. We also thank the Corporation staff for extending their time and support in preparing this document.

We also acknowledge the technical and management support extended by Housing and Urban Development Department, Government of Odisha for preparation of this document.

Planning Team

The key officials of Rourkela Municipal Corporation who were involved in consultations and discussions for preparation of this report include:

Sl. No.	Name	Designation
1.	Mrs. Monisha Banerjee, IAS	Administrator
2.	Mr. Akshaya Kumar Mallick, OAS	Municipal Commissioner
3.	Mr. Kailash Chandra Sethy	Accounts Officer
4.	Mrs. Anusuya Mishra	Accountant
5.	Mr. Manoj Ranjan Dhal	General Establishment
6.	Mr. Bijay Kumar Behura	Holding Tax/ Trade License Section
7.	Mr. Padmalochan Panda	Holding Tax/ Trade License Section
8.	Mr. Chatrubhuj Jena	Holding Tax/ Trade License Section
9.	Mrs. Sabita Mishra	Shop & License Section
10.	Mr. S.Chandrasekhar	User Charges Section
11.	Mr. Prasant Kumar Ray	Advertisement Section

REMP Report

Section 1: Background

1.1 Urbanization and its impact on urban service delivery

Currently 30% of the Indian population reside in urban centres which contribute around 65% to the national GDP¹. It is projected that urban India will contribute about 75%² of national GDP in the next 15 to 20 years while another 300³ million people will get added to the existing 300 million dwelling in Indian urban centres. The speed of urbanization will exert immense pressure on the urban infrastructure, urban finance, natural resources, quality of urban life etc.

According to Census 2011, Odisha continues to be among the least urbanized States in India with an urban share of population of about 17%. However, the pace of urbanization in Odisha continues to intensify and urban population grew at 26.8% during 2001-11, a rate that is almost double of the national growth, due to consistent economic performance of the State. Keeping in view the rapid urbanization in Odisha, the State Government has put emphasis on planned growth of its cities with provision of adequate infrastructure and basic amenities through legislative interventions, strengthening of regulatory framework and capacity building initiatives. However, municipal finances and institutional capacity continues to be weak and capital investments continue to rely on GoO's budgetary outlays and grants.

The Fourth State Finance Commission, Odisha has estimated an investment of around INR 6500 crore required for providing services⁴ to citizens over next five years (2015-20). Financing such large monetary requirements will require cities to be empowered, financially strengthened, and efficiently governed so that a significant share could be met through efficient and effective own source revenue mobilisation, and improved capacity to mobilise external resources, particularly centrally sponsored schemes and private sector investments.

1.2 Increasing contribution from ULBs for various Central Government Schemes

Government of India is focusing on increasing the participation from ULBs and State governments in planning and implementation of various Central Government Schemes. Some of the key on-going urban development initiatives require substantial financial contribution from respective State Governments and ULBs as highlighted below:

- **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)** focuses on the areas related to water supply; sewerage facilities and septage management; storm water drains to reduce flooding; pedestrian, non-motorized and public transport facilities, parking spaces, and enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centers, especially for children. For a city/ town with population up to 10 lakh, only 50% of the project cost will be funded by Gol and the balance 50% of project, cost along with O&M costs, will be funded by State Governments / ULBs or through private investment.

¹ Planning commission and census of India

² Planning commission and MoUD

³ Planning commission, 2014

⁴ Services include water supply & drainage, toilets/sewerage, solid waste management, street lighting

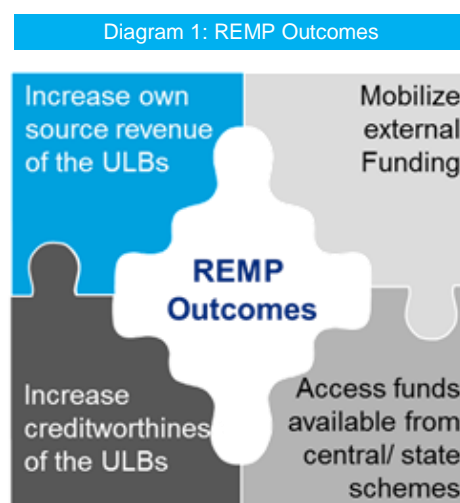
- **Smart City Mission** is a Centrally Sponsored Scheme in which GoI will contribute 100 crore per city per year and an equal amount, on a matching basis, will have to be contributed by the State/ULB. Rourkela Smart City Plan envisages a total investment of over Rs 2571.27 Crores and need to mobilise over Rs 300 crores through Public Private Partnerships (PPPs) and will require incurring of substantial O&M expenses by RMC.
- The estimated cost of implementation of **Swachh Bharat Mission (Urban)** based on unit and per capita costs for its various components is Rs. 62,009 Crore. GoI's share, as per approved funding pattern, is about Rs. 14,623 Crore and the State Governments have to contribute at least 25% of GoI funding, amounting to Rs. 4,874 Crore, as State/ULB share.

1.3 Performance based devolution of grants to ULBs

Fourteenth Finance Commission specifies increase in own revenues over the preceding year as a criterion for an ULB to be eligible for getting performance grants. Further, the Commission recommends the State Governments to design a detailed procedure for the disbursement of the performance grant to urban local bodies. As a result, GoO is envisaging a mechanism for providing grants based on the performance of ULBs in areas like increase in own revenue generation, expenditure on development projects etc. Since such funds are linked to the physical and financial performance of the ULBs, it is imperative for ULBs to perform better over year to year as well as other ULBs to obtain higher share of the performance grant.

1.4 Need for preparation of REMP

The Fourth State Finance Commission has highlighted significant fund requirements for ULBs for driving growth and providing effective citizen services. In order to meet this fund requirement, the ULBs have to identify innovative ways to augment revenues with the role of State Government as facilitator for revenue generation. Usually, tax bases of ULBs are narrow, inflexible and lack buoyancy, and they have also not been able to levy rational user charges for the services they deliver. Additionally, ULBs have limited success in accessing external finance due to the precarious state of their own finances and poor governance. Further, as discussed in the preceding section, while the funding to ULBs is increasingly becoming dependent on achievement of reforms & financial performance, the contribution from ULBs in Central Government schemes is also increasing. Given such developments in urban sector, the ULBs need to critically examine their sources of revenues and develop a roadmap for undertaking initiatives aimed at revenue generation by preparing a Revenue Enhancement and Mobilization Plan (REMP). The diagram shown alongside highlights the key outcomes from preparing and implementing a REMP.



With the objective of augmenting own source revenues, Government of Odisha (GoO) and Department for International Development (DFID), under the umbrella project of Odisha Support for Urban Infrastructure Program (OSUIP), have mandated cities to prepare a Revenue Enhancement and Mobilization Plan for the five Municipal Corporations in Odisha and the technical assistance team will provide handholding support to the Corporation for operationalizing the plan.

1.5 Rourkela Municipal Corporation (RMC) Profile

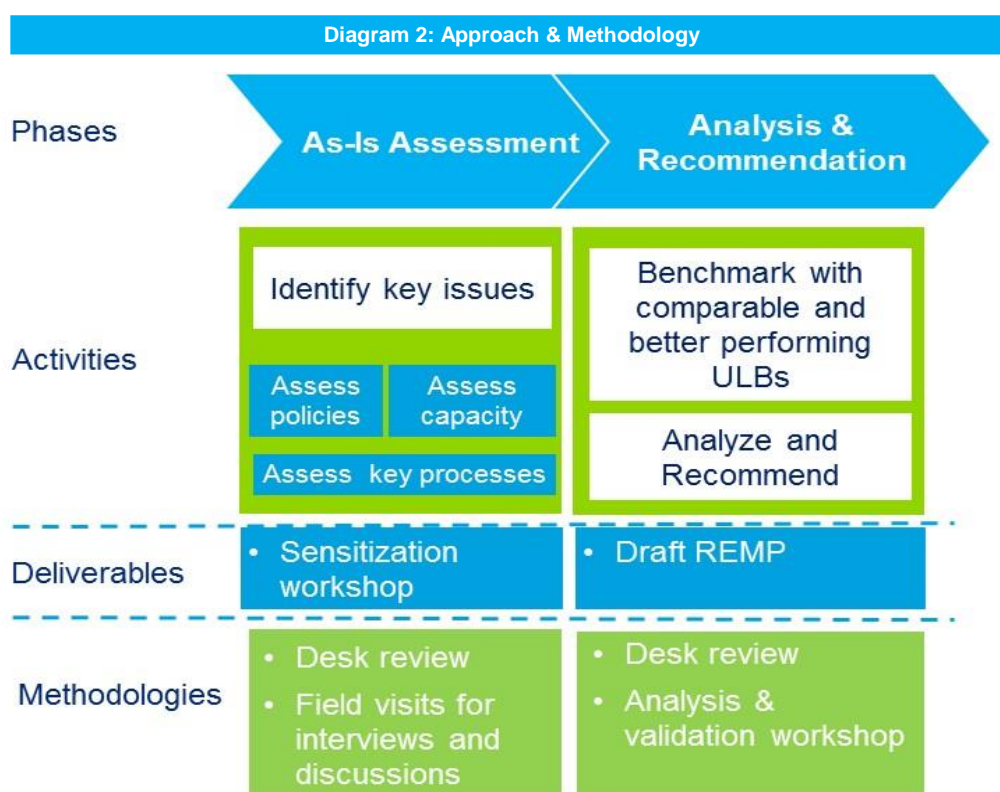
Rourkela was declared as Municipal Corporation as per Notification No. 22749 dated 14.11.2014 with an existing Municipality Ward No. 1 to 33 with Jagda, Gopapali, Brahmanitarang, Sana Brahmanitarang, Jhartarang and Unit-48 (Nabakrushna Nagar, Tala Balijodi, IDL Colony, Gopabandhunagar, Bhanja Colony, Bada Sona Parbat & Dharamdihi) of 53.29 sq. Kms comprising of 26 Revenues Villages with bounded by River (Koel & Sankah) in North Side, Lathikata Panchayat Samiti area in South, Bisra Panchayat Samiti area in East and Lathikata Panchayat Samiti area in West Side.

Rourkela is divided mainly into 2 Urban Centres - Rourkela Municipal Corporation (RMC) area (53.3 sq. km) and the Rourkela Steel Township (RST) area (54 sq. km). As per Census of 2011, the population of RMC and RST is around 3.1 lakhs and 2.1 lakhs respectively. RMC is entrusted with managing the urban services within the Corporation area only.

Section 2: Preparation of REMP

2.1 Approach & Methodology for preparation of REMP

For the purposes of this study we adopted a consultative approach based on interactions with stakeholders including key officials of the Rourkela Municipal Corporation (RMC), along with leveraging findings from analysis of data shared by RMC, secondary research and our experience in previous assignments related to revenue augmentation for developing REMP by addressing policy, process, infrastructure & people related issues. The REMP comprises short term, medium term and long term revenue enhancement goals including implementation roadmap for RMC to (a) augment revenue within existing revenue streams, and (b) identify additional revenue streams. Overall approach adopted by us for the study has been shown in the diagram below:



Kick-off meeting: Post commencement of the engagement, we initially met the key stakeholders (Municipal Commissioner, Accounts Officer, Tax Collectors), through one on one meetings, to explain the strategic objectives of the assignment and to understand the key expectations & concerns of the Corporation regarding this engagement. The summary of activities undertaken by us is given below:

Phase 1: As-Is Assessment

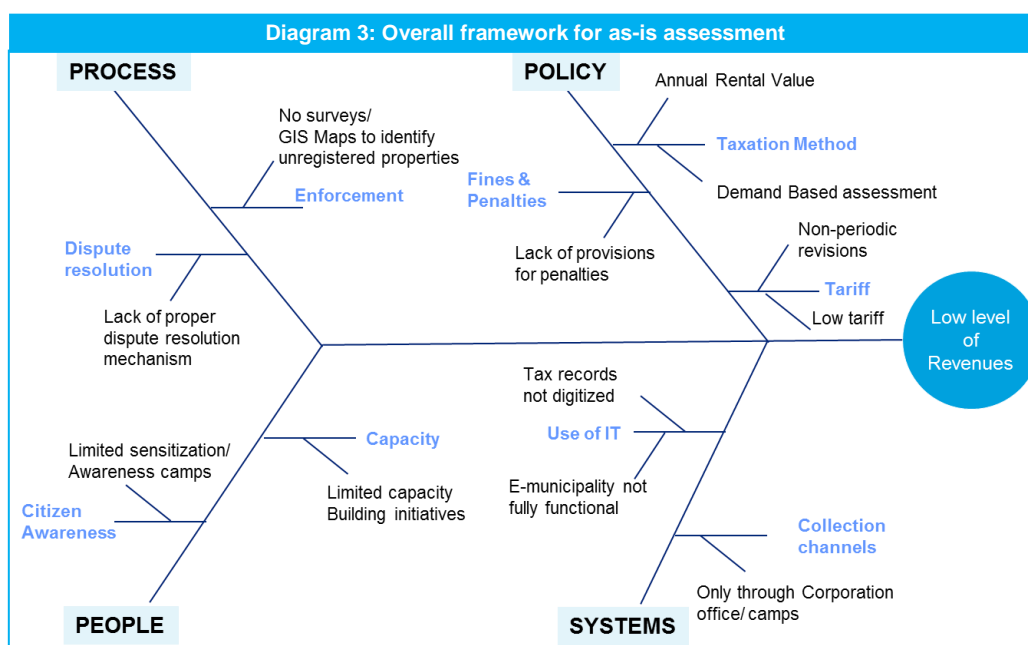
During this phase of the engagement, our focus was on study of existing sources of revenue and their relative performance, existing processes/ procedures related to key sources of revenue and the policies which are pivotal for generating own source revenues. The activities performed during this phase focused on identification of key issues impacting the revenue generation of RMC.

We had developed and shared an information collection template (Refer Annexure 1) with RMC for obtaining the details related to revenues of the Corporation. The team also visited the Corporation and interacted with various officials for one to one discussions and collecting various documents like budget, financial statements, minutes of various standing committee meetings etc. along with data related to collections, demand, no. of tax payers etc. We have also deployed a full time resource at RMC for helping Corporation for the purpose of data collection, analysis and framing of recommendations.

Stakeholder Consultations

- One-to-one interactions and validations with key officials
- Discussions with key section officials
- Sensitization workshop for key Corporation Officials and Elected Representatives

The list of stakeholders met has been given in the section titled “Planning Team”. The objective of these meetings and analysis of the data collected was to identify the key issues impacting revenue generation in areas related to policies, processes, system and people. The diagram below highlights the framework adopted by us to understand the as-is situation.



For example, some of the policy related issues impacting holding tax include:

- **Taxation methodology:** The current Act and Rules prescribe demand based assessment of holding tax where the Corporation has the responsibility of assessing the holding to determine the tax payable and raise the demand. As a result, bottlenecks like lack of manpower, lack of information related to new holdings etc. adversely affect the demand estimation & collection of holding tax.
- **Tariff:** The unit area rates, being used by RMC for assessment of holding tax, have not been revised since 1977. Also, the land cost considered for valuation has not been revised since 2004.
- **Fines and Penalties:** The current Act does not provide any provision for fines and penalties for non-payment/ delayed payments leading to under-recovery of taxes.

At the end of this phase, a meeting presided by Commissioner, RMC and attended by key officials, was held on February 18, 2016 at Rourkela Municipal Corporation office to validate the findings from

as-is phase and discuss possible interventions which can be adopted by RMC for driving growth in revenues.

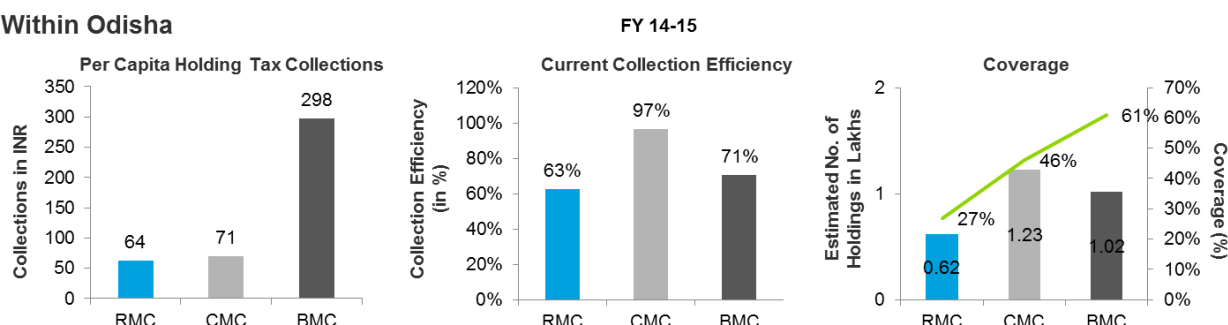
Phase 2: Analysis and Recommendation

The objective of this phase was to conduct a comparative assessment of the performance of the ULBs and to draw on some of the best practices from other states in India like Andhra Pradesh, Maharashtra, Rajasthan, Gujarat etc. for identifying the various measures to increase revenue from existing and additional revenue sources.

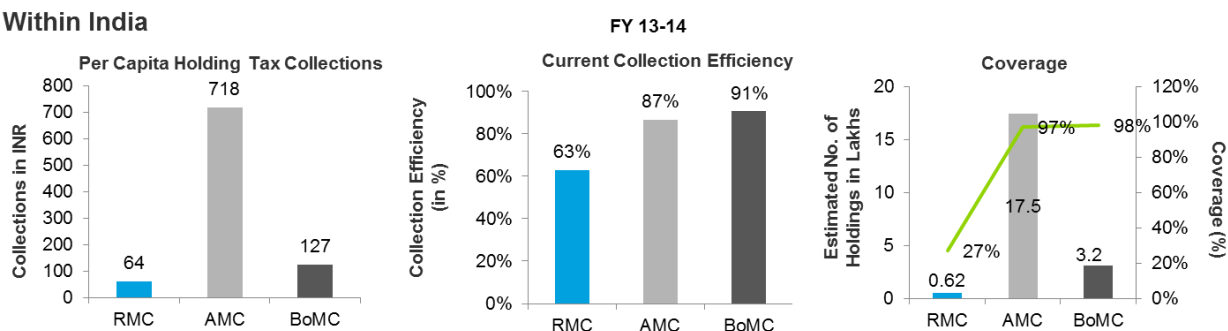
The key activities performed during this phase have been described below:

- i. **Benchmarking with other ULBs:** As part of this activity, we have benchmarked the performance of RMC in two categories - RMC's performance vis-à-vis performance of select ULBs in the state (Berhampur Municipal Corporation - BeMC and Cuttack Municipal Corporation - CMC) and performance of select good performing ULBs in the country (Ahmedabad Municipal Corporation – AMC and Bhopal Municipal Corporation - BoMC). The findings from benchmarking exercise demonstrate improvement opportunities for RMC. The charts below depict the performance of Rourkela vis-à-vis select other ULBs in Odisha and in India.

Within Odisha



Within India



The above benchmark study revealed that:

- The per capita holding tax collection, current collection efficiency & coverage of RMC is less as compared to BeMC & CMC. This may primarily be due to the merger of 26 Revenue Villages which have very low tax rates and collection efficiency.
- Same parameters of Rourkela when compared with other better performing ULBs in India like Ahmedabad & Bhopal shows Rourkela needs to adopt measures to enhance its revenue collection from Holding Tax to a great extent.

We have also conducted an extensive study of the good practices adopted by ULBs within the country to identify initiatives which can be replicated in RMC after taking into account requirements of the State. Some of these good practices have been documented in this report in subsequent sections. The table below shows some of the illustrative good practices adopted by ULBs.

Table 1: List of good practices adopted by ULBs

Parameters	Good Practices adopted within the country
Policy	
Method of property taxation	<ul style="list-style-type: none"> ULBs like Ahmedabad & Bhopal have adopted Unit Area Value method of taxation. Hyderabad assigns Property Tax Identification Number to all property tax assesses.
Method of Assessment	<ul style="list-style-type: none"> Self-assessment method for assessing tax liability implemented by Hyderabad, Bangalore & Chennai.
Betterment & Impact fees	<ul style="list-style-type: none"> Betterment charges levied by Ahmedabad, Vijayawada, Bangalore, Warangal. Impact Fees to mitigate impact of construction of commercial buildings in Hyderabad.
Process	
Collections	<ul style="list-style-type: none"> Collection through special camps. Tax grievance redress camps at zonal and ward level. Payment of Property tax through post offices, banks, kiosks.
People	
Staff adequacy	<ul style="list-style-type: none"> Indore restructured revenue department into assessment and recovery departments. Three smaller departments were also created – Survey, Encroachment & Markets.
Systems	
Disclosures	<ul style="list-style-type: none"> Provision is available on Indore Municipal Corporation's website for complete property tax account details, current demand and amount payable, online payment and receipt generation, online correction request for errors and correction status on such requests.

- ii. **Analyze and Recommend:** Based on the analysis of identified key issues and findings from benchmarking exercise, we have identified short, medium and long term measures, along with associated implementation steps and timelines, which can be adopted by the RMC for revenue enhancement. These recommendations have been detailed out in section titled "Recommendations". As part of our implementation support to RMC, we have been providing support to the Corporation officials (Annexure 2) and will help RMC in implementing additional recommendations which are approved by the Corporation.

The detailed analysis from each of the above two phases has been provided in the subsequent sections of this report.

Section 3: Findings from As-Is Assessment

This section provides a detailed analysis of the financial position of RMC along with relative contribution to own source revenues to identify improvement opportunities.

3.1 Financial Analysis

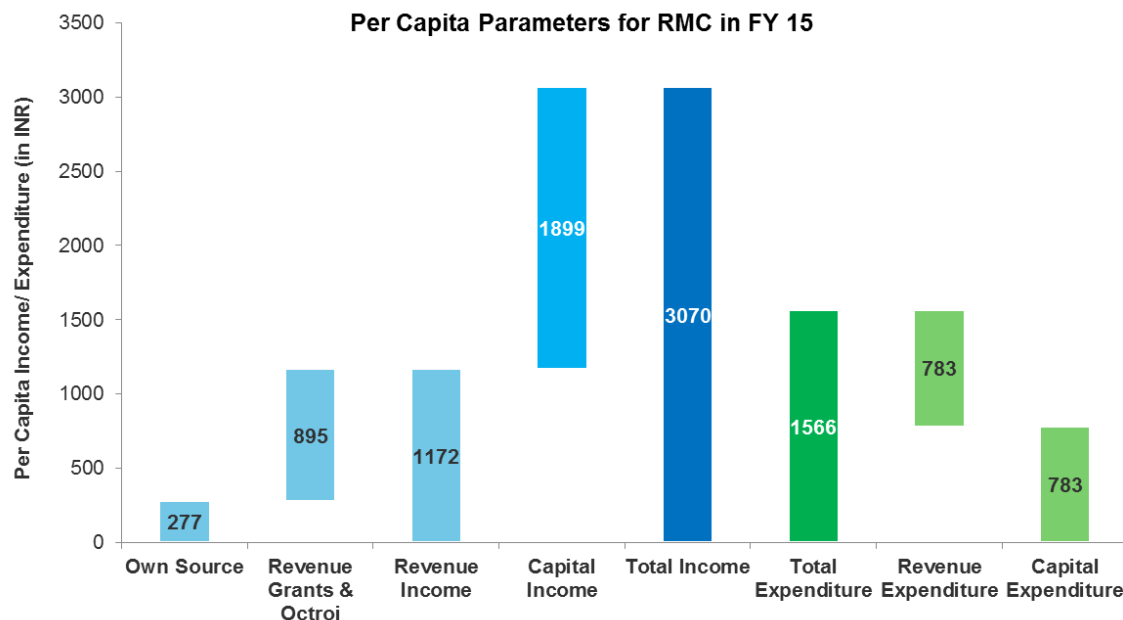
3.1.1 Per Capita Income and Expenditure

Urban Local Bodies are expected to provide basic amenities of civic life to all the citizens. However, the availability of civic amenities in an urban center is directly influenced by the financial position of the local government. Two key indicators for measuring the financial position of an ULB are a) per capita income and expenditure and b) growth of income and expenditure.

For RMC, the per capita total expenditure for FY 2015⁵ was INR 1566 with per capita revenue expenditure and per capita capital expenditure each being INR 783 respectively. The per capita total expenditure for RMC was considerably higher in FY 2014 (INR 2598) compared to the figures in FY 2015 (INR 1566) primarily to due expenditure of INR 17.5 crore on old age pension, INR 7.6 crore on road development, etc.

Similarly, the per capita total income for FY 2015 for RMC was INR 3070 with the per capita revenue income and per capita capital income being INR 1172 and INR 1899 respectively.

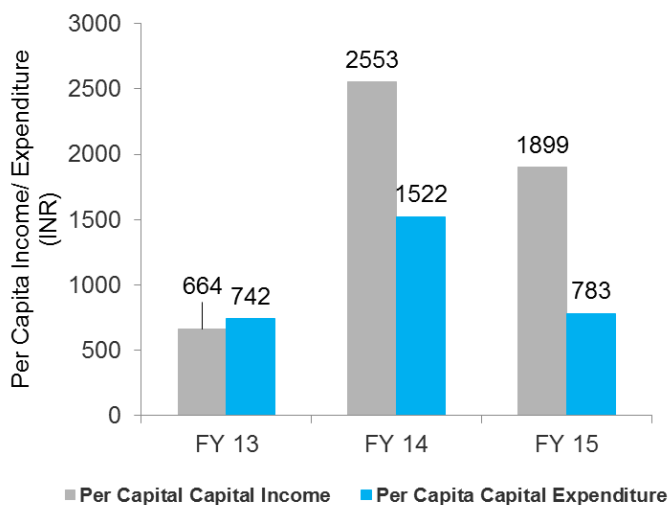
The per capita indicators for RMC have been shown in the chart below.



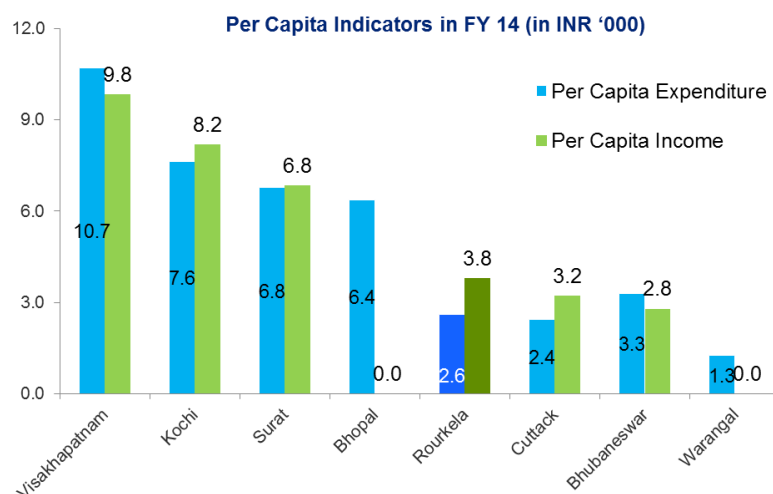
An analysis of per capita income and expenditure shows since the per capita revenue income from own sources is less than per capita revenue expenditure, RMC is not able to meet the revenue expenditure from its own sources and hence is significantly dependent on revenue grants and octroi compensation for meeting revenue expenditures.

⁵ FY 2015 and FY 15 means financial year 2014-15. Similar abbreviation is used for financial year 2012-13 and 2013-14 also

The capital expenditure and capital income of RMC has also shown wide variation over last three years while per capita capital income was Rs 2553 in FY 14, it declined to Rs 1899 in FY 15, similarly per capita capital expenditure has reduced from Rs 1522 in FY 14 to Rs 783 in FY 15.

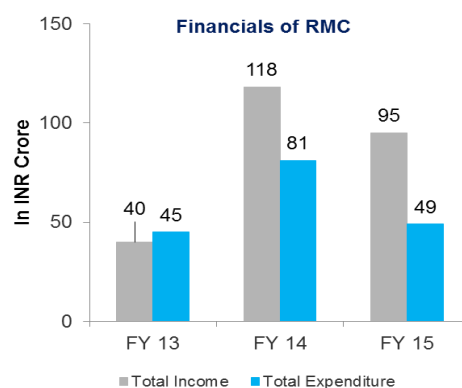


The chart presented below shows the comparison of Rourkela with Cuttack, Berhampur and select better performing ULBs. The expenditure and income represents the total expenditure (revenue expenditure and capital expenditure) and total income (revenue income and capital income) respectively.



Using per capita total income and per capita total expenditure as indicators for availability of funds and expenditure respectively for providing civic services & infrastructure development, it is observed that Rourkela has opportunities for improving its capacity and proclivity in delivering citizen services. For example, while some of the ULBs like Vishakhapatnam and Kochi have spent more than INR 7,000 per person for providing services & creating infrastructure in the city, Rourkela had spent about INR 2600 per person.

Further, for RMC at an aggregate level, total income & total expenditure has reduced in FY 15 as compared to FY 14. The rise in total income in FY 14 can be attributed to large octroi compensation and capital grants received. On the contrary, own source of revenue has increased in FY 15 as compared to FY 13 & FY 14.

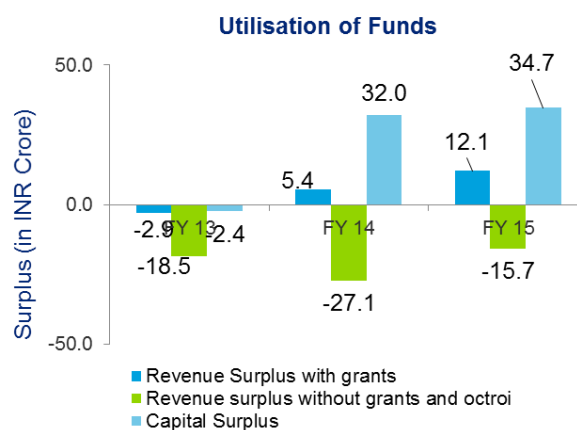


3.1.2 Revenue and Capital Surplus/Deficit

Given the substantial infrastructure investment requirements in the cities, it is imperative that ULBs are able to meet at least their revenue expenditure from their own source income so that operating risk of ULBs is minimized and development works are not hindered due to paucity of funds. An assessment of the status of revenue and capital accounts gives a picture of the overall financial condition of the ULB. In general, ULBs recording surplus in revenue account and full utilization of capital budget is considered to be a positive feature. Progressive ULBs are able to transfer a share of their revenue surplus to reduce the capital deficit so that capital works get completed as per schedule.

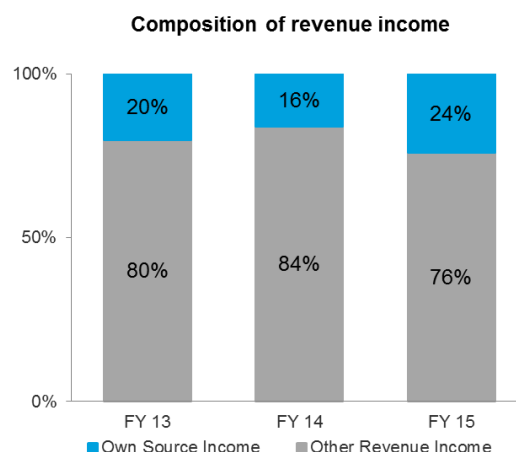
The diagram alongside shows the status of revenue and capital accounts for RMC during FY 13 – FY 15. The key observations related to income surplus/ deficit for RMC are:

- RMC is not able to meet its revenue expenditure from own sources of Income (excluding revenue grants and assigned revenues) and has a revenue deficit at 325% of the own sources of income in last 3 years, thereby showing reliance on assigned revenues for meeting own expenditure.
- RMC had capital surplus in FY 14 & FY 15 which is primarily on account of large capital grants received. For example, INR 38 crore against UIDSSMT. Similarly, INR 12.6 crore was received towards Night Shelter and Aahaar centres in FY 15. This amount were not fully utilized in the respective financial year which lead to capital surplus. Further, surplus in revenue account and capital account in the year FY 14 & FY 15 indicates that the money earmarked for octroi and capital projects is remaining unutilized in bank accounts. As a result, Corporation earned interest income of INR 2.2 crore in FY 14 & INR 1.1 crore in FY 15.



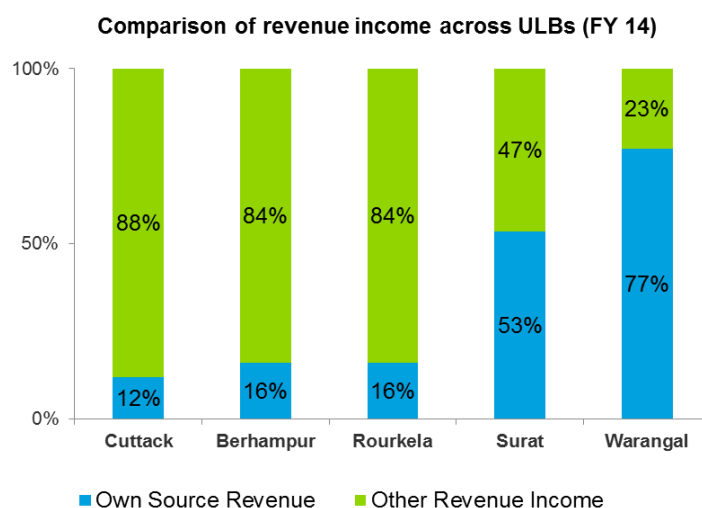
3.1.3 Composition of Revenue Income

The revenue income sources of the Corporation may be categorized as own sources⁶ (tax sources – holding tax, tax on advertisement etc., and non-tax sources – rents on municipal properties, charges, fees), assigned revenues & compensations and grants & contributions. Study of composition of revenue highlights the relative contribution of different sources, changes in revenue composition over a period of time and areas of improvement for achieving specific goals like reducing dependency on a particular source of income, leveraging the assets for augmenting revenue (like generating income from Corporation properties in areas having high real estate demand).



In FY 15, RMC had a revenue income⁷ of INR 36.4 crore. The key observations related to the composition of revenue income are given below:

- Own source revenues contributed only about one fourth of revenue income in FY 15 indicating increasing dependency on assigned revenues and revenue grants.
- As shown in the chart below, some of the better performing ULBs like Warangal (77%) and Surat (53%) have higher share of own source revenues in total revenue income which helps in reducing the risk of external factors on the functioning of the Corporation.



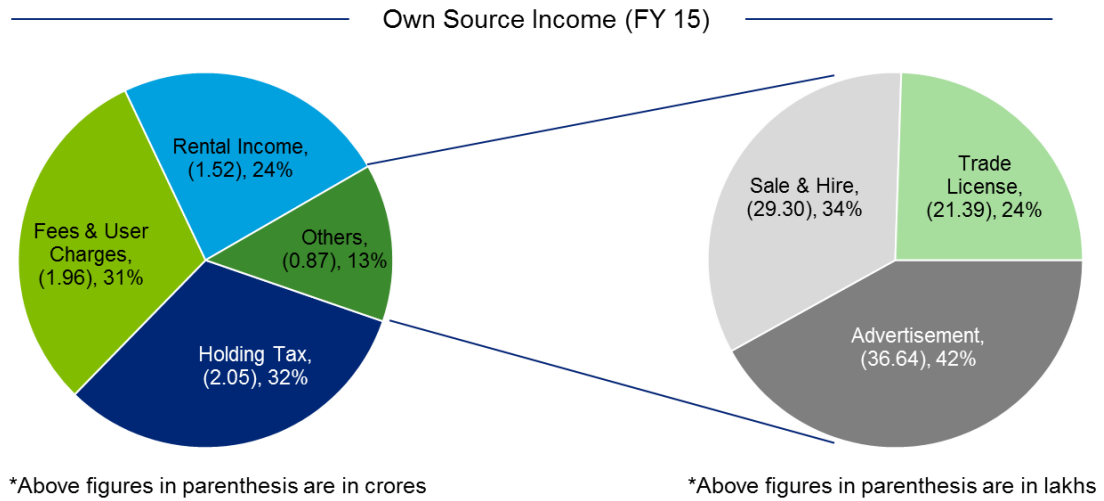
Further analysis of own source of income shows that:

- Like in most ULBs across India, holding tax (INR 2.05 crore) is the single largest contributor to own source revenues as shown in the diagram above. The second largest contributor is the fees

⁶ Income from interest has not been considered while computing own source income for analysis of revenue composition

⁷ Computed as aggregate of own source revenues, assigned revenues like Octroi compensation and untied grants like MV tax, Entertainment Tax, Performance grant

and user charges (INR 1.96 Crore). The rental income from municipal properties (INR 1.52 crore) is the third largest contributor. Rest 13% revenue income comes from Trade License Fees, Sale & Hire Charges and Advertisement Fees.



Detailed analysis of each of the above mentioned source of revenue has been presented in the following section.

3.2 Own Source Income Analysis

The analysis and observations with respect to the key components of own source revenue for Rourkela Municipal Corporation have been presented below.

3.2.1 Holding Tax

The Odisha Municipal Corporation Act, 2003 empowers the Corporations to levy property tax on the annual value of any land or building in the Corporation area. Since, the rules and by-laws regulating the property tax is pending approval from the State Government, Corporation is currently following the procedures as prescribed in the Odisha Municipal Act, 1950 and rules made thereunder.

The key observations related to holding tax administration have been provided below:

- The holding tax is determined taking into account the annual value (AV) of the holding which is based on type of construction, location of land and use of the holding.
- While the OMC Act, 2003 prescribes constitution of a Valuation Committee every five years for fixing the unit rates, the same has not been constituted in Odisha including RMC. As a result, RMC has adopted the unit area rates prescribed by Valuation Organization in 1977 for valuation of its residential & commercial holdings. The unit rates of INR 1.18 per sq. ft. for residential holdings in RMC were fixed in 1977 and are significantly lower than the unit rates of benchmark ULBs.
- The land cost which is used by RMC to calculate the Annual Value was last revised vide its Memo No. 3763 dated 22.11.2004.
- RMC has adopted multiple valuation procedures for determining the annual value of a holding for computation of holding tax based on the usage as given in Annexure 3. Using the currently prevailing procedures, the tax payable by holdings which have been rented out is same as a commercial holding and is significantly more than the tax payable by holdings used by owner for residential purposes (Refer Annexure 9). As a result, owners of holdings tend to suppress details related to tenancy of the holding which leads to constrained growth of rental market and also may cause security concerns.
- The rates at which holding tax is collected in RMC depends on the nature of services provided in the different wards. The rate is recently revised and notified vide RMC letter no. 3075 dated 31.03.2016 and effective from 2016-17 onwards. Revised holding tax rates and components for the Rourkela Municipal Corporation are presented in the table below:

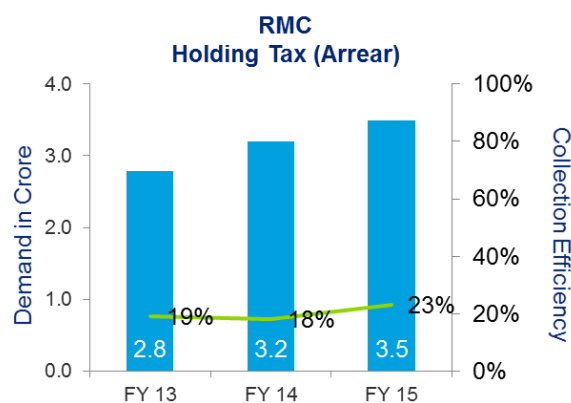
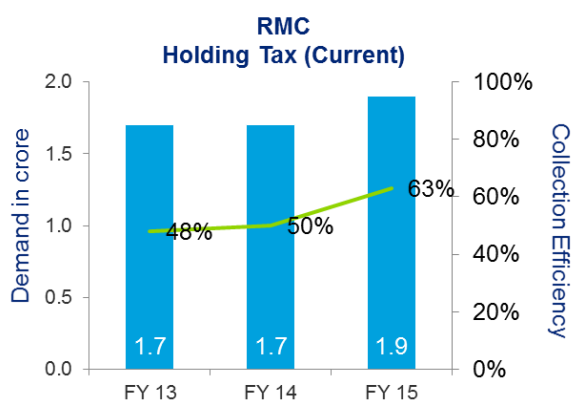
Sl. No.	Name of Wards	Holding Tax	Light Tax	Drainage Tax	Total Rate of Tax to be collected on the ARV of Holdings
1	4,5,7,8,9,28,29,30,32,33 & 4,15,16,17,18,19,20,21 & 22	10%	3%	2%	15%
2	1,2,3,6 & 31	10%	3%	-	13%

Coverage of holding tax

- Considering RMC's estimated population of 310,837 as per Census 2011, average household size as 5 persons per HH the estimated number of residential households should be about 62,167. However, the current registered holdings is 16,524 as on March 31, 2016 implying the estimated coverage of holding tax is about 27% which is significantly lower than the benchmarks set by Central Government Schemes like AMRUT (90%) and JnNURM (85%). Some of the key reasons for such low coverage include absence of surveys, lack of proper reconciliation with sanctioned building plans and new utility connections (including water and electricity) and GIS maps to identify the unassessed properties.
- Out of the 16,524 holdings which were covered under the tax net as on March 31, 2016, about 85% of the holdings are residential and balance holdings include commercial, govt. holdings and exempted holdings (Masjid, Mandir, Dharamsala, and Govt. School). The demand collection register maintained by the RMC captures details like name of the owner, address, type of construction, use, plinth area of the building and tax payable. However, the exact nature of activities (manufacturing, educational, healthcare etc.) being carried out in commercial holdings is not captured in the registers.
- To increase the coverage of properties, RMC has initiated the process of comparison of existing holding tax payers' records with electricity connection data obtained from WESCO. So far, 239 un-assessed holdings are identified and included under holding tax net.

Demand and Collection

- Current demand increased marginally from INR 1.7 crore in FY 13 to INR 1.9 crore in FY 15. During the last 3 financial years (FY 13 - FY 15), the current collections of holding tax by RMC have increased significantly from 48% in FY 13 to 63% in FY 15. This has primarily been due to setting targets for tax collectors and constant monitoring by ADM & Commissioner. Arrear demand figures are showing increasing trend and have increased at a CAGR of 11% from FY 13 to FY 15. The collection efficiency have increased marginally from 19% in FY 13 to 23% in FY 15.
- The arrear demand, as on 1st April 2015 was INR 3.4 crore which is equivalent to 156% of total demand of FY 15.



- Since the digitization of Holding Tax records is not completed, RMC does not have option for online payment of property tax which increases the trips made by tax collectors to holdings and tax payers to Corporation offices.. Recently, data entry operators are engaged in RMC to carry out the complete digitization of all holdings in RMC area. Digitization of holdings of tax ward nos. 2, 5 & 20 are completed and verified by tax collectors
- Currently, tax collectors have the dual responsibility of tax assessment and collection. This leads to a situation where same person is assessing and collecting the tax and might lead to 'conflict of interest' as tax collectors might be hesitant in revising the demand for households due to the apprehension that it would increase the burden for higher collections.
- Demand notices are generated manually and distributed through the tax collectors due to which RMC is not able to provide annual bills to all the registered holdings.

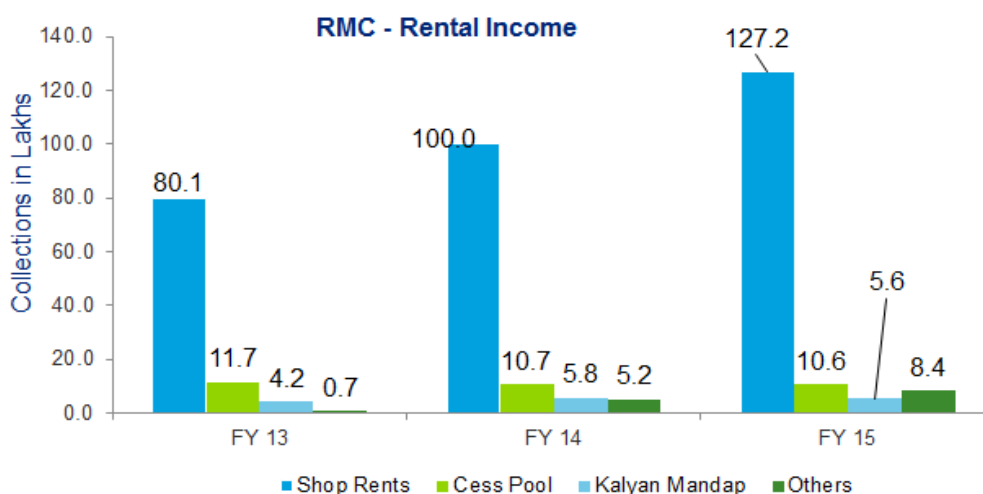
Processes

One of the key functions of holding tax section is assessment of holding for determining tax payable & updating the same in the tax register. The detailed process map highlighting the process related to adding details of a holding has been given in Annexure 6. Some of the key observations related to the above described process include:

- Currently, a holding is added to the demand register when either the citizen approaches the holding tax section or the tax collector spots a new building & initiates the process.
- Further, though some records have been digitized and captured using e-Municipality system, the same is not being used by tax collectors for maintaining the demand collection details.
- There is no online facility available for citizens to raise objections against valuation of holdings and apply for corrections/ rectifications. As a result, the citizen has to make multiple visits to the Corporation for raising objections & getting records rectified.

3.2.2 Rental Income from Corporation Properties

RMC earns rental income from its properties like shops, kalyan mandap, cess pool, water tankers, sairats, community centre, library hall, playground, etc. Shop Rents are the single largest contributor to the rental income of RMC.



Key observations with respect to rental income from Corporation properties have been presented below:

Rent from Shops

- Rent from shops has grown at a CAGR of 26% from FY 13 to FY 15. This increase can be attributed to the enhancement of rent amount per square feet at different locations of the city. The enhancement decision was taken in a meeting held on 22.11.2013 under the Chairmanship of the Executive Officer, Rourkela Municipality. Municipality shops at 38 different locations across the city underwent revision in their rental amount.

Rental Income from Kalyan Mandap

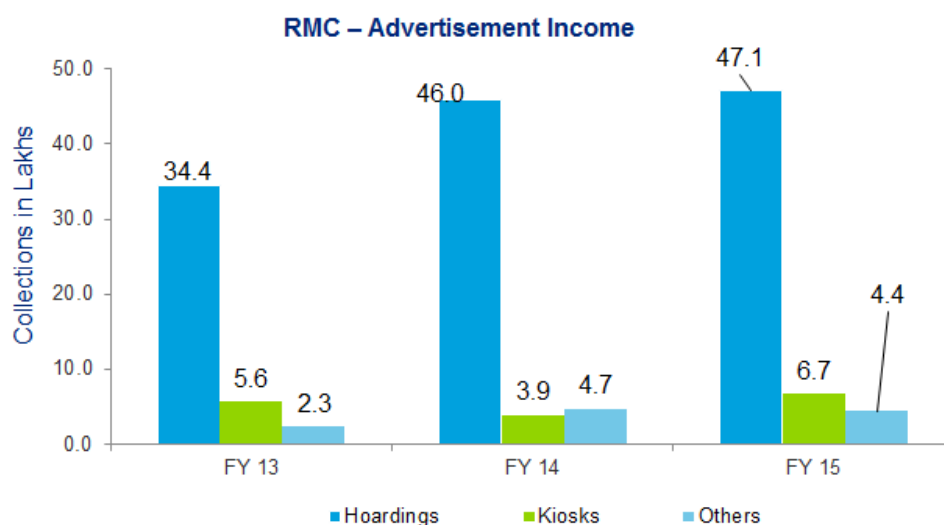
- RMC has two Kalyan Mandaps – Koel Nagar & Madhusudan Bhawan, Chhend.
- Collection from Kalyan Mandaps has increased at a CAGR of 16% from FY 13 to FY 15

Other Rental Income

- RMC also earns rental income from Community Centre, Water Tanker and library hall.
- RMC has one community centre in C Block area. The rates were last revised on 22.11.2013 from Rs. 2000 to Rs. 3000 as booking charges for one day.
- The hire charges of water tanker was also enhanced from Rs. 510/- to Rs. 700/- per trip w.e.f. 22.11.2013 excluding service charges and PH charges will be levied extra.

3.2.3 Tax on Advertisements

Advertisement Income of RMC constitutes Income from Hoardings, Kiosks and others (Including advertisement on traffic posts and bus passenger sheds). Collection of fees form advertisements on hoardings has increased at a CAGR of 17% during FY13-FY15.



The key observations related to advertisement income of RMC have been presented below:

- The rates of tax on advertisements were revised last year on January 21, 2015 vide RMC letter no. 587. Different rates were fixed for kiosks, vehicle advertisements, illuminated advertisements, posters/banners, etc.
- Collections from hoardings on Govt. land accounted for more than 90% of total collections in FY 15. One of the reasons for the same is that while the rights for advertisement on Govt. lands has been auctioned ensuring regular payments, most of the private hoardings do not pay the taxes and do not hold valid approvals
- RMC has maintained detailed list of hoardings and kiosks put up at different locations of the city with details like location, size of hoarding/kiosks, numbers, and area in square feet.

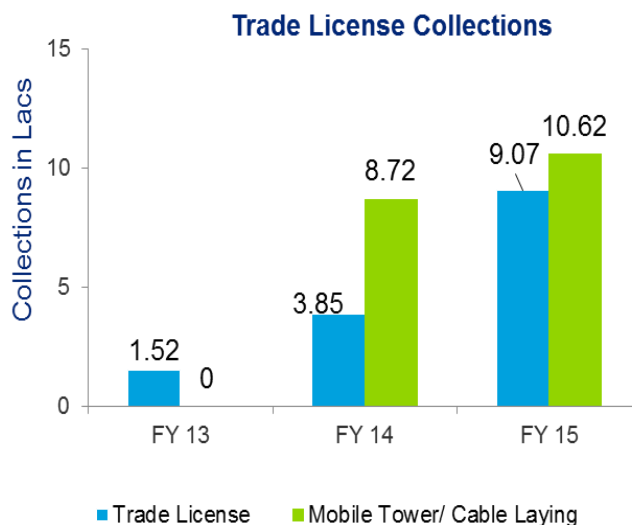
RMC has formulated the “Rourkela Municipal Corporation Tax on Advertisements Regulation, 2015”. The Regulation has been sent to The Director, Municipal Administration, Odisha vide its letter no. 507 dated 21.01.2015 for approval. The regulation includes all aspects like registration and licensing of advertiser, provision for auctioning of municipal sites, provisions relating to specific types of advertisements, rates & penalties, prohibitions, enforcement, etc. among others.

3.2.4 Trade Licenses

Being a major hub of commercial activity in Western Odisha, Rourkela has a large number of traders who are engaged in various trades and processes/ operations associated with trades which require obtaining a mandatory license from the Corporation. Accordingly, trade license is a key source of revenue for the Corporation along with a tool for regulating the trading activities in specific locations. A comparative assessment of trade license fees of RMC with rates of select good performing ULBs

(given in Annexure 9) revealed that there are opportunities in terms of levy of license fee on additional trades/businesses. The key observations related to trade license have been presented below:

- The trade license fees collection from trades has increased at a CAGR of 144% from FY 13 to FY 15 as more number of traders are applying for trade license.
- One major source of license fees is coming from the telecom operators for laying of cables and installation of mobile tower. RMC has collected over 10 lakhs from such licenses in F.Y 15.
- RMC follows the old rates for collecting trade license fees as notified by Housing & Urban Development Department vide its letter no. 429 dated 06.01.1994. Since then, RMC has not revised these rates. Also, various other types of trades which has come up in last two decades are not included in the list. Hence, the list needs to be updated to include additional trades and also revise the rates for existing trades.
- The rates for different types of trades ranges from as low as INR 15 for burning pottery to INR 2500 for manufacturing or refining sugar. The rates are not linked to the size of business and area in which business is operated.
- There were 795 registered traders as on June 1, 2016 which is only ~1% of the total number of houses⁸ as per Census 2011 (21,350) which are used as shop/ offices, schools/college, hotel/ guest house, nursing homes and factory/ workshop within RMC area.
- The process of issuing new trade licenses and renewal of existing licenses in RMC has not been made online (through the e-Municipality platform). Though provision has been provided to traders to apply for new/renewal of licenses online, but it is observed that currently only a limited number of traders are using the online facility.
- Though there is provision for imposition of penalty on the defaulters in the regulations, RMC does not charge any penalty/fine for not having trade license or for non-payment of renewal license fees.
- Recently, RMC has developed Trade License Regulation which is sent to H&UD Department, Govt. of Odisha for approval vide RMC Letter No. 9141 dated 18.12.2015. The regulation covers aspects related to grant of licenses, validity, renewal, suspension, penalties, etc.

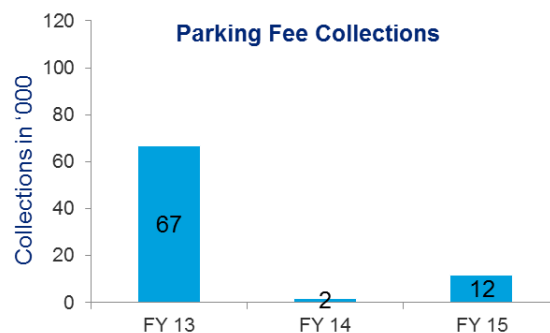


⁸ Within RMC and out growths

3.2.5 Parking Fees

RMC collects Parking Fees as per “Rourkela Municipal Corporation User Charges Regulation, 2015” notified in the gazette on February 9, 2015. The key observations related to Parking Fees Collection have been presented below:

- The significant decline in collection of Parking Fees from F.Y 14 can be attributed mainly to closure in collection of parking fees at entrance gate of Rourkela city. Earlier all vehicles which entered Rourkela city and parked their vehicles near the entrance gate used to pay parking charges.
- Recently, RMC has identified 2 parking lots across the city. Parking fees from the newly developed parking space at Madhusudan Marg in front of Amar Bhawan and Old Taxi Stand parking space has been notified vide RMC letter no. 577 dated 24.01.2014. The increase in parking fees collection in FY 15 is from these two parking lots.



3.2.6 Additional Sources of Revenue

Prescribed under the Act

In addition to the above sources of income, Chapter VIII of Odisha Municipal Corporation Act, 2003 prescribes additional sources for generating revenues by ULBs. A comparison of the different prescribed sources and the current taxes/fees levied in RMC indicates that currently RMC is not levying a number of taxes and duties prescribed under the Act.

Table 2: Sources of revenue as per OMC Act, 2003

Sources of revenue as per OMC Act, 2003	Levied in SMC
Taxes	
Tax on deficit in parking spaces in any Non-residential Building	✗
Water Tax	○
Fire Tax	✗
Surcharge on Entertainment Tax	✗
Surcharge on Electricity Consumption within the Corporation Area	✗
Tax on Congregations	✗
User Charges	
Charges for stacking of materials or rubbish on public streets	✗
Fees & Fines	
Licenses of various categories of professionals such as plumbers and surveyors	✗
Fees for issue of birth and death certificates	✗

No ○ Limited

Key observations related to above mentioned sources of revenue are specified below:

- Supply of water is done by PHEO. As a result, RMC is not able to levy water tax.
- RMC has submitted draft notification for the User Charges Regulation, 2016 for approval to Director, Municipal Administration vide its letter no. 3940 dated 03.05.2016. The regulation contains user charges on stacking of materials on public street side, littering/ dumping of solid waste, stacking of construction demolition debris materials on public street side and user charges for slum houses.
- Fees for registration of birth & death are collected by the health section and not accounted in the receipts of the Corporation.

Taxes/ fees/ charges imposed by ULBs in other states

In addition to the above mentioned sources of revenue, ULBs in other states have explored additional revenue sources. Some of these sources have been presented in the table below:

Table 3: Additional sources of income

Sl. No.	Source of Revenue	Description	State/ ULB in which it is levied
1.	Levy of Infrastructure cess	Collected from every motor vehicle suitable for use on roads within the city	Karnataka
2.	Levy of Vacant Land	Collected from the owner of the particular	Andhra Pradesh,

Sl. No.	Source of Revenue	Description	State/ ULB in which it is levied
	Tax	vacant land	Tamil Nadu
3.	Levy of Urban Transport Cess	Collected as fixed percentage of property tax collections and deposited in Transport Fund	Karnataka
4.	Duty on Transfer of property	Surcharge on stamp duty imposed on select instruments related to immovable property	Karnataka, Tamil Nadu
5.	Levy of Sports Fees for sports facilities	Collected from colleges, stadiums, swimming pools, etc.	Surat, Pune, Tamil Nadu, Karnataka
6.	Levy of profession tax	Payable by every company which transacts business and any person, who is engaged in any profession, or employment within the city	Tamil Nadu, Gujarat, Andhra Pradesh

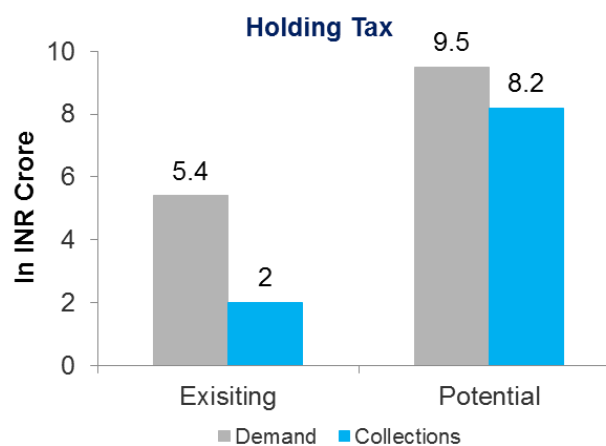
Section 4: Recommendations

4.1 Potential Revenue Estimates

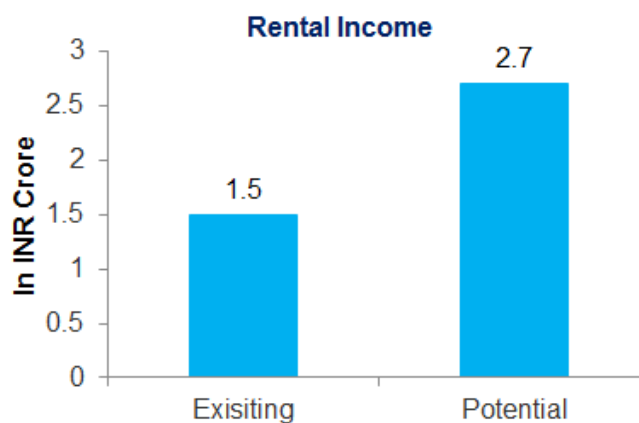
This section estimates the potential increase in income for select key sources of own sources of revenue. Please refer to Annexure 7 for calculations.

Holding Tax

RMC can significantly improve the income from holding tax by bringing at least 85% of the properties under tax net and achieving 90% current collection efficiency and 80% arrear collection efficiency. This would translate into additional INR 6.2 crores as holding tax without increasing the rates.



Rental income from Corporation Properties: Recent revision of the rents of the shops in market, re-assessment of shops and renovation of markets will generate almost double the income from shop rent. Also, renovation of Koel Nagar Kalyan Mandap is expected to increase the bookings. Similarly, revision in rates of hire charges of cess pool and water tanker will generate more revenue for the Corporation. These reforms will earn additional income of INR 116.6 lakhs.



Trade License:

The chart below shows that if RMC increases the coverage of trade license from 1% to 60% by identification of defaulters, it would earn additional INR 11.9 lakhs. Further, approval of Trade License regulation will also enforce the modalities and provide additional power to Corporation to collect Trade License Fees.

**Parking Fees:**

Income from Parking Fees is expected to increase manifold with the recent identification of two new parking lots. Further, levy of institutional parking fees on Malls, Big Shops, Hotels, Banks, Medical Institutions, etc. will generate additional revenue from parking.

Advertisement Fees:

New Advertisement Regulation which is pending government approval will increase scope of levying advertisement fees and penalties for illegal hoardings. Also, revision of rate chart suggested in regulation will ensure revenue increment from advertisement every year.

Income from Installation of Micro/Small Cells on Street Light Poles:

With the notification of Guidelines for Installation of Micro/ Small Cells on Municipal Electric Poles, Street Light Poles and High Mast Poles to enhance Telecom Infrastructure in the State of Odisha, RMC will generate additional 1.35 Crores of revenue (Considering 3000 street light poles in RMC area and assuming 25% of them will be utilized for installation of Micro/Small cells with charges of Rs. 18000 per cell as rental fees for five years)

4.2 Facilitating Revenue Enhancement

This section details out various recommendations, along with key implementation steps, based on the identified key issues and good practices adopted by select ULBs across the country.

4.2.1 Holding Tax

This section details out recommended strategies which can be adopted by RMC for improvement of holding tax revenues.

Strategy 1: Bring all properties under the tax net

Unassessed and under-assessed properties located within the Corporation area can be identified and brought under the tax net by conducting comparison with other information sources for quick results or adopting comprehensive methodologies like physical survey and GIS based property tax system for ensuring that all properties are covered under the tax net.

Initiative 1: Identifying unassessed properties by cross verification with other information sources (Within 3 months)⁹

The objective of this initiative is to quickly identify unassessed properties by cross verification with other information sources like electricity connection records, registration records etc. Also, sharing of information by various institutions such as PHEO, electricity distribution companies etc. constantly updates the database of RMC by capturing the natural changes and additions in properties. The table below details out the steps for implementing this initiative:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Develop a format for obtaining information from other agencies like Electricity Distribution Companies, rental property details with Commissioner of Police, Sub-Registrar's Office etc. (Sample template for data sharing from DISCOMs has been provided in Annexure 5)	2 weeks	RMC
2.	Send letter to concerned departments/ agencies for sharing of data	1 week	H&UD Department to facilitate obtaining of data
3.	Align the tax ward boundaries with the municipal ward boundaries.	2 weeks	RMC
4.	Corporation should decide a date from which all new assessments should compulsorily be maintained in digital format (in e-Municipality system) and old records which have not been digitized till date can be simultaneously digitized within stipulated timeframe.	1 month	RMC/ Agency

⁹ Under Implementation

Sl. No.	Implementation Steps	Time Frame	Responsibility
5.	Undertake a quick analysis of the areas which could have maximum unassessed properties to prioritize the areas to be covered. Some of the parameters which can be considered include <ul style="list-style-type: none"> • areas with high density of commercial properties • areas with more apartments compared to standalone residential properties • areas with higher property additions 	1 week	RMC
6.	Create specific teams for comparing the digitized property records with information obtained from DISCOMs, Sub Registrar's office, rental property details with Commissioner of Police etc. for identifying unassessed and under assessed properties. If required, this task can be outsourced	1 month	RMC/ Agency
7.	Send notice to the identified properties for submitting the details of the property for assessment & fixation of holding tax. The template for self-assessment has been given in Annexure 8. Once the property tax rules are notified, the prescribed self-assessment forms should be used.	As and when	RMC
8.	Send RMC staff for verification of the forms received on a sample basis	As and when	RMC
9.	Update the existing records for newly assessed properties based on the self-assessment forms received and the inputs from sample check	As and when	RMC
10.	Issue demand notices to the identified properties	As and when	RMC
11.	Undertake the referencing of parallel information sources on a quarterly basis for periodically updating tax database based on electricity records, details from sub-registrar and building completion certificates	Quarterly	RMC

RMC has already obtained the electricity records from WESCO (Western Electricity Supply Company of Orissa Limited) and started the process of segregation of records into wards. Already, 239 new holdings are identified through this process.

Initiative 2: Adoption of GIS based property tax information system (Within 12-24 months)

The objective of this initiative is to conduct a comprehensive mapping of all the properties, located within the Corporation's jurisdiction, using satellite images and integrating it with an IT enabled

system for bringing all properties under the tax net. Since developing such a system is time consuming, this initiative can be implemented in a phased manner. The key phases and the implementation steps have been described in the table below:

Sl. No.	Implementation Steps	Time Frame	Responsibility
Phase A: Identification of unassessed properties through use of satellite imagery (Within 3-6 months)			
1.	Procure high resolution satellite image of the Corporation area	1 month	RMC
2.	Digitize the property tax records available in physical format	1 month	RMC/ Agency
3.	Superimpose the properties in the property tax register on the satellite image to identify properties which are currently not under tax net	1 month	Agency
4.	Send notices to the newly identified properties for submitting the details using a 'Self-Assessment' form for fixation of tax. RMC staff should be sent for verification of randomly selected sample properties. Based on the inputs received, update the tax register	As and when	RMC
5.	Issue demand notices to newly assessed properties	As and when	RMC
Phase B: Collect information from all the properties (Within 6-12 months)			
1.	Review and revise the format for collection of information from the properties with a view to facilitate clear identification of the properties <ul style="list-style-type: none"> Allocate unique property tax identification number to each of the assessment units already mapped in property tax register 	1 month	RMC
2.	Carry out detailed field surveys to capture property details like ownership, use, structure, plot/built area, number of floors etc. Sample format is given in Annexure 4.	2 months	RMC/ Agency
3.	Transfer the information captured above to digital format (tabular or GIS maps) and assign a unique identification number to each property.	1 month	RMC/ Agency
4.	Undertake survey of 20-25% of all properties every year to ensure that all the properties are covered over a period of 4-5 years	-	RMC
Phase C: Development of GIS based property tax information system (Within 12-24 months)			
1.	Prepare and notify tender documents for inviting agencies for developing GIS based property	2 months	RMC

Sl. No.	Implementation Steps	Time Frame	Responsibility
	information system		
2.	Development of GIS database (post survey data updation) on suitable software platform <ul style="list-style-type: none"> Linking of detail attribute data (like boundaries, type of structure, size of structure, ownership details etc.). 	2 months	Agency
3.	Adoption of the property tax database by the Corporation	1 month	RMC
4.	Training of Corporation staff on GIS based property tax system for assessment of property tax	1 month	RMC/ Agency

Good Practices:

- Indore Municipal Corporation (IMC) adopted cross verification with parallel sources such as electricity connections, electoral lists, census information and telephone connections, to assess the gaps in existing property tax database. This resulted in increase of registered properties from 1.55 lakhs to 2.67 lakhs within two years
- About 6.3 lakh additional properties were brought under the tax-net as a result of adoption of GIS based property tax system by Bruhat Bangalore Mahanagara Palike. Similarly, cities like Kanpur, Varanasi, Moradabad, Patna etc. have significantly increased their coverage of property tax collections post implementation of GIS based property tax system

Strategy 2: Improve property tax collections

Efficiency in collection of taxes plays a pivotal role in determining collection of own source revenues of an ULB. The objective of this strategy is to undertake initiatives for making institutional and procedural changes to streamline the process of payment of property taxes. Such initiatives have been described below:

Initiative 1: Introduction of reward & penalty schemes (Within 3 months)

The ULB can formulate and introduce suitable schemes for motivating the tax collectors and tax payers for collection and payment of taxes respectively.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Introduce a scheme of giving rewards to respective tax collectors who exceed their allotted targets <ul style="list-style-type: none"> Design schemes like “Tax Collector of the Quarter” and “Best Performer of the Year” and publish their name & photographs on the Corporation website Provide cash incentives to the tax collectors for 	1 month	RMC

Sl. No.	Implementation Steps	Time Frame	Responsibility
	exceeding the targets		
2.	Publish the names of large tax defaulters at Corporation office and public places.	2 weeks	RMC
3.	Insist on payment of tax dues before availing Corporation's services	As and when	RMC

Initiative 2: Send demand notices to all registered holdings (Within 3 months)

The objective of this initiative is to create awareness among tax payers about their tax liabilities and the date by which they should pay their taxes.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Print demand notices for all the properties registered in the tax register	1 month	RMC
2.	Send the notices to concerned persons <ul style="list-style-type: none"> If required, the notices can be sent through courier companies and India Post for ensuring on-time delivery of notices 	2 weeks	RMC
3.	Send alerts for property tax payments through SMS and e-mails for properties which have not yet paid their tax dues	Periodically	RMC/ Agency

Initiative 3: Provide alternative payment channels (Within 3-6 months)

RMC should provide alternative channels for payment of property tax to citizens for improving ease of payment.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Conduct meetings with Banks for setting up collection counters	1 month	RMC
2.	Develop a format for sharing of property tax details with banks	1 week	RMC
3.	Share the updated property tax records & tax payable with the banks <ul style="list-style-type: none"> Digitization of property tax records by the Corporation will streamline the process of sharing records 	Quarterly (Real time update if the records are kept in online format)	RMC/ Agency
4.	Reconcile the collections from banks	Monthly	RMC
5.	Post digitization of records, introduce facility of on-line	-	RMC/ Agency

Sl. No.	Implementation Steps	Time Frame	Responsibility
	payments for all the wards		
6.	Procure handheld devices for remaining wards for enabling decentralized collection of property tax	1 Month	RMC

Initiative 4: Undertake drives for collection of holding tax arrears (Within 3-6 months)¹⁰

The objective of this initiative is to collect arrear taxes by adopting steps focusing on collections from defaulting/ non-paying holdings. The key steps involved have been given below:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Carry out an analysis of the existing outstanding dues – ward-wise, amount-wise, etc. to identify areas/ properties which have better potential for recovery	1 month	RMC
2.	Create specific collection groups and set collection targets for the identified groups	1 month	RMC
3.	Get the Corporates involved in the collection drive <ul style="list-style-type: none"> A part of the collection achieved to be used for developmental purpose in their own electoral wards – detailed policies and systems for this needs to be put in place 	-	RMC

In an innovative way to collect holding tax dues from large defaulters, RMC is providing additional service to them in term of their requirement i.e. issue of trade license, re-assessment of holding tax, etc. to make them pay holding tax. Further, recorded cassettes have been given to tax collectors to make rotational announcements for payment of holding tax. According to requirement of the area mike announcements are done followed by tax collectors visit for collection of tax.

Initiative 5: Introduce one-time settlement scheme for holding tax arrears (Within 3-6 months)

With the objective of reducing the arrear demand, the ULB may introduce a one-time settlement scheme based on analysis on likelihood of collecting the arrears.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Prepare a proposal for introducing one time settlement scheme to be submitted to the Finance Department, Government of Odisha. The proposal should include rationale for introducing the settlement scheme along with financial projections	2 weeks	RMC - H&UDD to facilitate the process
2.	Publish notification, highlighting the due date and steps to be taken by the Corporation in case of default, in	2 weeks	RMC

¹⁰ Under Implementation

Sl. No.	Implementation Steps	Time Frame	Responsibility
	leading newspapers, public places and Corporation website for inviting citizens to pay arrears		
3.	Nominate dedicated staff for collection of arrears for stipulated time period	-	RMC
4.	Take stringent action against defaulters post expiry of due date	-	RMC

Initiative 6: Levy of holding tax and service charge on Central Government Properties (Within 3-6 months)

Section 199 of the Odisha Municipal Corporation Act, 2003 (as amended in 2015) empowers the Municipal Corporations to levy service charge on statutory bodies or public sector corporations under the control of the Central Government. Further, Ministry of Urban Development, GoI has issued office memorandum (N-11025/26/2003) dated 15-17.12.2009 (attached with this report) regarding payment of service charges to local bodies in respect of Central Govt. properties as directed by Hon'ble Supreme Court in its order in civil appeal no.9458-63/2003 (Rajkot Municipal Corporation & Others vs. UOI & Others). Hence, all Central Government properties are liable to pay service charges to the Corporation.

Further, Section 199 of the Odisha Municipal Corporation Act, 2003 (as amended in 2015) also says that Central Government properties are exempted from paying property tax. Further, it also mentions that Central Govt. properties do not include statutory body or PSCs under Central Government. Hence, Statutory and Corporate bodies of Central Government are liable to pay Holding Tax also.

The key steps involved in implementation of this initiative are:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Prepare list of Central Government properties within the Corporation area	2 weeks	RMC
2.	Take out the names of Statutory and Corporate Bodies of Central Government from the list and prepare a separate list	1 week	RMC
3.	Assess and calculate the holding tax and service charge payable by the entities identified Step 2	2 weeks	RMC
4.	Assess and calculate the service charge to be paid by the other central government entities	2 weeks	RMC
5.	Send demand notices to the administrative departments of the identified properties	4 weeks	RMC
6.	Fix the responsibility of collections on a senior tax collector	-	RMC
7.	Monitor regularly the payment status and ensure periodic follow-up with the departments in case of non-payment	Periodic	RMC

Good Practices:

- Local banks are connected with the Ahmedabad Municipal Corporation's intranet for collecting taxes. Similarly, Chennai Municipal Corporation has identified 13 banks to collect tax in cash or cheque, demand drafts and HDFC Bank has been appointed as a Banker for Pune Municipal Corporation for collection of Property tax.
- Government of Haryana has launched a scheme in FY giving rebate on all outstanding arrears and waiver of penalty if the dues are paid within a stipulated time period.
- Thiruvananthapuram Municipal Corporation has started levying service charges from Central Government properties to realize the cost of services that it provides.

Initiative 7: Levy of holding tax from Industrial Estate areas/townships (Within 3-6 months)¹¹

In a Gazette notification no. 29225-HUD-DIR-Misc. dated November 18, 2015 (attached with this report) Housing & Urban Development Department has prescribed the procedure for assessment and collection of holding tax from the Industrial Estate areas/ townships set up by Industrial Development Corporation (IDCO), Odisha. Henceforth, ULBs shall be responsible for serving the demand notice to the industrial units and sharing the demand details with IDCO. IDCO will collect the taxes and share it in the ratio of 50:50 and 35:65, between the ULB and IDCO, for areas in which civic amenities are provided by the ULB and for areas where civic amenities are not provided by the ULB respectively. The key implementation steps include:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Obtain the details of the industrial units from IDCO. A form to be shared with IDCO with following details: name of the allottee, shed/plot no, allotted area, date of allotment, purpose of allotment	1 months	IDCO/ RMC
2.	Assess the amount of holding tax payable by each unit from current financial year onwards with latest available land valuation rates notified by IDCO/RMC	1 month	RMC
3.	Send demand notices to the industrial units	1 month	RMC
4.	Fix the responsibility of collections on a senior tax collector	-	RMC
5.	Monitor regularly the payment status and ensure periodic follow-up with the industrial units in case of non-payment	Periodic	RMC

¹¹ Under Implementation

4.2.2 Advertisement Tax

Strategy 1: Streamline the processes related to advertisement tax

In addition to the regulatory initiatives, the Corporation can adopt following operational initiatives for streamlining the process of fixation and collection of advertisement taxes.

Initiative 1: Streamline operations using IT enabled systems (Within 3-6 months)

IT enabled systems will help the Corporation in maintaining the records of all the advertisement sites, payments made by agencies/ citizens and bringing transparency in the tendering process.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Digitize all advertisement tax records <ul style="list-style-type: none"> Officials can track payment status of agencies covered in the tax net on an annual basis and ensure that timely payments are made 	1 month	RMC/ Agency
2.	Follow e-tendering for auctioning of government sites	As and when	RMC

Initiative 2: Explore innovative collection channels (Within 3-6 months)

The Corporation does not have adequate manpower to collect advertisement tax from the wide category of sources specified in the proposed advertisement regulations. As a result, the Corporation should focus on leveraging alternative channels for collection of advertisement tax.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Leverage “Vehicle Owners’ Associations” for collecting tax from advertisements on vehicles like bus, truck, cars etc.	1 month	RMC
2.	Advertisement on shop shutter to be collected along with Trade License fees	-	RMC
3.	Demand to be raised to cinema halls for payment of tax on advertisement along with holding taxes	-	RMC

Initiative 3: Check illegal & unauthorized advertisements (Within 3-6 months)

The Corporation should take following steps for reducing illegal and unauthorized advertisements:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Conduct a survey to identify illegal advertisements	1 month	RMC
2.	Send notices to concerned agencies to pay fines for regularization of the hoardings. In case the hoarding cannot be regularized as per the requirements of the regulations, remove the illegal hoardings.	1 month	RMC
3.	Create awareness among citizens and ask them to	1 month	RMC

	report about illegal hoardings. Empower the ward officers to take action.		
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Good Practices:

- Periodic publicity through various media channels such as newspapers, television and FM radio asking citizens to notify the administration about the illegal banners was conducted in Navi Mumbai. The ward officials do regular monitoring to ensure there are no illegal banners. Information about the grievance portal on the NMMC website, toll free numbers and Whatsapp contact details are also provided at movie theatres to complain about illegal banners.
- In Pune, citizens can call a toll-free number or send complaints via SMS about unauthorized hoardings and advertisements put up in the city.
- Indore Municipal Corporation carried out special drives to remove illegal hoardings with the help of gas-cutters and bulldozers. Notices were also issued to agencies and they were penalized.

Strategy 3: Identify new locations for augmenting advertisement tax

The objective of this strategy is to augment the collections from advertisement tax by identification of new locations which can be leveraged for generating advertisement tax.

Initiative 1: Generate revenue from new hoardings in Corporation area (within 6-12 months)

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Prepare an inventory of the hoardings within the Corporation area	1 month	RMC
2.	Undertake a detailed survey of the city to identify locations, in compliance to the Regulations, where additional hoardings can be put up. These could include municipal buildings, bridges, bus stands, markets, hospitals/ dispensaries, schools, road junctions, street light posts, Corporation vehicles, etc.	1 month	RMC
3.	Construct hoardings - explore the possibility of appointing a private agency to do the same on Built-Operate-Transfer (BOT) basis	2 months	RMC
4.	Package the hoardings into different categories and invite tenders for leasing the newly constructed hoardings on an annual basis <ul style="list-style-type: none"> • Tenders to be advertised at the local & state level and if required also at the national level • Fix a reserve price based on broad estimates 	2 weeks	RMC

Sl. No.	Implementation Steps	Time Frame	Responsibility
	<p>to ascertain that the rights are not given away at a unreasonably lower price</p> <ul style="list-style-type: none"> Large hoardings at prominent places can be auctioned on a case-to-case basis. Smaller hoardings on street light posts, etc., can be auctioned on a consolidated basis. 		

4.2.3 Trade License

Key strategies related to increasing the revenues from trade license fees have been described below:

Strategy 1: Formulate regulation related to Trade Licenses

The objective of this strategy is to rationalize the fees charged for issuing/ renewal of trade licenses by the Corporation. While undertaking such an exercise, it is important to compare the rates adopted by RMC with the rates adopted by select other ULBs.

Initiative 1: Increase scope and coverage of trade licenses (within 3-6 months)

The key steps involved in implementing this initiative include:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Revise the rates to include parameters like location and size of the commercial establishment with in-built escalation mechanism like periodic increase of rates by a fixed percentage. Also include new trades such as courier services, ATMs etc.	2 months	RMC
2.	Evaluate scheme for optional advance payment of license fee for a period of 3-5 years instead of one year	1 month	RMC

RMC has developed Trade License Regulation which is sent to H&UD Department, Govt. of Odisha for approval vide RMC Letter No. 9141 dated 18.12.2015. The regulation covers aspects related to grant of licenses, validity, renewal, suspension, penalties, etc. RMC has also notified revised trade license fees which is based on nature and size of the trade.

Strategy 2: Identify Trade License Defaulters

RMC should identify traders who operate within the Corporation area and have not taken license from the Corporation so as to regulate the trading activities & ensure revenue augmentation. RMC can identify either by comparison of traders list with parallel information source to get quick results or conduct physical surveys to build a comprehensive database of traders for accurate identification of defaulters.

Initiative 1: Identification of defaulters through cross verification with parallel information sources (within 3-6 months)¹²

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Develop a format for obtaining information from other agencies like Electricity Distribution Companies, Commercial Tax Department etc.	2 weeks	RMC
2.	Send letter to concerned departments/ agencies for sharing of data	1 week	H&UDD to facilitate obtaining of data
3.	Digitize the trade license records available in physical format	2 weeks	RMC/ Agency
4.	Undertake a quick analysis of the areas which could have maximum unassessed properties to prioritize the areas to be covered. Key parameters include areas with high coverage of commercial holdings, areas with educational institutes and industries etc.	1 week	RMC
5.	Create specific teams for comparing the digitized property records with information obtained from DISCOMs, Commercial tax department etc. for identifying defaulters. If required, this task can be outsourced	1 month	RMC/ Agency
6.	Update the registers and issue notices to defaulters	As and when	RMC
7.	Conduct such exercise on a periodic basis	-	RMC

Initiative 2: Conduct physical survey of the shops (within 6-12 months)

The Corporation should create a comprehensive database of all the traders by conducting survey. In order to optimize resources and time, the details related to the traders can be collected as part of survey for holding tax or other surveys with similar objectives.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Undertake a quick analysis of the areas/locations which could have maximum defaulters with respect to Trade License or which have higher commercial activity or newly developing areas to prioritize the areas/locations to be covered under the exercise	2 weeks	RMC
2.	Create specific teams and assign them areas/locations to be covered	1 week	RMC
3.	Carry out detailed field survey to identify defaulters and	1 month	RMC

¹² Under Implementation

Sl. No.	Implementation Steps	Time Frame	Responsibility
	send them notices to apply for licenses		
4.	Update existing records	As and when	RMC
5.	Conduct field survey of all the traders once every 3-5 years	-	RMC

4.2.4 Parking Fees

The key strategies for increasing revenues from parking fees have been detailed below:

Strategy 1: Identify new avenues for augmenting parking fees

RMC should explore avenues for collecting parking fees while giving priority to reduction of congestion & convenience of citizens.

The key initiatives that RMC can undertake include:

Initiative 1: Levy institutional parking fees (within 3-6 months)

Collection of institutional parking fees refers to collection of fees by institutions like hotels, big shops/showrooms, malls, hospitals, educational institutes from vehicles parked in vicinity of these institutes on behalf of the ULB. The key steps related to this initiative are:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Undertake a survey of the city to identify institutions with on road parking	1 month	RMC
2.	Estimate the revenue potential from such locations considering the number of vehicles being parked, fees being collected from similar locations etc.	1 month	RMC
3.	Issue orders to the institutions for collection of institutional parking fees. Negotiate the fixed amount that the institution needs to pay to RMC	As and when	RMC

Initiative 2: Identification of new locations for levying parking fees (within 6-12 months)¹³

RMC should plan for creation of new parking locations considering the increase in vehicles as a result of population growth, economic development and changing lifestyle in urban areas. The key steps in creation of new parking spots include:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Undertake a detailed survey of the city to identify areas where parking lots can be created after undertaking a traffic movement study.	2 months	RMC/ Agency
2.	Identify Corporation land in or around the areas identified in the above step	1 month	RMC
3.	Evaluate the feasibility of creating a parking lot including feasibility of a multi-level parking space	1 month	RMC/ Agency
4.	Construct parking lots - explore the possibility of appointing a private agency to do the same on Built-Own-Operate-Transfer (BOOT) basis	6 months/ 18 months (for multi-level parking)	RMC

¹³ Under Implementation

4.2.5 User Charges

Section 193, Chapter XIII of Odisha Municipal Corporation Act, 2003 empowers the Municipal Corporations in Odisha to levy user charges for services rendered by it including solid waste management etc.

Strategy 1: Provide services related to Solid Waste Management

Initiative 1: Collect Solid Waste Management charges (within 12-18 months)

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Evaluate the mechanism for collection of user charges from residential, institutional and commercial properties. <ul style="list-style-type: none"> Collection can be done by RMC staff or the agency engaged in door to door collection of solid waste or through a new agency engaged specifically for collection of user charges 	1 month	RMC
2.	Prepare tender documents along with Service Level Agreements and Formats for Performance Monitoring for the services to be outsourced	1 month	RMC

RMC may adopt different strategy for collection of user charges from different sources:

Sl. No.	Type of User Charge	Collection Type
1.	Stacking of material on public street ¹⁴	RMC officials
2.	User Charges for littering/dumping etc. of Solid Waste Management	Outsourced to agency
3.	User charges for solid waste management from Government Offices	Directly from parent administrative departments through follow-up by RMC officials

The need for outsourcing of the collections arise given:

- **Type of user charges covered:** RMC will collect user charges from a wide variety of sources including stacking of materials on public streets and solid waste management from various types of properties.
- **Availability of manpower:** RMC does not have adequate manpower for assessing and collecting the user charges. Further, the available staff are already constrained due to their responsibilities in holding tax collection, facilitation of enforcement drives, providing support in various schemes & census operations. Also, these officials also lack training in apprising the public for payment of user charges.

¹⁴ The agency engaged in door to door collections will report the instances of such stacking to RMC officials who will visit & collect the fees from the citizens

Good Practices:

- Ranchi Municipal Corporation has appointed Sparrow Softech for survey, assessment, and collection of house tax, trade license fee & water user charges. The agency has appointed about 120 field offices in 55 wards for collecting the taxes. These collectors have been provided hand-held devices for issuing receipts.
- Visakhapatnam Municipal Corporation has engaged M/s. Envirosyz India Pvt. Ltd. for collecting the charges from the users along with door to door waste collection
- Guntur Municipal Corporation is in the process of appointing an agency for collection of user charges, on a monthly basis, from all commercial and institutional establishments along with collection and transportation of municipal solid waste
- Some of the other ULBs like Agra Municipal Corporation are planning to outsource the collection of user charges to private agencies

4.2.6 Rental Income from Corporation properties

The key strategies for increasing revenues from rental income have been detailed below:

Strategy 1: Augment revenues from Corporation Property

The objective of increasing revenues from Corporation properties can be achieved by increasing the rates or increasing the usage by improving the infrastructure and services. The key initiatives related to this strategy are:

Initiative 1: Benchmark the rental with market rates (within 3-6 months)¹⁵

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Conduct a quick survey to benchmark the rental charges of all the Municipal properties like Kalyan Mandap, Ambulance, Water tanker, etc. in nearby areas and similar locations	1 month	RMC/ Agency
2.	Develop an objective framework for deriving the rental taking into account the location, structure and age of the property and having an auto-escalation clause	1 month	RMC
3.	Details of the occupancy status along with prescribed rent to be put in public domain including Corporation's website	As and when	RMC
4.	Allocation of properties to be made online	As and when	RMC/ Agency

Tariffs for Koel Nagar Kalyan Mandap were enhanced from Rs. 1500 to Rs. 2000 per day on whereas the tariffs for Madhusudan Bhawan was enhanced from Rs. 3000 to Rs. 4000 per day on 22.11.2013 in a meeting presided by Executive Officer, Rourkela Municipality.

¹⁵ Under Implementation

The hire charge rate of one trip cess pool was enhanced from Rs. 1000 to Rs. 1300 for booking inside Municipal Ward limit. Beyond Municipal area, the charges were enhanced from Rs. 1500 to Rs. 1800 for IDC Kalunga, Vedvyas, Jhirpani and Fertilizer area. For booking in other distance location, charges are fixed on case to case basis.

Initiative 2: Improve the condition of Corporation Properties (within 6-12 months)¹⁶

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Identify the upgradation requirements of the kalyan mandaps, community halls, yatri niwas etc.	1 month	RMC/ Agency
2.	Upgrade the properties - explore the possibility of appointing a private agency to do the same on Built-Operate-Transfer (BOT) basis. Outsourcing of only O&M of the properties can also be considered	12 months	RMC
3.	Reservations and bookings to be made on-line	1 month	RMC

RMC has undertaken renovation work for Old Tax Market on self-financing reforms. Additionally, Panposh double storied market which was considered unsafe is renovated by PPP approach. Further, RMC has undertaken fresh measurement of the shop rooms of different markets to assess the present floor/plinth area in use by the licensee and also survey other data of the market and trades of shop rooms.

4.2.7 Capacity Building Initiatives

Significant capacity building measures need to be taken for Corporation officials in order to ensure sustained implementation of the above recommendations. As the primary responsibility shall rest on the staff of finance, holding tax and license departments, the capacity building measures need to be prioritized for the officials of these departments. The key steps involved in training the officials include:

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Conduct training needs assessment of the officials	2 months	RMC/ Agency
2.	Develop training plan, training calendar and training materials	1 month	RMC/ Agency
3.	Conduct training of officials	Periodically	RMC/ Agency

Another important aspect on which RMC need to focus is its communication with citizens so that citizens are aware of their roles & responsibilities for the city and provide support to the Corporation by paying taxes on time, avoiding littering of garbage etc.

Sl. No.	Implementation Steps	Time Frame	Responsibility
1.	Develop a communication strategy for communicating with citizens regarding various taxes, programs of the Corporation etc.	1 month	RMC

¹⁶ Undertaken for Koel Nagar Kalyan Mandap

	<ul style="list-style-type: none"> Focus on mechanism of assessment, mode of payment, need for payment of taxes and dispute resolution mechanism 		
2.	Execute the communication strategy by conducting awareness camps, distributing pamphlets and displaying on hoardings, TV channels and newspapers	2 months	RMC/ Agency
3.	Set up a helpline number, create a FAQ section on Corporation's website and set up "Help Me" counters in the Corporation office	1 month	RMC

Section 5: Annexures

Annexure 1: Information collection template

[A] Basic Facts

Name of Municipal Corporation:	
Name the District:	
Whether covered under JNNURM / UIDSSMT	
Details of the Visit: <ul style="list-style-type: none"> • Start Date of the Visit: • End Date of the Visit: Visiting Team Members: <ul style="list-style-type: none"> • Consultant (name and designation) 	
No. of Zones and Wards under the ULB:	
Population under the ULB jurisdiction (2001 and 2011 Census) Total = Male = Female = Slum Population (Urban Poor) = No. of Pockets of Urban Poor =	
Geographical details of the place	
Historical details of the place	
Livelihood pattern of citizens of the town (briefly discuss and understand) and the impact of urbanization <ul style="list-style-type: none"> ○ Agriculture ○ Industry ○ Small Scale & Cottage Industry ○ Trading 	

<ul style="list-style-type: none"> Others (like sericulture, apiculture, poultry, dairy, etc.). 	
Impact of urbanization on the environment and natural resources of the town (briefly)	
Proposed growth pattern of the town (after understanding the city development plan) and estimated increase in the provision of civic services (Brief discussion)	
Any other important details that need specific mention by the team concerning the visit to the ULB	

[B] Internal Revenues of the Corporation - Taxes

(a) Property Tax on Land and Building [Sec 192(1)(a)]

Method of Property Taxation <ul style="list-style-type: none"> Annual Rental Value Unit Area Value Capitalization Value Any other 	Annual Rental Value
Method of Assessment <ul style="list-style-type: none"> Demand Based Self-Assessment Any other method 	
Numbers of registered holdings (as per municipal record) <ul style="list-style-type: none"> Residential Commercial State Government owned Central Government owned 	
Numbers of total (estimated) holdings <ul style="list-style-type: none"> Residential Commercial State Government owned Central Government owned 	
Any survey done, if so when:	

Survey Results	
GIS maps or any other maps available:	
Exact methodology of determination/ computation of property tax:	
Property Records <ul style="list-style-type: none"> • Manual • Computerized 	
Collection Methods <ul style="list-style-type: none"> • Municipal Counters • Offsite kiosks • Banks (tie-up) • Online facilities 	
Scrutiny of assessments	-
If ARV method, then revaluation of values – periodicity Last revaluation done when:	
Mechanism of Grievance Redressal:	
Mechanism of Dispute Resolution <ul style="list-style-type: none"> • Corporation • Corporation Appellate Tribunal • Court • Corporation Ombudsman 	
Major disputes pending as on date	
Major Defaulters of taxes Steps identified to realize dues	
Problems identified for not able to raise target revenue / No revenue	
Staffing issues in the Property Tax Cell	
Any other major points discussed	

(b) Tax on deficit in parking spaces in any Non-residential Building [Sec 192(1)(b)]

Number of Non-residential Buildings	
Method to determine the tax on deficit in parking spaces	

Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(c) Water Tax [Sec 192(1)(c)]

Number of Registered Water Connections <ul style="list-style-type: none"> • Residential • Commercial • State Government owned • Central Government owned 	
Numbers of total (estimated) Water Connections <ul style="list-style-type: none"> • Residential • Commercial • State Government owned • Central Government owned 	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(d) Fire Tax [Sec 192(1)(d)]

Method to determine the Fire tax	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(e) Tax on Advertisements (Other than Advertisements published in newspapers) [Sec 192(1)(e)]

Method to levy Advertisement Tax under Section 242	
Number of Tax Payers (as per record)	
Major disputes pending as on date	
Major Defaulters of taxes	
Steps identified to realize dues	
Advertisement Tax Records	

<ul style="list-style-type: none"> • Manual • Computerized 	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(f) Surcharge on Entertainment Tax [Sec 192(1)(f)]

Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(g) Surcharge on Electricity Consumption within the Corporation Area [Sec 192(1)(g)]

Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(h) Tax on Congregations [Sec 192(1)(h)]

- Toll on Roads
- Toll on Bridges
- Corporation Ferries
- Tolls on Navigable Channels

Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

[C] Internal Revenues of the Corporation – User Charges

(a) Charges for Provision of water supply, drainage, and sewerage [Sec 193(i)]

Method to determine the User Charge	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(b) Charges for Solid Waste Management [Sec 193(ii)]

Method to determine the User Charge	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (c) Charges for Parking of different types of vehicles in different areas and for different periods [Sec 193(iii)]

Method to determine the User Charge	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (d) Charges for stacking of materials or rubbish on public streets for construction, alteration, repair or demolition work of any type [Sec 193(iv)]

Method to determine the User Charge	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (e) Other Charges [Sec 193(v)]

Method to determine the User Charge	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

[D] Internal Revenues of the Corporation – Fees & Fines

- (a) Licenses for various non-residential use of lands and buildings [Sec. 194(a)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	

Any other major points discussed	
----------------------------------	--

- (b) Licenses of various categories of professionals such as plumbers and surveyors [Sec. 194(b)(i)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (c) Licenses of various activities such as sinking of tube wells, sale of meat, fish, poultry, hawking articles [Sec. 194(b)(ii)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (d) Licenses for sites used for advertisement or premises used for private markets, slaughter houses, hospitals, nursing homes, clinics, factories, warehouses, godowns, goods transport depots, eating-houses, lodging houses, hotels, theatres, cinema-houses, places of public amusement, other non-residential use [Sec. 194(b)(iii)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

- (e) Licenses for animals [Sec. 194(b)(iv)]

Method to determine the Fees	
------------------------------	--

Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(f) Licenses for carts or carriages [Sec. 194(b)(v)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(g) Licenses for other Activities [Sec. 194(b)(vi)]

Method to determine the Fees	
Number of registered payers as per record	
Estimated Number of non-payers	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

(h) Fees for issue of birth and death certificates [Sec. 194(c)]

Method to levy the Fees for issue of Certificates	
Number of registered hospitals/nursing homes/maternity centres within Corporation area as per record	
Number of non-registered hospitals/nursing homes/maternity centres within Corporation area as per record	
Number of registered burning ghats/crematoriums/burial grounds within	

Corporation area as per record	
Number of non-burning ghats/crematoriums/burial grounds within Corporation area as per record	
Average number of issues per day <ul style="list-style-type: none"> • Birth Certificate • Death Certificate 	
Certificate Issues, Records and Collection data base <ul style="list-style-type: none"> • Manual • Computerized 	
Transfer of Data to District Health Centres and Central Government	
Problems identified for not able to raise target revenue / No revenue	
Any other major points discussed	

[E] Internal Revenues of the Corporation – Commercial Projects

If the ULB had ever implemented commercial projects as per Section 265 of the Act	
Details of commercial projects being implemented or in the pipeline	
Any other major points discussed	

[F] External Revenues of the Corporation – Devolution of Funds (SFC, CFC) and Assignment of Taxes

Major heads of funds devolved from State and Central Government	
Major heads of assigned taxes devolved from State and Central Government	
Pattern of Expenditure out of the devolved funds and assigned taxes	
Any other major points discussed	

[G] External Revenues of the Corporation – Borrowings and Loans

If the ULB had ever borrowed money for any purpose [discuss and collect details of the loan – amount, terms of repayment, interest, end-use of the loan]	
Any other major points discussed	

[H] Collect all expenditure details

- (a) Revenue Expenditure (establishment, O&M, interest, finance charges)
- (b) Capital Expenditure (out of own-funds, out of devolved/assigned funds)

Annexure 2: Support provided to RMC

OSUIP team has been continuously engaged with RMC officials for providing support in implementation of revenue augmentation initiatives. Some of the key support provided include:

- Preparation of Rourkela Advertisement Regulations, 2016 which includes all aspects like registration and licensing of advertisers, type of advertisement allowed, rates & fees, exemptions, enforcement, penalty, etc. The Regulation is sent to government for approval
- Facilitating identification of un-assessed holdings by comparison of existing holding tax records with data obtained from electricity distribution companies. Data received from WESCO, segregated into wards and handed over to Tax Collectors for field verification
- Supporting RMC in setting targets for Tax Collectors, weekly and monthly monitoring of targets, designing survey form for new assessments, rectification of demand register, identifying large defaulter's list and issuing notices to them, digitization of existing holding tax records, etc.
- Facilitating increase in coverage of traders under trade license by comparison of VAT records with existing database.
- Revision of market fees through benchmarking with current prevailing market rates and rectifying demand registers of market collection to reflect actual rental values.

Annexure 3: Holding Tax Assessment Procedures

Assessment procedure of holdings under RMC area:

(A) Residential Holding	
Step I	Plinth Area of the holding in Sq. Meter * Rs.12.70 = say X
Step II	Deduct 15% of "X" towards repair and maintenance if the holding is more than 5 years old
Step III	Add 5% of the land cost where the holding is located
Step IV	Annual Value Amount, ARV = Step I - Step II (if applicable) + Step III
Step V	Holding Tax = (13% for holdings in ward nos. 1,2,3,6,31 & 15% for holdings in all other wards) of ARV payable per annum
(B) Commercial Holdings (Only hotels, nursing homes, cinema halls, industry, godown)	
Step I	Plinth Area of the holding in Sq. Meter * No. of Units (A pucca building is normally divided into 9 units i.e. @ 3 units each for floor, wall & roof) * Rs. 478.22 = say X
Step II	Take 7.5% of X as erection cost
Step III	Depreciate the value obtained in Step II @ 0.5% and taking age of building after 5 years of construction as time
Step IV	Take 5% of the land cost where the holding is located
Step V	Annual Rental Value, ARV = Step III + Step IV
Step VI	Holding Tax = (13% for holdings in ward nos. 1,2,3,6,31 & 15% for holdings in all other wards) of ARV payable per annum
(C) Commercial Holdings (other than hotels, nursing homes, cinema halls, industry, godown)	
Step I	Plinth Area of the holding in Sq. Meter * Rs. 14.30 = say X
Step II	Deduct 15% of X towards maintenance cost
Step III	Add 5% of the land cost where the holding is located
Step IV	Annual Rental Value, ARV = Step I - Step II + Step III
Step V	Holding Tax = (13% for holdings in ward nos. 1,2,3,6,31 & 15% for holdings in all other wards) of ARV payable per annum

(D) Rented Holdings	
Step I	Monthly rent of the building * 12 = say X
Step II	Deduct 15% of X towards maintenance cost if the holding is more than 5 years old
Step III	Annual Rental Value, ARV = Step I - Step II (if applicable)
Step IV	Holding Tax = (13% for holdings in ward nos. 1,2,3,6,31 & 15% for holdings in all other wards) of ARV payable per annum

Annexure 4: Format for Property Tax Database

The Property Database should capture the following details:

- Location details
 - Complete property address with house number, ward number and landmark details
- Ownership details
 - Name of the owner/ co-owner
 - Address for correspondence
 - Details of ownership (Govt. or Private)
- Property Type, Usage, Age and Measurement Details
 - Type of property (vacant land, building/ apartment, building under construction, additional structure like telecommunication towers, hoardings etc.)
 - Use of building (Residential, Institutional, Religious or Philanthropic and Commercial)
 - Age of construction
 - Measurement of land and covered area
- Property tax details
 - Computed property tax
 - Payment history

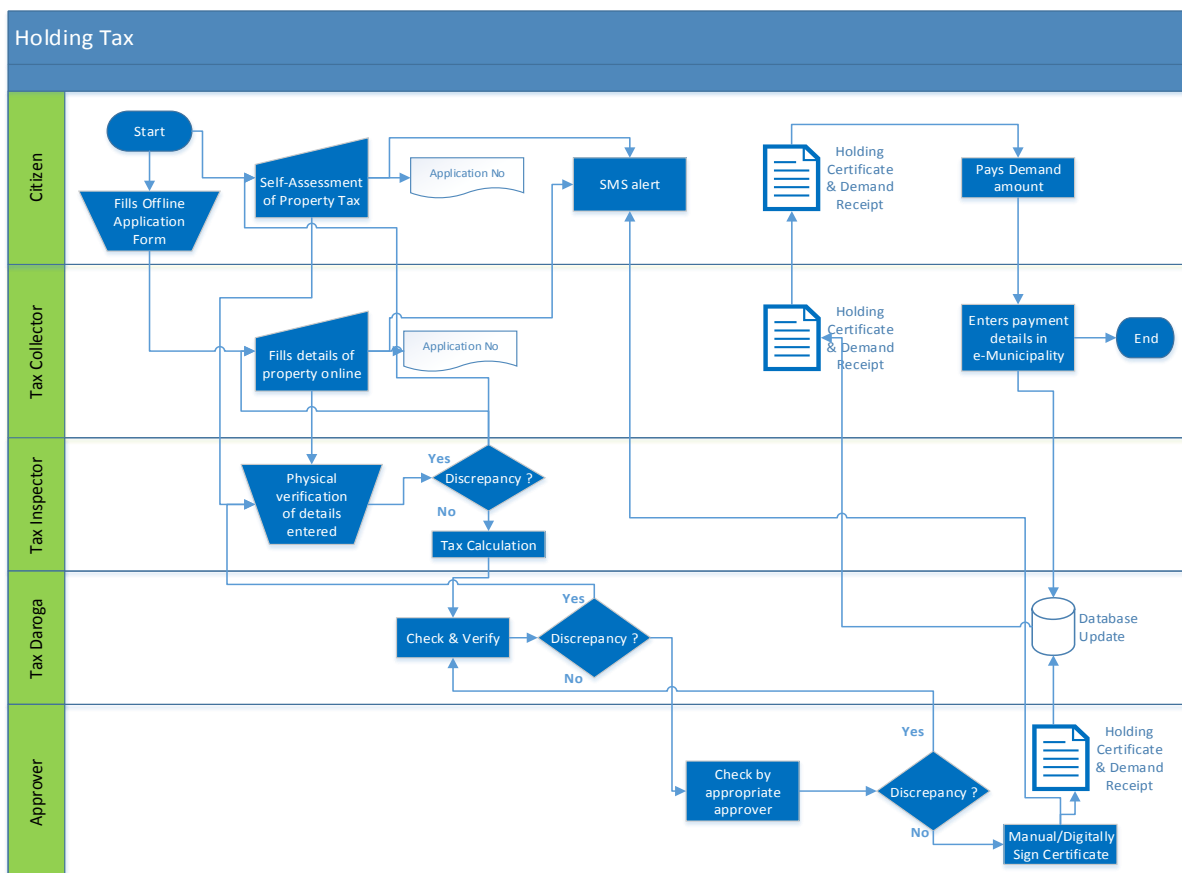
Annexure 5: Format for obtaining data from DISCOMs

Template for sharing ULB-wise electricity connection details

Division	Sub Div	Section	Route	Customer Id	Account No	Category	Name	Address 1	Address 2	Pin Code	Meter Status	Power Supply Status	Consumer Load

Annexure 6: Process Map

The detailed process map highlighting the process related to adding details of a holding has been given below.



Annexure 7: Potential Revenue Estimates**Holding Tax**

Step	Item	Details
I	Current Demand (FY 15)	1.9 Crore
II	Current Coverage (FY 15)	27%
III	Current Collections (FY 15)	1.2 Crore
IV	Target Coverage	85%
$V = I * (IV / II)$	Target Current Demand	6.0 Crore
$VI = V - I$	Incremental Current Demand with target coverage	4.1 Crore
VII	Arrear Demand (FY 15)	3.5 Crore
VIII	Arrear Collections (FY 15)	0.8 Crore
IX	Current Collection Efficiency (FY 15)	63%
X	Arrear Collection Efficiency (FY 15)	23%
XI	Target Current Collection Efficiency	90%
XII	Target Arrear Collection Efficiency	80%
$XIII = V * XI + VII * XII$	Target Collections	8.2 Crore
$XIV = XIII - (III + VIII)$	Incremental Collections with target coverage and target collection efficiencies	6.2 Crore

Rental Income from Corporation properties

Step	Item	Details
I	Current Collections from cess pool, kalyan mandaps, community centre, water tanker, etc. (FY 15)	24.7 lacs
II	Current Collections from shop room rent	127.2 lacs
III	Target increase in collections from cess pool, kalyan mandaps, community centre, water tanker, etc.	60%
IV	Target increase in collections from shop room rent	80%
$V = I * III + II * IV$	Target Collections	268.5 lacs
$VI = V - (I + II)$	Incremental Collections	116.6 lacs

Trade License

Step	Item	Details
I	Current Collections from trade licenses (FY 15)	19.7 Lakhs
II	Current Coverage	1%
III	Target Coverage	60%
$IV = I * (III / II)$	Target Collections from trade licenses	31.5 Lakhs
$V = IV - I$	Incremental Collections	11.9 Lakhs

Annexure 8: Format for Self-Assessment

Self-Assessment Format		
Name of owner		
Address including plot no. and contact details		
Holding No. (if applicable)		
Ward No.		
Land details (Khata No/ Plot No)		
Nature of ownership		
Electricity Consumer No.		
Water Tax Consumer No.		
No. of floors		
Total Area (in Sq Ft)	Vacant	
	Covered - Residential	
	Covered - Commercial	
	Total	
Use of Holding if commercial (See Checklist)		
Month and year of completion		
Whether building plan is approved by SDA? If yes, give plan no and year		
Trade License Number, if applicable		
Remarks		

I (Name in block letters), son/wife/daughter of..... resident of Ward No: hereby certify that the above details are true to my knowledge and belief. I provided the details for this Self-Assessment Return in the capacity of an owner / occupier (Mention capacity and position held, if occupier). I further declare that I am making this declaration in my capacity as..... (Individual / Designation of Occupier) and I am also competent to make this submission and verify it. I am aware of the penal provisions of the Odisha Municipal Corporation Act, 2003 (as amended) which are attracted on wilful suppression and submission of false and incorrect particulars.

Date:

Signature of owner / occupier (with seal, if non-individual)

Checklist

Use of Property	Code
Residential	00
Shops/Shops in Shopping Mall	01
Hat	02
Godowns & warehouse	03
Hotel, Restaurant & Open enclosures	04
Dhabas on Highway	05
Wine Shops	06
Fast food Chains	07
Educational Institutions	08
Healthcare Units	09
Cinema Halls & Multiplex	10
Beauty Parlour & Saloon	11
Spa	12
Showrooms, service centres & garages	13
Kalyan Mandaps/Marriage Halls	14
Exhibition Ground	15
Hostels and Paying Guest Hostel	16
Industries	17
Printing Press	18
Govt & Private offices	19
Petrol Pump	20
Others	21

Annexure 9: Computation of holding tax payable for residential and rental holdings

Assuming plinth area of 1000 sq ft, for a holding located in prime location in Rourkela area and pucca with RCC structure, and cost of land being 20 lakhs, the holding tax payable will be:

$$\begin{aligned}\text{Annual Value} &= 85\% * 1000 \text{ sq ft} * \text{INR } 1.18 \text{ per sq. ft} + 5\% * \text{INR } 20,00,000 \\ &= \text{INR } 1,01,002.9\end{aligned}$$

$$\text{Holding Tax} = 15\% \text{ of Annual Value} = \text{INR } 15,150.4$$

If the holding is rented out for INR 5000 per month, the holding tax will be:

$$\text{Annual value} = 85\% * 5000 * 12 + 5\% * \text{INR } 20,00,000 = \text{INR } 1,51,000$$

$$\text{Holding Tax} = 15\% \text{ of Annual value} = \text{INR } 22,650$$

SNAPSHOTS OF BUDGET MONITRING TOOL

1. Output Screens- monitored by Housing & Urban Development Department



The screenshot shows the login interface of the Odisha Municipal Budgeting Tool. At the top, there is a blue header with the Odisha state emblem on the left and the title "Odisha Municipal Budgeting Tool" in a large, gold, serif font. Below the header is a green "LIVE" status indicator. The main content area is white and features a central graphic with two stylized figures and an hourglass, with the word "Login" above it. Below the graphic are two input fields: "User ID:" with the text "admin" and "Password:" with masked characters "****". A "Login" button is positioned below the password field.

Odisha Municipal Budgeting Tool

LIVE

Login

User ID: admin

Password: ****

Login

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The screenshot shows the control panel of the Odisha Municipal Budgeting Tool after a successful login. The header is identical to the login screen. Below the header, a navigation bar contains links: "Control Panel" (highlighted in pink), "Lock/Unlock Budget", "Final Budget", and a green "LIVE" status indicator. On the right side of the navigation bar, it says "Logged User: Administrator" and a "Logout" link. Below the navigation bar is a "Control Panel" button. The main content area is white and lists several administrative tasks: "Create Financial Year", "Create Sub Major Account Head", "Create Account Head", "Create Sub Account Head", and "Change Password".

Odisha Municipal Budgeting Tool

Control Panel | Lock/Unlock Budget | Final Budget | LIVE

Logged User: Administrator | Logout

Control Panel

Create Financial Year

Create Sub Major Account Head

Create Account Head

Create Sub Account Head

Change Password

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Odisha Municipal Budgeting Tool

[Control Panel](#) | [Lock/Unlock Budget](#) | [Final Budget](#) | **LIVE**

Logged User: Administrator | [Logout](#)

Lock/Unlock Budget Preparation

Financial Year: 2016-2017 ▼

1 2 3			
SLNo.	Name of ULB	Lock/Unlock	
1	Chodwar	<input checked="" type="checkbox"/>	Edit
2	Balesore	<input checked="" type="checkbox"/>	Edit
3	Bhadrak	<input checked="" type="checkbox"/>	Edit
4	Sundargarh	<input checked="" type="checkbox"/>	Edit
5	Deogarh	<input checked="" type="checkbox"/>	Edit
6	Kendrapada	<input checked="" type="checkbox"/>	Edit
7	Barbil	<input checked="" type="checkbox"/>	Edit
8	Keonjhar	<input type="checkbox"/>	Edit
9	Jajpur	<input checked="" type="checkbox"/>	Edit
10	Biramitrapur	<input checked="" type="checkbox"/>	Edit
1 2 3			

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Odisha Municipal Budgeting Tool

[Control Panel](#) | [Lock/Unlock Budget](#) | [Final Budget](#) | **LIVE**

Logged User: Administrator | [Logout](#)

[Final Budget](#)

Final Budget

Financial Year: 2016-2017 ▼

1 2 3					
SLNo.	Name of ULB	Revenue Income	Revenue Expenditure	Capital Receipts	Capital Expenditure
1	Chodwar	VIEW	VIEW	VIEW	VIEW
2	Balesore	VIEW	VIEW	VIEW	VIEW
3	Bhadrak	VIEW	VIEW	VIEW	VIEW
4	Sundargarh	VIEW	VIEW	VIEW	VIEW
5	Deogarh	VIEW	VIEW	VIEW	VIEW
6	Kendrapada	VIEW	VIEW	VIEW	VIEW
7	Barbil	VIEW	VIEW	VIEW	VIEW
8	Jajpur	VIEW	VIEW	VIEW	VIEW
9	Biramitrapur	VIEW	VIEW	VIEW	VIEW
10	Jatni	VIEW	VIEW	VIEW	VIEW

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2. Input Screens- used by the Urban Local Bodies



Odisha Municipal Budgeting Tool

LIVE



Login

User ID:

Password:

Login

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Odisha Municipal Budgeting Tool

Control Panel | Enter Opening/Closing Balance | Prepare Budget | Modify Budget | Report | LIVE | Logged User: Bhubaneswar | Logout

Control Panel

Create Sub Account Head
Change Password

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Odisha Municipal Budgeting Tool

[Control Panel](#) | [Enter Opening/Closing Balance](#) | [Prepare Budget](#) | [Modify Budget](#) | [Report](#) | [LIVE](#) | Logged User: Bhubaneswar | [Logout](#)

Opening/Closing Balance Entry Form

Financial Year:

Opening Balance

1. Revenue Receipt:

2. Capital Receipt:

Closing Balance:

	ID	Revenue Receipt Opening Balance	Capital Receipt Opening Balance	Closing Balance
<input type="button" value="Edit"/>	13	1000000000.00	771855706.00	1998299042.00

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45.114.50.55:8089/OCB.aspx



Odisha Municipal Budgeting Tool

[Control Panel](#) | [Enter Opening/Closing Balance](#) | [Prepare Budget](#) | [Modify Budget](#) | [Report](#) | [LIVE](#) | Logged User: Bhubaneswar | [Logout](#)

Budget for the Year:

Major Account Head:

Revised Estimates for 2015-2016 : ₹

Actual for 2015-2016 : ₹

Budget Estimates for 2016-2017 : ₹

Revised Budget Estimates for 2016-2017 : ₹

Budget Estimates for 2017-2018 :

Non Poor Budget	Urban Poor Budget	Total
₹ 0	0	<input type="text"/>

Allocation

Quarter 1	Quarter 2	Quarter 3	Quarter 4
₹ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Odisha Municipal Budgeting Tool

Control Panel | Enter Opening/Closing Balance | Prepare Budget | **Modify Budget** | Report | **OLIVE** | Logged User: Bhubaneswar | Logout

Edit/Modify Budget

Edit/Modify

Financial Year: 2016-2017 Type of Budget: Revenue Income View

Edit	Major Acc. Head	Sub Major Acc. Head	Acc. Head	Acc. Code	Revised Estimates for for Previous Year	Actual for Previous Year	Est
	Revenue Income	Rates and Tax Revenue	Property Tax	472	305000000.00	236973864.00	40
	Revenue Income	Rates and Tax Revenue	Advertisement Tax	474	85536000.00	60383970.00	40
	Revenue Income	Rates and Tax Revenue	Advertisement Tax	475	456000.00	770805.00	10
	Revenue Income	Rates and Tax Revenue	Advertisement Tax	476	20000000.00	9482821.00	20
	Revenue Income	Rates and Tax Revenue	Advertisement Tax	477	20000000.00	0.00	10
	Revenue Income	Rates and Tax Revenue	Advertisement Tax	478	0.00	50431987.00	75
	Revenue Income	Assigned Revenues & Compensation	Taxes & Duties Collected by Others	87	0.00	500000.00	0.
	Revenue Income	Assigned Revenues & Compensation	Compensation in lieu of Taxes & Duties	91	750000000.00	754484000.00	75

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45.114.50.55:8089/Edit_Bud.aspx



Odisha Municipal Budgeting Tool

Control Panel | Enter Opening/Closing Balance | Prepare Budget | Modify Budget | **Report** | **OLIVE** | Logged User: Bhubaneswar | Logout

Report

Financial Year: 2016-2017 ULB: Bhubaneswar Type of Budget: Summary Budget Estimates View

1 of 1

Select a f

ULB Name: Bhubaneswar

Budget for the Year: 20

Particulars	Amount
Accounts Closing Balance	19982996
Less Supplementary budget	226443336
Opening Balance	1771855706.00

Amount in figures in INR

Sl No	Major Head	Acc Code	Revised Estimates for 2014-2015	Actual for 2014-2015	Budget Estimates for 2015-2016	Revised Budget Estimates for 2015-2016	Budget Estimates for 2016-2017			Allocation			
							Non Poor Budget	Urban Poor Budget	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1	Revenue Income	1	1321352994.00	1410962218.00	1620591142.00	1620591142.00	0.00	0.00	1553926528.00	388481622.00	388481625.00	388481636.00	388481645.00
2	Revenue Expenditure	2	365238264.00	329859281.00	491226320.00	499226320.00	472732772.00	0.00	472732772.00	118183193.00	118183193.00	118183193.00	118183193.00
3	Capital Receipts	4	0	0	0	0	0	0	0	0	0	0	0
4	Capital Expenditure	5	0	0	0	0	0	0	0	0	0	0	0
5	Excess of Income of Expenditure / (Excess of Expenditure over Income) (1-2)		956114730	1081102937	1129364822	1121364822	-472732772	0	1081193756	270298429	270298432	270298443	270298452

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