

MUNICIPAL FINANCE –RESOURCE MANAGEMENT: Issues and Options

Property Tax Innovations–Jharkhand (Privatization of Property Tax Collection)



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26 November 2018

PROPERTY TAX STATUS IN PRE REFORM PERIOD

LIMITED MANPOWER



- Lesser Staff in ULB
- Lesser Visit
- Lesser Coverage of Household
- Reduced Work Efficiency

ARCHAIC LEGAL FRAMEWORK



- Low Rate of Property Tax
- Unchanged for many years

COLLUSION AMONG HOUSEHOLD AND TAX COLLECTOR



- Collusion among Tax Collectors and household
- Underassessment cases increased

NON COMPLIANCE BY GOVERNMENT UNITS



- Huge Arrears from Government departments

Step 1: GOVERNANCE REFORM

- Revamped Property Tax
- Self -assessment system based on Trust and Verify was introduced
- Scientific Method of ARV methodology introduced

Property Tax Rules,
2013



- Recovery Rules to deal with defaulters were prepared
- Right for Attachment of Property and Freezing of Bank accounts
- To Promote Digital Payments, Rebate is given for Online Payment
- Rebate is given for Payment at decentralized Collection centers

Property Tax Recovery
and Collection Rules 2017



- In case of Non Cooperation from Household
- % of Computation of Carpet Area was explicitly defined

Amendment in
Jharkhand
Municipal Act (JMA)
2011



Step 2: INTRODUCTION OF PPP IN TAX COLLECTION AND MONITORING



Appointment of Tax Collection Agencies(TCA)

- Appointed 3 Tax Collection Agencies for State
- More than 500 Tax Collectors working to collect revenue from Property Tax, Water User Charge and Trade License
- They cater 10.34 Lakh Households of the State as on 2011.



TCA:Structure

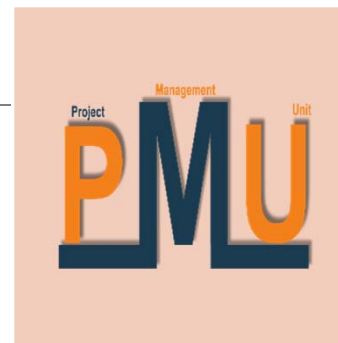
- **Month:** July 2016
- **Number of Agencies:**3
- **Total Staff:**500-600 Staff
- **Cost/Benefit:**Rs24 Cr/Rs 193 Cr
- **Scope:**
 - To Collect Tax from each Household along with Establishment of JSK
 - To maintain online database
 - To do D2D survey to identify unassessed Household

Step 2.1: INTRODUCTION OF PPP IN TAX COLLECTION AND MONITORING



Appointment of Project Management unit(PMU)

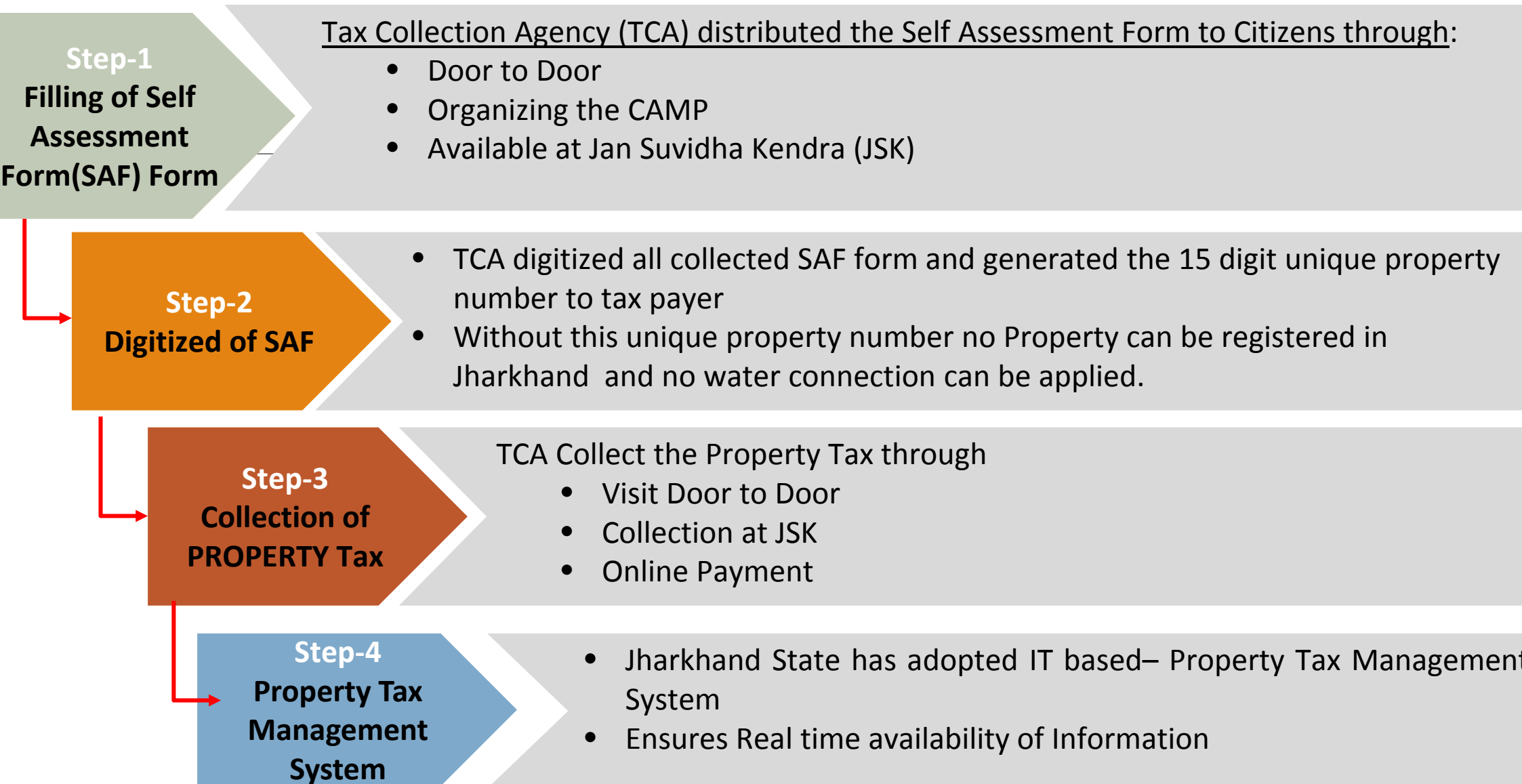
- Professional approach in augmentation of revenue
- Advisory on best practices and strategies across the India and Globally
- **Support in Making Governance** Robust
- **Effective monitoring** of revenue collection and administration process
- **.Bridge Gap** Between ULB/Citizen and Government



Structure of Project Management unit(PMU)

- **Month:** July 2017
- **Number of Agencies:**1
- **Total Staff:**21 Staff
- **Coverage:**41 Ulbs among 5 Clusters
- **Cost** Rs 2 Crores p.a

Step 2.2: PROCESS FOLLOWED BY TAX COLLECTION AGENCIES



Step 3: CONTINUOUS IEC INITIATIVES are being Taken



LEVEL WORKSHOP FOR URBAN LOCAL BODIES ON REVENUE AUGMENTATION: 5 Nov 2017



CONSULTATIVE WORKSHOP FOR ULBs ON NEW INITIATIVES : 28 Dec 2017



EMPOWERING ULBs THROUGH POWER OF GOVERNANCE:



CONTINUOUS IEC ACTIVITIES



REGULAR COLLECTION CAMPS



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4:PMU : Identified Underassessment s as per section 152(3) of JMA 2011



***Sample physical verification** of 3000 household(HH)

***Recurring Demand and collection Increased by atleast Rs 2.35 Cr.**

***Collection is done from PSUs and Government Departments like Mecon,CCL, LIC etc through application of JMA 2011 and Recovery Rules 2017.**

***Rs 7.5 Cr was collected from these departments due to efforts of PMU**

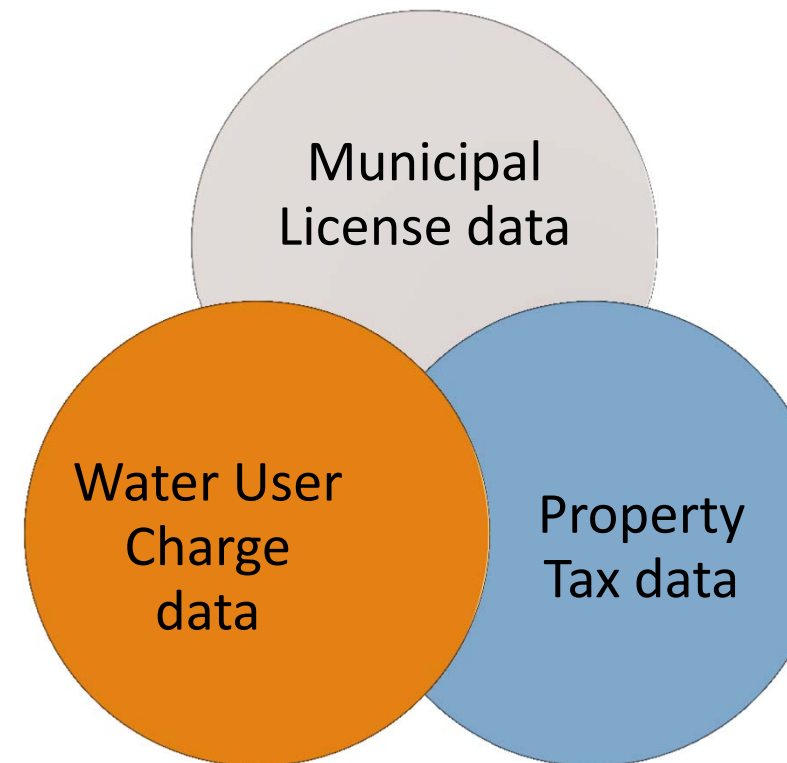
***Professional Work Culture Scheme was Introduced**

Amnesty Scheme to reduce unassessed cases was introduced in last quarter of 2017-18

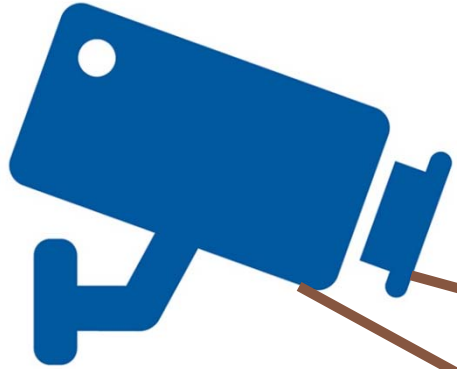
Step 5: Cross Mapping Mechanism: Integration of Tax and Non tax Revenue

To reduce Unassessed HH, Cross Mapping Mechanism Used taking Holding ID as base

Under This Technique, data of Municipal License, Water user charge, Municipal Properties given on rent and building permissions are used to map with data of Property Tax and in this way gap is filled at all corners.



Step 6: Surveillance on Tax Collection Agencies

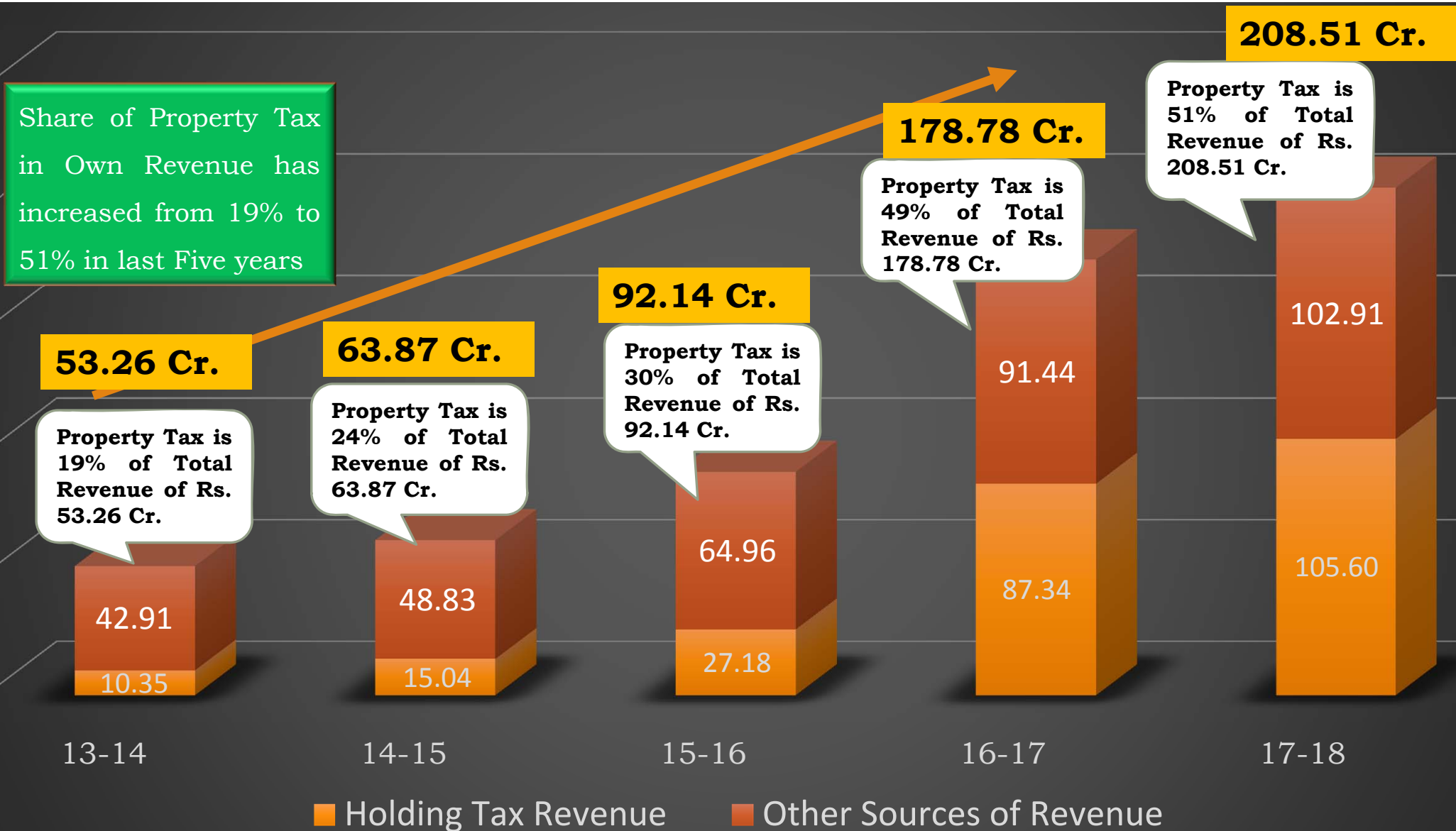


1.Prevent Collusion: Appointment of PMU

2.Checking Misappropriation:Affidavit was taken from Tax Collection agencies to indemnify for any Financial loss

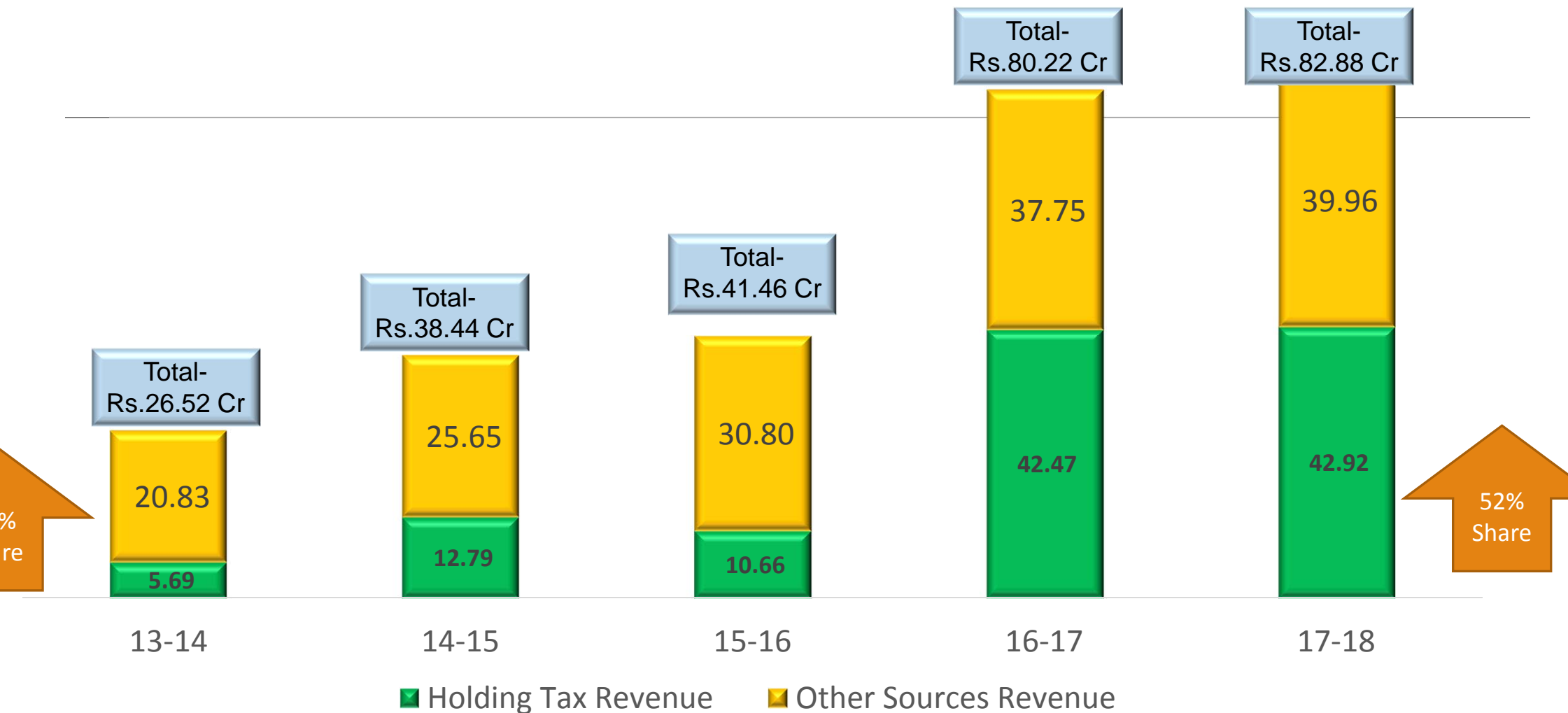
3.Reconciliation of Collection of Revenue: Cash Deposited by Tax Collection agencies was Verified through Internal Auditor appointed at ULB and Final report was cross verified by PMU

COMPARISON of OWN REVENUE OVER LAST FIVE YEARS (in Cr.)



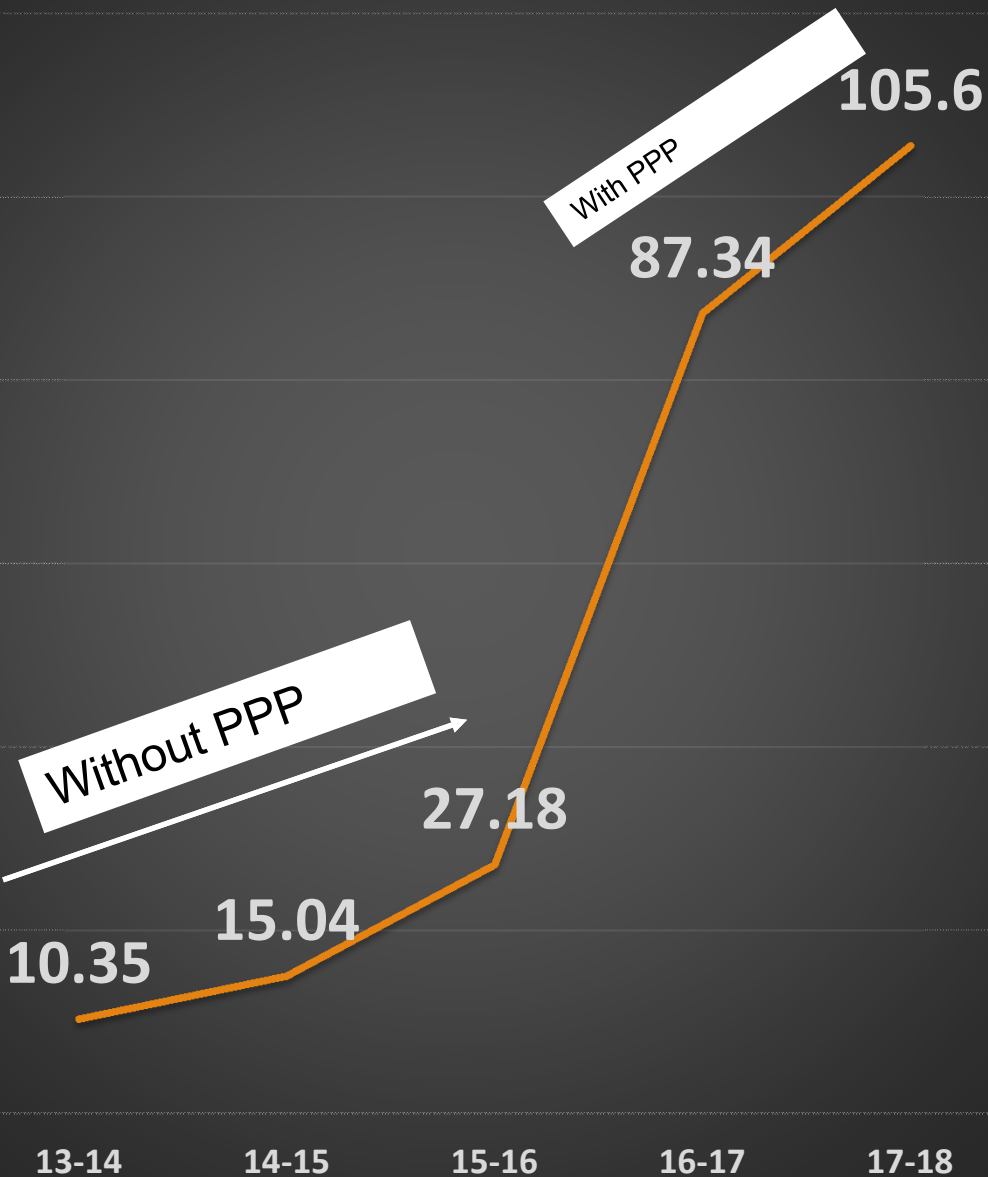
COMPARISON of OWN REVENUE OVER LAST FIVE YEARS- RANCHI MUNICIPAL CORPORATION

(Amount in



BEST-BENEFIT ASSESSMENT OF PROPERTY TAX COLLECTION PRE/POST PRIVATISATION

PROPERTY Tax Collection: Rs in Crores



1. PROPERTY Tax Collection increased from Rs 10.35 Cr in 13-14 to Rs 105.6 Cr, Increased by 10 times.

2. Collection ratio increased from 48% in 16-17 to 67.5% in 17-18, increased by 41%

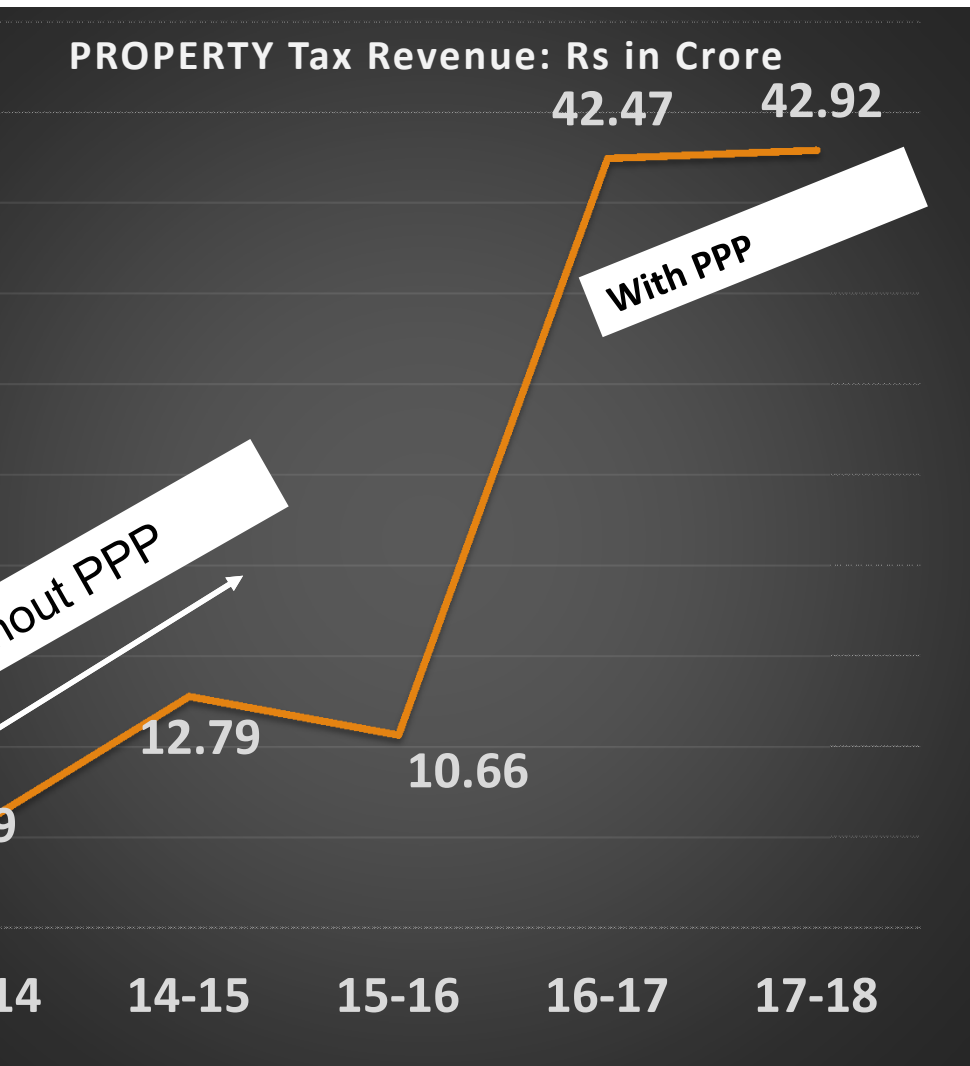
3. In the year 2016-17 and 2017-18

*** Total collection from Property Tax is Rs 193 Cr**

*** Cost of tax Collection agencies and PMU of Rs 24 Cr**

whereas without PPP, in last three years 2013-14, 2014-15 and 2015-16, collection was only Rs 53 Cr.

COST-BENEFIT ASSESSMENT OF PROPERTY TAX COLLECTION PRE/POST PRIVATISATION: Mumbai Municipal Corporation



1. PROPERTY Tax Collection increased from Rs 5.69 Cr in 13-14 to Rs 42.47 Cr in 16-17, increased by 8 times.

2. Collection ratio increased from 50% in 16-17 to 55% in 17-18, increased by 10%

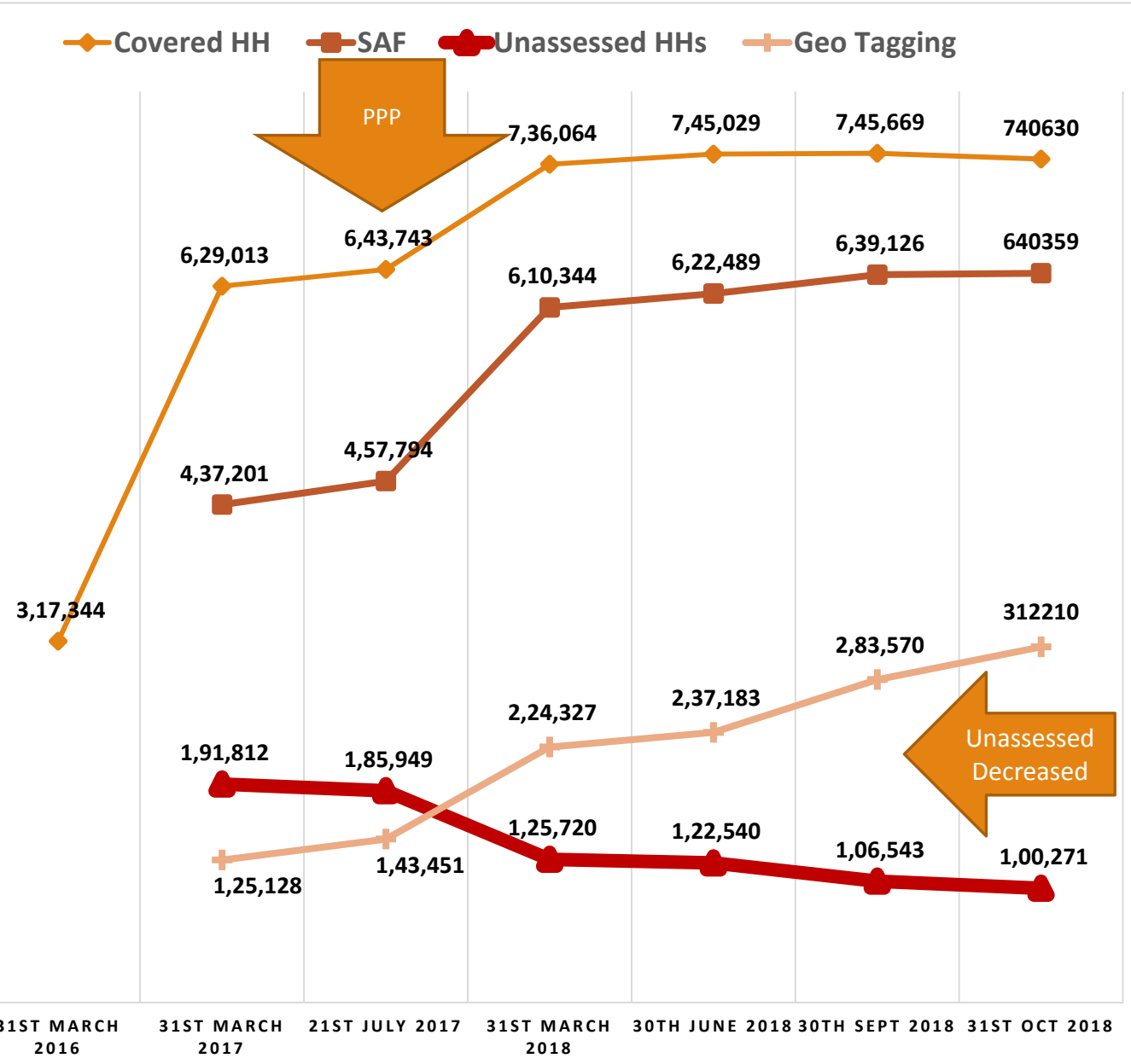
3. In the year, 2016-17 and 2017-18,

***Total collection from Property Tax is Rs 85.39 Cr**

*** Cost of tax Collection agencies of Rs 10.68 Cr**

whereas without PPP, in last three years 2013-14, 2014-15 and 2015-16, collection was only Rs 29.14 Cr.

SHOT OF PHYSICAL PROGRESS OF JHARKHAND 41 ULBs



1.No of Assessed Property :
Increased from 4.37 Lakh in 16-17
to 6.40 Lakh till 31 Oct 2018

2.Increase in assessment by 44.3%

3.Unassessed HH decreased by
35%.

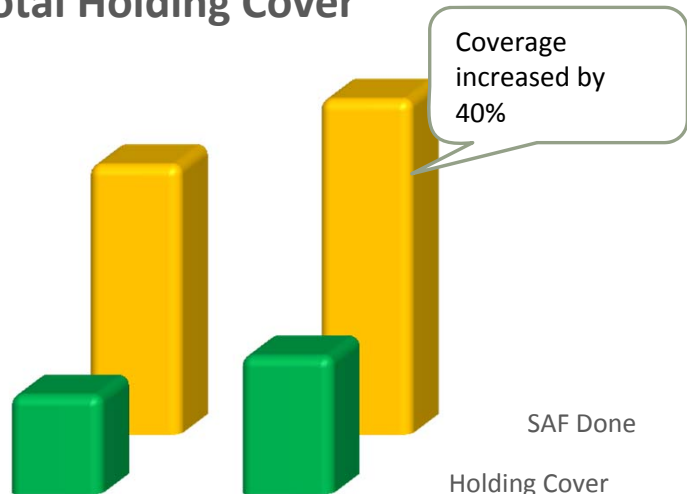
4. To increased assessm
Innovative interventions v
deployed

6. IMPACT OF PPP IN REVENUE: BETTER PERFORMANCE Oct'18 VS Oct'17

PHYSICAL PROGRESS

FINANCIAL PROGRESS

Total Holding Cover

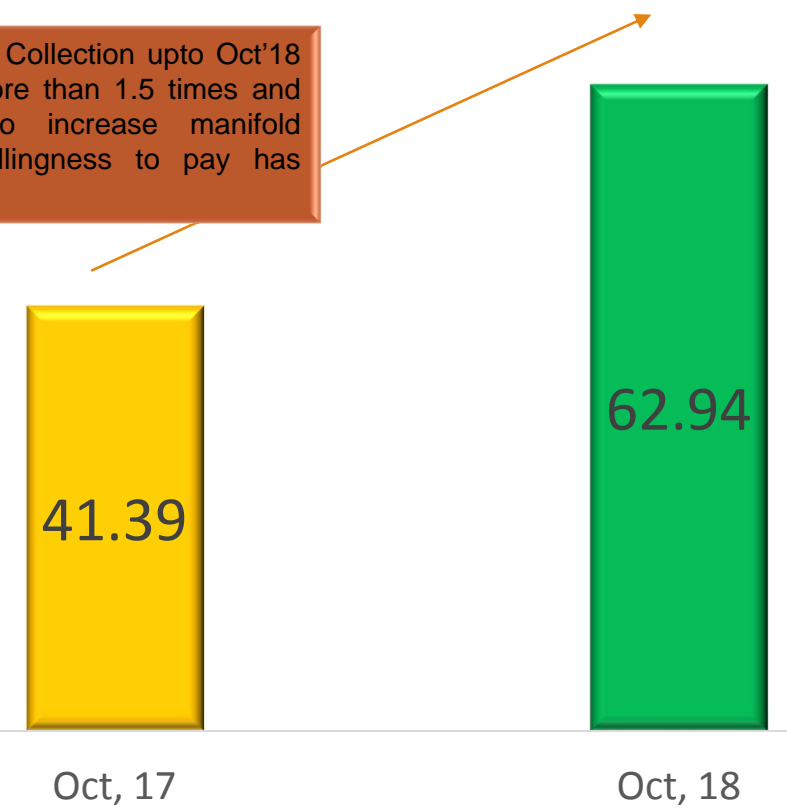


	April'17 to Oct'17	April'18 to Oct'18
Holding Cover	1,89,354	2,64,100
SAF Done	5,15,204	6,40,359

■ Holding Cover ■ SAF Done

COLLECTION FROM HOLDING TAX REVENUE AMOUNT IN CRORE

Property Tax Collection upto Oct'18 increased more than 1.5 times and coverage too increase manifold indicating willingness to pay has improve

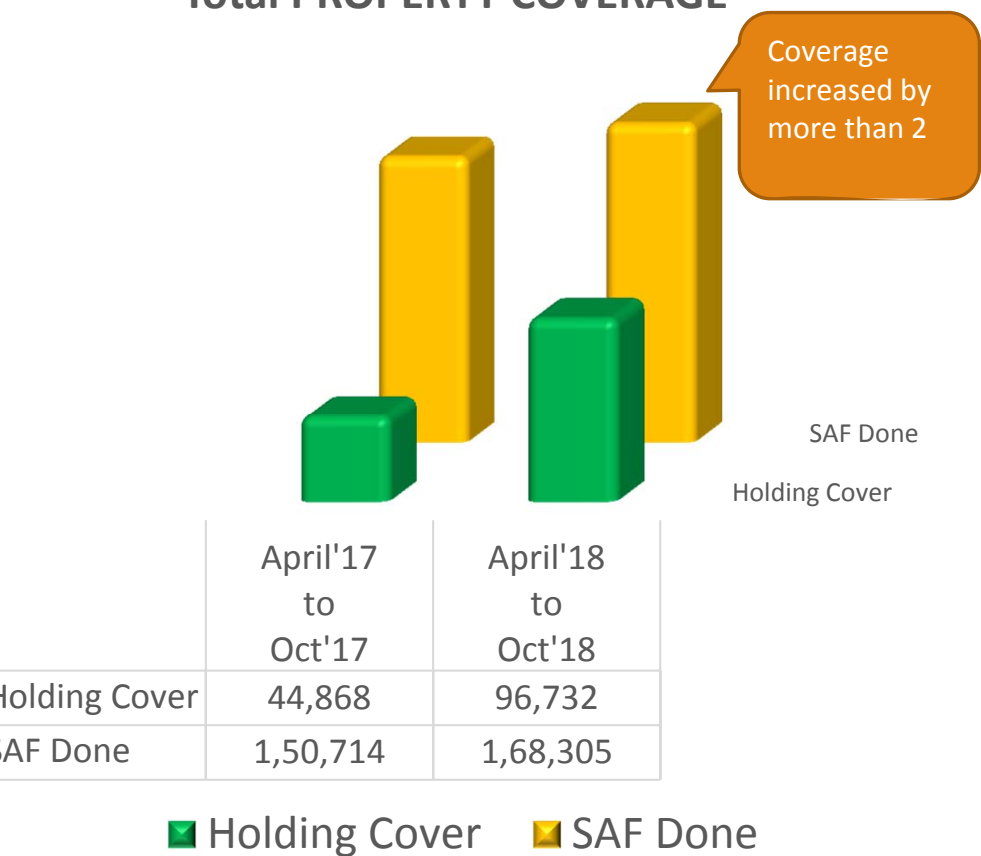


1. IMPACT OF PPP IN REVENUE: BETTER PERFORMANCE Oct'18 VS Oct'17

Ranchi Municipal Corporation

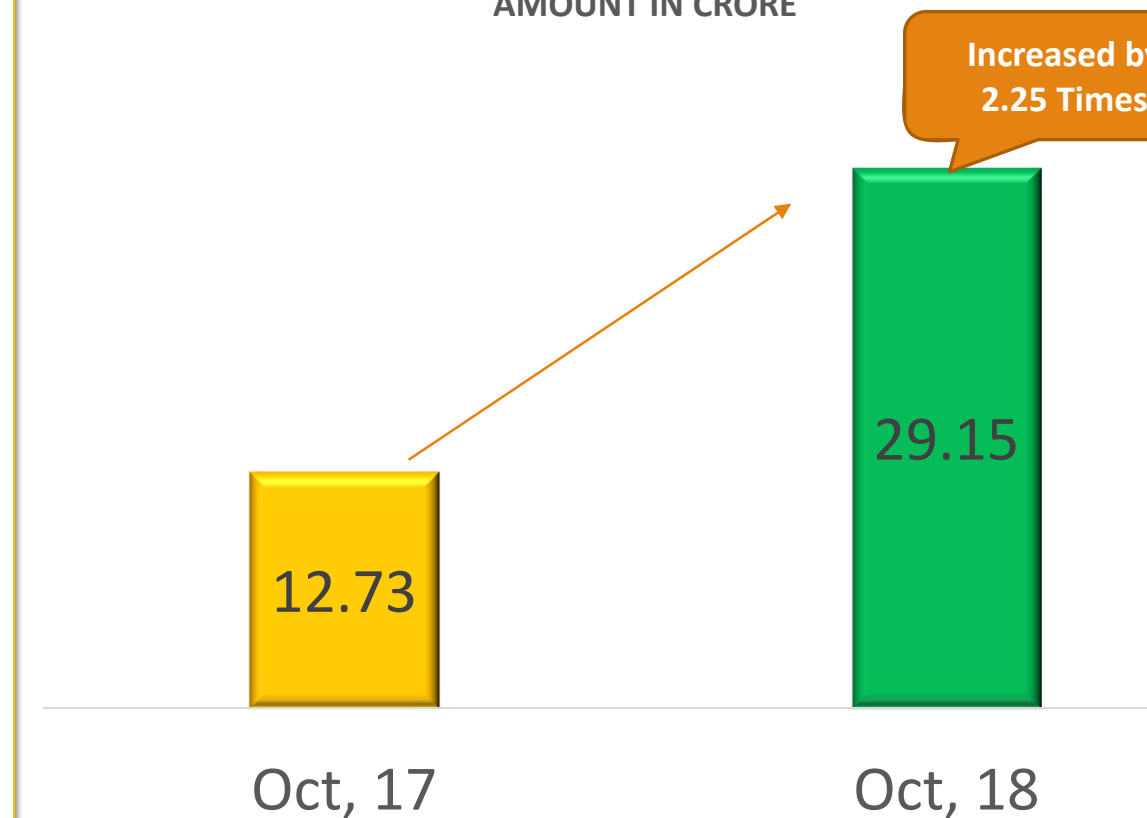
PHYSICAL PROGRESS

Total PROPERTY COVERAGE



FINANCIAL PROGRESS

COLLECTION FROM PROPERTY TAX REVENUE AMOUNT IN CRORE



7.IMPACT OF STRUCTURAL REFORMS

Recovery of Arrears

- PPP mode lead to decrease in Arrears by 20% and non responsive demand is being deactivated

Bring Unassessed

Properties under
Assessment

- Number of unassessed Properties have reduced by more than 35%

Commissioned-Based

Collectors and PMU for
Monitoring :

- UD&HD adopted PPP mode through appointment of TCA and PMU.

Improving Per Capita

per HH

- Jharkhand per capita Property tax revenue per annum has increased from **Rs 99.25 per Household** to **Rs 1006 per Household** (*PropertyTax Collection in 13-14 Rs 10.35 Cr and in 2017-18 was Rs 105.6 Cr .HH of State for 41 ULB as on 2011 is 10.34 Lakh*)

Computerization

- PMC has computerize implementation of property tax.

8.Journey to Reform has just begun.....



NAGAR PRAHARI SCHEME

- Government of Jharkhand is Planning to introduce Nagar Prahari Scheme
- To curb underassessment and unassessed Households



GIS BASED MAPPING

- Government of Jharkhand is Planning to introduce GIS mapping
- Integration with RFID Tag
- This will Reduce unassessed cases and meet Projected HH



IMPLEMENTATION OF FUND UTILIZATION SCHEME

- Own Fund Utilization Scheme in Places.
- Ensure better service delivery to citizens



Thank you