

N-11025/26/2003-UCD
Government of India
Ministry of Urban Development
UCD/LSG Section

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Nirman Bhawan,
New Delhi dated 17th December 2009

To

**All Secretaries (Urban Development) of all
State Governments and Union Territories.**

Subject: Payment of service charges to local bodies in respect of Central Government properties – Supreme Court Order in Civil Appeal No.9458-63/2003 -Rajkot Municipal Corporation & Others Vs. UOI & Others.

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Sir,

I am directed to State that the Hon'ble Supreme Court vide its order dated 19.11.2009 disposed of the Civil Appeal No.9458-63/2003 - filed by Rajkot Municipal Corporation & Others Vs. UOI & Others(copy enclosed) relating to payment of service charges by Central Government Departments to Urban Local Bodies, with the following directions:-

- (1) The UOI & its Departments will pay service charges for the services provided by appellants Municipal Corporations. No Property Tax will be paid by UOI but service charges calculated @ 75%, 50% or 33 1/3% of Property Tax levied on property owners will be paid, depending upon utilization of full or partial or Nil services. For this purpose agreements will be entered into UOI represented by concerned Departments with respective Municipal Corporation.
- (2) The arrangement at (1) is open to modification or revision by mutual consent. In the event of disagreement, the same shall be resolved by a 3 member Mediation Committee consisting of a representative of Central Government, a representative of concerned Municipal Corporation & a senior representative (preferably the Secretary in charge of Department of Municipal administration) of the State of Gujarat.
- (3) In the event of any Department or Railways owning a property changes the Agreement unilaterally or fails to reach settlement through Mediation Committee, the concerned Municipal Corporation could take such action as it deems fit by approaching Courts/Tribunals for reliefs.
- (4) The Municipal Corporations shall not resort to coercive steps (such as stoppage of services) nor resort to revenue recovery proceedings for recovery of service charges from UOI or its Departments.

- (5) The services payable by UOI shall not be more than the service charges paid by State Government for its properties. Wherever exemptions or concessions are granted to the properties belonging to the state government, the same shall also apply to the properties of Union of India.
- (6) If Railways do not abide by the instructions of Ministry of Finance as contained in the 4 circulars dated 10.5.1954, 29.3.67, 28.5.1976 and 26.8.1986 and general consensus set out above, it is open to Municipal Corporation to take suitable action as is permissible in Law.

2. All the State Governments are requested to kindly note the above orders of Supreme Court and suitably advise their Urban Local Bodies for regulating payment of service charges in respect of Central Government properties in terms of the above judgement. In this connection, it is stated that the arrangement mentioned in point (2) of para 1 above is specific to the State of Gujarat and appropriate dispute resolution mechanism may be considered by the State Governments in respect of their State. Action taken in this regard may be intimated to this Department for compliance.

Yours faithfully,

(R. Sathyanarayanan)
Under Secretary to the Government of India
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