

### Area Linked System as Introduced in Patna

- *New rules* were framed, in 1993, under the Patna Municipal Corporation Act, 1951 according to which -

- (1) The annual rental value was defined as : “the rent a holding is capable of fetching over a period of one year”.
- (2) For determining the rent-fetching capability of a holding, an area based assessment method was adopted, and Rule 3 on *Classification of holding* provides as follows :

**“3. Classification of holding.** – (1) The holding in the Corporation area shall be classified by the Corporation on the following criteria :

- (a) Situation of the holding –
  - (i) Holdings on the Principal Main Road,
  - (ii) Holdings on the Main Road,
  - (iii) Holding other than sub-clauses (i) and (ii).
- (b) Use of the holding –
  - (i) Purely residential,
  - (ii) Purely commercial or industrial (whether self-owned or otherwise),
  - (iii) Partly residential and partly commercial/industrial,
  - (iv) All Holdings other than sub-clauses (i), (ii) and (iii).
- (c) Type of construction –
  - (i) *Pucca* building with R.C.C. Roof,
  - (ii) *Pucca* building with asbestos/corrugated sheet roof,
  - (iii) All other buildings not covered in sub-clauses (i) and (ii).”

- (3) Furthermore, Rule 3(2) provided that : “subject to the approval of the State Government, the Corporation may, from time to time, publish the list of principal main roads as well as main roads and if necessary modify the lists for the purposes of these Rules.”.
- (4) Rule 4 specified for the *Methods of calculation of Carpet Area for Computation of Annual Rental Value of Holding* in terms of the following :

**“4. Methods of calculation of Carpet Area for computation of Annual Rental Value of holding.** – For the purpose of calculation of Annual Rental Value of a holding, measurement of Carpet Area shall be calculated as under :-

- (i) Rooms – Full measurement of Internal Dimension.
- (ii) Covered Verandah – Full measurement of Internal Dimension.
- (iii) Balcony/Corridor, Kitchen and Store – 50 *per cent* measurement of Internal Dimension.
- (iv) Garrage – One-fourth measurement of Internal Dimension.

- (v) Area covered by bath room, latrines, portico and staircase shall not form part of the Carpet area.”
- (5) Rule 5 specified the *Power of the State Government to fix rental values and annual rental values* in terms of the following :
- “**5. Power to fix the Rental Value and the Annual Rental Value.** – (1) The *rate of rental value per sq.ft.* shall be fixed by the Corporation with the prior approval of the State Government having regard to the situation, use and the type of construction of the holdings.
- (2) The Annual Rental Value shall be computed as a multiple of the Carpet area and the rental value fixed under sub-rule (1).
- (3) The rental value per sq.ft. of Carpet area for different classes of buildings shall be published from time to time by the Corporation with the prior approval of the State Government.”
- (6) Rule 6 on *Rate of Tax* provided as follows :
- “**6. Rate of Tax.** – Tax shall be assessed on the basis of Annual Rental Value on the following rates :
- (i) Holding Tax – at the rate of *2.5 per cent* of Annual Rental Value,
- (ii) Water Tax – at the rate of *2 per cent* of Annual Rental Value,
- (iii) Latrine Tax – at the rate of *2 per cent* of Annual Rental Value.”
- (7) Rule 7 provided that the *Corporation may revise the rate of Tax on Annual Rental Value with the prior approval of the State Government.*
- In a Civil Appeal in *State of Bihar and Others, Appellants vs. Sachchidanand Kishore Prasad Sinha and Others\** as Respondents, the Hon’ble Supreme Court examined the provisions of the new system as introduced by the Government of Bihar and it upheld the basis of classification as specified in the new Rules.

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\* AIR 1995 : Supreme Court 885.