

**GOVERNMENT OF PUNJAB
FOURTH PUNJAB FINANCE COMMISSION
UDYOG BHAWAN PUNJAB, SECTOR-17 CHANDIGARH**

Subject:- Questionnaire.

- Note: i) This questionnaire may be downloaded from www.doitpunjab.gov.in. Questionnaire may be filled in and posted by speed post with comments to Member- Secretary, Fourth Punjab Finance Commission, Udyog Bhawan, Sector-17, Chandigarh. It can also be e-mailed to pb4fincomm@gmail.com
- ii) The questions in this questionnaire are indicative. Please feel free to comment on any relevant issue even if it is not mentioned in this questionnaire. **You may answer all questions or only those in which you are interested.**
- iii) However, for Government Departments and public sector undertaking it is expected of them to answer all questions pertaining to them. The response to related questions should be specific and concise duly supported by facts and figures.
- iv) In this questionnaire, the term Urban Local Bodies (ULBs) includes Municipal Corporations, Municipal Councils and Nagar Panchayats. Similarly, the term Panchayati Raj Institutions (PRIs) includes Zila Parishads, Panchayat Samitis & Gram Panchayats.

(A) TAXATION POWERS:-

1. a) Do the ULBs & PRIs have any powers of taxation ? If yes, are the present powers of taxation of ULBs and PRIs adequate? If not, should additional powers of taxation be conferred on the bodies?
 - b) If so, what powers? Please give in brief.
 - c) Is it correct that ULBs/PRIs are not or should not be exercising their full taxation powers; if yes give reasons thereof?
2. At present, rates of taxes levied by ULBs and PRIs are determined by the State Govt. and any change in the tax rates requires prior approval of the State Govt. Should Urban Local Bodies and Panchayati Raj Institutions be allowed full freedom to levy taxes within limits prescribed by law subject to floor or ceiling rates to be fixed by the State Govt.?

(B) RESOURCE MOBILIZATION:-

- 3) a) In your view, are Urban Local Bodies and Panchayati Raj Institutions making satisfactory collection and achieving desired levels of recovery of all taxes, duties, fees, and cess etc. at present levied?

- b) If not, what is the extent in respect of each of the above tax separately, of:

Year 2008-09

Sr. No.	Item	Target	Achievements
i.	Short assessment		
ii.	Evasion		
iii.	Shortfall in collection		

4. What measures would you suggest to increase yield from existing taxes, duties , fees, and cess etc. and to reduce evasion or erosion of taxes?
5. Should the State Govt., be required to compensate the local bodies for any loss of revenue due to any concessions or reduction in rates or abolition of any tax under a policy, direction or decision of the State Govt., except on a request from the local body?
6.
 - a) Do you think Urban and Rural Local Bodies should ultimately be financially self-sufficient?
 - b) If not, to what extent, should their resources be supplanted by devolution of a share of State taxes?
7.
 - a) Do you think additional revenues can be generated by sale or better utilization of the properties of Urban Local Bodies?
 - b) If so, what are your suggestions in this regard?

URBAN LOCAL BODIES

(C) OCTROI:-

8.
 - a) Octroi is not levied any more in the State since 2006.
 - b) What was the income from Octroi in the previous 2 years before abolition of Octroi.
 - c) What was the method of Octroi collection in previous 2 years.
 - i) Through private auction or
 - ii) Through own staff
 - d) What has been your experience regarding abolition of Octroi? What kind of re-percussion this measure had on the finances and functioning of Municipal Bodies?
 - e) In your opinion have the Urban Local Bodies continued to be adequately compensated by the State Government since abolition of octroi through other sources of revenue, particularly local area development tax. (LADT).
 - f) If not, can you suggest any equally elastic alternative source of revenue to the Urban Local Bodies, which is easy to collect.

(D) HOUSE TAX (PROPERTY TAX) :-

9. a) Should house tax continue to be levied on the basis of annual rental value? If yes, should application of Rent Control Act, “annual value” adopted for house tax be eliminated by a specific amendment in the law ?
- b) If not, should it be based on the value of the property assessed according to well- defined criteria based on factors such as locality, covered area, type of construction, age of construction, usage (e.g. residential, commercial, industrial etc .)
- c) In case of (b) above, should there be a Valuation Authority to ensure fair assessment and an Appellate Authority to hear appeals against assessment? If so, what should be the composition of the Valuation and Appellate Authorities?
- d) Should there be periodic revision of valuation, say after every 3 years, based on inflation index and allowing for depreciation/appreciation?
10. a) In your opinion, is exemption of residential buildings, occupied by the owners themselves, from house tax, irrespective of their plot size/ covered area justified ?
- b) If not, up to what size of plot/covered area, should the owner-occupied residential buildings be exempted from house tax?
11. a) Will privatization of collection of house tax and other taxes and duties lead to increase in net revenue?
- b) If this service is privatized, how should it be regulated so as to avoid harassment of public?
12. a) Should house tax be levied on commercial establishments in rural areas at a uniform rate?
- b) Should house tax be levied on commercial establishments in urban areas at a uniform rate?

(E) WATER SUPPLY AND SEWERAGE :-

13. One of the core functions assigned to Urban Local Bodies is water supply and sewerage.
 - a) Should full cost of operation and maintenance of water supply and sewerage be recovered from all consumers?
 - b) If not, what portion should be recovered from economically weaker sections and who should bear the resultant loss - other consumers through cross-subsidization or should it be compensated from the general municipal budget?
14. Should a portion of capital cost of water supply and sewerage projects be recovered from the consumers and if so, how much?
15. What measures would you suggest to:-

- a) Effect economy in operation and maintenance expenditure on water supply & sewerage and
 - b) avoid wastage of water?
16. In your view, will privatization of operation and maintenance of water supply and sewerage, sanitation and solid waste management and other services result in reduction of cost and improvement in quality of service?

(F) GENERAL –Urban Local Bodies (ULBs)

17. a) Do you think privatization of construction of civil infrastructure like roads, bridges and flyovers, streets, water supply and sewerage etc. will lead to lower costs, reduce construction period and improve quality of work?
- b) In your view, will privatization of more functions and services performed by Urban Local Bodies lead to reduced expenditure and improved performance?
18. Do you think the rapid movement of rural population to urban areas needs to be checked? If so, what measures may be adopted to slow down the growth of population in the cities by migration from rural areas with consequent pressure on infrastructural facilities in the cities?
19. What measures would you suggest should be taken by Urban Local Bodies to check the growth of slums, provide alternative accommodation for the slum dwellers and improve basic civic amenities in slum areas?
20. a) Do you think that our Urban Local Bodies are over-staffed?
- b) If so, please suggest specific measures for reduction of staff to reasonable levels.
- c) In your view, will privatization of more functions and services performed by Urban Local Bodies lead to reduced expenditure and improved performance? State in brief.
- d) Do you think Urban Local Bodies have adequately qualified staff to implement and maintain development projects?
- e) Do you think Urban Local Bodies staff requires training, particularly in accounting and town planning?
21. In your view, which are the areas where savings can be effected in municipal expenditure through streamlining procedures, administrative functioning and improving supervision, etc. and how?
22. a) Are Urban Local Bodies taking adequate measures to check air and water pollution?
- b) If not, what measures need to be taken by them in this regard?

23. Is there any scope of involvement of local people/NGOs in the development of the area? If yes, what is the scope of their involvement? What is the current mechanism of people's participation.

(G) Panchayati Raj Institutions (PRIs)

24. What other tax, besides house tax should be levied by Panchayats to augment its revenue?
25. What measures would you suggest for augmenting income of Panchayats from shamlat/Panchayat lands?

(H) DEVOLUTION OF STATE RESOURCES- METHDOLOGY AND APPROACH – COMMON

26. What should be the basis for determining the total amount to be transferred from State Govt. to Urban Local Bodies and Panchayati Raj Institutions. Should it be:-
- a proportion of the anticipated revenue deficit by projecting revenue on the basis of historical growth, or
 - a proportion of normative revenue deficit (i.e by projecting revenue on the basis of optimum recovery of tax & non- tax revenues) or any other basis (please specify)
27. The Third Finance Commission had recommended 4% of Punjab's net tax collection, (minus compensation for abolished Octroi) be paid to the Local Bodies.
- Is this percentage sufficient or should it be increased to generate more funds for Local Bodies?
28. Should share of Excise Duty and Auction Money payable to local bodies be increased from the existing level of 10% on country liquor and 16% on IMFL & Beer to generate more funds for the Urban Local Bodies and Panchayati Raj Institutions as recommended by the Third Punjab Finance Commission?
29. a) What should be the basis for division of total amount of devolution between rural and urban local bodies?
- Should any weightage be given to rural areas because of lower per capita income in rural areas & therefore, lower revenue potential of Panchayati Raj Institutions? If so, how much?
 - On what principles should the amount allocated for Urban Local Bodies be distributed between Municipal Corporations, Municipal Councils and Nagar Panchayats ?
 - (i) Should the entire amount allocated for Panchayati Raj Institutions be given to gram Panchayats?
 - (ii) If not, what percentage should be given to Panchayat Samitis and Zila Parishads?

- e) Should certain weightage be given to Urban Local Bodies & Panchayati Raj Institutions located in recognized backward areas viz., sub-mountainous, kandi, bet and border areas? If so, how much?
 - f) Can you suggest any other basis on which the local bodies with lower resource base or higher expenditure responsibilities may be given some weightage in allocation?
30. Should the funds flowing to urban and rural areas for civic facilities from different State Govt. departments, Centrally Sponsored Schemes, District Rural Development Agency, Rural Development Board, Marketing Board, Urban Development Agency, State Component Grants, World Bank assisted projects etc. be taken into consideration while determining amounts to be transferred by devolution of taxes and grants?
 31. Should disbursement of development grants by the State Govt. and the District Planning Board be left entirely to discretion or should any principles be evolved for regulating release of these grants?
 32. Should any conversion fee of land use from agriculture to non-agriculture be levied? If yes, what principles should govern the rate of the fee and its allocation to local bodies?
 33. Are the present administrative and disciplinary powers vested in the Urban Local Bodies and Panchayati Raj Institutions in respect of provincialised cadre employees adequate?
 34. Corruption affects the financial position of Urban Local Bodies and Panchayati Raj Institutions adversely through leakage of revenue and wasteful expenditure.
Can you suggest some effective measures for reducing corruption in these bodies?
 35. One of the main arguments given for going slow on the devolution of functions and resources to the urban local bodies and Panchayati Raj Institutions is that the leadership of these bodies are greatly lacking in ability, integrity, objectivity and public spirit and, instead the main motivation is to promote parties and selfish ends, Do you agree? If yes, what steps should be taken to impart proper training and have in-built safeguards to ensure sound administration and management in these bodies?
 36. **Accounting and Audits:** Could you suggest any changes in the present accounting and audit arrangements and procedures in Urban Local Bodies and Panchayati Raj Institutions to ensure transparency and effective control over expenditure & income?
 37. Any other point (s), that you wish to mention relevant to the terms of the Reference of the Commission (A copy of the Notification is enclosed)

38. Would you also like to explain your views personally to the Commission? Indicate date/locations preferred (The Commission will not be able to reimburse any travel and boarding related costs/expenses).

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