

CHAPTER – VI

**CURRENT FINANCIAL
POSITION OF LOCAL
BODIES AND FURTHER
RESOURCE
MOBILISATION**

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CURRENT FINANCIAL POSITION OF LOCAL SELF GOVERNMENT AND FURTHER RESOURCE MOBILISATION

INTRODUCTION

6.1 The philosophy of taxation, apart from our current experience with global exposure, is derived from our rich heritage and ancient texts that every individual, high or low has a responsibility to contribute as much for his / her own well being as for the sustenance and growth of the community and the nation at large. The taxpayer, in fact every body, must pay the community / nation according to his capacity. The rationality of assessment lies in the objective consideration of the authority with an honest conscience. No rich man, while arguing must hide his / her face behind the poor man's and every sly tax payer trying to put on a mask of innocence must be appropriately identified by the effective and efficient instrument of the State. The Tax Collector, while assessing and collecting the tax must, like a bee, not spoiling the flowers while collecting honey or like a milk man, not violently wrenching / squeezing the udder while milking the cow, collect the tax from the taxpayers, justifying thereby both the process and procedure are neither straining nor harassing. Tax Collector should be taken to task with a heavy hand both for corruption and harassment. State ought to be always considerate and the citizen, state loving and patriotic. Where there are industrious and willing citizens ready for supreme sacrifice and the State has appropriate understanding and determination to strive hard for welfare and growth, that nation in history is destined to be prosperous and safe. Taxation is no tyranny, if properly assessed and conveniently collected.

6.2 It shall not be out of place to mention here from 'The Mahabharat' that when Yudhisthir, after the war being directed and accompanied by Lord Sri Krishna, went with his four brothers and wife Draupadi to the Grand Sire Bhishma (who was on a bed of arrows prepared by 'Arjuna'), to learn about state craft, Public Finance, Development Economics, different systems of administration, philosophy of life, righteous living and various duties and responsibilities of the King, Pitamaha Bhishma out of many deliberations, advised Yudhisthir how to collect tax from the subjects. Here goes a stanza from his dictations (Mahabharat, Shanti Parva, Volume-V; 88th Chapter, Sloka-4)

ଭାଗ୍ୟ ଯୁଧିଷ୍ଠିରକୁ କହୁଛନ୍ତି ।

ମଧୁଦୋହ ଦୁହେଦ ରାଷ୍ଟ୍ର ଭ୍ରମରା ଇବ ପାଦପମ୍ ।

ବହାପେକ୍ଷା ଦୁହେଜୈବ ସ୍ତନଂ ଶୂନ ବିକୃତୟେତ୍ ॥୪॥

ଯେପରି ଭ୍ରମର ଧୀରେ ଧୀରେ ଫୁଲ ଏବଂ ବୃକ୍ଷକୁ ନଷ୍ଟ ନ କରି ଫୁଲ ଏବଂ ବୃକ୍ଷର ରସ ନେଇଥାଏ, ଯେପରି ଦୁଗ୍ଧ ଦୋହନକାରୀ ବାଛୁରୀକୁ କଷ୍ଟ ନ ଦେଇ ଏବଂ ଗାଈର ଚିର (ସ୍ତନ)କୁ ନ ଦଳି ଏବଂ କ୍ଷତ ନ କରି ଗାଈଠାରୁ ଦୁଗ୍ଧ ଦୋହନ କରିଥାଏ, ସେହି ପ୍ରକାର କୋମଳତାର ସହ ରାଷ୍ଟ୍ର ପ୍ରଜାମାନଙ୍କଠାରୁ କର ଆଦାୟ କରିବା ଆବଶ୍ୟକ ।

In 'Manu Samhita' Seventh Chapter, another ancient scripture of India, the direction was evidently convincing and is also true even today.

ଯଥା ଫଳେନ ଯୁଜ୍ୟେତ ରାଜା କର୍ତ୍ତା ଚ କର୍ମଣାମ୍ ।

ତଥାବେକ୍ଷ୍ୟ ନୃପୋ ରାଷ୍ଟ୍ରେ କଳ୍ପୟେତ୍ ସତତଂ କରାନ୍ ॥୧୨୮॥

ଯେଭଳି କର ଦେଲେ ରାଜା ଏବଂ କରଦାତା ଭଦ୍ରୟ ଭଦ୍ରକୃତ ହେବେ ଶାସନ ସର୍ବଦା ସମ୍ୟକ୍ ବିଚାର କରି ରାଜ୍ୟରେ ସେଭଳି କରଧାର୍ଯ୍ୟ କରିବା ଆବଶ୍ୟକ ।

Kautalya's 'Arthashastra' written in the last part of the fourth century (321-296 B.C.) emphasizes the importance of revenue and treasury thus -

କୋଶପୂର୍ବାଃ ସର୍ବାରମ୍ଭାଃ

ତସ୍ମାତ୍ ପୂର୍ବଂ କୋଶପବେକ୍ଷେତ ॥୧॥

(Arthashastra, Chapter VIII, Verse-1)

All undertakings depend upon finance; hence foremost attention shall be paid to the treasury.

ଧନ ସମସ୍ତ କାର୍ଯ୍ୟର ମୂଳ କାରଣ । ଏଣୁ ରାଷ୍ଟ୍ର ସର୍ବଦା କୋଷର ଦୃଢ଼ି ଏବଂ ରକ୍ଷଣାବେକ୍ଷଣ ବିଷୟରେ ସଚ୍ଚିନ୍ତା ଉଚିତ୍ ।

CURRENT FINANCIAL POSITION OF PANCHAYATI RAJ INSTITUTIONS

6.3 The objective of the 73rd and 74th Constitutional Amendments to the Constitution is to make the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) effective institutions of self-government in rural and urban areas respectively. For achieving this objective, availability of adequate financial resources is absolutely necessary. While the 73rd amendment under Article 243-I provides for a State Finance Commission, the 74th amendment under Article 243-Y empowers the Finance Commission to look into the financial needs of the Urban Local Bodies also. It is necessary to point out at this stage that, there are fundamental differences between the National Finance Commission constituted by the President of India under Article 280 of the Constitution and the State Finance Commission constituted by the Governor of the State under Articles 243-I and 243-Y of the Constitution so far as Local Self Government is concerned. The National Finance Commission has been created inter alia to recommend measures to augment the Consolidated Fund of the State for supplementing the resources of the PRIs and ULBs of the State. The State Finance Commission however has been constituted with intention to strengthen the financial position of the institutions of local self government and to recommend principles for transfer of funds including grants-in-aid and assignment of net proceeds of taxes, duties and fees to them.

6.4 The 73rd and 74th Amendments to the Constitution thus provide the constitutional foundation for the financial relation between the State Government and Local Self Governments. This is a significant development in evolution of Local Self Government in India.

6.5 The Orissa Grama Panchayat Act, 1964, The Orissa Panchayat Samiti Act, 1959 and the Orissa Zilla Parishad Act, 1991 and the Rules respectively made thereunder, now govern the functioning of all the three tiers of PRIs in the State i.e. Gram Panchayats at the Village level, Panchayat Samities at the Block level and Zilla Parishads at the District level.

TAXATION POWERS AND SOURCES OF REVENUE OF GRAMA PANCHAYATS

6.6 Under Section-83 of the Orissa Grama Panchayat Act, 1964 (Orissa Act 1 of 1965), the following taxes can be imposed by a Grama Panchayat, subject to Rules framed under the Act and any other order made by the State Government:

- i. a vehicle tax for four wheeled carriages drawn by horse, two wheeled vehicles, including, cart, Jhataka and tanga, bicycle, rickshaw and cycle-rickshaw;
- ii. a latrine or conservancy tax payable by the occupiers or owners of buildings in respect of private latrines, privies, cess pools or premises of compounds cleaned by the Panchayat;
- iii. a water-rate where water is supplied by the Panchayat;
- iv. a lighting rate for public streets or buildings where undertaken by a Panchayat;
- v. a drainage tax where a drainage system has been introduced in a Panchayat;
- vi. a fee on private markets, cart stands and slaughter houses;
- vii. a fee on animals brought for sale into or sold in a public market;
- viii. fees for regulating the movement of cattle for the protection of crops;
- ix. fees for use of any building, structure, shop, stall, pen or stall in public markets;
- x. fees for use of slaughter houses and cart-stands maintained by the Grama Panchayat;
- xi. rent from temporary occupiers of open grounds, structures or buildings belonging to or maintained by the Grama Panchayat;

- xii. license fees on brokers , commission agents, weighmen and measurers;
- xiii. any other tax, rate or fee which a G.P. is empowered to impose by any law in force;
- xiv. any other tax, toll, fee or rate as may be decided by the G.P. subject to approval of the State Government.

6.7 Besides, every G.P. is empowered to issue licence for carrying on any trade, business or calling of certain specified industries, factories, and dangerous and offensive trades, under section 55. The G.Ps. are also competent to have control over places of public resort and entertainment under section 56. For the purpose of issuing such licences including their renewal, the G.Ps. are empowered under section 57 to levy licence fees.

6.8 Certain public properties, namely, (a) Village Roads (b) Irrigation Sources (c) Ferries (d) Waste Lands and Communal Lands, (e) Protected and Unreserved forests, and (f) Markets and fairs are to vest in the Grama Panchayat and to be under its management, direction and control as per the provisions of sub-section (4) of section 71 of the O.G.P. Act 1964. Though the provision appears to be mandatory, all such properties do not appear to have been transferred or to have been vested in the Grama Panchayat. Particularly all waste lands and communal lands, protected un-reserved forests, etc. do not appear to have been alienated in favour of the Grama Panchayats. Under clause (g) of sub-section (4) of section 71, all incomes arising or accruing from any of the above-mentioned properties are also to vest with the Grama Panchayats. But except a lump sum amount from the existing sairat sources, nothing else is transferred to the G.Ps. While the provisions of the GP Act are to be effectively implemented for collection of taxes, the Commission is of the view that both tax and non-tax sources made available to the G.Ps. for raising internal revenue are neither broad-based nor elastic and need to be strengthened.

TAXATION POWERS AND SOURCES OF REVENUE OF PANCHAYAT SAMITIS

6.9 The Orissa Panchayat Samiti Act, 1959 does not empower the Panchayat Samiti to levy any tax like Grama Panchayat but Section 28(1) of the aforesaid Act provides that all moneys received by a Samiti shall constitute a fund called the "Panchayat Samiti Fund". The fund shall vest in the Samiti and shall be applied for the purposes specified in this Act and for such other purposes and in such manner as may be prescribed. Section 29 of the Act deals with income and expenditure of the Panchayat Samiti. According to the provision of this Section, the sources of income of a Panchayat Samiti shall consist of -

- i) funds relating to institutions and schemes transferred by the Government or Heads of Departments of the Government to the Panchayat Samiti;
- ii) funds relating to the Community Development Programme;
- iii) Central and State-aid and aid received from the All-India bodies and institutions for the development of cottage and village industries, khadi, silk, coir, handicrafts and the like;
- iv) donations and contributions received by the Samiti from Panchayats or from the public in any form;
- v) such share of the land revenue, State taxes or fees as may be prescribed;
- vi) proceeds from taxes, surcharges or fees which the Samiti is empowered to levy under the Act or any other law;
- vii) such contributions as the Samiti may levy on Grama Panchayats;
- viii) income from endowments, trusts or other institutions administered by the Samiti; and
- ix) grants from any authority, organisation or statutory body.

6.10 The expenses of the Samiti shall include the salaries and allowances of its employees, the travelling expenses incurred by the members of the Samiti for attending the meetings of the Samiti, any expenditure directed by the Government for carrying out the purposes of this Act and such other expenses as may be necessary for such purpose.

6.11 All amounts levied and realised on account of fees by the Samiti shall be separately accounted for and utilised solely for the purposes for which such fees have been respectively levied.

TAXATION POWERS AND SOURCES OF REVENUE OF ZILLA PARISHAD

6.12 The Orissa Zilla Parishad Act 1991 does not empower the Zilla Parishad to levy any tax like Grama Panchayat. However, Section 14 of the Zilla Parishad Act deals with Zilla Parishad Funds which shall be maintained in the following manner –

1. All moneys received by the Parishad shall constitute a fund called the “Zilla Parishad Fund”. The fund shall vest in the Parishad and shall be applied for the performances specified in the Act and for such other purposes and in such manner as may be prescribed.

2. As per Section 15(1) of Zilla Parishad Act, the sources of income of a Parishad shall consist of –

- i) Central or State Government funds allotted to the Parishad;
- ii) grants from All-India Bodies and Institutions for the development of cottage, village and small scale industries and the like;
- iii) such share of the land cess or any other cess or State taxes allotted under any law or fees as may be prescribed;
- iv) income from endowments, trusts or other institutions administered by the Parishad;
- v) donations and contributions from the Samities or from the public in any form.

6.13 According to Section 15(2) of the Zilla Parishad Act, the expenses of the Parishad shall include the salaries and allowances of its employees, honorarium payable to the President and Vice-President, the travelling expenses incurred by the members of the Parishad for attending the meetings of the Parishad and any item of expenditure directed by the Government for carrying out the provisions of the Act.

REVIEW OF THE FINANCES OF PANCHAYATI RAJ INSTITUTIONS

6.14 Out of the three levels of PRIs, the Zilla Parishads and the Panchayat Samitis are at present coordinating bodies, whereas the Grama Panchayats perform local functions at village level. The position about revenue and expenditure of the three tiers of PRIs is discussed below:

GRAMA PANCHAYATS

REVENUE

6.15 The internal revenue of Grama Panchayats consists of tax and non-tax sources. The tax revenue consists of Registration Fee, Street Lighting Rate, Drainage Tax, Latrine Tax and Licence Fee. The non-tax sources consist of income derived from markets and fairs, fees / taxes on account of cattle pounds, orchards, wastelands, pisciculture, ferry ghats, slaughter houses & cartsheds, compost, rents, grain gollas & co-operative societies.

6.16 Under various provisions of OGP Act, 1964, Grama Panchayats have been empowered to levy taxes or fees for various services rendered by them. It is noticed that the power of levying tax by G.Ps has not been sincerely exercised to generate revenue to discharge the obligatory functions assigned to them under the G.P. Act. Rather they are more dependent on Government both for the salary of their staff as well as for the services assigned to them under the O.G.P. Act. Moreover, the Zilla Parishads and Panchayat Samities are not empowered to levy taxes or fees. So the entire burden of the Z.Ps. and P.Ss fully and of the G.Ps substantially, rests on the Government. The following Tables indicate the district wise tax and non-tax position of G.Ps.

Table No.6 A
POSITION OF DISTRICT-WISE TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

Sl.	Name of the District	Name of the Tax/Fees/Rate							
		Registration Fees				Licence Fees			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	1670	1670	1050	0	108542	121617	380685	0
2	Bolangir	3486	1918	22585	0	116602	389085	199849	0
3	Balasore	2635	11099	11966	0	186079	186469	150452	0
4	Bargarh	0	8592	0	0	96319	124358	92425	131754
5	Boudh	0	0	0	0	10732	12327	638444	0
6	Bhadrak	0	0	0	0	93751	100057	0	0
7	Cuttack	1696	860	240	0	191583	165343	144473	0
8	Deogarh	0	600	0	120	8648	33012	24444	29380
9	Dhenkanal	0	1122	8735	0	58247	83141	78070	0
10	Ganjam	0	221100	0	0	203944	169339	148452	0
11	Gajapati	1581	0	919	919	26343	87112	64188	64188
12	Jagatsinghpur	0	0	0	0	23918	28612	32164	0
13	Jajpur	5635	0	1562	0	23075	0	60517	0
14	Jharsuguda	18531	6126	15709	8337	34211	32203	47243	0
15	Kalahandi	80	82749	93778	180786	100867	154695	96888	102024
16	Kendrapada	0	0	0	0	58638	0	0	0
17	Keonjhar	47329	7225	0	0	165561	194339	0	0
18	Khurda	4382	0	0	0	203210	114973	0	0
19	Koraput	0	0	216	13190	95153	98986	65875	70852
20	Kandhamal	150986	0	9644	0	372105	404941	233958	282467
21	Malkangiri	17	0	0	0	18413	91926	45384	67977
22	Mayurbhanj	25833	27257	29981	0	126696	171688	217813	0
23	Nawrangpur	0	0	0	0	84957	260550	149656	30728
24	Nuapada	3387	45376	11980	0	68550	49353	56071	0
25	Nayagarh	1563	0	0	0	0	75364	76822	85285
26	Puri	0	0	0	0	90594	95455	137503	131617
27	Raygada	0	0	171897	0	68545	235480	51926	0
28	Sambalpur	0	4180	19211	0	31634	24750	88898	0
29	Sonepur	3280	1771	43258	0	13228	16118	33578	4693
30	Sundargarh	400	8082	0	27099	1147725	51040	1291852	735373
Total		272491	429727	442731	230451	3827870	3572333	4607630	1736338

Table No.6 A
POSITION OF DISTRICT-WISE TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

Sl.	Name of the District	Name of the Tax/Fees/Rate							
		Latrine Tax				Street Lighting Rate			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	5469	0	0	0	0	0	0	0
2	Bolangir	0	7850	4900	0	7566	147950	1351	0
3	Balasore	0	0	21590	0	949	1849	3300	0
4	Bargarh	0	0	0	0	1800	1375	1375	650
5	Boudh	0	0	0	0	0	0	0	0
6	Bhadrak	0	0	0	0	0	2992	0	0
7	Cuttack	10000	0	0	0	3616	0	0	0
8	Deogarh	0	600	0	0	0	0	0	0

Sl.	Name of the District	Name of the Tax/Fees/Rate							
		Latrine Tax				Street Lighting Rate			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
9	Dhenkanal	0		0	0	0	0	0	0
10	Ganjam	524578	396979	0	0	77603	65793	118744	0
11	Gajapati	0	0	0	0	212	0	0	0
12	Jagatsinghpur	0	0	120	0	0	0	0	0
13	Jajpur	9730	0	0	0	0	0	0	0
14	Jharsuguda	7731	13553	0	18062	0	700	0	0
15	Kalahandi	2822	0	5700	0	46309	277377	276100	9164
16	Kendrapada	0	0	0	0	0	0	0	0
17	Keonjhar	2940	0	0	0	35	0	0	0
18	Khurda	0	0	0	0	43500	0	0	0
19	Koraput	0	0	0	0		2148	4500	2750
20	Kandhamal	0	0	697668	0	85049	14369	64379	48933
21	Malkangiri	0	0	0	0	1167	525	0	0
22	Mayurbhanj	10608	0	0	0	2015	0	0	0
23	Nawrangpur	0	0	0	0	0	9343	3410	0
24	Nuapada	0	0	2150	0	5789	0	8185	0
25	Nayagarh	0	0	0	0	0	100	0	0
26	Puri	0	0	0	0	0	0	0	0
27	Raygada	35976	0	0	0	115985	128380	94283	0
28	Sambalpur	0	0	0	0	500	0	0	0
29	Sonepur	1031	190	180	0	124180	411282	1731	0
30	Sundargarh	94114	1577	169060	49688	0	6960	0	160
	Total	704999	420749	901368	67750	516275	1071143	577358	61657

Table No.6 A
POSITION OF DISTRICT-WISE TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

Sl.	Name of the District	Name of the Tax/Fees/Rate			
		Drainage Tax			
		1999-00	2000-01	2001-02	2002-03
1	Angul	0	0	0	0
2	Bolangir	0	5865	20370	0
3	Balasore	0	0	0	0
4	Bargarh	0	0	0	0
5	Boudh	0	0	0	0
6	Bhadrak	0	0	0	0
7	Cuttack	0	491	1441	0
8	Deogarh	0	0	0	0
9	Dhenkanal	0	0	0	0
10	Ganjam	254125	0	0	0
11	Gajapati	0	7442	0	0
12	Jagatsinghpur	0	0	0	0
13	Jajpur	34624	0	0	0
14	Jharsuguda	0	0	0	0
15	Kalahandi	1158	0	900	0
16	Kendrapada	0	0	0	0
17	Keonjhar	7320	3100	0	0
18	Khurda	787	0	0	0
19	Koraput	0	0	0	0
20	Kandhamal	35528	0	789611	0
21	Malkangiri	745	0	0	0

Sl.	Name of the District	Name of the Tax/Fees/Rate			
		Drainage Tax			
		1999-00	2000-01	2001-02	2002-03
22	Mayurbhanj	726	0	0	0
23	Nawrangpur	0	9700	0	0
24	Nuapada	0	0	40	0
25	Nayagarh	0	0	0	0
26	Puri	146655	0	0	0
27	Raygada	0	0	0	0
28	Sambalpur	0	0	7300	0
29	Sonepur	1255	422	17506	0
30	Sundargarh	26311	37713	51671	0
Total		509234	64733	888839	0
<i>Description</i>		<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
<i>Total Tax Revenue (All G.Ps.)</i>		<i>5830869.15</i>	<i>5558684.66</i>	<i>7417926.37</i>	<i>2096195.55</i>
<i>Average Tax Revenue per G.P.</i>		<i>935.33</i>	<i>891.67</i>	<i>1189.91</i>	<i>336.25</i>

6.17 It is revealed from the above table that the collection position of tax revenue is not at all satisfactory. The average tax revenue per GP varies between Rs.935.00 to Rs.1190.00 from 1999-2000 to 2001-2002, which is quite low; while that for the year 2002-2003 is at a nadir of Rs.336.00 only. Again, the lack of responsibility in collection is evident from the following examples. There has been no collection in respect of Registration Fees in any of the G.P of Boudh, Bhadrak, Jagatsinghpur, Kendrapara, Nawarangpur and Puri districts during the period 1999-2000 to 2002-03. Similarly while there is no collection of Registration Fees in any G.P of Bargarh district during 1999-2000, a sum of Rs.8592.00 only was collected on this account during 2000-01 and again there was no collection during 2001-02 to 2002-03. There was no collection of Licence Fees during the year 2001-02 to 2002-03 in respect of Kendrapara district. There are many such examples, where there is no collection of tax either in respect of Registration Fees or Licence Fees or Latrine Tax or Street Lighting Rate or Drainage Tax in any of the G.Ps of a district. These bear testimony to the weak financial position of the G.Ps. in the Panchayati Raj Structure.

Table No. 6 B
POSITION OF DISTRICT-WISE NON-TAX REVENUE OF GRAMA PANCHAYATS

(Amount in Rupees)

		Name of the Tax/Fees/Rate							
		Orchard				Pisciculture			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	46217	72415	53556	0	1338439	1530471	833728	0
2	Bolangir	41968	39428	43401	0	4466973	3841472	3103792	0
3	Balasore	12054	16420	18675	0	931076	1017206	165861	0
4	Bargarh	23786	29216	8561	5793	3097904	3179459	3645824	3117330
5	Boudh	5410	3205	1680	0	224104	335300	252356	0
6	Bhadrak	9292	10780	0	0	577426	620567	0	0
7	Cuttack	37965	39872	213863	0	1573330	1894669	1636402	0
8	Deogarh	31547	3527	32808	29352	136400	219240	134228	190598
9	Dhenkanal	63223	296524	132186	0	1074261	1395398	806587	0
10	Ganjam	90212	65201	64103	0	8126552	6869305	6960439	0
11	Gajapati	144333	40988	2410	2410	403684	463639	362783	362783
12	Jagatsinghpur	29150	471	696	0	172044	201989	81940	0
13	Jajpur	13639	0	8676	0	406817	0	450980	0
14	Jharsuguda	3570	1530	800	0	216062	341644	252207	254356

		Name of the Tax/Fees/Rate							
		Orchard				Pisciculture			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
15	Kalahandi	32516	71024	81910	32875	2020633	2866871	1691789	2120970
16	Kendrapada	12071	0	0	0	482627	0	0	0
17	Keonjhar	58849	42066	0	0	1012201	964250	0	0
18	Khurda	169752	104452	0	0	619293	1033649	0	0
19	Koraput	52273	143671	86552	104165	73026	547515	500772	484491
20	Kandhamal	14340	6493	20252	14890	203044	210734	301643	368227
21	Malkangiri	1325	2801	0	1220	303500	309829	187887	232096
22	Mayurbhanj	56419	32297	41296	0	2410147	2711579	2709210	0
23	Nawrangpur	250288	425860	155034	536911	982281	968162	772822	892122
24	Nuapada	8708	79493	178138	0	773440	816394	670634	0
25	Nayagarh	68139	40394	39866	37450	9467443	2646004	2869087	3216396
26	Puri	180125	207968	200650	324200	689887	583733	962998	1103642
27	Raygada	60898	51304	161341	0	400891	345451	408374	0
28	Sambalpur	20337	17210	19087	0	891513	909147	825163	0
29	Sonepur	300	301	651	100	551400	413846	669372	641050
30	Sundargarh	17910	8051	5473	8011	267650	959118	596994	480489
Total		1556616	1556616	1852962	1571665	1097377	43894047	38196640	31853872

Table No. 6 B
POSITION OF DISTRICT-WISE NON-TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

		Name of the Tax/Fees/Rate							
		Ferries Ghat				Compost			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	274	273287	160022	0	0	0	0	0
2	Bolangir	185698	147073	423127	0	0	0	13117	0
3	Balasore	1107220	1052005	827647	0	101653	0	0	0
4	Bargarh	326723	166115	280148	228410	0	0	0	0
5	Boudh	501927	646615	798951	0	0	0	0	0
6	Bhadrak	160121	194185	0	0	0	0	0	0
7	Cuttack	802708	808464	289713	0	425104	0	0	0
8	Deogarh	4426	7495	2883	8691	0	0	0	0
9	Dhenkanal	247876	302541	273982	0	0	0	0	0
10	Ganjam	49815	49621	321510	0	0	0	0	0
11	Gajapati	2390	12155	2410	2410	0	0	0	0
12	Jagatsinghpur	20860	28612	16705	0	0	200	0	0
13	Jajpur	168020	0	83542	0	0	0	0	0
14	Jharsuguda	228166	356650	141422	415820	168272	0	47182	0
15	Kalahandi	127561	349216	206390	261990	786	19190	0	19190
16	Kendrapada	206530	0	0	0	0	0	0	0
17	Keonjhar	116469	114321	0	0	87577	0	0	0
18	Khurda	260400	520753	0	0	61242	0	0	0
19	Koraput	131935	149496	86410	132478	0	0	3450	0
20	Kandhamal	6115	3785	9525	7400	0	0	0	0
21	Malkangiri	157465	225143	81190	107556	500	1290	0	0
22	Mayurbhanj	218617	204967	223053	0	13295	92697	0	0
23	Nawrangpur	160361	84808	134975	8390	0	0	0	0
24	Nuapada	42846	43920	53650	0	0	57928	11073	0
25	Nayagarh	226427	350203	360080	160015	10960	0	0	0
26	Puri	14390	197785	292200	302200	0	0	0	0

		Name of the Tax/Fees/Rate							
		Ferries Ghat				Compost			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
27	Raygada	2165	2110	2800	0	0	0	0	0
28	Sambalpur	196227	240374	240383	0	15634	2001	0	0
29	Sonepur	383130	685982	315788	827483	19956	42221	17154	0
30	Sundargarh	266934	349333	364411	446128	40855	510861	0	510861
Total		6323796	7567013	5992917	2908971	945834	726388	91976	530051

Table No. 6 B
POSITION OF DISTRICT-WISE NON-TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

		Name of the Tax/Fees/Rate							
		Grain Gollas & Co-operative Societies				Slaughter House & Cartshed			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	0	0	0	0	11541	11155	4627	0
2	Bolangir	286286	82436	2035	0	53502	200704	55904	0
3	Balasore	0	0	0	0	30265	20755	0	0
4	Bargarh	0	0	0	2710	11600	32150	20605	2710
5	Boudh	0	0	0	0	0	0	0	0
6	Bhadrak	0	0	0	0	0	0	0	0
7	Cuttack	0	0	0	0	950	5960	14578	0
8	Deogarh	0	13431	0	29355	0	17599	31000	29355
9	Dhenkanal	0	0	0	0	0	0	4700	0
10	Ganjam	0	499	0	0	0	0	0	0
11	Gajapati	0	0	0	0	0	643	0	0
12	Jagatsinghpur	0	0	0	0	0	0	0	0
13	Jajpur	0	0	0	0	3307	0	117169	0
14	Jharsuguda	0	7225	2225	0	4991	16823	1800	0
15	Kalahandi	1211	0	551	89720	26000	53377	42293	35387
16	Kendrapada	0	0	0	0	0	0	0	0
17	Keonjhar	0	0	0	0	28839	54322	0	0
18	Khurda	0	3406	0	0	10470	5401	0	0
19	Koraput	0	0	0	23916	6450	22400	58336	23916
20	Kandhamal	0	0	95492	2105	0	0	35991	17531823
21	Malkangiri	104969	61456	3322146	0	19436	1290	0	50529
22	Mayurbhanj	17042	0	0	0	94477	92697	51451	0
23	Nawrangpur	6510	0	5000	0	0	0	0	0
24	Nuapada	0	289	0	0	25498	51928	72449	0
25	Nayagarh	5002	1822	0	6300	70659	0	62851	6300
26	Puri	0	0	2130	0	0	0	0	0
27	Raygada	0	0	0	0	0	0	0	0
28	Sambalpur	67501	53614	115579	0	1070	4000	500	0
29	Sonepur	209	69823	0	75403	35332	44500	577137	75403
30	Sundargarh	3163	250	13545	7957	970	26500	219931	7957
Total		491893	294251	3558703	237466	435357	662204	1371322	17763380

Table No. 6 B
POSITION OF DISTRICT-WISE NON-TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

		Name of the Tax/Fees/Rate							
		Rent received				Waste Land			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	68218	76890	55425	0	605	1875	244652	0

		Name of the Tax/Fees/Rate							
		Rent received				Waste Land			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
2	Bolangir	66958	101139	111650	0	94996	141448	45672	0
3	Balasore	113692	99463	147039	0	0	428	0	0
4	Bargarh	48530	68793	43964	74614	25051	25488	69054	154266
5	Boudh	110320	113660	0	0	0	0	0	0
6	Bhadrak	20250	19250	0	0	0	0	0	0
7	Cuttack	10432	45368	48309	0	211	0	15700	0
8	Deogarh	23540	83414	35190	47575	4222	800	0	0
9	Dhenkanal	21390	120105	102625	0	5310	19350	10760	0
10	Ganjam	70635	175074	0	0	108178	98641	0	0
11	Gajapati	72288	164065	36908	36908	18080	0	0	0
12	Jagatsinghpur	14300	71064	36990	0	0	0	711	0
13	Jajpur	41194	0	0	0	495	0	1980	0
14	Jharsuguda	10500	9535	26715	36785	152688	3205	3055	270
15	Kalahandi	100318	298638	309680	318797	87876	144194	111477	108260
16	Kendrapada	33900	0	0	0	2885	12170	0	0
17	Keonjhar	143748	14900	0	0	11081	4266	0	0
18	Khurda	17410	115670	0	0	29608	7148	0	0
19	Koraput	0	1582406	1394342	113411	8258	2075	11480	17385
20	Kandhamal	294688	993349	670950	720373	16400	7284	5360	5360
21	Malkangiri	117900	34795	0	0	200	11600	0	0
22	Mayurbhanj	238910	422628	440069	0	4122	900	4505	0
23	Nawrangpur	1092665	0	742678	300126	4640	69874	4900	870
24	Nuapada	95623	246340	5700	0	88946	0	50039	0
25	Nayagarh	15926	108026	198652	125580	2500	0	0	18000
26	Puri	28000	16225	0	0	3400	6017	0	18000
27	Raygada	391826	347446	318482	0	8706	32263	34045	0
28	Sambalpur	28250	97636	94004	0	21534	14598	3854	0
29	Sonepur	28250	12000	58570	0	25351	74416	25620	0
30	Sundargarh	149022	179375	245688	394890	0	832	0	18629
Total		3468683	5617254	5123630	2169059	725343	678872	642864	341040

Table No. 6 B
POSITION OF DISTRICT-WISE NON-TAX REVENUE OF GRAMA PANCHAYATS
(Amount in Rupees)

		Name of the Tax/Fees/Rate							
		Cattle Pound				Market and Fair			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
1	Angul	33629	10553	9727	0	1316734	1698254	1564926	0
2	Bolangir	71482	35640	32018	0	1706685	1811886	5092778	0
3	Balasore	20451	12959	7286	0	438564	432874	675890	0
4	Bargarh	77630	21841	57339	49341	998423	2090724	1175134	1712089
5	Boudh	1536	2209	2701	0	993021	1029710	1039671	0
6	Bhadrak	74731	7675	0	0	223047	267506	0	0
7	Cuttack	1684	17240	13047	0	1268519	1720093	1356277	0
8	Deogarh	5523	4477	8879	2031	453990	783233	533752	1146447
9	Dhenkanal	9048	2329	3214	0	2420912	686443	628590	0
10	Ganjam	10559	17447	24989	0	500987	522071	652671	0
11	Gajapati	3804	3115	1459	1459	59905	479066	490046	490046
12	Jagatsinghpur	5303	1746	1061	0	152465	256963	190646	0
13	Jajpur	22977	0	24685	0	698245	0	17122272	0
14	Jharsuguda	2997	17380	7944	11541	391664	431847	385163	518102

		Name of the Tax/Fees/Rate							
		Cattle Pound				Market and Fair			
		1999-00	2000-01	2001-02	2002-03	1999-00	2000-01	2001-02	2002-03
15	Kalahandi	86208	101253	58681	62532	1467566	1298119	1136818	1207331
16	Kendrapada	5275	0	0	0	493365	0	0	0
17	Keonjhar	16796	24014	0	0	715229	988172	0	0
18	Khurda	15726	11078	0	0	780181	711593	0	0
19	Koraput	17556	19978	93379	16392	520012	577889	524774	245248
20	Kandhamal	82995	70294	86594	58585	286519	162335	235124	232781
21	Malkangiri	52976	24407	13481	3243	2552270	164144	179413	190919
22	Mayurbhanj	38044	41078	26745	0	5031316	5312656	5885098	0
23	Nawrangpur	78049	70081	15469	52970	367938	281557	497278	402589
24	Nuapada	89988	42157	68017	0	194380	242127	264155	0
25	Nayagarh	607	1011	1352	477	1238564	585349	490175	551361
26	Puri	19236	11532	19401	22125	777031	937692	1004154	1238103
27	Raygada	18643	17539	21297	0	381193	588846	619697	0
28	Sambalpur	11302	15228	6307	0	740766	786879	760360	0
29	Sonepur	1950	9093	7775	1797	1913945	2185066	167742	2504906
30	Sundargarh	34352	64967	9093	87145	28873961	3328064	2967815	3652153
	Total	911057	678319	621939	369638	57957397	30361157	45640419	14092075
	Description	1999-00	2000-01	2001-02	2002-03				
	Total Non-Tax Revenue (All G.Ps)	116710023.08	86635061.05	96469306.96	52973607.00				
	Average Non-Tax Revenue per G.P.	18721.53	13897.19	15474.70	8497.53				

6.18 The information gathered from Table No.2 in respect of non-tax revenue of G.Ps during the years 1999-00 to 2002-03 is also not satisfactory. The average non-tax revenue per G.P. varies between Rs.18, 722.00 to Rs.13, 897.00 during the years 1999-2000 to 2001-2002, while that for 2002-2003 is at the lowest of Rs.8, 478.00 only. There is also no consistent or rising trend of non-tax revenue during the afore-mentioned period. In case of individual items, while the amount collected towards orchards during the year 2000-01 was to the tune of Rs.1852962.00, it came down to Rs.1571665.00 during the year 2001-02. Again, it sharply declined to Rs.1097377.00 in 2002-03. Similarly, in case of pisciculture the amount collected was to the tune of Rs.43894047.00 in 2000-01 but it came down to Rs.38196640.00 in 2001-02 and again sharply came down to Rs.1364550.00 in 2002-03.

6.19 RECEIPT FROM EXTERNAL SOURCES:

- a. Award to Panchayati Raj Institutions by the 10th and 11th Central Finance Commissions and the 1st State Finance Commission

The recommendations of the 1st State Finance Commission and the 11th Finance Commission coincide with the period commencing from 2000-01. On the 10th Finance Commission Awards, the State Government have provided matching share to the extent of Rs.167.50 Crores to PRIs. Similarly, State-matching share on the 11th Finance Commission Award to PRIs comes to Rs.86.40 Crores. This is an outright allocation of funds from the State Budget to PRIs to implement the specific projects/schemes recommended by both the 10th and 11th Finance Commissions. The position of devolution under 1st State Finance Commission, and grants under 10th Finance Commission, and grants and State matching share under 11th Finance Commission is indicated in the following Tables (6-C, 6-D, 6-E)

Table No. 6 C
Devolution of Funds to PRIs as per recommendation of
1st State Finance Commission

(Rupees in crore)

Proposed Grant	1998-99 (Actual)		1999-00 (Actual)		2000-01 (Actual)		2001-02 (Actual)		2002-03 (Actual)	
	Recomm ended	Actual	Recomm ended	Actual	Recomm ended	Actual	Recomm ended	Actual	Recomm ended	Actual
Kendu Leaf Grant	22.91	10.5	22.91	10.02	22.91	22.91	22.91	22.91	22.91	22.91
Land Cess	9.14	3.15	9.14	3.59	9.14	9.14	9.14	7.64	9.14	9.14
Minor Forest Product	2	0	2	0	2	2	2	0	2	0
Sairat	1	0	1	0	1	1	1	1	1	1
Entertainment Tax	0.13	0	0.13	0	0.13	0	0.13	0	0.13	0
Total P.R. Department	35.18	13.65	35.18	13.61	35.18	35.05	35.18	31.55	35.18	33.05

Source: Budget Documents, Finance Department, Govt. of Orissa, Bhubaneswar

Table No. 6 D
Grants to P.R.Is as Recommended by Tenth Finance Commission

(Rs. in Crore)

1998-1999 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual
50.00	117.50	-	-	-

Source: Finance Accounts for Respective Year

Table No. 6 E
Grants for Local Bodies as per Recommendation of Eleventh Finance Commission

(Rs. in Lakh)

Local Bodies	Grant Recommended by EFC	State Share	Total	Grant Released up to 30.06.04
Rural Local Bodies	34559.00	8640.00	43199.00	20735.28

Source: Finance Department, Government of Orissa

- b. Budgetary Allocation to discharge functions of PRIs under 11th Schedule of Indian Constitution.

6.20 The PRIs are performing a number of functions right from Zilla Parishad at the District Level to Grama Panchayats at the grassroot level in their three-tier system. The Government as pointed out earlier, have been providing a substantial amount to RLBs towards their salary/remuneration and other requirements from the state resources, as the income derived from G.Ps, which are only authorised to levy taxes on certain items as per the provisions of the law, is not sufficient to meet even their day to day expenses, not to speak of providing necessary civic amenities. The picture of current transfer of funds for various purposes to PRIs is indicated in the following Tables.

Table No. 6 F

Grants released to Gram Panchayats under Schemes like
Honorarium/Subsidy etc.*(Rupees in Crores)*

Description	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
Honorarium to Sarpanches and Naib-Sarpanches.	5.64	3.77	3.76	3.78	4.49	4.49	4.48
Grants to Gram Panchayats for Staff Subsidy	6.90	12.89	6.31	19	16.34	15	14.82
D.A. & Sitting fee to Sarpanches Ward Members for attending G.P. Meeting	4.37	3.26	3.13	3.88	3.60	3.38	3.38

Source: Panchayati Raj Department, Government of Orissa

6.21 Like Gram Panchayats, Panchayat Samities also receive grants towards payment of honorarium and allowances to Chairman, Vice-Chairman and Non-Official Members. The following Table depicts the picture of Grants released towards payment of honorarium and allowances in respect of Panchayat Samities from 1998-99 to 2004-05.

Table No. 6 G

Description	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
Grants to Panchayat Samities for Maintenance & Repair of Block Office Building	0.17	0.30	0.17	0.17	0.17	0.17	0.17
Grants to Panchayat Samities for Maintenance & Repair of Block Staff Quarters	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Honorarium and Allowances of Panchayat Samiti Chairman & Vice Chairman & Non-Official Members	2.94	2.92	2.92	2.92	2.92	3.04	3.04

Source: Budget Documents, Finance Department, Govt. of Orissa, Bhubaneswar

6.22 For all practical purposes the employees in Blocks are performing all the functions of P.Ss after the 73rd Amendment of Constitution. However, salary paid to the employees of the Blocks are not included under grant-in-aid to P.Ss in current dispensation.

6.23 The following Table indicates the release of grants towards payment of honorarium and allowances in respect of Zilla Parishads.

Table No. 6 H

Description	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
Grants to Zilla Parishad	0.67	1.01	1.14	1.35	1.68	1.45	1.21
Honorarium and Allowances of Zilla Parishad President, Vice President and Non-Officials.	2.51	1.26	1.29	1.33	1.21	1.21	1.45

Source: Budget Document, Finance Department, Govt. of Orissa Bhubaneswar

6.24 Similarly, grants are being provided to Zilla Parishads in respect of vehicles, telephone charges etc. As per information received from Panchayati Raj Department, the following table indicates the Zilla Parishad wise aforementioned grants.

Table No. 6 I

GRANTS TO ZILLA PARISHADS FOR VEHICLE/TELEPHONE CHARGES, HRA OF PRESIDENT, OFFICE BUILDING CHARGES ETC.

Sl. .	Name of Districts	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
1	Angul	230580	193966	230632	76876	76876
2	Bolangir	236630	196966	233632	77876	77876
3	Balasore	197630	157966	194632	76876	64876
4	Baragarh	251630	211966	248632	248632	76876
5	Bhadrak	230580	193966	230632	230632	76876
6	Boudh	230580	193966	230632	230632	76876
7	Cuttack	236630	196966	233632	233632	77876
8	Deogarh	230580	103966	230632	230632	76876
9	Dhenkanal	230580	193966	230632	230632	230632
10	Gajapati	230580	193966	230632	76876	76876
11	Ganjam	244080	200966	237632	79209	79209
12	Jagatsinghpur	248580	211966	248632	82876	82876
13	Jajpur	248580	211966	248632	82876	82876
14	Jharsuguda	230580	193966	230632	230632	76876
15	Kalahandi	233583	193966	230632	76876	76876
16	Kendrapara	230580	193966	230632	76876	76876
17	Keonjhar	233630	193966	230632	230632	76876
18	Khurda	248580	211966	248632	82876	248632
19	Koraput	194177	206888	233632	77876	77876
20	Malakangir	194580	157966	194632	20632	64876
21	Mayurbhanj	232080	200966	237632	79209	79209
22	Nawarangpur	178580	193966	230632	76876	76876
23	Nawapara	207500	193966	230632	230632	230632
24	Nayagarh	230580	193966	230632	230632	230632
25	Kandhamal	233630	198962	230632	230632	230632
26	Puri	232955	193966	230632	230632	230632
27	Rayagada	251630	211966	248632	82876	82876
28	Sambalpur	194580	157966	194632	206632	64876
29	Sonepur	248580	211966	248632	248632	82876
30	Sundargarh	242080	198966	235632	78543	78543

Total	6865145	5771897	6946959	4449952	3244148
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Source: Panchayati Raj Department, Government of Orissa

6.25 Zilla Parishads also receive grants from Panchayati Raj Department in respect of Salary and Non-salary for their staff. The following table indicates such grants received by Zilla Parishads.

Table No. 6 J

GRANTS FOR SALARY AND NON-SALARY TO ZILLA PARISHAD STAFF

Sl..	Name of Districts	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
1	Angul	95836	181857	195408	205796	231024
2	Bolangir	240225	79555	300549	316174	335532
3	Balasore	178520	191166	319400	34375	376812
4	Baragarh	52088	76676	68922	75868	87123
5	Bhadrak	14899	112630	113704	120588	138206
6	Boudh	0	0	0	0	0
7	Cuttack	103548	251262	366883	433684	510098
8	Deogarh	0	0	0	0	0
9	Dhenkanal	146582	467235	571738	447230	502302
10	Gajapati	0	60110	105041	110822	126480
11	Ganjam	25779	332860	420600	449030	507091
12	Jagatsinghpur	0	106801	149982	241562	134950
13	Jajpur	118021	105720	180972	210618	86846
14	Jharsuguda	38377	0	0	0	0
15	Kalahandi	38300	235257	204030	216918	243531
16	Kendrapara	69024	113048	114512	188192	85750
17	Keonjhar	223300	487760	451188	504979	540348
18	Khurda	109288	192082	173857	77951	89480
19	Koraput	225618	244254	260296	277430	317036
20	Malakangir	0	0	32027	115834	190084
21	Mayurbhanj	159888	349696	328126	353144	457589
22	Nawarangpur	144712	144871	190684	202436	237166
23	Nawapara	122129	80162	187614	197486	224942
24	Nayagarh	118636	107342	170300	205744	234318
25	Kandhamal	301090	312511	322079	246085	257834
26	Puri	144652	375007	379580	404124	458048
27	Rayagada	153386	229937	249324	199836	142582
28	Sambalpur	106383	322906	341883	364343	413276
29	Sonepur	7746	94061	99528	202779	247254
30	Sundargarh	157896	227222	275252	193557	241615
Total		3095922	5481987	6573478	6596584	7417316

Source: Panchayati Raj Department, Government of Orissa

RECOMMENDATIONS FOR RESOURCE MOBILISATION OF
THE PANCHAYATI RAJ INSTITUTIONS

6.26 As already discussed Panchayati Raj Institutions in Orissa are not self-sufficient even to support their core establishments. Virtually, all of them depend upon state grants, as they do not have a wide base for revenue generation from their own internal sources. Hence, the Commission after a great deal of deliberations suggest the following fiscal measures for improving the revenue base of the Panchayati Raj Institutions.

1. RE-INTRODUCTION OF PANCHAYAT TAX:

6.27 Under the provisions of Sections 78 to 82 of the Orissa Grama Panchayat Act, 1964, the Gram Panchayats were empowered to impose and collect a property tax called "Panchayat Tax". But these provisions were deleted through amendment under Orissa Act 16 of 1967. Since the Grama Panchayats are functioning for more than 50 years and by now are required to shoulder a lot of responsibilities under the 11th Schedule of the Constitution of India, it is desirable that they are empowered once again to impose, assess and collect a Panchayat Tax, in the same manner and under the same principles as applicable to Urban Local Bodies. Provisions of the O.G.P. Act 1964 may be suitably amended and detailed rules & procedures regarding assessment and collection of such tax may be provided in the Orissa Grama Panchayat Rules, 1968.

6.28 It may be mentioned here that the Village Panchayats in several states have been empowered to impose and collect such tax. Section 199(1) of the Karnataka Panchayat Raj Act, 1993, says "Every Grama Panchayat shall in such manner and subject to such exemptions as may be prescribed and not exceeding the maximum rate specified in Schedule-IV levy tax upon buildings and lands which are not subject to agricultural assessment, within the limits of the Panchayat area." Under Section 124(1)(i) of the Bombay village panchayats Act, 1958, Maharashtra has empowered the Panchayats to levy a tax on buildings, whether subject to payment of agricultural assessment or not, and lands which are not subject to payment of agricultural assessment, within the limits of the village. In Tamil Nadu, every village Panchayat is empowered to levy in the Panchayat village a house tax, under section 171(i) of the Tamil Nadu Panchayat Act, 1994. Orissa should take appropriate steps to introduce Panchayat Tax without losing further time.

2. TURNOVER TAX ON COMMERCIAL AGRICULTURAL FARMS:

6.29 Agriculture contributes significantly to the state's economy. Accelerated growth in agricultural production has been one of the main objectives of our planning. With a view to increasing agricultural production, concerted efforts have been made to encourage establishment of agricultural farms on commercial basis for raising land productivity, generating HYV seeds, demonstrating diversification of crops and use of improved agricultural practices etc. Such farms have stabilized by now and have become commercially viable. Agricultural farms also exist for conducting research in agriculture as an ancillary to business. Many agricultural farms exist as 'plantations' in the state, for cultivation of coffee, tea, cashew, coconut, casuarina, eucalyptus etc. All these farms enjoy the infrastructure and other facilities of the locality including groundwater, while they do not contribute anything towards the revenue of the concerned Grama Panchayats. The Commission, therefore, suggest that each and every agricultural farm including government farms, carrying on any sort of commercial activity or research in agriculture as an ancillary to business should be levied a turnover tax of 0.25 per cent on the value of the agricultural produce, excluding farms with a turnover of less than rupees one lakh per annum, payable to the concerned Grama Panchayat, within whose jurisdiction it is situated. In case any such farm is situated within the jurisdiction of more than one Grama Panchayat, the tax levied should be apportioned among them on the basis of proportionate area. For this purpose, 'Commercial Agricultural Farm' may be defined to mean a piece of land-holding operated as an unit of production for raising any cash crop, including fibers, cereals, pulses, seeds, narcotics, sugarcane, fruits, vegetables, condiments, spices, flowers, plantations, grass, fodder etc on business lines rather than as a way of life. Cash crop may be defined to mean and include any agricultural and horticultural produce cultivated with the intention to sell or exchange. In case of such farms being situated within the jurisdiction of more than one local body, the tax levied should be apportioned among them on the basis of proportionate area.

3. LIVESTOCK REGISTRATION AND DEVELOPMENT FEE:

6.30 In the context of any agrarian economy 'agriculture' includes dairy farming, breeding and keeping of livestock, etc, which are considered ancillary to agriculture. Livestock and domesticated animals have to be taken care of by the local bodies as another important social responsibility. Animal husbandry, dairying and poultry find place at serial 4 of the Eleventh schedule, fuel and fodder at serial 12 and non-conventional energy sources (biogas etc.) at serial 15. According to the provisions of section 44(1)(l) of the O.G.P. Act, 1964, establishment, management and maintenance of common grazing grounds and according to section 44(1) (l) (m) maintenance of records relating to cattle census are obligatory functions of the Grama Panchayat. Further, regulation and control of movement of cattle for protection of crops, destruction of stray and ownerless dogs, are also obligatory functions of the G.P. under Section 44 (l) (o) and (p) respectively. Improved breeding and medical treatment of cattle and prevention of cattle diseases, establishment of Goshalas and dairy farms on co-operative lines, establishment and maintenance of cattle pounds are discretionary functions of the Grama Panchayats under different clauses of section 45 of the Act. Moreover, the provisions of section 70(1)(b) of the Act empower a G.P. to call upon the inhabitants to adopt schemes prepared on improved methods of agriculture and animal husbandry. Thus, the Gram Panchayats have a lot of responsibilities under the Constitution as well as under the law in force with regard to livestock development. They can do significant work in this field provided they are enabled to raise resources for the purpose. The Commission, therefore, suggest to empower the G.Ps to levy the following fees as 'Livestock Registration and Development Fee'

- a) Cross Bred Cattle – Rs.10/- per annum per head
- b) Other Cattle – Re.1/- per annum per head
- c) Birds– Re. 0.25 /- per bird per quarter

6.31 Further, the Commission suggest that no person or institution should be allowed to breed any animal or bird for commercial purpose within the local area of the Grama Panchayat without being granted with a licence by the concerned Grama Panchayat on payment of a licence fee of Rs.100/- per annum. Licences for breeding purpose should be issued with specific condition to safeguard public convenience and hygiene and with provision for penalty for breach of any of the conditions.

4. CAPITAL /PROPERTY TRANSACTION FEE:

6.32 At present under the existing provisions of the Orissa Grama Panchayat Act, 1964 the Grama Panchayats do not get any revenue from capital/property transfers except market fees for the use of market facilities or for the right to expose goods for sale in such markets. Since property transfers are economic activities, the Commission suggest that the Grama Panchayats may be empowered to levy and collect a 'Capital/Property Transfer Fee on every transaction of sale or exchange of any property whether movable or immovable and whether sold or exchanged in market or at any other place, at the rate of 1 per cent of the sale value or market price or notional market price as the case may be. For this purpose, property may be defined to mean and include capital goods and assets only.

5. POPULATION WELFARE CESS:

India with 24 percent of the total land area in the world shares 16 percent of the total population and is the second largest populated country. China with about 20 percent of the world's population has about 7 percent of the land area. Every sixth person on the earth is an Indian. The incidence of number of children born in poor households is higher because of illiteracy and resistance to acceptance of family planning. High population growth is a growing burden on natural resources, causes environmental damage, adds to the problem of under-utilisation of labour, results in growing pressure on land, adversely affects quality of life and increases unemployment. Unless growth of population is contained, the state is bound to suffer more and its poverty alleviation programmes as well as efforts to tackle employment bound to be hampered. The State Government's call for responsible parenthood with focus on 'one child norm' has not achieved desired result. Not incentives, but disincentives, are required to restrain the growth rate, improve per capita income and employment and check the spread of poverty.

6.33 Orissa is one of the densely populated states in the country. According to 2001 Census, while the density of population in the country is 324, Orissa's is 236. Havocs that follow population pressure need not be discussed here. In spite of well organized awareness drives, adoption of small family norm, concerted efforts to promote population control measures, introduction of the Child Survival and Safe Motherhood (CSSM) Programme, etc. the country, particularly the state, has not been able to achieve the desired / reduced level of population growth. The population growth of the state during the period 1981-91 was 20.06% and for the period 1991-2001 it was 15.94%. The Commission is of opinion that the heavy population pressure creates additional burden for the state as well as for the local bodies for providing quality education and health services. It is in this context, that the Commission suggests to empower the G.Ps to impose a "Family Welfare Cess" collectable on the third and subsequent child, after a cut off date, up to the age of 14. The proposed cess should be given wide publicity at least before a period of one year from the date of its levy. It is suggested that the rate of cess may be Rs.60/- per annum for the people living above the poverty line and Rs.25 per annum for the people living below the poverty line.

6. PISCICULTURE CESS:

6.34 'Fisheries' find place at Sl.5 of the Eleventh Schedule of the Constitution as an item, over which the Panchayati Raj Institutions have responsibility for planning and development. Effective use of water resources for pisciculture can substantially add to the G.D.P. of the State. It is also a major source of self-employment, particularly for the rural people. The value added to the GSDP from the fishery sector increases year by year, but no corresponding revenue is earned by the local bodies. In 1990-91, the value added to the GSDP from pisciculture was Rs.203.19 crore which went up to Rs.496.61 crore in 1994-95, Rs.510.48 crore in 1995-96 and Rs. 588.66 crore in 2001-02.

6.35 The inland fishery resources of the state include a large number of ponds or tanks, big and small comprising 1,16,772 hectares. Besides, there are 1,96,307 hectares of small, medium and major reservoirs, 1,80,000 hectares of fresh water lakes, swamps and jheels and 1,71,186 hectares of water area of rivers and canals. Besides, there are brackish water areas of 79,000 hectares of Chilika lake, 2,97,850 hectares of estuaries, 32,587 hectares of brackish water tanks and 8100 hectares of back water. Many of these are under private ownership. Such owners and the leaseholders of reservoirs, lakes, rivers, streams, creeks, waterlogging areas etc. presently, do not pay anything for their pisciculture activities to the respective local bodies. Since they enjoy the infrastructure and other facilities provided by the local bodies and they also contribute to the pollution of the environment, it is necessary that they should pay a 'Pisciculture Cess' to the concerned local body to enable the latter to provide better amenities and to take up environmental protection measures. Keeping these in view, the Commission suggest that the G.Ps may be empowered to impose and collect a Pisciculture cess of Rs.100/- per annum, excluding lease money, from private owners, lease holders, institutions, societies etc for carrying on pisciculture activities in water spread areas exceeding 1000 sq.ft, and Rs.200/- per annum where prawn culture is taken up. Provision may also be made for charging an additional amount of Rs100/- and Rs.200/- for normal pisciculture and prawn culture respectively for water spread areas of every 1000 sq feet or part thereof exceeding 2000 sq.ft. The chart below illustrates the rates.

(Amount in Rupees)

Items	Rate for	
	Normal Pisciculture	Prawn culture
For Water Spread Area within 1000 Sq.ft.	Nil	Nil
For Water Spread Area exceeding 1000 Sq.ft. but within 2000 Sq.ft.	100.00	200.00
For every additional Water Spread Area of 1000 Sq.ft.or part thereof exceeding 2000 Sq.ft. (These rates are in addition to the rates indicated against item No. ii.)	100.00	200.00

6.36 In case of lease of such water bodies by any government official or by or on behalf of any local body, society, institution, firm, samiti, company and the like, it shall be the duty of the concerned

lessor to collect the ' Pisciculture Cess' along with the lease money and to pass on the cess to the concerned G.P. Where the water body is spread in an area of more than one G.P. or local body, the collector of the district shall apportion the collected amount among them proportionately on the basis of area. For this purpose the Water Spread Area of October of every year may be taken into consideration

7. EDUCATIONS, ENVIRONMENT AND HEALTH CARE CESS ON INDUSTRIES:

6.37 Industries do not pay anything to the local bodies except the license fees leviable for establishment of some specified industries and factories within the area of the G.Ps. With the 73rd and 74th Amendments to the Constitution, the local bodies have a more important role to play in the planning and promotion of industries. "Small Scale Industries including food processing industries" and "Khadi, Village and Cottage Industries" find place in the Eleventh Schedule. Besides, the local bodies have the responsibility of protecting the environment and public health. But the factories and industries virtually pay nothing to such local bodies to enable them to protect the environment and to keep it neat, clean and pure. The Commission, therefore, suggest that an Education, Environment and Health Care cess at the rate of 1 per cent of the turnover may be imposed on major or medium industries to be collected and devolved among the G.Ps. situated within 20 K.M. radius of the same, by the government through its appropriate agency. In case of small, village and cottage industries, the concerned G.P. within which they are situated, may be empowered to impose and collect the cess at the same rate. For the purpose of assessment, turnover assessed by the Central Excise Department/Commercial Tax Department may be taken into consideration. In case there are both urban and rural local bodies within the radius of 20 K.M, 50 p.c. of the cess may go to the urban local body/bodies and the rest 50 per cent to the G.P./G.Ps. In case more than one urban local body or G.P. come within the prescribed radius, the respective share may be distributed among them on the basis of area and population by the Collector of the district in whose jurisdiction the industry is situated.

8. EDUCATIONS, ENVIRONMENT AND HEALTH CARE CESS ON MINES:

6.38 Orissa is rich in mineral resources but the local bodies do not receive any direct benefit out of them. Mineral resources like iron-ore, chromite, coal, bauxite, limestone, dolomite, quartz, mineral sands, etc. contribute greatly to the GSDP and the State's economy. But the local bodies in which or in whose periphery such resources are available, starve for want of internal resources though they are responsible for integrated development of the area, environmental protection measures and provision of better amenities. Hence, the Commission recommend that the mines situated within the territorial jurisdiction of any G.P. should pay 5 percent of the pit mouth value of the minerals to the concerned G.P. as Education and Health Care Cess. Necessary amendment to the concerned legislation may be made accordingly for collection of such dues by the government along with the mining royalty or lease value and for their transfer to the concerned grama panchayat. Where more than one Grama Panchayat or one or more ULB along with G.P.(s) come within a radius of 10 Kms. from the Mines, the revenue collected should be distributed proportionately.

9. EDUCATIONS, ENVIRONMENT AND HEALTH CARE CESS ON PORTS AND JETTIES:

6.39 Orissa has a long coastline of 480 Kms. with continental shelf area of 24000 square kms. along the Bay of Bengal. Paradeep is the only major port in the State through which mostly minerals and metallurgical products are exported. Besides, the State Government have developed a fair weather port at Gopalpur, which mainly exports ilmenite and imports fertilizer. There are minor ports and fishing harbours at Dhamara, Chudamoni, Bahabalpur and fishing Jetties at Krushnaprasad, Satapada and Lalitpada. The cargo handling capacity of the ports and catching capacity of the fishing harbours and Jetties in Orissa though very poor, their activities and contributions can support to some extent, the prosperous growth of the Panchayati Raj Institutions and Urban Local Bodies in the coast line, which provide basic amenities and civic services to the habitations around them. The Commission, therefore, suggest that necessary legislative measures may be taken up to levy and

collect an "Education, Environment and Health Care Cess" from the major, medium and minor ports and harbours by the Government at the rate of 1 percent of the annual turnover and to devolve the funds so collected proportionately on the basis of area and population among the G.Ps and Urban Local Bodies situated within a radius of 20 Kms. Besides, the G.Ps may also be empowered to impose and collect the 'Education, Environment and Health Care Cess' from the fishing Jetties situated within their jurisdictions at the same rate of 1 percent of the annual turnover.

10. EDUCATIONS, ENVIRONMENT AND HEALTH CARE CESS ON POWER PLANTS:

6.40 Generation as well as consumption of power have increased in the state considerably over the decades. In the state sector, there are 5 major hydropower projects; at Hirakud, Balimela, Machhkund, Rengali and Upper Kolab. Thermal power projects, namely, T.T.P.S.-I & II, Ib.-I & II are also generating energy. Many of the public sector undertakings like NALCO, RSP, ICCL, HPCL, KMCL etc. have installed their own captive power plants to meet their internal requirement. Such captive plants also sell their surplus power. All the power plants use local resources i.e. coal by the thermal power plants and water by the hydro power stations. The local bodies help the growth of the power sector by providing basic infrastructure and public amenities and in augmenting consumption; yet suffer on account of pollution and get no revenue from them to prosper and thrive as institutions of self government. The Commission suggest that the government should do the needful to levy and collect an 'Education, Environment and Health Care Cess' from the power plants generating electricity both in utility and non-utility sectors and both in conventional and non-conventional energy sources. The Cess may be imposed and collected by the State Government at the rate of 1 paise per unit generated and devolved among the G.Ps and U.L.Bs situated within a radius of 20 Kms. of the plants, proportionately on the basis of area and population.

11. PARKING FEES

6.41 Road safety and prevention of accident hazards are an important social responsibility of the Local Bodies. The number of motor vehicles on road in Orissa has increased from 499950 in 1995-96 to 986,555 in 2001-02. Collection of motor vehicle revenue has also gone up substantially in the state. But the local bodies are in no way benefited because of any increase either in the number of motor vehicles or in motor vehicle tax revenue. Their burden on account of maintenance of roads passing through them and their up keeping through day to day cleaning etc., on the other hand has gone up considerably. The increasing social responsibility can be managed well, only if there is corresponding internal income flow into the public fund of such bodies. It is, therefore suggested that the G.Ps may be empowered to levy parking fees on motor vehicles halting or parking on public roads inside the G.P. and villages at the following rates, for halting and parking of different durations.

Type of Vehicle	For Parking and Halting of		
	Less than one hour	More than one hour but less than 3 hours	Exceeding 3 hours
Two wheelers	Rs. 1.00	Rs. 2.00	Rs. 5.00
Three wheelers	Rs. 2.00	Rs. 3.00	Rs. 7.00
Four wheeler light motor vehicles	Rs. 3.00	Rs. 4.00	Rs. 10.00
Heavy motor vehicles	Rs. 4.00	Rs. 6.00	Rs. 15.00

Besides, the G.Ps may also be empowered to impose and collect a penalty of 25% of the parking fees from those violating the parking rules and they may also be authorized to detain such vehicles till collections are made.

12. LICENCE FEES FROM SHOPS:

6.42 Section 58 of the Orissa Grama Panchayat Act, 1964 empowers a Grama Panchayat to demarcate and provide places for use as public markets and to levy different fees prescribed there

under for use of any place in the market, to expose goods for sale, for use of shops, stalls etc. therein and for parking of vehicles, animals etc. in the market. Section 59 and 60 of the Act also empower a G.P. to issue licence for private market and for collection of licence fees. Section 61 provides that if any question arises as to whether any place is a market or not the decision of the State Government in the matter shall be final. Thus, there are provisions in the Act for collection of fees and licence fees in respect of markets. Market has been defined under section 2(k) of the Act to mean any place set apart for assembling of persons for sale or purchase of goods etc. specified therein. Though, the definition of market is very wide in the Act, the Commission have come across instances where different shops located in private houses are neither licensed nor any licence fees are being collected from them. The arguments advanced for such omission are that the provisions do not specifically empower the G.P. to issue licence or to collect licence fees from shops in private houses. Mobile shops which carry on trading of various goods without having any specific place of business also do not pay any licence fee to the G.P. concerned. The Commission, therefore suggest that obtaining a licence for all shops or trading including mobile shops or wheeled shops should be made mandatory under the Orissa G.P. Act and the G.Ps be authorized to impose and collect an annual licence fee of an amount not less than 0.25% of the turn over as per OST Registration, wherever available. In case of unregistered dealers /shop keepers, such licence fee may be decided by the concerned local body, keeping in view the volume of transactions. On introduction of licence fees for shops, the present provisions regarding licence fees for private markets and licence fees for using shops etc. inside public markets may be suitably amended to avoid overlapping and contradiction.

13. TRANSFER OF MARKETS UNDER THE REGULATED MARKETING COMMITTEES TO THE GRAMA PANCHAYATS:

6.43 After the 73rd Amendment of the Constitution, 'markets and fairs' have become a constitutional responsibility of the Panchayati Raj Institutions as they find place under schedule- XI. For discharging such responsibility it is necessary that the markets presently managed by the Regulated Market Committees are transferred to the management of the G.Ps concerned. Presently, under the provisions of the Orissa Agricultural Produce Markets Act, 1956, net income of such markets are shared equally among the local bodies and the market committees; however, with a stipulation that the transferable share to the local bodies shall not be less than 80% of the average net income of land and building for 3 preceding years before transfer of the market to the committee. Thus, the Market Committees having no social or constitutional responsibility appropriate about 50 p.c. of the net income of such markets, while the local bodies starve for want of funds. The Market Committees do not take up any local improvement work except for providing some facilities in the markets in a haphazard manner and there is also no provision in the Act to enable the Market Committees to take up any development work or health & sanitation measures, in the locality. The objectives of the Orissa Agricultural Produce Markets Act, 1956 are also very narrow and confined to the activities of regulating the purchase and sale of agricultural produce only. The Commission, therefore, are of the opinion that it is high time that the said Act is repealed and the markets now under the management of different market committees constituted under the Act are re-transferred/ transferred to the management of the concerned G.Ps.

14. TRANSFER OF SAIRAT SOURCES AND MINOR MINERALS TO THE GRAMA PANCHAYATS:

6.44 State Government have already agreed in principle to transfer the sairat income to the Panchayati Raj Institutions and such transfer through a lump sum amount is being done now. Discussions with the representatives of the PRIs at different places, however, reveal that for want of adequate watch and ward there is leakage of revenue to a great extent. There is a feeling that if all the sairat and minor mineral sources now under management of the Tahasils are transferred to the Grama Panchayats, uninterrupted vigilance will be possible and the Grama Panchayats will be able to raise more than the present level of collection. The Commission, accordingly suggest that the existing rules regarding sairat sources and minor minerals may be amended and all such sources situated

within the area of Grama Panchayats may be transferred to the control and management of the respective Grama Panchayats.

6.45 Secondly, whatever sairat sources or public properties have so far been transferred to the Grama Panchayats, they are still owned by the State Government and only the management of the properties has been transferred. Virtually such properties are now under dual control. For example, while some orchards or topes have been transferred to the Grama Panchayats, the Revenue Inspectors or Tahasils give annual lease of the soil beneath the trees for cultivation to others. The wind-fallen timber or trees are disposed of through auction by the Tahasil agency. When any theft occurs, F.I.R. lodged by the Grama Panchayat goes unheeded for want of title paper over the land or trees and in case of charge sheeted cases the Grama Panchayats fail to produce any document of title in the courts of law. Such situations are not conducive to proper control, management and growth of public properties and revenue. The Grama Panchayats also feel hesitant to make any investment for improvement of such assets and are unable to prepare bankable schemes. No purpose is served through such halfhearted transfers. A time has come when the PRIs have to be trusted as institutions of self-governance. Hence, the Commission recommend that all sairat sources, waste lands, orchards, tanks etc. should be transferred through alienation proceedings to the concerned Grama Panchayats and they should be recorded in the record of rights in their favour through mutation proceedings. This will end the dual authority and will encourage the Grama Panchayats to take proper care of such properties.

15. TOLL FEES FOR USING VILLAGE, G.P. AND P.S. ROADS:

6.46 The Commission have noticed that motor vehicles using rural roads constructed and maintained by the Panchayati Raj Institutions do not pay anything to them though they damage the roads to a great extent. Well-maintained rural roads are vital to economic development and are a constitutional responsibility of the PRIs. 'Road, Culvert, Bridges, Ferries, Waterways and other means of communication' find place at Sl.13 of the Eleventh Schedule. It is not out of place to mention here that though the PRIs have the most burdensome responsibility to provide good rural roads there is no scope for them to collect a pie from the vehicles plying on their roads. The Commission feel that a time has come to trust the PRIs more and to empower them to collect a toll-fee from the commercial motor vehicles for the privilege of using a bridge or road constructed or maintained by any of the Panchayati Raj Institutions. The Commission suggest that such tolls may be imposed and collected by the Grama Panchayat concerned at the first entry point to the P.S. road or G.P. road or village road from the National High Way, State High Way or R & B Roads (M.D.R., O.D.R., C.V.R. etc) at the following rates. The G.P. imposing and collecting the toll should deposit the amount so collected with the P.S. after deducting collection charges and incidental costs as decided by the Panchayat Samiti concerned and the amount so deposited should be distributed by the P.S. among all the G.Ps through which such roads pass on the basis of the length of the road passing through the concerned G.P.

Rates per day.

i)	Per truck –	Rs.20.00
ii)	Per tractor/ Mini-truck-	Rs.10.00
iii)	Per trekker/ Jeep-	Rs.05.00
iv)	Per taxi-	Rs.02.00

16. LOCAL BODY CESS BY FOREST CORPORATION FOR KENDU LEAVES COLLECTED:

6.47 Kendu Leaf trade in Orissa has been nationalized since 1973 with the objectives of (i) ensuing fair price to the pluckers and (ii) maximizing income of the state exchequer. With nationalization, generation of royalty has increased substantially. The revenue from Kendu leaf has increased from Rs.2.92 crore during 1972 to Rs.69 crore during 2001-02. The purchase price payable to pluckers is being enhanced from time to time. At present the PRIs of the K.L. growing areas are getting substantial grants in shape of K.L. grants out of the profits earned from the kendu leaf trade. This is an indirect source of revenue and depends upon profit earned by the Government. The PRIs in

whose area Kendu leaves are collected, however, do not get any direct revenue from the plucking operations. The Commission, therefore, suggest that the Orissa Forest Corporation should pay a local body cess at the rate of one paise for every 100 Kendu leaves collected to the respective Zilla Parishads along with fodiwise and G.P. wise collection figures every year and the amount so received should be distributed among the G.Ps on the basis of quantity collected. Such a measure will also encourage better collection of leaves from the respective G.P. areas.

17. LOCAL BODY HEALTH FEE:

6.48 Private hospitals and nursing homes have come up in large numbers in the state both in rural and urban areas. Such hospitals and nursing homes while supplementing the medical facilities made available by the government, add to the burden of the local bodies in providing better sanitation and other services to the locality or vicinity of the said institutions. These institutions though run on commercial basis with little or no provision for charity, pay nothing to the local body concerned while enjoying the infrastructural facilities of the locality. The Commission, therefore, suggest that each such hospital and nursing home, in whatever name it runs, should be levied with a 'Local Body Health Fee' at the rate of Rs.60.00 per bed per annum on the basis of number of beds for which facilities are available, whether occupied or not. The G.Ps within whose jurisdiction such institutions are located be empowered to levy the fee and collect the same. In future this may be extended to paying beds in government hospitals also.

18. PILGRIM FEE:

6.49 Orissa is famous for temples and holy places that attract large number of pilgrims and tourists throughout the year. Apart from the golden triangle of Puri, Konark & Bhubaneswar, there are many other places flocked by pilgrims and tourists like Shri Sakhi Gopal of Sakhigopal, Sri Baldev Jew of Kendrapara, Sri Nila Madhav of Kontilo, Biraja Khetra of Jajpur, Sri Alarnath of Bramhgiri, Sri Raghunath Jew of Odagaon, Sri Nrusinghnath of Paikmal, Sri Biranchinarayan of Buguda, Sri Khirachora Gopinath of Remuna, Sri Subarnameru Mahadev of Sonapur, Sri Ladubaba of Sarankul, Sri Akhandalmoni Mahadev of Aradi, Sri Gupteswar Pith of Koraput, Sri Chandrasekhar temple of Kapilas; Sri Birupakhya temple of Chakapad, Chausathi Jogini pitha of Ranipur and Jharia, Taratarini Pitha of Purusottampur, Tarini Pitha of Ghatgaon, Maha Binayaka of Chandikhol, Sarala Pitha of Jhankad, Bhatarika of Baramba, Samalei temple of Sambalpur, Kichakeswar temple of Khiching; Bhagabati temple of Banpur; Mangala temple of Kakatpur, Charchika temple of Banki and Chandi temple of Cuttack. The respective local bodies of such places of pilgrimage discharge civic responsibilities and provide basic amenities to the pilgrims. But, presently they have no power to levy any tax or fee on them. The only income, which the G.Ps get from such places, is the licence fees from fairs and festivals or from the shops and stalls etc. that are set up during the fairs and festivals. In Karnataka, the Karnataka Panchayat Raj Act, 1993, under section 199(3) (d) empowers the G.P. to levy a pilgrim fee on persons attending the jatras, festivals, etc where necessary arrangement for water supply, health and sanitation are made. Section 124 (1) (i) of the Bombay Village Panchayat Act, 1958 also provides for a pilgrim tax. On similar lines, the Commission suggest that the Grama Panchayats may be empowered to levy a pilgrim fee of Rs.0.50 paise on every person entering any pilgrim place for the purpose of pilgrimage. For this purpose the Zilla Parishads may be empowered to notify the pilgrim places with metes and bounds, where the G.Ps can impose and collect the fee.

6.50 It may be mentioned here that under the Bihar and Orissa Places of Pilgrimage Act, 1920, vide Section 2 (4), 'Pilgrim' stands defined to include any person "who visits a place of pilgrimage with the object among others, of performing such rites as are usually performed by pilgrims." The provisions of the Act can be extended to any local area by notification to which or through which people go on pilgrimage. Under the Act, licence fees are collected from licensed houses for accommodating pilgrims. Secondly, the Act empowers the State Government to impose a terminal tax on passengers vide section 13. The 'terminal tax' is collectable from passengers travelling by railway, steam vessel and by a public service vehicle. However, the tax is not payable by any passenger travelling by railway if the same was not payable for any particular place at the time of commencement

of the Constitution of India. Thus, the scope of this Act appears to be limited and mere extension of its application to other areas may not serve the purpose of 'buoyancy'. Either the Act has to be suitably amended or repealed through another appropriate legislation or necessary amendments to the Orissa Grama Panchayat Act, 1964 and the respective Municipal Laws relating to Urban Local Bodies have to be made. It may also be mentioned here that under Section 55 (i) (n) read with section 57 of the O.G.P. Act, 1964 licence fees from public halting places like boarding houses and lodging houses are collectable. The Commission feel that all these existing provisions have no 'buoyancy' to levy and collect a 'Pilgrim fee' from all the pilgrims visiting the holy places in the State. Hence, the Commission suggest the collection of such a fee at the rate of Re.0.50 paise per person entering any notified pilgrim place within the local area of a G.P. Appropriate legislative measures are needed for imposing this fee with a wider base.

19. FEE FOR BIRTH AND DEATH CERTIFICATE:

6.51 Maintenance of vital statistics including registration of births and deaths is a function that can be entrusted to Urban Local Bodies as per Schedule-XII of the Constitution. This function does not find place in Schedule-XI of the Constitution. Previously this was an obligatory function under Section 44(i)(j) of the O.G.P. Act, 1964. But this function has been deleted from the list of functions of the G.Ps through amendment in the recent past. At present registration of births and deaths is being done under the provisions of Registration of Births and Deaths Act, 1969 which is a Central Act and rules framed there under. The State Government is empowered to appoint a Registrar for each local area under Section 7(i) of the Act. 'Local Area' has been defined as the jurisdiction of a Municipality, Panchayat or other local authority or any other area or a combination of any two or more of them. The Registrar can appoint sub-Registrars with prior approval of the Chief Registrar for any specified area under him. The Medical Officers of Primary Health Centres/Hospitals, etc appear to have been appointed as Registrars. The Commission feel that registration of births and deaths should continue to be a social responsibility of the Grama Panchayats as maintenance of such statistics by them is helpful for social planning. Such statistics can be very easily collected by them in the monthly meetings of the villages and kept up-to-date by the data bank of the G.P. With registration of births and deaths by the local bodies, they can also be empowered to issue birth and death certificates and thereby trusted to discharge a legal function. For the purpose of issue of a certificate, levy of a fee is permissible under Section 17 of the Act. If the G.P. i.e. the Executive Officer of the G.P. is declared as the Registrar/Sub-Registrar, the fees collectable u/s 17 can be earned by the G.P. and credited to the Grama Fund. The State Government may consider this, if necessary in consultation with the Government of India and/or Registrar General of India and empower the G.Ps accordingly. The prevailing civil registration hierarchy in different states, at different levels, is given below, in support of the recommendation made here.

CIVIL REGISTRATION HIERARCHY IN STATES AND UNION TERRITORIES

States	State level	District level	Below district level	Local area level (rural)
Andhra Pradesh	<u>Chief Registrar</u> Director of Health	<u>District Registrar</u> District Medical and Health Office		<i>Registrar</i> Panchayats with Executive Officer
	Addl. Chief Registrar, Addl. Director of Medical & Health Services (CD)	Addl. Dist. Registrar Dy. Dist. Medical & Health Officer in-charge of Medical & Health Work other than Family Welfare		Executive Officer Other Villages - VAO
	Dy. Commissioner Panchayat Raj			

States	State level	District level	Below district level	Local area level (rural)
	Dy. Chief Registrar Dy. Director of Medical & Health Services (State)	Addl. District Medical & Health Officer (FW)		
Arunachal Pradesh	Chief Registrar Director of Economics & Statistics	District Registrar Dy. Commissioner		Registrar Extra Assistant Commissioner/ Circle Officer
Bihar	Chief Registrar Director of Statistics & Evaluation	District Registrar Dy. Development Commissioner	Addl. Dist. Registrar Block Development Officer	Registrar Panchayat Sevak
	Joint Chief Registrar Joint Director (VS)	Addl. Dist. Registrar Dist. Statistical Officer		
	Dy. Chief Registrar Dy. Directors (VS)			
Goa	Chief Registrar Director of Planning Statistics & Evaluation	District Registrar Additional Collector	Addl. Dist. Registrar Block Development Officer	Registrar Secretary of Village Panchayat
	Addl. Chief Registrar Joint Director, Planning, Statistics & Evaluation			
Gujarat	Chief Registrar Commissioner of Health Medical Services & Medical Education	District Registrar Chief District Health Officer	Taluka Registrar Taluka Development Officer	Registrar Talati-cum-Mantri / Mantri
	Addl. Chief Registrar Addl. Director (State)			Sub-Registrar Clerk of Village Panchayat
	Addl. Dy. Chief Registrar			
Himanchal Pradesh	Chief Registrar Director of Health Services	District Registrar Chief Medical Officer	Specified Officer Block Development Officer	Registrar Gram Vikas Avam Panchayat Adhikari of Village Panchayat
Karnatak	Chief Registrar Director, Bureau of Economics & Statistics	District Registrar Dy. Commissioner		Registrar Village Accountant
	Joint Chief Registrar Joint Director, Economics and Statistics	Addl. Dist. Registrar Dist. Statistical Office		
	Dy. Chief Registrar Dy. Director, Economics and Statistics			
Kerala	Chief Registrar Director of Panchayats	District Registrar Assistant Director of Panchayats		Registrar Secretary of Gram Panchayat
	Addl. Chief Registrar Addl. Director of Economics & Statistics	Addl. Dist. Registrar Senior Research Assistant of DSO		Sub-Registrar Joint Superintendent / Head Clerk / UDC of Gram Panchayats

States	State level	District level	Below district level	Local area level (rural)
Madhya Pradesh	Chief Registrar Director of Economics & Statistics	Addl. Chief Registrar District Collector		Registrar, Panchayat Secretary
	Dy. Chief Registrar Dy. Director (VS)	Dist. Registrar District Planning Officer		
	Asst. Chief Registrar Asst. Director (VS)			
Maharashtra	Chief Registrar, Director General of Health Services	Dist. Registrar Dist. Health Officer	Addl. Dist. Registrar District Chief Executive Officer(VP)	Registrar Grama Sevak / Asst. Gram Sevak / VDO
	Dy. Chief Registrar Dy. Director of Health Services (SBHI&VS)		B.D.O. (Panchayat Samiti)	
Manipur	Chief Registrar Director of Medical & Health Services	Dist. Registrar Chief Medical Officer	Addl. Dist Registrar B.D.O.	Registrar B.D.O.
	Addl. Chief Registrar Director Economics & Statistics	Addl. Dist. Registrar Dy. Chief Executive Officer (Panchayat) Zilla Parishad.		SDO's / Medical Officer in charge of PHCs and CHCs in hilly areas.
	Dy. Chief Registrar Dy. Director (VS)			Sub-Registrar Panchayat Secretary
				V.L.W. in hilly area
Mizoram	Chief Registrar Secretary / Commission Planning Department	District Registrar Deputy Commissioner		Registrar Primary School Teacher
	Addl. Chief Registrar Director of Economics & Statistics	Addl. Dist. Registrar Dist. Education Officer		
	Dy. Chief Registrar Dy. Director of Economics & Statistics	Asst. Dist. Registrar Research Officer Economics & Statistics		
Nagaland	Chief Registrar Director of Economics and Statistics	Dy. Chief Registrar Deputy Commissioner	Addl. Dist. Register Block Development Officer	Registrar Secretary Village Development Board.
		Dist. Registrar District Statistical Officer		
Rajsthan	Chief Registrar Director of Economics and Statistics	Addl. Chief Register Collectors of all district		Registrar Gram Sevak / Gram Sachib / Headmaster of Primary School
	Addl. Chief Registrar Joint Director (Vital) Economics and Statistics	District Registrar District Statistical Officer		Sub-Registrar Assistant Teacher
	Dy. Chief Registrar Dy. Director (V.S.)	Addl. Dist. Registrar Development Officer Panchayat Samiti		
Tamil Nadu	Chief Registrar Director of Public Health & Preventive Medicine	District Registrar Collector / Dist. Revenue Officer / Addl. Collector		Registrar Village Administrative Officer

States	State level	District level	Below district level	Local area level (rural)
	Dy. Chief Registrar Joint Director, SBHI	Addl. Dist. Register Dy. Director Health Services		
Tripura	Chief Registrar Director of Health Services	Dist. Registrar District Magistrate / Collector.	Addl. Dist. Registrar Sub Divisional Officer (TTAADC* area)	Registrar Tahasildar (TTAADC* area)
			Block Development Officer (Non- (TTAADC* area)	Panchayat Secretary (Non- (TTAADC* area)
Uttar Pradesh	Chief Registrar Secretary Medical and Health	District Registrar District Magistrate		Registrar Grama Panchayat Vikas Adhikari
	Addl. Chief Registrar 1. Director General Medical, Health Services 2. Director, Local Government. 3. Director, Panchayati Raj	Addl. Dist. Registrar 1. Chief Health Officer 2. Dy. Chief Health Officer (Urban areas) 3. District Panchayat Raj Officer (Rural area)		
West Bengal	Chief Registrar Director of Health Services	Dist. Registrar District Magistrate / Dy. Commissioner		Registrar Block Sanitary Inspector
	Dy. Chief Registrar Director (SBHI)	Addl. Dist. Registrar CMO of Health		Sub Registrar Gram Pradhan
	Asst. Chief Registrar Asst. Director of Health Services (VS)	Addl. Dist. Magistrate (Gen. Admn.)		

20. TURNOVER TAX ON MINOR FOREST PRODUCE:

6.52 Under the provisions of the Orissa Grama Panchayats (Minor Forest Produce Administration) Rules, 2002, every Grama Panchayat has the power to regulate procurement and trading of 68 numbers of minor forest produce as listed below.

LIST OF MINOR FOREST PRODUCE

1.	Tamarind, de-seeded Tamarind, Tamarind, seeds.
2.	Mahua Flower
3.	Hill Brooms
4.	Thorn Broom (Jhadu or Ghoda Lanji)
5.	Phula Jhadu
6.	Broom Grass
7.	Nux Vomica (Kochila Seseds)
8.	Hardad
9.	Bahada
10.	Anla
11.	Soap Nut (Titha Phala)
12.	Marking Nut (Bhalia)
13.	Cleaning Nut (Nirmala)
14.	Honey
15.	Siali Leaves
16.	Sabai Grass
17.	Mngo Kernel

18.	Thatch Grass
19.	Simul Cotton
20.	Arrow Root (Palua)
21.	Dhatuki flower
22.	Putrani
23.	Sikakai
24.	Ungal Jada or Gaba
25.	Palasa Seed
26.	Siali Seed
27.	Indra Jaba (Korai Seed)
28.	Gila (Seed and Coat)
29.	Benachera
30.	Bana Haladi
31.	Gaba
32.	Basil
33.	Bana Kalatha
34.	Makhena Seed (Kanta Padma)
35.	Tala Makhana Seed
36.	Baidankia Seeds
37.	Baghanakhi Seeds
38.	Kamala Gundi Fruit
39.	Landa Baguli
40.	Bela
41.	Chiraita (Bhui Neem)
42.	Khajuripata
43.	Riohini Fruit
44.	Bhurusunga Leaves
45.	Phenaphena Fruit
46.	Rasana Root
47.	Sidha Fruit
48.	Sethabari
49.	Katha Lai
50.	Aundi Lai
51.	Khelua Lai
52.	Suam Lai
53.	Eksira Fruit
54.	Katha Chhatu (Mushroom)
55.	Mat Reed (Sapa Masina Grass)
56.	Anania Mula
57.	Antia Pata
58.	Nageswar Flower
59.	Mankad Kendu
60.	Atundi Fruit
61.	Mahula Seed
62.	Kusum Seed
63.	Karanja Seed
64.	Neem Seed
65.	Char Seed
66.	Chakunda Seed
67.	Bbul Seed
68.	Baibirang Seed

6.53 Any person intending to collect the above mentioned minor forest produce from the primary gatherers or to trade in such produce within the Grama Panchayat during any trading year is required under Rule 4 of the said Rules to register himself as such on payment of a registration fee, to the concerned Grama Panchayat as may be notified by the Government from time to time. However, under Rule 9 (I) such registration fee is not payable by the Public Sector Undertakings like the Orissa

Forest Development Corporation and Tribal Development Co-operative Corporation and Tribal Co-operative Marketing Development Federation of India Ltd. Since most of the minor forest produce are procured from primary gatherers and traded by these corporations/co-operatives, the Grama Panchayats are virtually deprived of getting registration fee from all the procurers and traders. The Commission are of the view that as it is obligatory for a Grama Panchayat under Section 44(I) of the Orissa Grama Panchayat Act, 1964 to control and administer 'Minor Forest Produce', which finds place in clause (w), it is unfair to deprive them of the registration fee due from the public sector undertakings. Secondly, it is apprehended that non-imposition of the registration fee on the PSUs may be interpreted as discriminatory. In the circumstances, the Commission suggest that Rule 9(I) of the Orissa Grama Panchayats (Minor Forest Produce Administration) Rules, 2002, may be suitably amended empowering the Grama Panchayats to levy and collect the registration fee from the P.S.U. traders also.

6.54 Besides, the Commission have separately suggested to empower all the G.Ps. to levy and collect an annual licence fee of an amount not less than 0.25 per cent of the annual turnover from all shops/traders. Hence, any person who procures or trades in any of the minor forest produce within a G.P. area is to pay this as and when the suggestion of the Commission is accepted and implemented. Therefore, the provisions of the O.G.P. (Minor Forest Produce Administration) Rules, 2002 may also be suitably amended to permit this, to avoid any confusion or contradiction.

6.55 The Commission believe that the above suggestions, if implemented, can help the rural local bodies in raising substantial resources to enable them to function as 'institutions of self-governance'. All the above suggestions can be implemented through necessary amendments to the respective laws, and the Commission do not see any severe hindrance in the way. Although any new taxation measure is likely to invite some initial resistance, the Government should be prepared to take these initiatives to achieve greater social objectives.

6.56 As far as the Panchayati Raj Institutions are concerned, only the Grama Panchayats in the three-tier system have been empowered to exercise taxation powers. Most of the public properties generating internal income also vest with the Grama Panchayat only. In view of these, the Commission suggest that necessary provisions may be made making it mandatory for each G.P. to contribute 5 P.C. of its net internal income to the Panchayat Samiti and another 5 P.C. to the Z.P. annually, for strengthening their internal resources.

CURRENT FINANCIAL POSITION OF URBAN LOCAL BODIES

6.57 The Commission had observed in their first (interim) report that the pace of urbanization in Orissa has been very slow; as a result urbanization has a rural face, though the history of urbanization in the state is more than 100 years old. The first municipality constituted was Berhampur in 1867. Berhampur was under Madras Presidency at that time. Cuttack, Jajpur & Kendrapara were next constituted as town committees from 1st April, 1869 under The District Towns' Act {(Act VI (BC)) of 1868 in the district of Cuttack. These three towns were under Bengal Presidency at that point of time. The first Local Self Government i.e. Municipality of Sambalpur was constituted without a legislative enactment under the authority of a Book Circular of the Central Provinces Government, issued as per notification No.337 dated the 17th May, 1867. The Central Provinces Municipal Act (XVII) of 1889 gave it a legislative constitution. Sambalpur was at that time under the Central Provinces (CP). The State has now two Municipal Corporations, 32 Municipalities and 71 NACs totaling 105.

6.58 The financial position of most Urban Local Bodies is not satisfactory, with the result that they are not in a position to meet the rising demand for municipal services. Growth of revenue is not commensurate with the rapid growth of cities and towns. It is a fact that the functional responsibilities of Urban Local Bodies have increased manifold inflating their resource needs. At the same time their performance has been dismal on augmentation of resources to carry out their functions. It will not be out of place to mention here that even the statutory avenues of raising resources remain un-explored or under explored because the elected bodies do not want to incur any displeasure by levying taxes under their powers, even though they are needed to match with the requirements, for providing the intended level of services. Inadequate taxation and poor fiscal management of resources have rendered the municipal services un-satisfactory. Not all the U.L.Bs are endowed with similar sources

of revenue nor with similar expenditure liabilities. The smaller municipalities hardly have any funds to meet their day-to-day requirements and have no capability to raise resources for improving the level of services. The infrastructure development is not in a position to keep pace with the population growth of such cities resulting in serious inadequacies in services. Keeping these factors in view, an attempt has been made to analyse the present financial position of the U.L.Bs.

SOURCES OF MUNICIPAL REVENUE:

6.59.1 U.L.Bs depend upon the following internal and external sources for their revenues.

A) INTERNAL SOURCES:

- i) Tax
- ii) Non-Tax Revenue

6.59.2 The Tax Revenue is derived from rates & taxes levied and collected by U.L.Bs.

6.59.3 Non-Tax Revenue is derived from licence and other fees, receipts under special acts, revenue derived from Municipal property & powers and from miscellaneous sources.

B) EXTERNAL SOURCES:

6.59.4 Grant-in-aid from Central and State Governments and other transfers from State government including share in taxes come under this category.

TAXATION POWERS OF THE U.L.BS.

6.60 U.L.Bs derive their taxation powers from Section 131 of Orissa Municipal Act 1950. This Section provides for levy of the following taxes namely –

- a) a tax on holding situated within the Municipality assessed on its annual value;
- b) a latrine tax as a percentage of the annual value of holding;
- c) a water-tax as a percentage of the annual value of holding;
- d) a lighting tax as a percentage of the annual value of holding;
- e) a drainage tax as a percentage of the annual value of holding;
- f) a tax on carriages, carts, horses and other animals named in the Third Schedule of the Act;
- g) a tax on profession, trade and callings as may be prescribed;
- h) a poll tax subject to such maximum and minimum rates, as may be prescribed, on animals, carts and carriages other than motor vehicles, carrying goods or passengers and entering the Municipality where a festival or fair is held and notified by the Municipality for the purpose;
- i) a fee on registration of dogs;
- j) a fee on vessels moving within the limits of the Municipal area at ghats or landing places constructed and maintained by the Municipality;
- k) any other tax which the Municipality is empowered to impose under any law for the time being in force;
- kk) an octroi on goods brought within the limits of a Municipal area for consumption, use or sale therein; (since abolished)
- l) any other fee for services rendered by the Municipality under the Act for the health, safety and convenience of residents;

NON-TAX SOURCES:

USER CHARGES:

6.61.1 User Charges are the most prominent Non-Tax source of municipal revenue. These are levied for services provided by the ULBs. Water and Sewerage charges are the main user charges being levied by the ULBs.

OTHER NON-TAX SOURCES:

6.61.2 Other non-tax sources of the ULBs include licence fees for various trade licences, slaughterhouse fee, building plan approval fee, sale proceeds and rent from municipal property etc.

CENTRAL AND STATE GOVERNMENT DEVOLUTIONS:

6.62 The Central government and State government have been providing grants-in-aid to the ULBs for various infrastructure schemes. Grants have been released to the ULBs as per the recommendations of the Tenth and Eleventh Finance Commissions and the 1st State Finance Commission. The following table indicates the grants released to Urban Local Bodies as per the recommendations of the 1st State Finance Commission, the 10th Finance Commission and the 11th Finance Commission.

Table No. 6 K

Grants released to ULBs as per the recommendation of
1st State Finance Commission

(Rs. in Crores)

1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 R.E.
10.49	45.68	99.82	109.69	128.43

Table No. 6 L

Grants released to ULBs as per the recommendation of
10th Finance Commission

(Rs. in Crores)

1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 R.E.
9.19	4.72	-	-	-

Table No. 6 M

Grants released to ULBs as per the recommendation of
11th Finance Commission

(Rs. in Lakh)

Local Bodies	Grant Recommended by EFC	State Share	Share of LBs	Total	Grant Released up to 30.06.04
Urban Local Bodies	3996.00	306.98	1691.03	5994.00	2797.20

Source: Finance Department, Government of Orissa

SURCHARGE ON ADMISSION FEES FOR ENTERTAINMENT

6.63.1 In Orissa surcharge on admission fee for entertainment is partly transferable to ULBs. The Orissa Entertainment Tax Act, 1946 and Orissa Entertainment Rules, 1947 authorise the levy of

- (i) Entertainment tax on payment for admission at the rate of 60% if such payment is upto one rupee and at the rate of 70% if such payment is more than one rupee.
- (ii) Additional Entertainment tax in the Municipal areas of Bhubaneswar, Puri, Cuttack, Berhampur, Sambalpur and Rourkela at 20% of the basic income.
- (iii) Exhibition tax on advertisements displayed through slides, films and trailers in the cinema houses.

- (iv) Show tax is levied on and collected from every proprietor of the cinema house at varying rates depending on the location and seating capacity of the cinema house.
- (v) Surcharge on payment for admission, which is levied at the following rates.
 - (a) In any Municipal area other than the Municipal areas of Bhubaneswar, Cuttack, Puri, Berhampur, Sambalpur and Rourkela.
 - (i) At 50 paise on every admission if the payment for admission excluding the tax does not exceeds Rs.1.50.
 - (ii) At 75 paise on every admission if payment for admission excluding tax exceeds Rs. 1.50 but does not exceeds Rs.2.50.
 - (iii) At one rupee on every admission if payment for admission excluding tax exceeds Rs.2.50.
 - (b) In the Municipal Areas of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur & Rourkela.
 - (i) At 50 paise on every admission if the payment for admission excluding tax does not exceed Rs. 1.00.
 - (ii) At 65 paise on every admission if the payment for admission excluding tax exceeds Rs. 1.00 but does not exceed Rs. 1.50
 - (ii) At 90 paise on every admission if the payment for admission excluding tax exceeds Rs. 1.50 but does not exceed Rs. 2.50.
 - (iii) At Rs.1.50 paise on every admission if the payment for admission excluding tax exceeds Rs. 2.50.
 - (c) In other areas excluding the Municipal areas as indicated in (a) and (b) above at the rate of 25 paise on every admission.

COMPOUNDING OF ENTERTAINMENT TAX PAYABLE:

6.63.2 In exercise of powers vested in the State Government under Sec 5(2) of the Orissa Entertainment Tax Act, 1964, the State Government in the Finance Department in Resolution No.45932 dt.31.12.1989 have specified that there shall be levied and paid a tax of 20% of the "gross collection capacity" on every show in respect of cinematograph exhibitions in any theatre located in the Municipal areas of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur and Rourkela with the condition that such tax shall be payable on the average of 70 shows per calender month irrespective of number of shows exhibited during a month. Thus in respect of the above 6 Municipal areas, the amount of tax per month has been fixed irrespective of the amount of collection. In the aforesaid section 5(2), the "gross collection capacity" has been defined as the notional aggregate of all payments for admission to a show (inclusive of the entertainment tax, the surcharge and the additional surcharge if any on entertainment tax) if all the seats or other accommodation in the theatre specified in the licence were occupied by the spectators.

ALLOCATION OF SURCHARGE ON PAYMENT FOR ADMISSION TO ENTERTAINMENT:

6.63.3 In terms of Section 13(1) of the Orissa Entertainment Tax as amended in March, 1986, out of the proceeds of surcharge on payment for admission to entertainment collected in any local area under the Municipal Council or the Notified Area Council, 15 paise on every admission shall be retained by the State Government to be used for the purpose of establishment of low cost cinema houses and the balance shall be paid to the council concerned. In terms of Sec. 13(2) of the Act, the entire proceeds of the surcharge of 25 paise collected in other local areas other than the local areas under the Municipal Council or Notified Area Council shall be retained by the State Government to be used for the purpose of establishment of low cost cinema houses. In an amendment of Section 13(1) and 13(2) of Act made in 1993 it has been stipulated that the amounts as stated above retained by the State Government shall be used for the purposes of (1) establishment of low cost cinema houses and (2) development of Oriya Film Industry in equal proportions.

RELEASE POSITION OF THE SURCHARGE:

6.63.4 As per information available from Finance Department the following table indicates the position of the total amount of entertainment tax including surcharge collected and the amount of surcharge released in favour of Urban Local Bodies and the Orissa Film Development Corporation from 1995-96 to 2003-04.

Table No. 6 N
ENTERTAINMENT TAX

(Rs.in Crore)

Year	Amount of Entertainment Tax		Surcharge on Entertainment Tax		
	B.E.	Actual Collection	B.E.	Actual Collection	
				ULBs	OFDC
1995-1996	5.00	6.27	1.50	0.45	0.12
1996-1997	5.00	5.72	1.50	0.48	0.11
1997-1998	5.00	5.88	1.50	0.48	0.11
1998-1999	6.00	6.89	1.64	-	0.11
1999-2000	6.00	4.90	1.64	-	0.10
2000-2001	3.00	4.81	1.50	-	0.08
2001-2002	6.00	4.34	0.50	-	-
2002-2003	6.00	3.85	0.51	-	-
2003-2004	9.61	3.40	0.51	-	-
2004-2005	10.75	-	2.51	-	-

Source: 1. Finance Accounts for respective years.

2. Finance Department, Government of Orissa

3. Budget at a Glance (2003-2004), Finance Department Govt. of Orissa

- (i) Actuals in column 4 relates to actual amount of collection of Entertainment Tax including surcharge amount.
- (ii) Actuals in column 6 relates to actual amount of allocation of surcharge on E.T. in favour of Urban Local Bodies and M/s Orissa Film Development Corporation.
- (iii) Allocation of E.T. surcharge is made on the basis of collection from different show houses in each year as reported by Commissioner of Commercial Taxes, Orissa. Total number of tickets sold in each category in respect each local area.
- (iv) With regard to Urban Local Bodies, allocation of surcharge is made after deducting 15 paise per ticket.
- (v) The surcharge amount at the rate of 15 paise per ticket in the urban Show House and @ 25 paise per ticket collected in the rural Show houses are allocated in favour of M/s OFDC for development of Oriya Film Industry and low cost Cinema houses in the State.
- (vi) The above surcharge amount does not include the collection in 6 big cities where scheme of compounding was introduced; because practically there is no collection of E.T. under compounding scheme in respect of Show house in 6 big cities.
- (vii) From the year 1998-99 no allocation of E.T. surcharge was released in favour of Urban Local Bodies directly.

6.64 The following table indicates the Collection of Entry Tax and amounts released in favour of ULBs (in lieu of octroi).

Table No. 6 O

(Rs. in Crore)

Year	Entry Tax (Amount actually Collected)	Amount released in favour of ULBs.	(Released in favour of H & U.D. Department through budgetary provisions for financial assistance to ULBs in terms of Rule 36 of OET Rules)
1999-00 (01.12.99 to 31.03.00)	39.77	31.87	
2000-01	207.80	85.00	
2001-02	249.23	95.00	
2002-03	311.64	105.00	
2003-04	377.19	115.50	

Source: - 1. Finance Accounts and
2. Finance Department, Government of Orissa.

Note: As per the recommendation of 1st State Finance Commission vide paras 10.12.5 required amount of compensation is being released through budgetary provision in the annual budget of H & U.D. Department with usual increase of 10% per annum. In the initial year (2000-01), the quantum of compensation was settled basing on the audited figure of annual Octroi collection during three preceding years. In order to avoid delay in release of compensation amount through processing of files, the amount is provided in the budget of H & U.D. Department to be released by them in favour of ULBs at regular intervals without reference to Finance Department.

6.65 The following table illustrates the picture of tax revenue in respect of Municipal Corporations, Municipalities and N.A.Cs during the year 1998-99 to 2003-04.

Table No. 6 P

A. MUNICIPAL CORPORATIONS (TAX REVENUE)

(Rs. in Lakhs)

Year wise	Lighting	Water Tax	Scavenging	Vehicle	Drainage	Others	Total
1998-99	80.89	6.33	66.12	9.71			163.05
1999-00	88.98	6.96	72.73	10.68			179.35
2000-01	97.88	7.66	80.00	11.75	80.00		277.29
2001-02	107.66	8.42	88.00	12.93	88.00		305.01
2002-03	118.43	9.26	96.80	14.22	96.80		335.51
2003-04	129.22	10.15	105.62	15.52	105.62		366.13

B. MUNICIPALITIES (TAX REVENUE)

(Rs. in Lakhs)

Year wise	Lighting	Water Tax	Scavenging	Vehicle	Drainage	Others	Total
1998-99	43.96	48.85	19.92	3.53	19.92	0.39	136.57
1999-00	48.38	53.52	21.91	3.88	21.91	0.44	150.04
2000-01	53.21	58.87	24.10	4.26	24.10	0.48	165.02
2001-02	58.53	64.46	26.51	4.69	26.51	0.53	181.53
2002-03	64.40	71.23	29.16	5.16	29.17	0.59	199.71
2003-04	70.30	77.77	31.84	5.56	31.86	0.66	218.09

C. N.A.Cs (TAX REVENUE)

(Rs. in Lakhs)

Year wise	Lighting	Water Tax	Scavenging	Vehicle	Drainage	Others	Total
1998-99	7.57	74.01	50.19	25.09	23.45		153.31
1999-00	77.62	51.72	55.21	27.60	25.80		237.95

Year wise	Lighting	Water Tax	Scavenging	Vehicle	Drainage	Others	Total
2000-01	85.38	56.89	60.73	30.36	28.38		234.74
2001-02	93.92	62.58	66.80	33.40	31.21		287.91
2002-03	103.31	68.84	73.48	36.74	34.34		316.71
2003-04	112.72	75.15	80.18	40.09	37.49		315.63

6.66 Similarly, the following Table also depicts the picture of Non-Tax Revenue in respect of Municipal Corporations, Municipalities and N.A.Cs during the 1998-99 to 2003-04.

Table No. 6 Q
A. MUNICIPAL CORPORATIONS (NON-TAX REVENUE)
(Rs. in Lakhs)

Year wise	Bus Stand	Advertisement	Trade Licence	Others	Total
1998-99	3.56	20.43	14.38	155.92	194.29
1999-00	3.92	22.47	15.81	171.50	213.70
2000-01	4.31	24.72	17.39	188.65	235.07
2001-02	4.74	27.17	19.13	207.50	258.54
2002-03	5.21	29.89	21.04	228.25	284.39
2003-04	5.72	32.62	22.96	249.01	310.31

B. MUNICIPALITIES (NON-TAX REVENUE)

(Rs. in Lakh)

Year	Fair & Festival	Tourist Bus	Fishery Rental	Bus Stand Fees	Advertisement	Ferry Services	Fines & Penalty	Trade License	Cinema Houses	Others	Total
1998-99	0.30		3.92	17.75	1.32	0.90	0.38	12.64		923.38	960.59
1999-00	0.33		4.32	19.53	1.45	1.00	0.42	13.90		1015.72	1056.67
2000-01	0.36		4.75	21.49	1.60	1.10	0.46	15.29		1117.29	1162.34
2001-02	0.40		5.23	23.64	1.75	1.21	0.51	16.82		1229.02	1278.58
2002-03	0.43		5.75	25.99	1.93	1.33	0.56	18.50		1351.91	1406.40
2003-04	0.47		6.37	28.35	2.12	1.46	0.62	20.19		1474.81	1534.39

C. N.A.Cs (NON-TAX REVENUE)

(Rs. in Lakhs)

Year	Fair & Festival	Tourist Bus	Fishery Rental	Bus Stand Fees	Advertisement	Ferry Services	Fines & Penalty	Trade Licence	Cinema Houses	Others	Total
1998-99	17.80		26.93	138.41	15.58	26.69	22.24	35.84		40.51	691.00
1999-00	19.58		29.62	152.25	14.94	29.35	24.47	39.42		448.26	757.89
2000-01	21.54		32.58	167.48	16.43	32.29	26.91	43.36		493.09	833.68
2001-02	23.69		35.84	184.23	18.08	35.51	29.60	47.70		542.39	917.04
2002-03	26.06		39.42	202.65	19.89	39.06	32.56	52.47		596.63	1008.74
2003-04	28.44		43.01	221.08	21.71	42.62	35.53	57.25		650.89	1100.53

RECOMMENDATIONS FOR RESOURCE
MOBILISATION OF URBAN LOCAL BODIES

6.67 The 74th Amendment to the Constitution expects the ULBs to shoulder a lot of basic responsibilities including urban planning, economic and social development, water supply, public health, fire services, urban forestry, protection of environment, safeguarding the interests of weaker sections of society, slum improvement, roads and bridges, urban poverty alleviation, urban and public

amenities, promotion of cultural, educational and aesthetic aspects etc. Even before the amendment, under the State laws, the ULBs have been entrusted with a wide range of activities relating to public health, drinking water, maintenance of drainage and sewerage systems, sanitation, welfare activities, public works like roads and several other developmental activities. After the 74th Amendment, the Orissa Municipal Act, 1950 has also been amended under Act 11 of 1994 in which Chapter XXV-A has been newly inserted empowering the Municipalities to discharge the functions enumerated under Schedule-XII of the Constitution (excluding those previously existing). The resource base of the ULBs has to be strengthened and widened to enable them to discharge such functions meaningfully. Unless their dependence on the State or Central Government resources is reduced, they cannot prove themselves as proud institutions of local self-government. The Commission, therefore, have deliberated carefully to find out new avenues and possibilities to raise the own revenue base of the ULBs. The suggestions arrived at are given briefly below:

1. POSSESSION TAX ON ENCROACHED LAND:

6.68 It has been found that in most of the Urban areas many habitations do exist over government land or other fallow land for which the occupiers have no title. In many places such habitations have continued to stay for decades and the occupants continue to enjoy most of the community civic services like roads, drains, street-lighting, water supply, scavenging, schools etc. Since they have no title over the lands they occupy, they are not assessed to any property tax for their houses or huts etc. as they do not come within the definition of 'holding' given under section 3(11) of the Orissa Municipal Act, 1950 which reads, "holding means land held under one title or agreement and surrounded by one set of boundaries". Sec 2 (46) of the Orissa Municipal Corporation Act, 2003 also defines 'holding' in the same manner. Such a definition does not permit assessment of any holding tax on occupiers having no title over the occupied land. Under Section 507 of the Orissa Municipal Corporation Act, 2003 a consolidated service tax is leviable on properties located in de-notified slums.

6.69 It may not be out of place to mention here that in spite of amendments to the Orissa Government Land Settlement Act, 1962 under Orissa Act No.1 of 1991 and amendments to the Orissa Government Land Settlement Rules, 1983 under Notification No.53511 dt. 6.12.1993 providing enabling provisions and clear procedure for lease and settlement of occupied Khasmahal, Nazul, Gramakantha Parambok and Abadi lands, no substantial progress is noticed particularly regarding such lands used as homestead in urban areas. For example in Sambalpur town, as reported during field visit of a member of the Commission, 42 slums are situated over government land and railway land etc, with 7601 households and 26816 population. Many of such slums are over encroached Nazul land and are very old ones. Old habitations and slums over encroached government land were also noticed in other Urban areas visited. In many places the encroachers have been assessed with encroachment levy long since, continue to pay such levy but are not settled with the land though prima facie they appear eligible for such settlement under the second proviso of sub-section (2) of section 7 of " The Orissa Prevention of Land Encroachment Act, 1972". The Commission, therefore, suggest, that special drives should be conducted by the Revenue Department and Collectors to settle all such settleable land so that not only the people are benefited but the local bodies get their revenue for the services they are providing. But, the Commission also feel that till such settlements are done, the occupiers of such lands should be assessed to a 'possession tax' for occupying land over which they have no title or authority. There are many instances where such occupiers are found possessing such lands with buildings constructed and even are renting out such houses. It is, urged in the circumstances, that the provisions of section 131 of the Orissa Municipal Act, 1950 and Section 192 of the Orissa Municipal Corporation Act, 2003 be suitably amended by adding another clause to the existing clauses, enabling the urban local bodies to impose 'possession tax' on such encroachments annually at a rate 25% higher than the holding / property tax notionally assessable on such type of un-authorized houses or possessions, had this been held under a title or agreement, for the period of such un-authorized occupation. While making provisions for assessment of 'possession tax', care may be taken to provide that neither such assessment nor payment of the tax shall confer any title nor right on the occupier to claim settlement of the land with him nor the land in question shall be deemed as settleable on this ground.

2. TURNOVER TAX ON COMMERCIAL AGRICULTURAL FARMS:

6.70 Agriculture has continued all along as the major economic activity in the State. Accelerated growth in agricultural production has been one of the main objectives of our planning. With a view to increase agricultural production concerted efforts have been made to encourage establishment of agricultural farms, on commercial basis for raising land productivity, generating HYV seeds, demonstrating diversification of crops and use of improved agricultural practices etc. Such farms have been established or exist even in urban areas. They have stabilized by now and have become commercially viable. Apart from various support from the govt. such farms are also benefited from the services and infrastructure provided by the urban local bodies. It may be mentioned here that many agricultural farms exist as 'plantations' in the state for cultivation of coffee, tea, cashew, coconut, casuarina, eucalyptus etc., which enjoy the facilities and potency of the locality including ground water to grow and thrive. Agricultural farms also exist for conducting research in agriculture as an ancillary to business. Such farms do not contribute anything to the revenue of the concerned local body. The Commission, therefore, suggest that each and every agricultural farm, including government farms, carrying on any sort of commercial activity or research in agriculture as an ancillary to business should be levied a turn-over tax of 0.25 per cent on annual sale value of the agricultural produce exceeding Rupees one lakh payable to the concerned urban local body, within whose jurisdiction it is situated. For this purpose, Commercial Agricultural Farm may be defined to mean a piece of land held or operated as an unit of production for raising any cash crop, including fibres, cereals, pulses, seeds, narcotics, sugar cane, fruits, vegetables, condiments, spices, flowers, grass, fodder etc. on business lines rather than as a way of life. Cash crop may be defined to mean and include any agricultural and horticultural produce cultivated with the intention to sell or exchange. In case of such farms being situated within the jurisdiction of more than one local body, the tax levied should be apportioned among them on the basis of proportionate area.

3. LIVESTOCK REGISTRATION AND LICENCE FEE:

6.71 Livestock being an essential part of our agrarian structure is present even in urban households and do contribute significantly to the urban economy. A tax on animals namely horse, pony, mule, donkey, ass, elephant, bullock, bull, camel, buffalo and she buffalo is permissible under section 131(1)(f) of the Orissa Municipal Act, 1950 read with section 176 when such animal is "kept or used in the ordinary course of business". This tax is not imposable when the animal is kept for sale by any bonafide dealer – section 176(3). According to section 290(1)(p) a Municipality may notify that no place as may be specified within it shall be used without a licence for keeping together twenty or more sheep or goats or ten or more pigs or heads of cattle. Section 181 of the Act says that no person shall keep or be in possession of any animal without a licence required under the Act. Since licence is required only for the animals named above kept or used in the ordinary course of business and for sheeps, goats, pigs and cattle only when the prescribed number is exceeded and only when they are kept within the prohibited area only, the inference is that no licence is required nor any fee is imposable when any livestock animal within the prescribed number and any poultry bird etc. is kept. It may be mentioned here that all domestic animals such as horses, cattle, sheep or goats, pigs etc come within the meaning of 'livestock' and domestic or farmyard fowls collectively come within the term 'poultry'. Keeping of cattle and poultry birds including she buffalos has increased in towns and often such keepings turn to be menaces and cause health and sanitation hazards. It is unfortunate that in spite of such risks the Urban Local Bodies do not get any revenue from the keepers of such animals and birds. However, under section 131(1)(i) of the Orissa Municipal Act, 1950 a registration fee on dogs is permissible. Section 287 of the Act says that no person shall keep any animal on his premises so as to be a nuisance. There is also provision under section 288(1) for destruction of unlicensed pigs and stray dogs. Thus prevention of nuisance from domestic animals has been aimed at to some extent without resorting to taxation as an instrument for controlling such nuisances and unhygienic practices not conducive to urban living. Section 543 of the Orissa Municipal Corporation Act, 2003 prohibits keeping of any swine in any part of the city without permission of the Commissioner and any animal so as to be a nuisance or danger to any person. The Commissioner has power u/s

544 to ask any owner of dwelling house etc. to discontinue use of any building or portion as a stable. He can permit keeping of animals subject to conditions as he may think fit. Thus, the Corporation Law also has no deterrent provision to prevent keeping of domestic animals and birds. In view of the above, the Commission suggest a 'registration and licence fee' on all domestic animals and birds kept and maintained any where within the jurisdiction of any urban local body so as to have deterrent effect. The rates suggested are as follows with 10% rebate if one time payment for the year is made in April. –

a)	Cross bred cattle	Rs. 25/- per quarter per head
b)	Other cattle	Rs. 5/- per quarter per head
c)	Bird	Rs. 2/- per bird per quarter
d)	Canine	Rs. 10/- per quarter per head.

6.72 Further, the Commission suggest that no person or institution or farm or firms be allowed to breed any animal or bird for commercial purpose within the jurisdiction of any urban local body without obtaining a licence on payment of a licence fee of Rs.1000/- per annum for animals and Rs.500/- per annum for birds to be issued by the ULB. Such licences should be issued with specific conditions to safeguard public convenience, sanitation, hygiene etc and with provision for heavy penalty for breach of any of these conditions.

4. CAPITAL/ PROPERTY TRANSACTIONS FEE:

6.73 Under Section 148(1) of the Orissa Municipal Act, 1950 both the transferor and the transferee of any holding has a legal responsibility to give information of any transfer of holding to the concerned Executive Officer of the U.L.B. There appears to be no other provision for giving any intimation or information regarding transfer of other capital goods. Even for the transfer of holding, the leviable fee cannot exceed one rupee for every transfer of title. The leviable fee is too meager to justify its continuance. Since transfer of capital goods/permanent assets often require change of entries in registers and records and may need recognition of the local body, the Commission suggest that provision may be made to empower the Urban Local Bodies to levy and collect 1 per cent of the sale or market price or notional market price, as the case may be, on every sale or exchange of any capital/property including livestock.

5. POPULATION WELFARE CESS:

India with 24 percent of the total land area in the world shares 16 percent of the total population and is the second largest populated country. China with about 20 percent of the world's population has about 7 percent of the land area. Every sixth person on the earth is an Indian. The incidence of number of children born in poor households is higher because of illiteracy and resistance to acceptance of family planning. High population growth is a growing burden on natural resources, causes environmental damage, adds to the problem of under-utilisation of labour, results in growing pressure on land, adversely affects quality of life and increases unemployment. Unless growth of population is contained, the state is bound to suffer more and its poverty alleviation programmes as well as efforts to tackle employment bound to be hampered. The State Government's call for responsible parenthood with focus on 'one child norm' has not achieved desired result. Not incentives, but disincentives, are required to restrain the growth rate, improve per capita income and employment and check the spread of poverty.

6.74 The urban population of Orissa has increased to 54,96,318 in 2001 from 42,34,983 in 1991. The decennial growth was 29.78 per cent. Despite a high growth rate, our people are still indifferent to population control measures. In our country the existence of the population problem was seriously realised as long back as 1951 and since then family planning programme has been started with well-organised awareness drives. The message of family planning has no doubt reached every nook and corner of the country, but the response is discouraging, especially from the low-income groups. The Commission is of opinion that the heavy population pressure is an additional burden not only on the state but also on the local bodies, which are responsible for providing quality education, health and civic services. It is in this context that the Commission suggest to empower the Urban Local Bodies to impose a "Population Welfare Cess" to be levied / imposable on the third and any subsequent child after a cut off date up to the age of 14. Such a cess may be levied only after giving wide publicity to the cut off date, at least before a period of one year. It is suggested that the rate of the cess per annum in urban areas may be Rs.60/- per child for the people living above the poverty line and Rs.25/- per annum for the people living below the poverty line.

6. PISCICULTURE CESS:

6.75 Fisheries' have developed and come up as a major activity in our agrarian economy. Effective use of water resources for pisciculture can substantially add to the G.D.P. of the State. It is also a major source of self-employment, particularly for the low-income groups. The value added to the GSDP from the fishery sector is increasing year by year, but no corresponding revenue is earned by the local bodies. In 1990-91, the value added to the GSDP from pisciculture was Rs.203. 19 crore which went up to Rs.496.61 crore in 1994-95, Rs.510.48 crore in 1995-96 and Rs. 588.66 crore in 2001-02.

6.76 The pisciculture sources coming within the jurisdiction of ULBs presently do not pay anything to the respective urban local bodies. Since they enjoy the infrastructure and other facilities provided by the urban local body and also contribute to the pollution of the environment, it is necessary that they pay a 'Pisciculture Cess' to the ULB to enable the latter to provide better amenities and to take up environmental protection measures. Keeping these in view, the Commission suggest that the Urban Local Bodies may be empowered to impose and collect a Pisciculture cess of Rs.100/-, per annum excluding lease money from private owners, lease holders, institutions, societies etc for carrying on pisciculture activities in water spread areas exceeding 1000 sq.feet, and Rs.200/- per annum where prawn culture is taken up. Provision may also be made for charging additional amount of Rs, 100/- and Rs.200/- for normal Pisciculture and Prawn culture respectively for water spread area of every 1000 sq feet or part thereof exceeding 2000 sq.feet. The chart below illustrates the rates.

Sl.No.	Items	Amount in Rupees	
		Rate for	
		Normal Pisciculture	Prawn culture
i.	For Water Spread Area within 1000 Sq.ft.	Nil	Nil
ii.	For Water Spread Area exceeding 1000 Sq.ft. but within 2000 Sq.ft.	100.00	200.00
iii.	For every additional Water Spread Area of 1000 Sq.ft.or part thereof exceeding 2000 Sq.ft. (The rates against item No.iii , are in addition to the rate indicated against item No.ii.	100.00	200.00

6.77 Where the water spread area covers areas or periphery of more than one ULB or of any G.P.(s) along with the ULB, the revenue collected by the leaseholder should be distributed proportionately among all of them. For this purpose the water spread area of October of every year may be taken up into consideration.

7. EDUCATION, ENVIRONMENT AND HEALTH CARE CESS ON INDUSTRIES:

6.78 Industries do not pay anything to the urban local bodies except the licence fees leviable for establishment of some specified industries and factories within their jurisdiction. With the 74th Amendment to the Constitution, the urban local bodies have a more important role to play in the planning and promotion of industries as they have the responsibility of protecting the environment and public health. But the factories and industries virtually pay nothing to such local bodies to enable them to protect the environment and to keep it neat, clean and pure. The Commission, therefore, suggest that the State Government may levy an education and health care cess at the rate of 1 percent on the turn over on Major & Medium Industries in the state and such levy may be collected through appropriate government agency and devolved among the ULB situated within 20 km radius of the industry. The ULBs may also be empowered to impose the cess on the Small, Village & Cottage Industries situated within their jurisdiction. For this purpose, the turnover assessed by the Central Excise Department / Commercial Tax Department may be taken into consideration. In case there are both urban local bodies and rural local bodies within the radius of 20 kms in respect of Major and Medium industries, 50 p.c. of the 1 percent turnover may go to the urban local body / bodies and the rest 50 percent to the G.P./ G.P(s) In case more than one urban local body or G.Ps come within the prescribed radius, the respective share may be distributed among them on the basis of area and population by the collector of the district in whose jurisdiction the industry is situated.

8. EDUCATION, ENVIRONMENT AND HEALTH CARE CESS ON MINES:

6.79 Orissa, though rich in mineral resources, no direct benefit out of them reaches the urban local bodies. Mineral resources like iron-ore, chromite, coal, bauxite, limestone, dolomite, quartz, mineral sands, etc. contribute greatly to the GSDP and the State's economy. But the local bodies in which or in whose periphery such resources are available starve for want of internal resources, though they are responsible for integrated development of the area, environmental protection measures and provision of better amenities. Hence, the Commission recommend that the mines situated within the territorial jurisdiction of any urban local body or within a radius of 10 K.Ms of such local body should pay 5 percent of the pit mouth value of the minerals to the concerned urban local body/ bodies as 'Education, Environment and Health Care Cess.' Necessary amendment to the concerned legislations may be made accordingly for collection of such dues by State Government along with the royalty/ mining lease value and for their transfer to the concerned urban local body. Where more than one ULB or one or more G.Ps along with ULB(s) come within the radius of 10 KMs, the revenue collected should be distributed proportionately.

9. EDUCATION, ENVIRONMENT AND HEALTH CARE CESS ON PORTS AND JETTIES:

6.80 Though endowed with a long coastline of 480 Kms. Orissa has only one major port namely Paradeep. In the meantime Gopalpur has also been developed as a fair weather port. There are minor ports and fishing harbours at Dhamara, Chudamani, Bahabalpur and fishing jetties at Krshuna Prasad, Satapada and Lalitpada. Out of the 105 Urban Local Bodies in the State only Paradeep NAC and Gopalpur NAC come within the vicinity of the ports. These Urban Local Bodies un-doubtedly provide basic amenities and core civic services to the habitations around the ports. The Urban Local Bodies also cater to the infrastructure needs of such ports and jetties, but they hardly get any revenue from them. The Commission, therefore, suggest that necessary legislative measures may be adopted to levy and collect an 'Education, Environment and Health Care Cess' from the ports and harbours by the Government at the rate of 1 percent of the annual turnover and to transfer the same proportionately on the basis of area and population among the respective Urban Local Bodies and G.Ps situated within a radius of 20 Kms. of the port. Besides the Urban Local Bodies may also be empowered to impose and collect the cess from the fishing jetties within their area at the same rate of 1 percent of the annual turnover.

10. EDUCATION, ENVIRONMENT AND HEALTH CARE CESS ON POWER PLANTS:

6.81 Energy is a basic input to sustain economic growth. In modern times it is energy, which provides the essential amenities of life to the entire population. To meet the growing demand for energy, commercial sources have been augmented in the State. Thermal Power and Hydel Power are the main resources of commercial energy. Besides, non-conventional energy resources have also emerged to meet the shortage in supply to some extent. Coal-based thermal power stations have become the principal source of power production. These power stations consume the coal reserves of the locality. Contribution of hydroelectric power to the total energy production is also of very high order. The hydropower sector taps hydro resources of the locality. The non-conventional or renewable sources of energy that have been tapped in the State include solar energy, bio-gas (gobar gas) and wind power. All these are also local sources. As power shortage continues in the country, there is increasing investment in the power sector to maximize production. But none of the projects/plants contribute anything directly to the revenue of the Urban Local Bodies within whose jurisdiction they generate power. Such power plants, particularly the thermal power plants, also pollute the environment to a great extent. In the circumstances, the Commission suggest that the Government may levy and collect an "Education, Environment and Health Care Cess" from the power plants generating electricity both in utility and non-utility sectors and both from conventional and non-conventional sources. The cess may be imposed and collected by the State Government at the rate of 1 paise per unit generated and devolved among the Urban Local Bodies and Grama Panchayats situated within a radius of 20 Kms. of the plants, proportionately on the basis of area and population.

11. PARKING FEES

6.82 Efficient transportation is indispensable to urbanisation. Such transportation without proper parking places creates congestion and traffic hazards. With increased traffic, provision of parking places has become an important social responsibility of the Urban Local Bodies. The number of motor vehicles on road in Orissa has increased from 499950 in 1995-96 to 986,555 in 2001-02. Collection of motor vehicle revenue has also gone up substantially in the state. But the urban local bodies are in no way benefited because of any increase either in the number of motor vehicles or in motor vehicle tax revenue. Their burden on account of maintenance of roads passing through towns and their up keeping through day to day cleaning etc., on the other hand has gone up considerably. The increasing social responsibility can be managed well only if there is corresponding internal income flow into the public fund of such bodies. It is, therefore suggested that the urban local bodies may be empowered to levy parking fees on motor vehicles halting or parking on public roads in side their jurisdictions at the following rates for different durations.

	Type of Vehicle	For Parking and Halting of		
		Less than one hour	More than one hours but less than 3 hours	Exceeding 3 hours
(1)	(2)	(3)	(4)	(5)
i.	Two wheelers	Rs. 1.00	Rs. 2.00	Rs. 5.00
ii.	Three wheelers	Rs. 2.00	Rs. 3.00	Rs. 7.00
iii.	Four wheeler light motor vehicles	Rs. 3.00	Rs. 4.00	Rs. 10.00
iv.	Heavy motor vehicles	Rs.4.00	Rs. 6.00	Rs. 15.00

6.83 Besides, the ULBs may also be empowered to impose and collect a penalty of 25% of the parking fees from those violating the parking rules and they may also be authorized to detain such vehicles till collections are made.

12. LICENCE FEES FROM SHOPS:

6.84 Section 290(1) of the Orissa Municipal Act, 1950 says that no place within the municipality as may be fixed by it shall be used without a licence granted for the purposes mentioned therein. Under section 192(1) of the Orissa Municipal Corporation Act, 2003 the municipal corporations are

empowered to levy taxes for the purposes mentioned there under. All these provisions do not specifically empower the urban local bodies concerned to issue licence or to collect licence fees from the shops in general. Only those shops which carry on the transactions or purposes mentioned in the relevant sections or which are located within markets are liable to obtain licence from the concerned local body or pay some fees. 'Market' is defined under Section 3(17) of the Orissa Municipal Act, 1950 to include any place where persons daily or periodically assemble for the sale of meat, butter, ghee, fish, fruit, vegetable or livestock. The Urban Local Bodies, do not issue any licence or collect any licence fee from most of the shops established in private premises because of the deficiencies in legal provisions. For example clothe shops, garment shops, grocery shops (except whole sellers) books and stationeries shops are neither required to obtain any licence nor pay any licence fee. Similarly, mobile shops or wheeled shops which carry on trading of various goods without having any specific place of business do not pay any licence fee to the local body concerned. The Commission suggest that obtaining a licence for all shops including trading and mobile shops or wheeled shops should be made mandatory under the respective laws and the urban local bodies may be authorized to impose and collect an annual licence fee of an amount not less than 0.25% of the turnover as per OST registration wherever available. In case of un-registered dealers/ shopkeepers such licence fee may be decided by the concerned local body, keeping in view the volume of transactions.

13. TRANSFER OF MARKETS UNDER THE REGULATED MARKETING COMMITTEES TO THE URBAN LOCAL BODIES:

6.85 With the 74th Amendment of the Constitution, provision of urban amenities and facilities mentioned under schedule-XII is a constitutional responsibility of the urban local bodies. Markets, no doubt, are an urban facility. For discharging such responsibility it is necessary that the markets presently managed by the Regulated Market Committees be transferred to the management of the urban local bodies concerned. Presently, under the provisions of the Orissa Agricultural Produce Markets Act, 1956 net income of such markets are shared equally among the local bodies and the market committees, however, with a stipulation that the transferable share to the local bodies shall not be less than 80% of the average net income of land and building for 3 preceding years before transfer (of the market to the committee). Thus, the Market Committees having no social or constitutional responsibility appropriate about 50 p.c. of the net income of such markets, while the local bodies starve for want of funds. The Market Committees do not take up any local improvement work except providing few facilities in the markets only and there is also no provision in the Act to enable the Market Committees to take up any development work or Health & Sanitation measures, within the jurisdiction of the urban local bodies. The objectives of the Orissa Agricultural Produce Markets Act, 1956 are also very narrow and confined to the activities of regulating the purchase and sale of agricultural produce only. The Commission, therefore, re of the opinion that the Act should be repealed and the markets now under the management of different market committees constituted under the said Act be re-transferred/ transferred to the management of the concerned Urban Local Body.

14. TRANSFER OF SAIRAT SOURCES AND MINOR MINERALS TO THE URBAN LOCAL BODIES:

6.86 State Government have already agreed in principle to transfer the sairat income to the Panchayati Raj Institutions and such transfer through a lump sum amount is being done now. Discussion with the representatives of the ULBs at different places, reveals that if all the sairat and minor mineral sources situated within the territorial limits of different ULBs and now under management of the Tahasils are transferred to the urban local bodies concerned, uninterrupted vigilance will be possible and the Urban Local Bodies will be able to generate more than the present level of revenue. The Commission, accordingly suggest that the existing rules regarding sairat sources and minor minerals may be amended and all such sources situated within the area of ULBs may be transferred to the control and management of the respective Urban Local Bodies.

6.87 Secondly, whatever sairat sources or public properties have so far been transferred to the Urban Local Bodies, they are still owned by the State Government and only the management of the properties has been transferred. Virtually such properties are now under dual control. Such situations are not conducive to proper control, management and growth of public properties. Hence, the Commission recommend that all sairat and minor mineral sources situated within the limits of ULBs be transferred through alienation proceedings to them and such properties should be recorded in the record of rights in their favour through mutation proceedings. This will end the dual authority and will encourage the urban local bodies to take proper care of such properties.

15. LOCAL BODY HEALTH FEE:

6.88 Private hospitals and Nursing Homes have come to dominate the health sector in urban areas, which is a natural and welcome feature of urbanisation. Growth of such hospitals and nursing homes, however, add to the responsibilities of the Urban Local Bodies, which provide civic amenities, sanitation facilities, etc. The Commission, therefore, suggest that each such hospital and nursing home in whatever name it runs, should be levied with a 'Local Body Health Fee' at the rate of Rs.100/- per bed per annum on the basis of number of beds for which facilities are available, whether occupied or not. This may be extended to paying beds and cabins in government hospitals, in due course.

16. PILGRIM FEE:

6.89 Orissa has many holy places with large potential to attract pilgrims and tourists. Some of these places are within the limits of different Urban Local Bodies. The local bodies concerned are required to render several services including public sanitation and hygienic measures in such places and provide other urban facilities to the visiting travellers. There is, however, no direct flow of revenue to the public corpus of the Urban Local Bodies from the Pilgrims. The ineffectiveness of the "Bihar and Orissa Places of Pilgrimage Act, 1920" which stipulates a terminal tax has been indicated while discussing resource mobilisation of the PRIs in this Report and so need not be reiterated here. Full justification for imposition of a "Pilgrim Fee" has also been given there above which applies as well to the ULBs. Hence, in urban areas, the Urban Local Bodies should also be empowered, mutatis mutandis, to levy and collect a "Pilgrim Fee" from every pilgrim visiting the holy places within the local limits of the Urban Local Bodies. The Commission suggest that the Urban Local Bodies may be empowered accordingly to levy a "Pilgrim Fee" of Re.0.50 paise on every pilgrim entering any notified pilgrim place for the purpose of pilgrimage. For this purpose, the U.L.Bs may be empowered to notify the pilgrim places with metes and bounds.

6.90 The Commission believe that if the above suggestions are accepted with necessary amendments to the respective laws and implemented sincerely the gloomy fiscal face of the Urban Local Bodies will disappear and they will gain increased access to sources of income presently not available to them. The additional revenue that will be generated with / after implementation of the suggestions will be commensurable with the increase in the functions and activities of the urban local bodies as units of local self-government. They must be allowed to raise sufficient revenues before blaming them for lethargy or inaction. If we adopt an attitude of 'quieta non movere' things cannot improve suo motu. Expansion of activities has to be matched with an extended revenue base- a desired course for achieving desired goals. The Commission is optimistic that the Government will consider the suggestions as a desideratum for fiscal autonomy of the Urban Local Bodies, to tackle their problem of fiscal inadequacy and making them less and less dependent on the discretionary dispensation from Government.
