

CHAPTER II

REVENUE REALISATION

CHAPTER II

REVENUE REALISATION

MORBI MUNICIPALITY

2.1 Loss of revenue due to non-operation of drainage system

Non utilisation of drainage system resulted in non recovery of fixed charges of Rs.36.34 lakh and loss of annual drainage tax of Rs.17.92 lakh

There were 40,376 households (2004-05) in Morbi Municipality. The drainage facility created by the Municipality could provide drainage connection to 11,000 houses/buildings only. Municipality fixed Rs.365 as connection charges and annual tax of Rs.180 per connection.

Out of the facility created, the Municipality provided drainage connection to 1045 houses/buildings (9.5 *per cent*) only; had the Municipality utilised the optimum of the facility created, they could have realised one time connection charges amounting to Rs.36.34 lakh. Besides this, Municipality is also losing drainage tax of Rs.17.92 lakh annually.

In this context, when the fact of a dispute between the executing agency¹ and the Municipality regarding the working condition of the IC chamber was pointed out, the Chief Officer stated that efforts were on to connect more houses with the drainage system.

RAJKOT MUNICIPAL CORPORATION

2.2 Undue favour to private telecom companies

Denial of octroi exemption to a public undertaking but allowing it to private companies indicated undue favour to those companies

Section 146 of the Bombay Provincial Municipal Corporation Act, 1949 provides that articles belonging to Government or becoming property of Government are exempt from payment of octroi. It is also provided that these articles are to be used or intended to be used for public purpose and not to be used or intended to be used for the purpose of profit.

Government in Urban Development and Urban Housing Department requested (March 2000) Rajkot Municipal Corporation to grant exemption for a period from January 2001 to March 2005 from levy of octroi on articles exclusively meant for

¹ Gujarat Water Supply & Sewerage Board

Information Technology and Basic Telecommunication facilities to license holders of the Department of Telecommunications, Government of India (GOI).

Scrutiny of the records of Rakot Municipal Corporation (2002-06) revealed that Bharat Sanchar Nigam Limited (BSNL) (a GOI undertaking) applied for (January 2001 and March 2001) octroi exemption on articles to be brought to city; however, no exemption was granted and an amount of Rs.72.50 lakh was realised from them during April 2002 to June 2006. It was however noticed that Reliance Infocom Limited and Tata Teleservices Limited who brought in large number/quantity of articles during the period were granted octroi exemption. The extent of octroi exemption granted to these companies was not ascertainable in the absence of details of articles brought by them.

Thus, action of the Municipal Corporation in denial of octroi exemption to GOI undertaking and sanctioning the same to the two private companies resulted in undue favour to these companies.

The matter was pointed out to the Commissioner of the Municipal Corporation in September 2006; reply is awaited.