

## **Manual 5: Tax Income of Gram Panchayats in Orissa**

### **5.1 Constitutional Mandate behind taxing powers of Panchayats-**

Article 243(H) of the Constitution of India entitled 'Powers to impose taxes by, and Funds of, Panchayats' says, "The legislature of a state may, by law (a) authorize a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits; (b) assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the state government for such purposes and subject to such conditions and limits; (c) provide for making such grants-in-aid to the Panchayats from the Consolidated Fund of the State; and (d) provide for constitution of such funds for crediting all moneys received, respectively, by or on behalf of the Panchayats and also for the withdrawal of such moneys there-from". The quintessence of this provision made in 1992 following the 73<sup>rd</sup> Constitution Amendment is that every State should put in place necessary laws to enable the PRIs to expand and diversify their own resource base from tax and non-tax sources, to develop a matrix for allocating grant-in-aid to PRIs from out of the Consolidated Fund of the State and also to give birth to a separate Fund such as Consolidated Fund for Panchayats covering the entire gamut of financial transactions of these local bodies.

### **5.2 Position of Panchayat Finances in Orissa-**

However, after a lapse of more than a decade of the 73<sup>rd</sup> Constitution Amendment, the overall financial health of the PRIs including Grama Panchayats has not registered any tangible improvement. The Second State Finance Commission, Orissa made the following observation in their Report, "Consistent with formal devolution of functions and responsibilities to the Panchayats in Orissa, the PRIs have to be provided with matching financial powers, a broader tax and non-tax base for revenue generation, increased share from State taxes / revenues and a higher flow of grants-in-aid both from the State and Central Governments. But most of the Grama Panchayats in Orissa are grappling with a narrow tax and non-tax revenue base. Their sources of revenue are virtually stagnating. Attempts to raise internal resources have not yielded any appreciable success." (*vide Para 4.17, Chapter-IV, Issues and Approaches, Second State Finance Commission, Orissa, 2004*). Further the Commission emphasizes, "A valid criticism of the Gram Panchayats in Orissa is their failure to mobilize tax and non-tax revenues vested in them. While the Commission have been asked to determine the principles for devolution of funds to the Panchayati Raj Institutions, the Gram Panchayats at the grass-root level should be encouraged to make efficient use of the sources of revenues assigned to them. Generation of additional funds would give them greater autonomy to plan their developmental programmes". (*vide Para 5.39, Chapter-V, Issues and Approaches, Second State Finance Commission, Orissa, 2004*). Again, speaking particularly on the state of GP finances, the Commission mentioned, "It may be observed that the average own income in 2002-03 for the 3730 GPs stood at Rs.46945.00. Such an estimate of average own income conceals the poor fiscal base of many of the GPs in Orissa". (*vide Para 5.40, Chapter-V, Issues and Approaches, Second State Finance Commission, Orissa, 2004*). Thus, "Grama Panchayats in Orissa, as it is, have a narrow revenue base. They can hardly be expected to propel growth and provide social justice to the poor on their own, without dependence on State and Central Government assistance". (*vide Para 4.18.19, Chapter-IV, Issues and Approaches, Second State Finance Commission, Orissa, 2004*)

### 5.3 Among PRIs, only Gram Panchayats have power to tax-

In Orissa like so many other States of India, only a Gram Panchayat among the PRIs has the power to tax the residents living in its area. Gram Panchayat being the bottom layer in the system of governance, directly linked to the people and serving as the cutting edge in the service delivery mechanism has been rightly conceived as the principal taxing authority among the PRIs. Unlike the Orissa Grama Panchayat Act 1964, the Orissa Panchayat Samiti Act 1959 does not contain any explicit provision for imposition of any tax by this intermediate Panchayat, though Section 29(1) of the OPS Act, which deals inter alia with sources of income of Panchayat Samiti includes an item “(vi) the proceeds from taxes, surcharges or fees which the Samiti is empowered to levy under this Act or any other law”. The Orissa Zilla Parishad Act, 1991 also doesn't provides for any taxing power of the Parishad, and its Section 15(1) dealing with sources of income mentions inter alia ‘such share of the land cess or any other cess or State taxes allotted under any law or fees as may be prescribed’ as one such source. In contrast, Orissa Grama Panchayat Act, 1964, which has a spacious Chapter on Taxation (Chapter –VIII), contains very many provisions elsewhere in its text that have close bearing on exercise of taxing powers of the Grama Panchayat.

### 5.4 List of Taxes described in OGP Act, 1964:-

As is well known, the own revenue of Grama Panchayats consists of income from tax and non-tax sources. The tax income consists of only a few sources such as Registration Fee, Street Lighting Rate, Drainage Tax, Latrine Tax and Licence Fee etc., though the OGP Act 1964, as we shall find now, mentions many more taxes that can be levied by a GP.

The **Chapter-8 (Taxation) of OGP Act 1964 in its Section 83** says that the Grama Panchayat shall be competent to levy all or any of the following taxes, rates or fees, subject to the provisions of this Act and Rules made thereunder-

(i) **Vehicle Tax** payable by owners of vehicles suitable for use on roads, or kept or used within the Grama. The Schedule appended to the Act mentions the types of vehicles and the maximum rate of fees that can be collected from vehicles of each type. The vehicles are Horse drawn 4 wheeler carriage, 2-wheeled vehicles such as a Cart, Jhatka and Tanga, Bicycle, Rickshaw and Cycle-Rickshaw. The list of vehicles and maximum tax leviable against each are as follows:

- Horse drawn 4 wheeler carriage-	Rs.9.00 per half-year
- 2-wheeled vehicle such as a Cart, Jhatka and Tanga excluding bicycle-	Rs.4.00 per half-year
- Bicycle-	Rs.1.50 per half-year
- Rickshaw	Rs.1.50 per half-year
- Cycle-Rickshaw.	Rs.3.00 per half-year

(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; the rate shall not exceed maximum 6 rupees per year;

(iii) **A water-rate** where water is supplied by the Panchayat based upon the costs of supply of water and of maintenance of water supply schemes;

(iv) **A lighting rate** for public streets, places or buildings where such lighting is undertaken by a Panchayat; the rate shall be based upon the cost of lighting and of maintenance of works required for the purpose;

(v) **A Dainage tax** payable by owners of alnds and buildings if and where a drainage system has been introduced in a Panchayat; the rate shall not exceed a maximum of 3 rupees per year;

(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 situated within the limits of Grama ;

(viii) **Fees for regulating the movement of cattle** for the protection of crops raised within the limits of Grama;

(ix) **Fees for use of any building or structure, shop, stall, pen or stand in the public markets;**

(x) **Fees for use of slaughter houses and cart-stands** maintained by the Grama Panchayat ;

(xi) **Rent from dealers** who may temporarily occupy open grounds, structures or buildings belonging to or maintained by the Grama Panchayat;

(xii) **License fees on brokers, commission agents and weigh men** practicing their calling within the Grama

Besides the above taxes and fees, Gram Panchayats may, as per the above mentioned provision of OGP Act, impose any other tax or fee, which is permissible under any law existing in force or has received the approval of the State Government.

### **5.5 Rules concerning Registration of Vehicles -**

A special instrument called '**The Orissa Grama Panchayats Registration of Vehicles Rules, 1967**' has been created under the OGP Act 1964. **Rule-2** defines the Vehicle as any vehicle specified in the Schedule to the principal Act. It is worth recollecting that the said Schedule had mentioned the list of vehicles against which a maximum amount of tax as specified therein was leviable. The list of vehicles is as follows-

- Horse drawn 4 wheeler carriage
- 2-wheeled vehicle such as a Cart, Jhatka and Tanga excluding bicycle
- Bicycle
- Rickshaw
- Cycle-Rickshaw

**The Rule 3 (Publication of Order)** says that the GP shall publish an order every year on its notice board and also by drum-beat mentioning the kinds of vehicles to be registered. **The Rule**

**4 (Rate of Registration Fee)** says that the fee for the registration shall be fifty pais per vehicle per year or part thereof. **The Rule 5 (Statement of Vehicle)** requires that following the publication of the above order the owner of every vehicle shall submit a statement in writing to the Secretary GP containing a description of the vehicle along with the payment of registration fee. **Rule 6 (Statement and Registration Fee of Vehicle acquired during the year)** says that if any person acquires the vehicle after the publication of the above order, he shall also do the same thing as mentioned under Rule 5. **Rule 7 (Registration and Grant of Token)** requires the Gram Panchayat to register the vehicle in Form No.1 and issue a token of such registration to the owner of the vehicle in Form No.2. These Forms are appended to the Rules.

#### **5.6 Principles to be observed by GP in fixing the rate of taxes-**

As per **Rule 98 of OGP Rules 1968** the Grama Panchayat while fixing the rate at which **taxes on latrine/conservancy** shall be levied, it should observe the principle that the total net proceeds of the said tax shall not exceed the amount required for cleaning private latrines, privies or cesspools and premises of compounds cleaned by the Panchayat agency subject to the maximum of six rupees per year. Further the tax shall not be leviable in any area until the Grama Panchayat have made provision for cleansing of private latrines or cesspools within such area, nor shall the tax be leviable for any quarter or portion of a quarter before such provision is put in place. As per **Rule 99**, in fixing the rate at which drainage tax shall be levied, the principle to be observed by the GP is that the total net proceeds shall not exceed the amount required for the system of drainage introduced by the Grama Panchayat subject to the maximum of three rupees per year.

#### **5.7 Procedure to be observed by GP for fixing the rate of taxes-**

As per **Rule 100** the Grama Panchayat in a meeting shall fix or revise the rate of latrine/conservancy tax, drainage fee, or lighting rate payable to the GP on the basis of the provisions of the OGP Act and Rules made there-under. The Secretary shall prepare a list of assesseees specifying the amount payable under each of the above heads by the assesseees. The assessment list shall be published in the notice board of the GP inviting objections from the villagers thereto. The objections received if any shall be considered by the GP in a meeting and a final decision taken thereon. The final assessment list shall be published in the notice board of the GP.

#### **5.8 Collection of Taxes -**

As per **Rule 197**, the GP shall appoint one or more persons as Tax Collectors to collect latrine or conservancy tax, fees, tolls, rents and rates etc. **Rule 198** says that the latrine or conservancy tax, the lighting rate, drainage fees and the water rate shall be payable in advance in half-yearly or quarterly installments as the GP may decide and every such installment shall be deemed to be due on the first day of the half-year or quarter, as the case may be, in respect of which it is payable. As per **Rule 199** every person liable to pay any sum assessed upon him shall within 15 days after the day on which such installment becomes due, pay or tender such installment to the Tax Collector. The Tax Collector shall grant a receipt in Form No.27 for all payments made to him and shall at the time of granting the receipt make an entry in the Daily Collection Register in form No.28. A Demand and Collection Register shall be maintained in Form No.29.

#### **5.9 Provisions relating to Defaulters in respect of payment of taxes-**

As per **Rule 200(1)**, immediately after the fifteenth day of each half-year or quarter, as the case may be, the Tax Collector shall prepare a list of the persons who have failed to pay their respective installments of different taxes, rates, fees, or any other dues for such period showing the amount due from each of such defaulters and shall cause the list to be published in a conspicuous part of the local area in which the defaulters reside. As per **Rule 200(2)** an appeal against any of the aforesaid claims may be filed before the Sub-Collector within 15 days enclosing a copy of the bill. **The Rule 200(3)** says that a revision against the decision of the Sub-Collector may lie before the Collector within a period of 7 days of the passing of order. The revision petition shall be accompanied by a copy of the above order of the Sub-Collector.

#### **5.10. Distress Warrant against the defaulter -**

As required under **Rule 201(1)** a distress warrant is issued to a person authorizing him to levy by distress and sale of a sufficient portion of the movable property of the defaulter in payment to recover the pending dues together with an additional sum towards both warrant fee and distraint fee. The warrant however forbids the authorized person from carrying out the sale of seed grain, plough cattle, tools and implements of trade and agriculture, articles required for worship or prayer, wearing apparel and bedding of the defaulter, his wife and children and his cooking utensils and books of account if any of found in the place occupied by him. The warrant also provides a list of the amounts recoverable from the defaulter such as on latrine/conservancy tax, lighting fee, drainage fee, water rate, other dues if any, warrant fee and a distraint fee along with a total of all these amounts.

As per Rule 201(2), for every distraint a fee shall be charged on the following scale-

<b>Sums Distrainted for</b>	<b>Fees</b>
Under Re.1.00	Re.0.25
Over Re.1.00 and under Rs.5.00	Re.0.50
Over Rs.5.00 and under Rs.10.00	Rs.1.00
Over Re.10.00	Re.1.00 for every part thereof

As per **Rule 202 (Manner of executing distress)** the person authorized by a distress warrant under Rule 201 shall unless the amount is paid at once seize such movable property of the defaulter as he shall deem sufficient and shall make inventory of all property so seized and shall at the same time deliver a copy thereof to the defaulter and give notice by beat of drum of the time and place where such property shall be sold, provided that the time of sale shall not be less than two days and not more than five days from the time of the proclamation thereof.

As per **Rule 203 (Sale of Property)** all property so seized shall be kept in the custody of the Secretary or such person authorized by him. If the defaulter doesn't within the time announced by beat of drum under Rule 202 pay the amount of the arrears and of the warrant and distraint fee due from him the movable property detained or such portion of it as may be necessary shall be sold by public auction at the time and place specified and the proceeds shall be applied in discharge of the arrears, fees and charges incurred in connection with the detention and the sale of the property so distrainted. The Secretary shall be present at every sale held under this Rule.

As per **Rule 204 (Grant of Receipt)** the person authorized to levy the tax by distraint and sale, shall, after the sale, grant the defaulter a receipt in the usual form and shall return to the person in

possession of the movable property at the time of seizure, any property not sold and the surplus sale-proceeds if any. If the person in possession of the movable property at the time of the seizure refuses to accept the surplus sale proceeds it may be credited to the Grama Fund and may be refunded to the owner after proper investigation if he presents his claim within one year from the date of deposit.

As per **Rule 206 (Objection to Distress)**, if any person whose name has been entered in the list of defaulters disputes his liability to pay the amount mentioned in the list or any portion thereof he may apply in writing to the Grama Panchayat stating his grounds of objection. The GP in a meeting shall consider the objection and pass such order as it may deem proper.

As per **Rule 207**, if after the issue of distress warrant the arrear tax is not recovered by seizure of movable property of the defaulter and in the case of defaulter having no movable property the arrear tax shall be recovered as arrear of land revenue.

#### **5.11 Recovery of Vehicle Tax –**

Under **Section 103 (Recovery and Seizure in respect of Vehicle Tax) of OGP Act, the Sub-section (1)** says that Gram Panchayat at any time seize and detain the vehicle on account of which the tax is due but not paid. However no vehicle other than a bicycle shall be seized or detained when actually employed in conveyance of any passenger or goods. **The Sub-section (2)** says, if the vehicle seized is not claimed and tax due thereon not paid within 15 days from the date of seizure the GP may direct that the vehicle be sold through public auction and the proceeds of sale applied to the payment of (i) tax due on the vehicle, (ii) such penalty not exceeding the amount of tax as the GP may direct, and (iii) the expenses incurred in connection with the seizure, detention and sale. The excess amount if any remaining after payment of the aforesaid dues shall be paid to the owner of vehicle or other person entitled to. As per the Sub-section (3), iff the owner of the vehicle or other person entitled thereto claims the same within 15 days from the date of seizure or at any time before the sale it shall be returned to him, provided he pays the tax due, such penalty not exceeding tax due as the GP may direct, and the expenses incurred in connection with seizure and detention.

#### **5.12 Power of GP to write off the dues-**

As per **Section 104 of the OGP Act**, the Grama Panchayat may by a special resolution made in that behalf and with the prior approval of the Panchayat Samiti direct that the sum due to the Grama Panchayat on account of tax, rates, tolls or fees or any dues on any account whatsoever payable by any person to the GP be written off on ground of undue hardship or being unrecoverable.

#### **5.13 Provisions relating to limitation on recovery of dues-**

As per **Section 105(1)**, the provisions relating to limitation on the power of GP to recover dues from a defaulter as mentioned in the Chapter –X (Recovery of Claims) of the OGP Act shall have overriding significance. **The Section 105(2)** says, no arrears of tax, toll, rate or fee or any sum due on any account whatsoever payable to the GP shall be recovered by distress after the expiry of 3 years, or as if it was an arrear of land revenue after the expiry of six years from the date when the amount in question becomes recoverable under this Act.

#### **5.14 Failure of GP in taking steps for recovery of dues-**

As per **Section 106**, in case of default on the part of the GP in taking steps for recovery of the pending dues the Sub-Collector may take steps for recovery of such dues on behalf of the GP in accordance with the provisions of this Act and Rules made there-under, and shall, after making the deductions on account of costs of realization, credit the proceeds to the Grama Fund. However the Sub-Collector after giving an opportunity of hearing to the GP may decide not to take any action for recovery of the pending dues.

#### **5.15 Power of the GP to sue the defaulter-**

As per **Section 107** of the Act, the GP instead of adopting the recovery measures provided for in this chapter [Chapter –X (Recovery of Claims)], may sue the person who is a defaulter in payment of any dues, in any competent court for realization of the whole or any part of any amount recoverable or of any compensation, expenses, charges or damages payable to the Grama Panchayat.

#### **5.16 The amount of tax etc. to be final-**

As per **Section 108(1)** the amount of every sum claimed from any person under this Act on account of any tax, rate, rent, fee or otherwise shall be considered final, subject to decision in appeal, review or revision , if any. The **Section 108(2)** says, every decision in appeal, review or revision against any such shall be given effect to by the Grama Panchayat.

#### **5.17 Govt. Properties not excluded from the purview of Taxation by GP:**

As per **Section 92 of OGP Act**, any property belonging to or vested in the State Government shall not be exempted from any liability in respect of any tax or rate referred to in clauses (c ) to (f) under Section 83 of Act, such as latrine tax, water rate, lighting rate and drainage tax.

#### **5.18 Power of Government and Collector to order review and revision of taxes levied by a GP:**

As per **Section 90 (a) of OGP Act 1964** the Government has the power to prescribe the manner in which the taxes levied by the GP can be assessed, the evasion of payment of taxes can be prevented, modification or revision of assessment can be effected, and preparation of assessment list and alteration thereof can be undertaken. As per **Section 90(b)** the Collector on his own or moved by a person who has been assessed for any tax, toll, fee or rate may review or revise the tax, toll, fee or rate.

#### **5.19 Power of Collector to order imposition of a new Tax, and modification or abolition of an existing Tax :**

As per **Section 91 of OGP Act 1964** if in the opinion of Collector a new tax is required to be imposed or the rate of an existing tax is to be enhanced in order to overcome a state of financial crunch facing Gram Fund, he may order the Grama Panchayat to impose a new tax or enhance the rate of an existing tax, and the Grama Panchayat shall proceed forthwith to carry out this order of the Collector viewing it as if it were the decision of Grama Panchayat itself. The Collector while passing his order should have taken into consideration any objection that might have been raised against the imposition of a new tax or enhancement of an existing tax by the Grama Panchayat or any inhabitant of Grama. Once the order for the new tax or enhanced tax is passed by the Collector, Grama Panchayat can't abandon or modify or abolish the new provision

at its sweet will. However Collector himself can by notification abolish or reduce the new tax or reduce the enhanced tax.

### **5.20 Position of Tax Revenues of Grama Panchayats in Orissa-**

Despite elaborate provisions made in OGP Act on taxation, the actual amount of tax revenues generated by the GPs in Orissa is a miniscule one. The Second State Finance Commission after compiling the data on tax collection of GPs during the 4 year period 1999-2000 to 2002-2003 have presented the same in a tabular form in Chapter-VI (Current Financial Position of Local Self Government and Further Resource Mobilisation) of their Report (2004). Then the Commission observes, “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. (*vide Para 6.17, Chapter-VI, Second State Finance Commission, Orissa, 2004*)

### **5.21 Per capita tax income of GPs lowest in Orissa –**

As per an all India survey of GP finances, “The maximum per capita tax of a GP goes as high as Rs 75.51 in Kerala, followed by Andhra Pradesh Rs 57.31 and Maharashtra Rs 47.52. It was as low as only 44 paise in Orissa. [*Source A STUDY OF THE MEASURES NEEDED TO AUGMENT THE CONSOLIDATED FUND OF THE STATES FOR SUPPLEMENTING THE RESOURCES OF LOCAL BODIES ((Based on the Reports of the State Finance Commissions)- a paper commissioned by Twelfth Finance Commission*]

### **5.22 Orissa 2<sup>nd</sup> SFC’ Recommendations on new Taxes to be levied by GPs-**

It is worth noting here that the 2<sup>nd</sup> Orissa Finance Commission in their Report submitted in 2004 noted with concern that, though Grama Panchayats, under various provisions of OGP Act, 1964, have been empowered to levy taxes or fees for various services rendered by them, that power by G.Ps has not been adequately and squarely exercised. Had it been so, the GPs would have been able to augment their internal revenue to a desirable extent and simultaneously to regulate these services. As a result, the GPs are always dependent on external sources even to discharge the minimum of obligatory functions assigned to them under the Act. With the present level of combined income from tax and non-tax sources, which is too low, they are naturally forced to depend on Government both for the salary of their staff and as well 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. Thus the entire burden of maintaining the establishment of Z.Ps. and P.S.s fully and of the G.Ps substantially rests on the Government.

In view of the above, the Commission have recommended the following list of new taxes to be levied at GP level for improving the internal revenues of the Grama Panchayats-

- Re-introduction of '**Panchayat Tax**' (similar to a holding tax), which was earlier allowed under Sections 78 to 82 of OGP act, 1964 but deleted by an Amendment of 1967.
- - Introduction of a new tax called '**Turnover Tax on Commercial Agricultural Farms**' to be levied by a Gram Panchayat at the rate of 0.25 percent of the value of farm's output on all those farms whose output exceeds the value of Rupees one lakh per annum.
- Introduction of '**Livestock Development and Registration Fee**' against the services rendered by the Grama Panchayat such as breeding and cross breeding of cattle and birds;
- Introduction of '**Capital/Property Transaction Fee**' against every transaction of sale or exchange of any property movable or immovable within the limits of Gram Panchayat;
- Introduction of '**Family Welfare Cess**' collectable on the third and subsequent child, after a cut-off date, upto the age of 14;
- Introduction of '**Pisciculture Cess**' (other than lease money) to be collected by a GP from private owners, lease holders, institutions and societies engaged in pisciculture activities in water-spread areas within its limits;
- Introduction of '**Education, Environment and Health Care Cess on Industries**' to be collected and devolved among GPs from the major or medium industries situated within 20 km radius of its limits. It may be collected at the rate of 1 percent of annual turnover of any such industry;
- Introduction of '**Education, Environment and Health Care Cess on Mines**' collectable from the mines situated within territorial jurisdiction of any GP at the rate of 5 percent of pit mouth value of the minerals per annum;
- Introduction of **Education, Environment and Health Care Cess on Power Plants** to be collected from from the Power Plants generating electricity both in utility and non-utility sectors and both in conventional and non-conventional energy sources and to be devolved among the GPs and ULBs situated within a radius of 20km of the plants proportionately on the basis of area and population;
- Introduction of **Education, Environment and Health Care Cess on Ports and Jetties** to be collected 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;
- Introduction of **Parking Fees** on motor vehicles halting or parking on public roads inside the G.P. and villages; 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;
- Introduction of '**License Fees from Shops**' for all shops or trading including mobile shops or wheeled shops at a rate not less than 0.25% of the turn over; 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;

- **Transfer of Markets under the Regulated Marketing Committees to Gram Panchayats.** 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. 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. Therefore 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.
- **Transfer of Sairat Sources and Minor Minerals to the GRAMA PANCHAYATS:** 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.
- **Tol Fees for using Village/GP/PS Roads – The PRIs** may be empowered 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. 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;
- **Local Body Cess by Forest Corporation for Kendu Leaves Collected:** 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.
- **Local Body Health Fee –** Each hospital and nursing home located within limits of a GP 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. In future this may be extended to paying beds in government – hospitals also.
- **Pilgrim Fee – It should be** collected at the rate of Re.0.50 paise per person entering any notified pilgrim place within the local area of a G.P.
- **Fee for Birth and Death Certificate:** The 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. With registration of births and deaths by the local bodies, they can also be empowered to issue birth and death certificates and for the purpose of issue of a certificate, levy of a fee can be charged from the person concerned.
- **Turnover Tax on Minor Forest Produce-** 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. 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. 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 Cooperative Marketing Development Federation of India Ltd. It is unfair and discriminatory not to collect the registration fee due from the such public sector undertakings. So 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 PSUs too.

It is worth mentioning here that the Government of Orissa have accepted the recommendation of 2<sup>nd</sup> SFC for the above list of new taxes to be levied at the GP level for improving the state of internal resource mobilization by the latter (*Vide the Explanatory Memorandum on Action Taken Report Laid by Minister Finance, Govt of Orissa in the Orissa Legislative Assembly in August 2006 : Dept of Finance, govt of Orissa: available on <http://www.orissagov.nic.in/finance>*).