CHAPTER - 3

MUNICIPALITIES

PROPERTY TAX:

2.3.1. Section 81 of the District Municipalities Act 1920, empowers the Municipal Councils to levy Property Tax on all land and buildings within the Municipal limits except those specifically exempted under the Act. The tax comprises of general purpose tax, tax on water and drainage, lighting and scavenging. Education Tax as per the Elementary Education Act and Library cess as per the Local Library Authorities Act are also levied along with the above components. The Act and Rules made thereunder have not prescribed any maximum or minimum rate of tax, unlike in the case of Corporations and Town Panchayats. Chennai City Municipal Corporation Act prescribes the maximum and minimum at 30% and 19.5% and Madurai City Municipal Corporation Act prescribes the maximum and minimum at 35% and 15.5% In the absence of specific indication about the minimum or maximum, the rate of property tax now in vogue ranges widely from 12.5% to 40% of ARV per year including all component taxes. The general purpose tax alone ranges from 2% to 18%. The component of general benefit taxes collected and their ranges are as follows:

Table.2.26 Municipalities -Property Tax : Ranges of Components

	TAX	RANGE
1.	Water Tax	3% to 13%
2.	Drainage Tax	0% to 4.32%
3.	Lighting Tax	2% to 4%
4.	Scavenging Tax	2% to 3%
5.	Education Tax collected under) Elementary Education Act)	5%
6.	Library Cess collected at the rate of 10% of the total property tax on behalf of Local Library Authority.	

2.3.2. These rates are in vogue for decades. This clearly indicates that the Municipal Councils hesitate to revise the rates substantially and there is no compulsion to have a minimum level of taxation as in the case of other local bodies. This also exhibits that there is complete lack of uniformity in the property tax structure among the Municipalities. Though uniformity is not necessary, the wide disparity reveals that the potential is not fully exploited by the Municipalities. It is necessary that there should be a minimum level of efforts on the part of the Municipalities though the maximum can be left to their discretion depending upon inflationary trend, local need and conditions. This is especially needed when a rationalised system of distribution of Government funds to weaker local bodies is to be introduced. All the local bodies should be made to exploit a minimum level of taxation and they cannot be allowed to earn more assistance as a weaker institution without proper tax efforts. The Commission therefore recommends that a minimum of 15% of ARV as Property Tax for a year (excluding the education tax and library cess which are chargeable under separate enactments) may be provided by means of suitable amendments to the Act and the rules.

2.3.3. The Shanmuga Sundaram Committee, which dealt with the finances of the Municipalities, recommended a progressive slab rate on the principle of ability to pay. The Taxation Enquiry Commission, 1953-54 has however opined that progressive taxation cannot be suitably introduced as a feature of property tax levied by local bodies. Even in Chennai Corporation where there was a progressive slab rate in vogue, with the switching over to plinth area rental value, the progressive slab rates have been given up.

2.3.4. The Property Tax yields major income to the Municipalities also, which accounts for one third of the total revenues and more than 85% of the total tax revenues. In terms of per capita it yielded Rs.273 against the total per capita income of Rs.799 of Municipalities in 1993-94.

Table 2.27 Municipality : Composition of Own Tax Revenues

Own Tax Sources	1991/92		1992/93		1993/94	
	Amount	%	Amount	%	Amount (Rs. in crores)	%
Property Tax (PT) :						
Tax on General Purposes	10.15	22.80	11.12	23.20	12.94	20.14
Scavenging Tax	4.54	10.19	4.95	10.33	5.80	9.02
Lighting Tax	4.78	10.74	5.29	11.04	6.37	9.91
Water Tax	10.62	23.85	12.23	25.55	15.28	23.78
Drainage Tax	2.82	6.34	3.06	6.39	3.58	5.58
Education Tax	6.41	14.39	6.99	14.59	8.50	13.23
Library Cess	0.54	1.21	1.14	2.38	1.42	2.21
Total P.T	39.87	89.52	44.78	93.48	53.90	83.88

There are about 22.76 lakhs assessees in all the Municipalities as detailed below:

Table 2.28 Municipality: Details of Property Tax Assessees.

	No. of Assesses in Lakhs	% of Nos.	Demand in Rs. Crores	% of Demand
Residential	16.53	72.63	47.57	65.46
Non-Residential	6.11	26.84	20.68	28.45
State Government	0.09	0.41	3.87	5.33
Central Government	0.03	0.12	0.55	0.76
Total	22.76	100.00	72.67	100.00

2.3.5. About 73 per cent of the total assessees are residential contributing Rs.47.57 crores accounting for 65.46 % of the property tax, while non-residentials consisting 26.84 per cent of the total assessees contribute only Rs.20.68 crores accounting for 28.45%. State and Central Government properties form only 0.53 per cent of the total assessees contributing Rs.4.42 crores accounting to about 6 % of the property tax income. Contribution from Government properties is also significant compared to the lesser number of assessees. The average tax per assessee in absolute figures realised from non-residential category is 1.18 times over the contribution from the residential assessees. This indicates that efforts to enforce higher level of taxation from non-residential assessees are not adequate. In view of the wide variation in the rates of taxation adopted by the Municipalities, there will be correspondingly wide variation in the per capita income among the Municipalities from out of the property tax. The variations are not only due to the different rates adopted but also due to the pattern or method of assessment adopted and collection performance. If a minimum level of taxation and a common pattern of assessment are ensured there is adequate scope for improvement of resources from this source. The overall collection performance of the Municipalities under Property Tax varies from 51% to 75%. With simplification of the procedure for collection and systematic and regular follow up of the defaulters, the collection performance should substantially increase.

2.3.6. A pendency of 56,850 cases involving Rs.12.19 crores of Property Tax due to litigation also contributes for the low collection. The balance of property tax collectible at the end of 93-94 is Rs.48 crores of which roughly about one fourth is pending on account of litigation. It is stated that this is mainly due to quinquennial revision done with effect from 1.10.93 (II Half year 1993-94) and large number of the litigation is due to this quinquennial revision cases. The remaining balance is huge and reflects the lack of performance on the part of the local bodies concerned to make an effective follow up. It is also not clear whether there is stay by the court in respect of the entire amount covered by litigation. The position evidently needs more detailed scrutiny. Better control and review by supervisory authorities at Regional level is likely to reduce the pendency of cases in courts as well as on other arrears.

2.3.7. The realization of income out of the components of property tax does not match the cost of services incurred and there is wide variation between the income and expenditure.

Table 2.29. Municipality - Income from Propety Tax Components with Corresponding Expenditure.

	Average Income (Rs. in Crores)	Average Expenditure (Rs. in Crores)
ScavengingTax	5.80	31.48
Lighting Tax	6.37	6.56
Water Tax	15.28	12.01
Drainage Tax	3.58	1.99
Total	31.03	52.04

2.3.8. Hence the property tax can be divided into two components, (1) General Purpose Tax and (2) Service tax, as has been referred to while dealing with the Corporations, with liberty to fix the components of service tax in proportion to total needs of the concerned Municipality and to appropriate the amount realised from service tax for the different services with priority according to local conditions. This kind of a combined levy of service tax can be imposed on those who claim exemption from payment of property tax. Detailed discussion has been already made under Municipal Corporations on this subject.

TAX REFORMS

2.3.9. The Municipalities also resort to annual rental value basis for the purpose of levying property tax. Instructions have been given by the Director of Municipal Administration in 1993 to adopt the basic value for different zones for the purpose of fixation of ARV. The basic value is to be based on rental yield per Sq.ft. per month in respect of residential properties. The Municipalities have been instructed to adopt the rent obtained per month for newly constructed RCC residential buildings measuring 1000 Sq.feet and to convert it to annual rental value per Sq.ft. This basic value will depend upon the property value in different locations in the zones. Over this value, discount for (i) age of the building, (ii) owner's occupation have also been indicated. Since the rental value has been fixed for RCC buildings, further discounts have been indicated with percentage of deduction to be made for the various types of buildings as detailed below:

1.	For Rcc Buildings	..	No allowance
2.	For tiled, AC sheet and GA sheet, etc., roof buildings	..	25%
3.	For thatched roof buildings	..	50%

2.3.10. Similarly instructions have been given to adopt incremental rates based on the use of the buildings, namely, (i) industrial use, (ii) commercial use, (iii) nursing homes, (iv) Kalyana Mandapam etc. At the same time instructions have also been given to limit the increase of absolute Tax amount during quinquennial revision as detailed below:

(i)	Residential Buildings (Owner occupied)	..	Enhancement should not exceed 50% of the pre-revision tax
(ii)	Residential buildings (Rented)	..	Enhancement should not exceed 100% of the pre-revision Tax.
(iii)	Industrial buildings	..	Enhancement should not exceed 150% of the pre-revision tax.
(iv)	Commercial buildings	..	Enhancement should not exceed 200% of the pre-revision tax.

(v) In no case revised tax should be less than the existing tax. The above instructions are specific only for the General Revision done from 1.10.93 and not made applicable to Regular assessments for which orders of Government prescribing guidelines are stated to be awaited.

2.3.11. System of filing of Returns by the assessees has also been introduced as per the circular in the Municipalities. It is understood that the majority of the assessees have not filed their returns and hence it was not possible to make assessments based on the returns. The officials of the Municipalities have been deputed to obtain returns and also to verify the particulars given in the returns wherever received since most of those who have filed the returns, have furnished incorrect particulars.

2.3.12. It appears that the system of filing return by assessees has become operative in Chennai, Coimbatore and Madurai Corporations, in view of transparency exhibited in fixing plinth area value by consultation and publication of Directory. The Municipalities should first make assessees aware of the tax reforms and publish the rates fixed location-wise and then call for the returns. It is likely that there will be more voluntary returns as found in Chennai. Fixing of ceiling for the quantum of increase in Tax during the quinquennial revision, was resorted, to avoid steep increase in tax likely to arise due to the postponement of quinquennial revision for many years and such steep increase was likely to create protests from the tax payers. When the local body has freedom to levy and collect tax it is not fair to fix any ceiling on the amount to be levied and collected by them. This will result as disincentive in mobilising additional resources.

2.3.13. The circular issued by the Director of Municipal Administration also aims at adopting plinth area rental value system suitable to locality. Since the system now introduced in the Corporation of Chennai, Coimbatore and Madurai has been successful the relevant Acts and Rules may be suitably amended to enforce the method of assessment now followed in the Corporations, in Municipal Bodies also to avoid different methods. The Task Force have recommended various rates applicable to Chennai Corporation, other Corporations, Municipalities and also to Town Panchayats. The State Finance Commission has recommended rates to be adopted in the respective urban local bodies in Appendix No.

Collection:

2.3.14. The collection of Property Tax in Municipalities needs improvement as already stated earlier. The statement below indicates the collection performance for the three year from 1991-92 to 1993-94.

Table 2.30 Municipality - Details of Demand and Collection of Property Tax

(Rs.in Crores)

GRADE	1991/92		1992/93		1993/94	
	Demand	Collection	Demand	Collection	Demand	Collection
Special	23.42	14.29 (61.01)	26.85	15.97 (59.48)	35.58	18.53 (52.08)
Selection	16.14	9.28 (57.47)	16.60	8.87 (53.42)	22.29	11.89 (53.32)
First	20.38	10.41 (51.11)	21.14	12.00 (56.77)	27.08	20.17 (74.47)
Second	12.99	5.55 (42.72)	13.66	6.86 (50.23)	17.64	8.15 (46.20)
Third	2.12	1.30 (61.10)	2.54	1.43 (56.34)	3.34	1.73 (51.99)
Total	75.05	40.83 (54.40)	80.79	45.13 (55.86)	105.93	60.47 (57.08)

Note: Demand includes current demand and opening balance; figures in brackets give percentage of collection to total demand.

2.3.15. The various other issues and points connected with assessment, levy and collection and also exemption from tax, discussed under the Corporations, will apply equally to the Municipalities also.

2.3.16. The Municipal Bodies lose a substantial sum of about Rs.5.7 crores due to exemptions given to buildings of charitable and educational institutions in their areas.

2.3.17. The assessment, levy and collection of vacant land tax dealt with under Corporations will be applicable to Municipalities also.

2.3.18. In the case of appeals on assessment, the general views expressed by the representatives of the local bodies during the District sittings favour the creation of a tribunal exclusively for the disposal of local body cases within the proximity of the concerned local body. This has also been dealt with under Municipal Corporations and the recommendations will be applicable to the Municipalities also.

2.3.19. Recommendations:

The SFC recommends the following

1. A minimum of 15% and Maximum of 35% Tax on ARV a year (excluding education tax and library cess levied under suitable enactment may be prescribed by suitable amendments to the Tamil Nadu District Municipalities Act, 1920 and the Rules.

2. If a minimum level of taxation and a common pattern of assessment are ensured, there is adequate scope for improvement of resources.

3. The collection of Property Tax in Municipalities needs improvement. Better control and review by supervisory authorities at Regional level is necessary to reduce the pendency through court cases as well as arrears and to improve performance of collections.

4. Property tax can be divided into two components(1)General Purpose Tax (2) Service Tax, as recommended under Municipal Corporations.

5. The combined levy of service tax can be imposed on those who claim exemption from payment of property tax as recommended under Municipal Corporations.

6. Tax Reforms: The various rates recommended in Schedule in Appendix No.11 indicates the rates for Municipalities. They may be adopted by the Municipalities.

7. The method of assessment, levy and collection of Property Tax, Service component tax and vacant land tax recommended under Corporations will be applicable to Municipalities also.

8. All tax reforms recommended under Corporations shall apply to the Municipalities.

Profession Tax

Profession Tax

2.3.20. The details of this taxation have also been discussed elsewhere. The present Act applies to all local bodies uniformly and the rates indicated therein are also applicable to all the persons liable to pay Profession Tax under different categories. The yield from Profession Tax accounted for 6.6% of the aggregate revenue of all the Municipalities during the year 1993-94. In the year 1991-92 it was 3.7 % which fell down to 2.3% in 92-93. The income from Profession Tax accounted for 16.11% of Tax income in 1993-94. Since the new Act came into force from 1992 there was increase in the income during the year 1993-94. This contributed to Rs.53 per capita out of total income of Rs.799 per capita. As has already been explained under the Corporations, there is a lot of scope for further income from this source. The total demand with category of assessees in Municipalities is given below:

Table 2.31. Municipality - Profession Tax: Asseesses and Demand

Category of Assessees	Number (in lakhs)	Amount (in crores)
Salaried	2.94	4.44
Shops and Establishments	0.75	1.64
Companies	0.20	0.82
Banks	0.03	0.23
Professionals	0.05	0.23
Doctors & Legal practitioners		
Others	0.23	0.66
Total	4.20	8.02

2.3.21. As may be seen from the table above, the maximum income accrues only from salaried classes. The other categories, namely, companies, self-employed persons, professionals etc. have not been fully brought into the tax net perhaps due to litigations pending till 1993-94. The rate of Tax has since been modified by the Government as discussed in detail under Corporations. With the modification of slabs and reduction in rates, it is hoped that the assessees under the other categories could now be brought into the Profession Tax net. The income under this head will increase substantially if efforts are made to map the assessees in the area and steps taken to initiate penal action for non-compliance of enrolment and registration as required in the new enactment. Even mere issue of notices in a few cases is likely to motivate the assessees to apply for voluntary registration. All recommendations under Municipal Corporations will apply to Municipalities.

Tax on carriages, animals, carts etc.

2.3.22. The general opinion is that this tax can be abolished. The collection is not worth even the cost involved. The Government have already abolished the vehicles tax. In view of the difficulties encountered in the levy and collection and the high expenditure involved in mobilizing this tax resource, this tax may be abolished. However, as already explained, automobile vehicles which do not come under the purview of the Motor Vehicles Taxation Act, may be brought under the tax net.

2.3.23. The recommendations relating to taxes viz., Vehicle Tax, Tax on advertisements, Pilgrim/tourist tax and all other Taxes dealt with under "Municipal Corporations" will apply to the Municipal Bodies.

New Tax Domains:

2.3.24. Under the new tax domains, (i) Advertisement tax on hoardings, (ii) Cable T.V have been suggested and discussed in detail under the Corporations. The benefits of these sources are intended to apply to all the Local bodies. The detailed discussions have already been made under Municipal Corporations.

Additional Assignments of State Taxes:

2.3.25. Similarly the recommendations relating to assignment/sharing of revenue from the following State Taxes have also been discussed earlier under Municipal Corporations and the recommendations made therein will be extended to Municipalities also.

1. Tax on luxuries in hotels and lodging houses.
2. Betting tax
3. State excise duties
4. Motor Vehicles Tax
5. Agricultural income tax
6. Sugarcane cess
7. Urban land tax
8. Terminal taxes on goods or passengers carried by railways, sea, or air.

Tax on Agricultural Lands:

2.3.26. There is Specific Provision under Sub Sec 4(a) of Sec 81 in the District Municipalities Act 1920 to levy tax on Agricultural lands. It is understood that this levy has been discontinued due to the Executive instructions from Government. The L.R. is collected by Government from all Lands irrespective of whether they come under Rural or Urban Local body. The Rural Local bodies have been assigned income from the Lands by way of Local Cess and Local Cess surcharge. No provision for such cess or surcharge is available in the Acts relating to Urban Local bodies, perhaps on the presumption that these bodies have more of non agricultural population and the income from land will not be substantial. The present composition of Municipal and Corporations areas have sizeable cultivable lands. It is fair that this category of population should also contribute to the Local body finance. The Government may permit taxing on Agricultural Lands by the urban bodies or pass on the LR collected in the area to the Local Bodies viz; Municipalities and Municipal Corporations and Town Panchayats.

The SFC also recommends that Government may examine the levy of Local Cess and Local Cess Surcharge in these areas also by suitable amendment to Act and assign the revenue to Local Body concerned.

2.3.27. Recommendations

The SFC recommends the following:

1. The Government may permit the Municipalities to tax on the agricultural lands authorised under sub-section (4)(a) of section 81 of Tamil Nadu District Municipalities Act, 1920 or pass on the land revenue collected in the area to the Urban bodies concerned.

2. A Local Cess and surcharge as in the case of Rural bodies may be provided for in the District Municipalities Act 1920 and collected in Municipal /Town Panchayat areas and passed on to Municipalities/ Town Panchayats. Newly constituted Municipalities/Town Panchayats have sizeable agricultural lands within their areas.

Assigned / Shared Taxes: (Existing)

2.3.28. The assigned revenues now available to Municipalities are the same as available to the Municipal Corporations viz;

i. Entertainment Tax,
ii. Surcharge on Stamp Duty,
iii. Surcharge on Sales Tax and
iv. Income from minor minerals, and
v. Toll compensation.
vi. The portions relating to all the above items except item
iv. have been dealt with in greater detail under Municipal Corporations and recommendations made therein will equally apply to the Municipalities. The income from minor minerals is being dealt with separately under the Panchayat Unions and the recommendations made therein will apply to all urban bodies including Municipalities. The income from existing Assigned/Shared Taxes is as follows.

Table 2.32 **Municipality - Assigned Revenues according to Sources**

(Rs. in Crores)

DETAILS	1991/92		1992/93		1993/94	
	Amount	%	Amount	%	Amount	%
Surcharge on Stamp Duty	14.92	43.14	20.84	51.02	18.12	46.23
Surcharge on sale tax	3.19	9.23	2.54	6.23	0.74	1.88
Local Cess	0.00	0.00	0.00	0.00	0.00	0.00
Entertainment Tax	15.85	45.83	16.49	40.37	19.34	49.33
Toll Compensation	0.61	1.77	0.90	2.21	0.99	2.52
Lease on Mines &Minerals	0.01	0.03	0.07	0.17	0.02	0.04
Total Assigned Revenue	34.58	100.00	40.84	100.00	39.21	100.00

The Surcharge on Stamp Duty and Entertainment Tax contributed major income.

2.3.29. Recommendations:

The SFC recommends the following:

1. Recommendations made under Municipal Corporations regarding all assignments under Surcharge on Stamp Duty , Entertainment Tax, Sales Tax will apply to the Municipalities.

2. Regarding the income from minor minerals the recommendations made under the Panchayat Unions will apply to Municipalities.

Grants:

2.3.30. The details of grants available to Municipalities and income derived are given below:

Table 2.33. Municipality: Details of Grants From State Government(Rs.in Crores)

Details	1991/92		1992/93		1993/94	
	Amount	%	Amount	%	Amount	%
For General Purpose	1.46	13.49	0.88	13.10	0.80	12.69
For Specific Purpose	0.49	4.54	1.61	24.05	1.82	28.75
Roads						
Public Health	0.46	4.24	0.43	6.27	0.49	7.69
Medical	0.29	2.69	0.48	7.11	0.65	10.27
Noon-Meal Centres	0.36	3.35	0.50	7.51	0.51	7.98
Education	7.28	67.01	1.57	23.49	1.95	30.75
Total for specific purposes	**8.88**	**81.83**	**4.59**	**68.53**	**5.42**	**85.44**
Incentive Grants						
Small Savings incentive	00	0.00	0.09	1.41	0.02	0.32
House Tax Matching Grant	00	0.00	0.24	3.72	0.01	0.20
Total	**00**	**0.00**	**0.33**	**5.13**	**0.03**	**0.52**
Compensation Grants	0.51	4.68	0.89	13.24	0.09	1.35
Total	10.85	100.00	6.69	100.00	6.34	100.00

2.3.31. The Grants have yielded Rs.11.12 per capita and contributed 5.73% of total income . House Tax Matching Grant relates to a few Town Panchayats recently upgraded as Municipalities. No such grant is available to Municipalities as such. The Municipalities are expected not only to maintain civic amenities like roads, water supply, lighting, public health, sanitation, solid waste management, garbage clearance, Public Health Protection, but also Maternity and child welfare Centres. and dispensaries on medical side. The revenue derived from the available sources to Municipalities is very limited, inelastic and inadequate to meet the minimum level of civic amenities to be provided to the public. The basic policy governing fiscal relationship between the State Government and Municipalities had so far been to enable the municipalities to achieve self-sufficiency in finances on the revenue account through their own efforts, with support from State Government only for capital finance requirements. The State Government should therefore be willing to ensure that the revenue capacities of the Municipalities are enhanced by assignment of buoyant taxes. Inadequacy of resources and inelastic nature of this source of Municipalities are known factors. Even the property tax and profession tax which contribute major resources are inelastic and cannot be increased often. Besides the mobilisation of additional revenues from these two sources also has been subject to outside interference. The revision of property tax has not been done regularly for the last two decades, due to postponements ordered. Even when revision was done, ceiling for quantum of increase was prescribed. Similarly, in the case of profession tax many of the assessees could not be brought under tax mapping due to resistance and frequent litigation on the very enactment itself.

2.3.32. While these are the constraints on resource mobilisation, Municipalities have to incur sizeable expenditure on establishment due to the policy of Government in extending all benefits applicable to the Government employees to Local Body employees. Provision of services like maternity centres is governed by population norms adopted by national and state Governments. So also, minimum norms for lighting and Water supply have also been aimed at. The above factors contributed to a higher level of expenditure on services at Municipalities. The aspirations and expectations of local public have also grown substantially. Unless Government is willing to ensure assignment of some more buoyant taxes indicated earlier to the Municipalities, it may not be possible for them to meet the entire revenue expenditure from out of their own resources.

2.3.33. It is necessary that the Municipalities have to be considered for a regular system of Revenue grants-in-aid from the State Government to enable them to keep at even keel as recommended under Corporations. To avoid any complacency on the part of Municipalities, the eligibility for grant-in-aid may be related to capacity as well as performance of the Municipality in the different grades.

2.3.34. A system for distribution of the allocations to be made by State to Local Bodies is being suggested by the State Finance Commission elsewhere and on that basis, a regular assistance for the Municipalities could be provided to help those which are really in need of help.

2.3.35. In this context, it is pertinent to point out that other States like Karnataka, Andhra Pradesh and Madhya Pradesh sanction general purpose grants to Municipalities to match a portion of their cost of establishment. In this context the need for aassistance for staff expenditure by way of D.A. Subsidy has been examined in detail and recommendations made under Corporations applicable to all Local bodies.

2.3.36. Recommendations:

The SFC recommends the following:

1. It is necessary that the Municipalities have to be considered for a regular system of Revenue grants from the State Government.

2. To avoid complacency on the part of Municipalities, the eligibility for grants-in-aid may be related to the fiscal capacity as well as performance of the Municipality in the different grades. A distribution system is being formulated by State Finance Commission.

3. All recommendations relating to D.A. Subsidy will apply to Municipalities also.

4. Specific Purpose and Incentive grants now available may be continued.

NON-TAX REVENUES:

2.3.37. The non-tax revenues of the Municipalities are the same as available to the Municipal Corporations. The details are given in the Table below:

Table 2.34. Municipality - Non-Tax Revenues According to Soruces(Rs.in Crores)

DETAILS	1991/92		1992/93		1993/94	
	Amount	%	Amount	%	Amount	%
Licence Fees	3.66	10.65	4.32	10.78	4.85	10.22
Income from properties	16.41	47.77	18.09	45.17	19.53	41.13
Income from Spl.services	9.09	26.46	11.91	29.76	15.77	33.21
Other miscellaneous receipts	5.19	15.11	5.72	14.30	7.33	15.43
Total non-tax revenue	34.35	100.00	40.04	100.00	47.48	100.00

2.3.38. Non tax resources have been dealt with in detail and various suggestions have been made for improvement of the existing source of income by revision of rates, simplification of procedures and better enforcement. All these recommendations will equally apply to Municipalities and they are not dealt with separately. The income from this source has contributed 29.22% of total income and Rs.56.74 per capita.

2.3.39. Recommendations:

Recommendations for improvement of existing source of income by revision of rates, simplification of procedures and better enforcement in respect of all items of Non-Tax Revenues made under the Municipal Corporations will apply to the Municipalities also.

2.3.40 Penalties and Fines:

The revised rates for penalties and fines adopted in Schedules VII and VIII of Tamil Nadu District Municipalities Act, 1920 are indicated in Appendix No.13 and 14. This will apply to Town Panchayats also.

2.3.41 D & O Trade Licences:

The revised maximum rates proposed for D & O Trade Licence Fee are given in Appendix No.12 A minimum percentage of levy to be enforced has also been indicated therein: