

Significance of Property Tax Revenue in Urban Finance and Need for Urgent Reforms in Odisha: A Case Study of Bhubaneswar Municipal Corporation

Abstract

In this paper an attempt has been made to discuss the significance of property tax to the local fisc in Odisha as well as in the Bhubaneswar Municipal Corporation which has experienced high growth of urban holdings due to expansion of the city. The present system of determining the tax base and rates across the different types of holding such as residential, commercial and govt. buildings are discussed. Lack of elasticity of the revenues relative to the expansion of holdings in the Bhubaneswar city and the presence of inequities existing in determining the base of the similar properties in similar area are analysed for the Corporation. The failure on the part of Corporation to raise the rates and to change the basis of taxation can be attributed to strong opposition from the denizens of the city and also the non-implementation of proposed reforms of the tax base, being a mandatory reforms under Jawaharlal Nehru Urban Renewal Mission. Factors responsible for slow revenue mobilization from one of the most important source of revenue, i.e., property tax are discussed. The Municipal Amendment Bill, 2010 was proposed to bring reforms in the property tax system which needed strong political will and public co-operation to strengthen the Corporation's own source revenue. In December 2015, the Municipal Amendment Bill, 2015 has been passed in the Legislative Assembly, having brought changes in the assessment of tax, needs immediate implementation.

Keywords: Orissa Municipal Act, 1950, Municipal Corporation Act, 2003, Property Tax, Basis of Assessment.

Introduction

Property tax is one of the oldest taxes assigned to local bodies. It may really be considered the backbone of the finances of local bodies. Property tax mainly consists of general tax on land and buildings and service taxes like water, lighting, latrine, drainage, etc. the proceeds of which are to be utilised for the provision of the said services. The question has often been raised as to whether the property tax is to be looked upon as a user charge for services rendered or as a tax contributing to the government fiscal. The most plausible answer is that it partakes of both. As a tax, it has to be levied, as far as possible, in accordance with ability to pay and ability to pay can be attributed only to individuals or institutions owning the property. As a service charge, the property tax must be imposed on the basis of the cost of services, at least the basic services provided by the municipal bodies and enjoyed by the assesses. Thus, it would be best to consider property tax as consisting of two elements - service charges and tax proper.

The property or real estate tax is often regarded as the ideal form of local taxation. Both theory and experience show that user charges and property taxes traditionally provide the prime base for an effective and stable local revenue system (Bahl and Linn, 1992). Property taxation follows from the benefit interpretation of A. Smith's canon of ability and has been treated akin to theory of pricing of public goods (Musgrave, 1959). If limited to real estate, it satisfies the test of a good local tax (Walker, 1959). It is demanded from the people who have some proven capacity and who at the same time can be benefited from the services provided by the local bodies. The property tax has the least spillover effects. The spillover is likely to be greater in the case of an alternative tax like octroi or local



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income tax (Planning Commission, 1983). The merit of the tax in the local use (as distinguished from its central use as a method of achieving distributional equity) is that it helps in averaging local wealth for appropriation in local finance. The locality of the base and proportionality to local benefit make it especially suitable for local taxation (Sinha, 1977).

In theory, increasing urbanisation should swell up revenues from the property tax. As land runs short, housing stock expands, and commercial and industrial activities grow, property values rise. Indeed, urban property values may well have grown as fast as urban public expenditure requirements; but property tax revenues clearly have not. The observed shortcomings of the tax are its inelasticity, low inflation resistance and mild regressivity. The evidence suggests that urban property tax revenue has not kept pace with the growth of the tax base. One of the main objectives of the Constitution 74th Amendment was to make the Urban Local Bodies efficient units of self governance which is possible when urban bodies depend more on their own revenues. Property tax is the single most important tax revenue source available to a Urban Local Body. Hence revenues from Property Tax have to show a significant increase.

Looking into the importance of property tax in the urban finance set-up, an attempt has been made to study the significance of property tax in Urban Bodies of Orissa and in Bhubaneswar Municipal Corporation specifically. The present basis of property tax assessment and the problems associated with it, causing inequities in the distribution of the burden of taxation have been examined. Now, the Odisha Municipal Amendment Bill, 2015 has been passed, changing the nomenclature of holding tax as property tax with reforms in its assessment which needs implementation.

Review of Literature

Property taxes were being imposed by the local government in ancient times. It has also considerable importance in the municipalities of modern India. Some authors (Singh, 1987) view property tax as the most rational tax levied by the municipalities in India. Property taxes are expected to yield larger revenue as with the passage of time, the number of houses increase, city area expands and property value grows and commercial and industrial activities increase. But, the revenue earned through property taxes has not kept pace with the growth of the base largely because of lacunae in the tax administration (Bahl, Holland & Linn, 1982). One of the contributory factors to the slow growth of revenue of the municipalities from the property tax is non-revision and non-assessment by the urban local bodies (Das, 1988). Though the type and nature of property tax is the same all over the world, there are wide variations across municipalities, even within a country, as regards the specific provisions of the tax and their applications (Bahl & Linn 1992; Sharma, 1980).

The system of property taxation in India has fallen into disrepute because of regressive nature and lack of responsiveness to the revenue needs of the local governing bodies in spite of increased population,

higher land value and more rent. In the absence of a scheme of graduated taxes, property taxes remain regressive in structure (DUTTA, 1965). The yield from property tax, in terms of property value, in terms of per capita value, is very insignificant and is not considered to be a buoyant source of revenue for the urban local bodies in India (Mathur, 1996). The need for reforms in property tax cannot be gainsaid. The entire tax administration needs to be completely overhauled and methods are to be devised to streamline it (Hussain, 1989; Dash, 1988; Bagchi, 1997; Dutta & Ranney, 1965; Mohanty; Bahl & Linn, 1992). Chootopadhyaya & Prasad (2015) have discussed the problems and prospects of property tax along with the recent initiatives to improve revenue collection from property tax in urban India. According to them reform initiatives should start with linking property tax to their market through transition from 'annual rental value' (ARV) to area based taxation and periodic evaluations of these rates in every five years to keep pace with the changes in the general price level and the conditions of urban property market. Rather, efforts should be made to keep the property tax base closer to the market value of the property.

The present attempt fills the gap by studying the significance of property tax corresponding to increased expenditure demand for meeting urban necessities of the State capital Bhubaneswar which has been declared as one of the smart cities of India. It has discussed the various administrative and operational challenges of the Corporation in achieving the targeted revenue collections from property tax and has discussed the case for immediate implementation of reform proposals.

Objectives of the Study

1. To analyse the importance of property tax revenue in Orissa Urban Finance and in Bhubaneswar municipal Corporation in particular
2. To examine the history of determining the base and rates of property tax assessment in Orissa municipalities and to discuss the present basis of assessment in Bhubaneswar and the problems arising therefrom.
3. To examine the collection efficiency of property tax in Bhubaneswar Municipal Corporation
4. To discuss the proposed reform proposal for strengthening revenue collections from property Tax

Research Methodology

The study is mainly based on secondary data collected from the audit reports, budget reports of Bhubaneswar Municipal Corporation, published books, government reports, official records, Municipal Statistical Year Book etc. on urban local government published by Directorate of Economics and Statistics. Apart from the published government and non-government reports, unpublished documents have also been used. Officials of the Corporation were contacted personally to solicit their views on different aspects of reforms.

Statistical techniques have been used for empirical analysis. The growth rate of each variable has been calculated using semi-log model. The study deals with the finances of the Bhubaneswar Municipal

Corporation. The period of the study taken for analyzing the significance of property tax is 2001-2016 for Bhubaneswar Municipal corporation and 1999-2004 (not in consecutive years)for Orissa as consolidated data for all urban local bodies are not available after 2004.Collection efficiency of property tax is calculated ,based on the latest available data till 2016-17 for Bhubaneswar city.

Significance of Property tax in Odisha and in BMC

It can be observed from the table-1 given below that the share of property tax as proportion of tax

revenue, its own revenue and total revenue had declined during the period 1991-92 till 1999-2000 due to inelasticity of tax base , inefficiency of tax administration.But, since 2001-2002 , there has been an improvement in tax collections ,caused by rationalization of administration in some of the Municipalities of Orissa.Another reason for increased share of revenue collection from property tax can be ascribed to abolition of octroi since 2001 in Orissa.

Table-1
Importance of Property Tax Revenue in Orissa (Revenue in lacs)

Year	Property Tax	Tax Revenue	Own Revenue	Total Revenue	% of property tax to tax revenue	% of property tax to own revenue	% of property tax to total revenue
1991-92	397.82	3388.56	4601.00	6985.93	11.74	8.65	5.69
1996-97	642.38	6387.17	8377.78	11312.50	10.06	7.67	5.68
1999-00	645.81	7076.56	9738.64	17379.33	9.13	6.63	3.72
2002-03	999.96	7378.21	12826.52	21957.87	13.55	7.80	4.55
2003-04	1103.39	7489.98	14784.48	24554.92	14.73	7.46	4.49
2004-05	1451.26	7929.58	12325.89	22027.48	18.30	11.77	6.59

Source: Municipal Abstract of Orissa & Municipal Statistical Year Book (2002-03 to 2004-05)

If we compare with the importance of property tax as a major source of income in states like Andhra Pradesh, Gujrat and Tamilnadu who have gone for reforms in standardizing the tax base is much higher compared to Orissa. Property tax constitutes about 33% of total revenues in municipaliteies and 42% in Corporations in Andhra Pradesh after reforms.Reforms in Gujrat which took place in the year 2007 has definitely been successful

in bringing more number of properties(94% of the municipalities) under tax net, increase in tax demand(90 % of the municipality.In Bangalore, there has been a 33 percent increase in revenues between 1999 and 2001 due to ncreases in collection rates and the number of assessed properties, coupled with valuation improvements. (Best Pactices in Property Tax Reforms in India, NIUA, 2011)

Significance of Property Tax in Bhubaneswar Municipal Corporation

Table-2
Contribution of Property Tax Revenue In Bhubaneswar Municipal Corporation (in lakhs)

	Property tax	Tax revenue	Own revenues	Total revenue	% of property Tax of tax revenue	% of property tax of its own revenue	%of property tax of total revenue
2001 – 02	260.74	264.07	2717.24	2945.64	98.74	9.60	11.3
2002 – 03	305.27	306.62	2800.47	3139.52	99.56	10.90	9.72
2003 – 04	321.61	372.82	3013.06	3169.3	86.26	10.67	9.85
2004 – 05	593.16	595.32	3196.16	3327.77	99.64	18.56	5.61
2005 – 06	790.75	904.72	4428.16	5158.1	87.40	17.86	6.52
2006 – 07	817.36	981.21	4863.09	5998.91	83.30	16.81	7.34
2007 – 08	835.33	1028.59	5621.9	12528.1	81.21	14.86	15
2008 – 09	1000.62	1230.08	7355.28	15305.2	81.35	13.60	15.3
2009 – 10	1297.74	1568.63	7007.26	8082.22	82.73	18.52	6.23
2010 – 11	1898.22	2411.87	8199.33	12140.9	78.70	23.15	6.4
2011-12	1844.48	2699.56	10574.37	16078.47	68.33	12.49	11.47
2012-13	2935.37	3914.62	12090.2	25786.07	74.98	11.55	5.41
2013-14	2027.78	3148.35	14412.35	23646.63	64.40	14.07	8.57
2014-15	2369.74	3582.60	14182.94	24423.95	66.15	16.71	9.70
2015-16	2154.20	3384.14	12991.33	24669.81	63.66	16.58	8.73

Source: Annual Budget Draft Reports of BMC

Table-2 reflects that the relative significance of property tax as a proportion of tax revenue which is shown to have declined from 98.73 % to 63.66% during the study period. After the abolition of octroi in Odisha, which was the leading contributor to the tax revenue, the proportion of property tax has been more than 80% always till 2009-10.The share of property tax to total revenue has shown a declining trend because of increasing size of grants-in-aid.

History of Assessment of Property Tax in Orissa and Bhubaneswar

In Orissa, the property tax is levied as per provisions in section 131 and 132 of Orissa Municipal Act, 1950.

Tax Base

In Orissa, the tax base of property tax is the annual letting value of the property. Under the Orissa Municipal Act, 1950, the municipal council is

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empowered to impose certain types of taxes and fees assessed on their annual value. A few to cite are holding tax, latrine tax, water tax, lighting tax and drainage tax. The tax on land and holdings is known as 'holding tax' as per the Act. It is called 'house tax' in all other states excepting West Bengal and Bihar. Lighting, water, latrine and drainage taxes correspond to 'service tax' for the property tax base. These taxes are to cover the expenditure on the maintenance of the services.

The Act stipulates that the state government is liable to pay the above taxes in respect of their buildings. Under section 131(b) of the Act certain categories of Government holdings used as Court, Police Station, Fire station, educational, medical, public health and cultural institutions are exempted from the holding tax. The exemption shall not be applicable in respect of the portion of the aforesaid buildings used for residential purposes. The holdings exclusively used as a place of public worship, dharmasala, choutara etc. shall be exempted from the tax holding. In case of land, which are not used exclusively for agricultural purposes and are lying vacant, the property and service taxes are to be levied at the rate of some percentage of the capital value.

Assessment of Tax

The tax on holdings is to be assessed on their annual value, which shall be deemed to be the gross annual rent at which the holding may reasonably be expected to be let out less a deduction, in case of buildings only, of 15% of such annual rent. The said deduction shall be in lieu of all allowances for repair or any other account whatsoever. In case of buildings not meant to be let out or used as the residences of the owners themselves, the annual value is not to exceed 7.50% of the actual cost of erection and in computing such annual value; the value of the machinery etc. is not to be taken into consideration.

As per the Act, two types of methods were used to assess the base of property tax: (i) the actual cost of erection in case of building not intended for letting out or used for residence of the owner himself and (ii) the rental value method for other holdings with buildings which do not come under the above category.

Mode of Assessment

There was no detailed and comprehensive provision in the Orissa Municipal Act and Rules regarding the method of calculating the annual value of the holdings in a scientific way so as to ensure uniform valuation of holdings of similar type and use in similar localities of similar towns.

The problem with the rental value method was how to arrive at reasonable rental value of each holding. The method is definitely time consuming and the enquired rental values are often understated. Secondly, since 15% of the annual value of the building portion is to be deducted for allowance in respect of repairs and maintenance, the annual value of the building has to be broken up into building portion and land portion which is an onerous task'.

The House Rent Control Act is made applicable in certain urban areas and the appropriate

court fixed the fair rent of a holding when referred to. Unfortunately in the Rent Control Act itself or in any rule framed thereunder, no guide line has been outlined for the determination of fair rent. The court also does not possess the necessary expertise and experience in this regard.

Of two similarly situated identical buildings, the new one pays tax at a higher rate than the old one, as its cost of erection is more than that of the former contradicting the provisions of Section 137 (2) of the Act. So, the State Valuation Organisation was entrusted with evolving a procedure for the state for determining the annual value of urban properties.

For the purpose, the local bodies of the State have been classified into four categories on the basis of their growth potential taking into account the size of the population, percentage of decennial growth of population, percentage of industrial workers, workers engaged in trade and commerce, workers engaged in government service to total workers, type of regional transport linkage (Railway and National Highway etc.) and physiography (soil condition for building purposes). The area in each local body is again divided into three categories according to the available facilities like market, bus stand, railway station, educational and medical facilities, office complex etc. in the proximity. Rental values are determined taking into account these aspects and uses of the property like industry and commerce, residence, office etc. The Valuation Organisation had prepared a rate chart for determining the annual rental value of the holdings.

The assessment of holdings on the plinth area basis was followed from the year 1972 to make the assessment reasonable and fair. In 1976, it was decided by the government that if the actual rent is higher than the assessment made on the basis of plinth area, then the former is to be taken into account for the valuation of property. In case of a building used for public cinema house or places of public amusement, the gross annual rent is calculated on the gross annual receipt or the erection cost of the building, whichever is higher. Although the method of assessment adopted in Orissa appeared to be scientific, there were deficiencies in the assessment procedure.

It is very difficult to ascertain the correctness of the actual rent quoted since its fixation would always depend upon the whims of the assessee. Secondly, the unit rates on the basis of plinth area fixed as per the 1964 PWD rate schedules become historical.

Present Basis of Assessment of Property Tax in BMC

Holding Tax has got the nomenclature of Property Tax in the Orissa Municipal Corporation Act, 2003. But since Rules and by-laws regulating the property Tax is in the pipeline, for the time being as per Orissa Municipal Act, 1950 Holding Tax is being collected. Presently, the Bhubaneswar Municipal Corporation follows three different basis for arriving at the annual Value of the holding for three categories of holding i.e., residential, commercial and residential holding used on rent. For holdings used for residential

purpose, the Corporation made its first assessment of annual value of holdings in 1977 as per the rate chart prescribed by the government. The task of assessment of annual value of holding was vested with the State Valuation Organisation. As already described, such a rate chart was prescribed by taking into account the type of structure, main components being roof, wall, floor and amenities.

Now in case of holdings used for residential purpose the annual value of the holding is calculated by multiplying the plinth area of the holding in Sq. Meter with Rs.3.65 and 15% of value obtained is deducted towards repair and maintenance. Again 0.5% of the cost of land on which the building is located is added to find out the gross annual value of the holding. Land cost is to be determined as per the G.A. Department Notification dated 01.05.1998

For commercial buildings, the capital value method is adopted by adding the civil cost of the holding and the cost of P.H & Electric Fitting, taking 7.5% of the cost of the buildings so arrived. With that 0.5% of the land cost is added.

For holdings given on rent, the annual value of the holding is obtained by multiplying monthly rent of the holding by 12 and deducting 15% of it towards maintenance cost. Holding tax is levied at the rate of 17.5% of the annual value obtained for the three categories of holding. The rate chart had been prescribed to maintain uniformity of assessment and prevent undervaluation or any other malpractice.

Government buildings, government hospitals, government educational institutions, government cultural institution only pay 7.5% towards latrine tax & light tax and such institutions are being exempted of paying 10% olding tax as per the Act

There has various anomalies in the present system, resulting in low revenue elasticity and inequities which needs to be amended by adopting a simplified tax assessment method. The various reasons for low revenue collection from property tax are the following

1. There has been non-revision of rate chart even after the lapse of forty years though under the provisions of the Act, general revision of assessment is due after every five years.
2. The executive officer is empowered to amend the assessment list prepared by the valuation organisation during the interim period between two assessments by the valuation organisation. As the valuation organisation has not taken

quinquennial revision, the executive officer as per section 147 of the Orissa Municipal Act has assessed annual value of new buildings or extensions made to the existing buildings. Obviously, the system of assessment is no equitable.

3. The present assessment has caused inequities by assessing similar commercial properties in the same area at different rates because of cost of erections varies a lot for an old and new building.
4. In the rental value method, the rent is self-declared rent which results in understating the size of the actual market rent to evade taxes. There remains inequities in tax collection between a property used for residential purpose and a property which is let out. Taxing on the basis plinth area for houses used for residential purpose imposes less burden than a houses located in the same area given on rent.
5. Vacant land, agricultural land needs to be taxed which are yet to be brought under tax net.
6. Though many new areas have been annexed to the city, collections of holding tax and other service tax have not increased proportionately because of delay in the notification by the govt to bring it under Bhubaneswar Municipal Corporation.
7. Ownership of encroached land remains disputed though, there has been addition in the existing building, but taxes are collected at the old rate because of non-division of property among family members.
8. User fees are not collected from the slum area which needs to be done to strengthen property revenue collection.
9. Many buildings are lying vacant with the owners living outside the state or country as a result of which it has been difficult for any collection of taxes from such holdings
10. There has been lack of adequate records of land holdings for assessment.

Tax Rate Structure

Rate Structure in Orissa Urban Local Bodies

Rate structure of taxes in the municipalities is guided by the respective Acts, Generally, a range or interval is specified by these Acts which sets the upper and the lower limits to taxation of a particular type. The municipal enactments usually envisage a flat or a proportional tax rate.

Table - 3
Rates of Taxation in Urban Local Bodies of Orissa

Name of the Tax	No. of ULBs levying the tax	Maximum Rate (% of ARV)	Minimum Rate (% of ARV)	Average Rate (% of ARV)
Holding	89	10	2	5.0
Lighting	86	6	1	3.0
Water	52	6	1	3.0
Latrine	38	10	1	3.2
Drainage	10	5	1	3.1

Source: Compiled from the information obtained from Housing and Urban Development Department, Government of Orissa.

The Orissa Municipal Act provides for the holding tax imposed at a rate not exceeding 10% of the annual value of the holdings. This rate of taxation

appears to be very low as compared to the rate prevalent in many other states. For example, in Andhra Pradesh, the rate of general property tax is 10

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to 24 per cent of the rateable value, in Gujarat 12 to 30% and in Maharashtra 19 to 25% (consolidated).

The rules under the Act also provide for the imposition of the maximum rates, concerning water, light, latrine and drainage taxes.

The following table gives a picture of property tax structure in the municipalities of Orissa. It is revealed that the average rates of taxes are much lower than the corresponding maximum rates. Due to such lower percentages of the service taxes, it is not possible to meet the cost of services.

Rate Structure in BMC

In Bhubaneswar Municipal Corporation, a consolidated general tax is applied to all types of properties. Out of five different heads of property taxes consisting of holding tax, lighting tax, water, latrine and drainage tax, only three i.e., holding, lighting and latrine taxes are imposed in Bhubaneswar. The consolidated rate is 17.5% of the annual rental value. The following table shows the imposed and maximum rates of taxation under BMC.

Table - 4
Rates of Taxation in BMC

Name of the Tax	Maximum Rate	Actual Rate	Average Rate
Holding	10	10%	
Latrine	10	2.5%	17.5%
Light	5	5%	

Source-Information obtained from the Corporation This rate has been effective from 1.01.2005

Growth of Holdings in BMC

The table given below shows the year-wise growth of number of holdings to have increased under municipal corporation area, combining all the tax ward

Table-5

Growth of Number of Holdings in Bhubaneswar Municipal Corporation Area

No. Years Of holdings	2010	2011	2012	2013	2014	2015	2016
	78904	81129	81249	84716	87710	91707	94871
AnnualGrowth rate		2.81	0.14	4.26	3.53	4.55	3.45

Source: Property Tax Section of Bhubaneswar Municipal Corporation

In 2017, the number of holdings to be under tax net has crossed one lakh. With the increasing collection efficiency and reforms in the assessment mechanism, property tax can be a good source of revenue for the Corporation. But, the actual number of holdings are much larger in number than the number

of holdings brought under assessment as Bhubaneswar has been the pace of attraction for people of Odisha as well as for the outsiders.

Table 6

Collection efficiency of Property Tax in Bhubaneswar Municipal Corporation

Year	Demand	Collection	Collection as a proportion of demand
2006-07	1287.91	878.28	68.19
2007-08	1412.35	1002.24	70.96
2008-09	2037.86	1185	58.15
2009-10	2173.01	1288	59.27
2010-11	3132.59	2006.94	64.07
2011-12	3052.35	2007.21	65.76
2012-13	3171.51	2021.87	63.75
2013-14	4351.86	2027.79	46.60
2014-15	4938.62	2501.17	50.64
2015-16	4768.60	2389.69	50.11
2016-17	4639.02	3507.55	75.61

Source: Property tax section of Bhubaneswar Municipal Corporation

The above table shows the collection efficiency of property tax section of the Corporation in terms of collection as proportion of demand which ranges from 46.60 % to in 2013-14 to 70.96% in 2007-08. It is yet to achieve the target set under JNURM of 85% of total demand. The collection efficiency is not satisfactory compared to other states of India. One of the reasons for that is the tax collector has the power to give a demand notice only but have no real power for enforcing any punishment for non-

payment on the property owner. Fluctuations have been observed in the collection efficiency.

Reform proposal for property Tax in Odisha and Conclusion

For improved resource mobilization there is a need to improve coverage, assessment mechanism and collection efficiency for property tax. Bhubaneswar Municipal Corporation is working on a more simplified tax assessment method, i.e., Unit area method shifting from present ARV method. Under Unit Area valuation the city will be classified in to 52 zones

from A to E ,i.e., highly developed, developed, underdeveloped, development and rural. Further zoning will be done on the basis of street width factor. Matrix of zoning takes the parameters like road infrastructure, proximity to city services, level municipal services and type of construction etc. Unit rate will be set for each category to bring objectivity to the assessment mechanism. Properties of Central and State Governments should be brought under taxation, keeping 5% as service charges.

In all this exercise the GIS data base is being procured from Orissa Remote Sensing Application Centre. Assigning a unique property tax index number to each property has been kickstarted in some of the wards in collaboration with ORSAC. For successful implementation of reforms requires attitudinal changes and co-operation from the public as well as strengthening of internal control system for efficient implementation of desired reforms. Given the fact that Bhubaneswar being declared as smart city, there is a need for investment on infrastructure and improvement in the quality of services rendered by the local government which demands additional mobilization of interal revenues through property tax with the immediate implementation of reforms.

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