

COMMITTEE ON PETITIONS

(SEVENTH LOK SABHA)

SIXTH REPORT

[Petition No. 7 regarding the Delhi Municipal Laws
(Amendment and Validation) Bill, 1980].



(Presented to Lok Sabha on 11.12. 1981)

LOK SABHA SECRETARIAT
NEW DELHI

December, 1981/Agrahayana, 1903 (Saka)

Price : Re. 1.80P.

8-371R

Corrigenda to Sixth Report of the
Committee on Petitions (Seventh Lok Sabha)

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COMPOSITION OF THE COMMITTEE ON PETITIONS
(1981-82)

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**SIXTH REPORT OF THE COMMITTEE ON PETITIONS
(SEVENTH LOK SABHA)**

I

INTRODUCTION

1.1. I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Sixth Report of the Committee to the House on Petition No. 7 regarding the Delhi Municipal Laws (Amendment and Validation) Bill, 1980.

1.2. The Committee considered the petition at their sitting held on the 4th December, 1980.

1.3. The Committee took oral evidence of the representative of the Ministry of Home Affairs, Commissioner, Delhi Municipal Corporation and Administrator, New Delhi Municipal Committee and the petitioners on the 8th January, 1981.

1.4. The Committee considered their draft Sixth Report at their sitting held on the 9th November, 1981 and adopted it.

1.5. The observations and recommendations of the Committee on the petition have been included in this Report and printed in thick type in the body of the Report.

1.6. The Committee wish to express their thanks to the representative of the Ministry of Home Affairs, Commissioner, MCD and Administrator, NDMC for furnishing the requisite information to the Committee in connection with the examination of the subject.

The Committee also express their thanks to Petitioners Associations with whose representatives the Committee had had discussion and others who had submitted written Memorandum.

NEW DELHI;

Dated the 9th November, 1981.

Kartika 18, 1903 (Saka).

R. L. BHATIA,

Chairman,

Committee on Petitions.

II

REPORT

2.1. Petition No. 7 signed by Shri P. N. Narang, Vice-President, Federation of the Associations of Babar Road, Diplomatic Enclave, Golf Links and Jorbagh, New Delhi, regarding the Delhi Municipal Laws (Amendment and Validation) Bill, 1980 (pending in Lok Sabha as introduced on 4-8-1980) was presented to Lok Sabha on 25-11-1980 by Acharya Bhagwan Dev, M.P.

A. Petitioners' Grievances and Prayer

2.2. In his petition (See Appendix I) the petitioner stated *inter-alia* as follows:—

"The amendment proposed in the Bill to clause (b) of sub-section (1) of Section 3 of the Punjab Municipal Act of 1911 (as applicable to New Delhi Municipal Committee), is going to cause extreme hardship to the property owners in as much as the rent 'receivable' is a very vague, ambiguous and undefined basis of assessment of house tax which will give vast and immense powers to the field staff and may be, even to the assessors to harass the owners and extort money by citing instance of a single property in that locality, which may be fetching higher rent on account of various reasons.

* * *

Under the proposed basis of assessment, even the owners living in their own properties will be asked to pay property/house tax on the basis of rent 'receivable'.

* * *

The basis of taxation is always well defined and Parliament must provide fool-proof mechanism of assessment so that there is no corruption or harassment of innocent citizens. In this amendment of the Bill, no such safeguard has been provided.

* * *

If the proposed amendment is passed in the present form, it will open the floodgates of corruption and make it impossible for a majority of owners to live in their own houses."

2.3. The petitioner prayed as follows:—

- “(i) The above mentioned Bill may be withdrawn and the house tax should be determined on the basis of the law laid down by the Supreme Court in AIR 1980 SC 541; or
- (ii) The Bill should not be given any retrospective effect and the house tax should be determined on the basis of:—
 - (a) In the case of rented properties, on the rent ‘actually received’; and
 - (b) In the case of self-occupied properties, on the basis of the standard rent determinable in accordance with the provisions contained in the Delhi Rent Control Act, 1958.
- (iii) The term ‘receivable’ should be deleted from the Bill.’

2.4. In his clarificatory Memorandum dated the 31st December, 1980, the vice-President of the Associations of Babar Road, Diplomatic Enclave, Golf Links and Jor Bagh, New Delhi stated as follows:—

- (1) In the statement made by the Hon’ble Union Home Minister, while introducing the above referred Amendment in the Lok Sabha, it has been said that if the Property/House Tax is levied on the basis, as per the ruling of the Supreme Court. The Delhi Corporation and the New Delhi Municipal Committee will have to refund several crores of rupees to the property owners. This, to the best of my knowledge and belief, Sir, is not correct because in all those cases where the tax has been paid, without protest, it cannot be claimed back unless objections/appeals are filed within a specified period and that period having expired long back, no claim or refund lies. No doubt, some appeals are pending but their number is very very small and the amount refundable may, therefore, be negligible.
- (2) The properties in the Municipal limits of Delhi/New Delhi broadly fall in the following three categories:
 - (a) Those primarily constructed for rental purposes to provide the owners a living and/or an income. This is, more or less, a business proposition.
 - (b) Those constructed partly for self-occupation and partly for rental purposes to augment the income of the owners. In this category also fall the properties which

after having been rented out for a certain period, revert back to the owners for self-occupation. Such properties are rented out, in most cases, for the purpose of paying off the loans and advance taken to meet the construction costs or when the owner is transferred to out stations. These are mostly owned by the middle income group.

(c) Those owner—occupied, ever since constructed.

(3) In regard to the levy of the property tax on any of the above categories, the Federation submits as under:

(a) There are no two opinions in case of properties built for income purposes. The income derived must be shared with the local bodies to enable them to render all the civic services and other necessary amenities, therefore, a suitable provision should be made, by an amendment, whereby the tax can be levied, in case of the rented properties, on the rent 'received' by the owners and not on basis of Standard Rent as per the ruling of the Supreme Court.

(Note: As and when the rents increase, the civic bodies would get increased tax, automatically.)

(b) In case of properties or portions of properties which are self-occupied, the levy should be based only on the "Standard Rent" formula because leaving a small percentage, the majority of such owners are from middle and lower middle income groups and include small businessmen, retired govt. pensioners, widows, unattached old and infirm people. Therefore, they deserve to be taxed on reasonable rent basis as defined under the Standard Rent. Otherwise, there would hardly be any incentive left to build houses even for own use. As a result thereof the country would be faced with another crises as far as the dwelling houses are concerned.

(4) It is a known fact that there is corruption of the highest order, in the Property Tax Departments of the Municipalities of Delhi. Even today it is thus reported in the *Hindustan Times*:

"New Delhi, December 26—Municipal Commissioner J. N. Singh, today suspended three officers of the Municipal

Corporation including a property tax inspector for under assessment of Property Tax."

In view of the above, it is very essential that the basis of the assessment should be well defined and firm on the lines similar to that of direct taxation so that the inspectors of the assessors have no part to play as far as the basis of assessment is concerned. Currently, the inspector issues a notice to the property owners that his/her property is to be assessed at a such and such figure—say an annual retable value of Rs. 50,000.00 which is definitely a very high figure and is so known to the property inspector but is so done deliberately because the line of thinking of the authorities is that 'Give a man a threat and rob him.' After the preliminary notice starts the bargaining with the owners and assessment is settled at a lower amount—say Rs. 30,000.00. This illustrates who actually benefits from the basis of taxation which is ambiguous and undefined as is expected from the proposed Amendment Bill. It is certainly not the Corporation or the N.D.M.C., but the property inspectors, alone.

In summing up, it may be mentioned, please, that if the Amendment is modified on the basis suggested under para (3) (a) and (b) above, it will not only eliminate, to large an extent, the element of corruption but also provide better and higher collection of revenues for the civic bodies than what it has been even before the ruling of the Supreme Court because it will off-set that portion of the ruling of the Supreme Court which provides for the levy of property tax only on Standard Rent basis even in case of properties let-out at rents much higher than the standard rent.'

2.5. In their representation dated the 1st January, 1981, Shri S. D. Shourie, Director, Common Cause,* New Delhi and others stated:

"(1) That the Delhi Municipal Laws (Amendment and Validation) Bill, 1980, was introduced in the Lok Sabha on the 4th August, 1980.

(2) That this Bill was introduced for overcoming the effect of the Supreme Court Judgement delivered on the 20th December, 1979 in *Devan Daulat Rai Kapur versus New Delhi Municipal Committee* and another (AIR 1980-SC 541) in which it was held that the "annual value" for the assessment of Property Tax must be limited to the measure of standard rent determined or determinable under the Rent Control Act and the same cannot be cal-

*An organisation for ventilating common problems of the people.

culated on the basis of higher rent actually received or receivable by the landlord. It was stated in the 'Statement of Objects and Reasons' that the financial implications of the Supreme Court judgment were apprehended to be severely pre-judicial to the revenues of Delhi Municipal Corporation and the New Delhi Municipal Committee. The Bill aims at amending the relevant provisions in the Delhi Municipal Corporation Act and the Punjab Municipal Act (which applies to the New Delhi Municipal Committee) and, in particular, deleting the second proviso under Clause (1) of Section 116 of the Delhi Municipal Corporation Act, which had led to the aforesaid decision of the Supreme Court. Retrospective effect to this Amendment is sought to be given through the enactment of this Bill.

(3) That the effect of enactment of this Bill will be that standard rent will not constitute the basis of calculation of 'annual value' in the case of rented properties. The wording of the Bill is such that vagueness in the use of the words 'received' and 'receivable', and particularly the word 'receivable', has led to apprehension in the public mind that this will tend to provide discretion to the assessment staff which may be used for harassment of the assesseees and which would lead to corruption. This apprehension has been voiced through representations appearing in the Press and addressed to the Government. The public has also strongly felt that the retrospective effect proposed to be given to this legislation is fundamentally wrong and that retrospective effect to legislation should normally be given only when any right or benefit accrues from it. It is also contended that the reasons given in the 'Statement of Objects and Reasons' that the Delhi Municipal Corporation may have to make refunds to the tune of Rs. fifteen crores is not correct, because the assesseees who have made payments of the Property Tax during the previous years on the basis of determined assessment, which they did not challenge in the respective years in accordance with the provisions of the law, have no *locus standi* to claim the refund.

(4) That there are hundreds of thousands of assesseees in Delhi and New Delhi, and they have been feeling greatly perturbed over the past many weeks on account of provisions of the proposed Amendment Bill. Their concern has been in evidence from serious apprehensions expressed in meetings held, representations made, and deputations led to the concerned authorities, which will

be borne out by the Ministry of Home Affairs, Delhi Administration, Delhi Municipal Corporation and New Delhi Municipal Committee.

(5) That there is great need of a more comprehensive examination of the relevant provisions in the Delhi Municipal Corporation Act and the Punjab Municipal Act (as applicable to the New Delhi Municipal Committee) for bringing them in accord with the present requirements and for removing the anomalies and problems which are being encountered by the assesseses. In particular, it is necessary to amend these provisions in respect of the following important matters:—

- (i) Where properties are let, the agreed rent should constitute the basis of determination of 'annual value' and no discretion should be left in the hands of the assessment staff in this regard. The onus of proof should be on the Municipal Authority to establish that the rent is collusive or fraudulent, for which penal assessment of the tax should be leviable.
- (ii) In case of self-occupied properties, it should be unambiguously provided that the 'annual value' shall be based on the rent not exceeding the amount calculated on the basis of eight and one-fourth per cent per annum of the aggregate amount of the reasonable cost of construction and the price of the developed building plot when it was originally purchased. Utilisation of any alternative value of land for the purposes of this calculation will inevitably bring about distortions in such determination because of the enormous escalation in the value of land in the recent years. In case of recent constructions, criterion of the cost of construction of the building should be taken as that obtaining on 1st April, 1971, which date has been frozen for purposes of wealth tax valuations.
- (iii) Deductions on account of repairs and maintenance should be allowed at 1/6th of the annual rental and should also include the actual payments of ground rent, insurance premium, collection charges, interest on loans raised for the construction, and reasonable depreciation on essential requirements of fans, geysers, coolers, air-conditioners, booster pump; these deductions should be allowed both in the case of rented properties as well as self-occupied properties while assessing the rateable value/annual value.

- (iv) In the case of self-occupied property, the assessment should have no relationship to any previous renting and the assessment should be unambiguous in relation to self-occupied portion of the property. Where the property is partly rented and partly self-occupied, the Property Tax should be levied separately in relation to the respective portions.
- (v) The exemption limit of rupees one hundred annual value provided in the Delhi Municipal Corporation Act, which has remained unaltered for over two decades, in the present context of rentals, is totally unrealistic. In the interest of weaker sections of the people, it is necessary that this limit should be suitably revised upwards.
- (vi) Enormous anomaly exists at present between rates of property tax levied by the Delhi Municipal Corporation and the New Delhi Municipal Committee in their areas which are contiguous. In the area of New Delhi Municipal Committee the rate is 12½ per cent, which is the ceiling limit prescribed under the Act. In the area of Delhi Municipal Corporation, however, the rate goes upto 30 per cent and beyond on the basis of a slab system. It is necessary that the rates of levy in the contiguous areas of Delhi Municipal Corporation and New Delhi Municipal Committee should be limited to the ceiling of 12½ per cent. Efforts should be made to improve the efficiency in assessment and collection and to ensure avoidance of wastage, which would obviate the necessity of levying higher rate of tax.
- (vii) A ceiling limit of two per cent of rateable value should be prescribed on the aggregate imposition of the other taxes and cesses leviable by the Municipal authorities, including the scavenging tax, water tax, electricity tax, fire tax and education cess etc. These should be made chargeable from the occupant of the premises; the responsibility for collection alongwith the rent being of the owner.
- (viii) The assessment once made should hold good for five years excepting where additions or alterations to the property or alteration in the use of the property or the quantum of rent, necessitate the revision of assessment. Provision should be made for self-assessment of Property Tax by the assessee and for payment of the tax in two or three instal-

ments on the pattern of Income Tax Self-Assessment and payment in instalments. This will greatly decrease the work-load on the Municipal staff, lead to greater efficiency and yield revenue to the Municipal authorities more promptly and earlier in the year. The assessee defaulting in self-assessment and payment of the instalments should be made liable to penalty.

(6) That this entire matter needs to be re-considered for incorporating the above requirements in the relevant provisions of Delhi Municipal Corporation Act and the Punjab Municipal Act (as applicable to New Delhi Municipal Committee). These suggestions have been communicated by Common Cause to the appropriate authorities in the Government of India, Delhi Administration, Delhi Municipal Corporation and New Delhi Municipal Committee but there has been no response from them.

(7) That Common Cause Society is a non-political, non-profit, non-sectarian and voluntary organisation, which has been set up for ventilating the problems of the people, particularly the middle classes. On the initiative of Common Cause, the problem of Property Tax in the areas of Delhi and New Delhi has been taken up in collaboration with the various organisations and associations of house owners, housing societies, rate-payers' associations and residents welfare organisations. The recommendations arising from these deliberations are incorporated in the present petition which is being submitted to the Lok Sabha.

Accordingly, your petitioners, on behalf of Common Cause Society, pray that as no other remedy is at present open to the Society to press these suggestions, the Lok Sabha, through its Committee on Petitions, may examine this matter, study the suggestions put forward and if satisfied, recommend to the Government for taking appropriate action on these suggestions."

Evidence before the Committee

2.6. The Committee at their sitting held on the 8th January, 1981 heard oral evidence of the representatives of the Federation of the Associations of Bahar Road, Diplomatic, Enclave, Golf Links and Jor Bagh, New Delhi, on the points arising out of their Petition No. 7 on the matter.

Explaining the procedure adopted by the Municipal authorities for determination of re-evaluable value of lands and buildings assess-

able to property taxes, Shri P. N. Narang, Vice-President of the Federation of the Associations, stated that there was no fixed set of formula adopted hitherto by the Municipal authorities for determination of rateable value of lands and buildings assessable to property taxes. Before 1965, the basis of annual rateable value was at the rate of $8\frac{1}{4}\%$ of the cost of land plus cost of construction. After 1965, the Municipal Authorities did not follow that formula and they started making assessments as they would like and send a notice of assessments. When the objections were sent in, the Municipal Officers would freely and frankly negotiate it. Answering a query, Shri Narang stated that to a large extent they were not satisfied with the present procedure. Those who were not satisfied would naturally have to go in for appeal where it would take a long time. There were instances where it had taken even ten years to finalise the assessment according to provisions of the Municipal Act, and on the basis of 'reasonable' rent. The Municipal authorities' interpretation of the word 'reasonable' rent was that since the next door house of the same size was fetching rent of Rs. 2000/- p.m., the house under assessment was also reasonably to be assessed at the same rate. That method was not correct and whosoever went in appeal, won it and it was assessed according to the standard rent formula.

2.7. Asked to state their objections to the Delhi Municipal Laws (Amendment and Validation) Bill, 1981, the Vice-President of the Federation stated that the word 'receivable' could not be defined like the word 'reasonable' where it took the Federation 20 years to have it defined from the Supreme Court. So again they would have to move the Supreme Court, for definition of the word 'receivable' used in the said Bill.

2.8. On being asked to elaborate the statement made in their petition that if the Bill was passed in present form, it would open a floodgate of corruption and cause harassment to the people, the Vice-President of the Federation stated that the basis of assessment of property tax was not firm and fixed. Citing the instance of a shop in Connaught Place, he stated that standard rent for that shop was Rs. 250/- only. If the property got vacated by chance, it might be let out for Rs. 2000/- p.m. Similarly, another shop like Empire Stores could be let out for Rs. 20,000/- p.m. Now the Inspector or the Assessor would say: "That shop was let out for Rs. 20,000/- per month. So you have to pay property tax on that rent"

2.9. The Committee pointed out to witnesses the financial implications of the said Supreme Court Judgement and huge loss of revenue to the Government and refund of a major portion of property tax already collected by them, if their plea for determination of property tax on the basis of standard rent determined or determinable under the Delhi Rent Control Act, 1958, was acceded to. The Committee asked them to state their comments in that regard. The Vice-President of the Federation stated that they had found out a *via media*. According to the Supreme Court ruling even properties fetching rent higher than the standard rent had to be assessed on standard rent basis. Immediately after the construction, the owner had to let out the house for a particular period for certain reasons, say—to repay loans etc. Similarly, there were people who were infirm, old and had no source of income and had constructed houses partly for self-occupation and partly for rental purposes to augment their income. Levy of house tax on such properties should be based only on the 'standard rent' formula. In case of rented out properties, they had suggested to Municipal authorities to take rent stipulated in the rental agreement as the 'rent received in actual'. The witness added that there were hardly 2 or 3 per cent people who had gone in appeal against the assessment of their property for the purpose of house tax within a specified period. The witness added that their compromise offer was based on their realising the difficulties of Municipal authorities. There was a voluntary offer to share their higher rents with Municipal authorities.

2.10. When asked to state their views on the revision of statutory provisions relating to standard rent in the Delhi Rent Control Act, 1958, for determination of rateable value of lands and buildings in order to cover up the gap in the income by property tax to municipal authorities, Shri R. L. Tuli, Representative of the Diplomatic Enclave Association stated that the Delhi Rent Control Act, 1958 was a very old legislation. The Legislators should have a review of the position. The witness agreed that it was a high time to have a second look at the Act also.

2.11. On being asked to state whether they were in favour of separate provisions for assessment of property tax for dwelling houses, commercial flats, industrial establishments, factories etc., the Vice-President of the Federation stated that the intention of law-maker was good. But its operation or implementation was very bad. The word "reasonable" in the Punjab Municipal Act was misused to the extent that the people were harassed unlimitedly. They had, therefore, to go to various High Courts. Reasonable rent meant the standard rent. But the Municipal authorities

did not listen to that. The witness submitted that instead of 'receivable', it might be made 'received'. In case of self-occupied properties, the standard rent which was well defined, should be made the basis. There should be hardly any point left for dispute because every year, the CPWD notified the cost of construction.

B. Comments of the Ministry of Home Affairs and Evidence before the Committee

2.12. In their note dated the 6th January, 1981, containing factual comments on the petition, the Ministry of Home Affairs have stated as follows:—

- “(1) The Delhi Municipal Laws (Amendment and Validation) Bill, 1980, was introduced in the Lok Sabha on the 4th August, 1980. The Bill seeks to amend section 116 of the Delhi Municipal Corporation Act and Section 3 (1) of the Punjab Municipal Act of 1911, as extended to Delhi, in connection with the levy of property tax in Delhi by the Municipal Corporation of Delhi and the New Delhi Municipal Committee respectively.
- (2) The salient features of the Bill are the following:—
- (i) To provide that the annual value or, rateable value, (as the case may be), of a building shall be the actual rent received or *receivable* or standard rent determined or determinable under the Rent Control Act, whichever is higher. The present practice in the aforesaid Acts is that tax on lands and buildings was being assessed and collected by taking the actual rent being received or receivable as the basis wherever such rent was higher than the standard rent under the Delhi Rent Control Act, 1958.
 - (ii) The amendments proposed in the Bill are only for the purpose of giving legal coverage for the *de facto* position obtaining immediately before the Supreme Court gave its ruling in the case *Dewan Daulat Rai Kapoor, etc. Versus New Delhi Municipal Committee and others*.
 - (iii) It was sought to introduce these amendments because the Supreme Court judgement had far reaching financial implications resulting in a loss of several crores of rupees to the two civic bodies.

(3) After the Bill was introduced in the Lok Sabha, representations have been received against some of its provisions. Broadly, these representations relate to the following:—

- (i) Vagueness and ambiguity of the word 'receivable' used in the context of determination of rent. It is clear that in the absence of a clear definition of the word 'receivable', the landlords may be subjected to harassment at the hands of the assessment staff.
- (ii) There is no explicit provision in respect of self-occupied properties.
- (iii) Validation should not be made retrospectively.
- (4) The representations are presently under examination, by Government and the decisions taken will be reflected in the stand of the Government when the Bill comes up for consideration in Parliament."

Evidence before the Committee

2.13. The Committee at their sitting held on the 8th January, 1981, examined the representative of the Ministry of Home Affairs, Commissioner, Delhi Municipal Corporation and Administrator, New Delhi Municipal Committee on the points arising out of Petition No. 7 regarding the Delhi Municipal Laws (Amendment and Validation) Bill, 1980.

2.14. When asked to state their comments on the submission made in the petition that the word rent 'receivable' used in the said Bill was vague and ambiguous and could create difficulties and would give vast powers to the field staff to harass the house owners in assessment of tax on properties, the Joint Secretary informed the Committee that the Government had received a number of representations and were seized of the possibility of misuse of vague expression of the word "receivable" and a way to define the word 'receivable' was being considered.

The Joint Secretary of the Ministry of Home Affairs added that steps were being taken by the Government to ensure that the word 'receivable' was defined in such a way that there was minimum or no abuse of power by the Officers who were concerned with the assessments of rent. To that extent, it had to be admitted that the word 'receivable' in its present form, could be abused by the people

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who were concerned with the assessment of rent. In reply to a query, the representative added that they were seeking to give legal guarantee by defining the word 'receivable'.

2.15. The representative of the Ministry of Home Affairs further stated that the Bill in its present form did not differentiate between those properties which were self-occupied and those properties which were not self-occupied. The Government was thinking of bringing out a differentiation. In respect of self-occupied property, it would be unreasonable on the part of owner to pay property tax calculated on the basis of market rent.

2.16. The Committee pointed out to the witnesses that under the proposed basis of assessment, even the owners living in their own properties would be asked to pay property tax on the basis of rent 'receivable' which had been rising, and enquired from them whether property tax was revised periodically and the procedure adopted in this regard. The Commissioner, Delhi Municipal Corporation, stated that periodical surveys were conducted and rents were assessed on the basis of actual evidence of the rent received by the landlord. At the most, the survey should not go beyond a fixed period of four years or earlier.

2.17. The Commissioner, Delhi Municipal Corporation further stated that rents received by a number of landlord were very fabulous. They rented out their buildings after the buildings were assessed under the Rent Control Act and charged exorbitant rents and thereby deprived the Municipal authorities of the equitable share which they should have received out of the property by way of rent. Instances had come to their notice where the landlords were in agreement with their occupants. They charged rent in a fraudulent manner. They did not show that the actual occupants were occupying a part of the property or the whole of it. The landlord might be living there and he might be requiring tuition for his child and so on. The same applied to fixtures. All these things deprived the Municipal authority of the legitimate share that should have accrued to them.

2.18. In this connection, the Administrator, New Delhi Municipal Committee stated that as far as the Supreme Court Judgment was concerned, its entire emphasis was on standard rent. According to the judgment, there was a discrimination between a commercial property and the residential property. Before the judgment was announced in the case of all those self-occupants who would have their standard rent fixed in a Court of Law, the rateable value was assessed on the basis of the standard value.

The problem arose because most of the residents who owned houses did not go to the Rent Controller for fixation of standard rent under the Delhi Rent Control Act, 1958. Since they did not have it done according to the law, they assessed the rent on the basis of rent prevailing for the area i.e. the rent receivable or a reasonable rent in the locality.

2.19. Answering a query, the Administrator, New Delhi Municipal Committee, stated that even before the judgment of the Supreme Court came, majority of properties were being assessed on the basis of reasonable rent. Now the word 'reasonable' was being substituted by the word 'receivable'. The representative of the New Delhi Municipal Committee informed the Committee that when they made the assessments before the judgment came, they had not received any large scale complaints or representations of highhandedness or arbitrary use of power on the part of staff.

2.20. On being asked to state whether there was any anomaly between the tax levied by the New Delhi Municipal Committee and the Delhi Municipal Corporation, the Joint Secretary of the Ministry of Home Affairs admitted that there was a difference between the rates of property taxes of New Delhi Municipal Committee and the Delhi Municipal Corporation. In New Delhi Municipal Committee area, the rate of taxation was at a flat rate of twelve and a half per cent and in the Delhi Municipal Corporation area, there was a sliding scale in respect of different categories of properties. It varied from ten to thirty per cent. In reply to a query, the representative stated that the removal of anomaly was not within the ambit of present amendment.

2.21. The Commissioner, Delhi Municipal Corporation submitted that both the Delhi Municipal Corporation and the New Delhi Municipal Committee were ensuring that maximum efforts be made to curtail the powers of the Inspectors. They did not want the tax payers to suffer on this ground. They also felt that the Bill should not be given any retrospective effect. And then they should do it on the basis of the rent actually 'received' instead of 'receivable'. In the present Act, it is on the basis of reasonable rent.

2.22. The Committee pointed out to witnesses that according to the Supreme Court Judgment, the assessment of property for the purpose of house tax could not exceed the standard rent determined or determinable under the Delhi Rent Control Act, 1958, even if the properties might be fetching and might be reasonably expected to fetch higher rent. The Committee desired to

know the percentage of difference between the rateable value calculated on the rent actually received or receivable and the standard rent determined or determinable under the Rent Control Act, 1958. The representative of the Ministry of Home Affairs stated that they had not got the actual figures and datas. That would vary from case to case.

In this connection, the Administrator, New Delhi Municipal Committee stated that the difference between the assessment arrived at on the basis of standard rent and the Supreme Court judgment was absolutely clear. In the case of New Delhi Municipal Committee, it was supposed to include 1 to 5.

The Commissioner, Delhi Municipal Corporation, added that he got a number of properties checked up on these two counts and the difference would be 8 times between rent received and rent receivable.

2.23. In regard to assessment of property tax in other Metropolitan towns, the Administrator, New Delhi Municipal Committee, stated that the rateable value was practically the same, taking into account the form which they had extended. But the rate of assessment was different in the Metropolitan areas, from Corporation to Corporation.

The Commissioner, Delhi Municipal Corporation, informed the Committee that Delhi was the least taxed city in India, In Bombay and Calcutta, rate of taxation was much higher.

2.24. When asked to state the views of Government regarding amendment of the statutory provisions relating to standard rent as laid down in the Delhi Rent Control Act, 1958, to make up the difference in the income of property tax so that the properties could be assessed on the basis of the law laid down by the Supreme Court in AIR 1980 SC 541 without any loss to Municipal authorities. the Administrator, New Delhi Municipal Committee, stated that the Rent Control Act was being dealt with by the Ministry of Works and Housing. They had sought amendments only to the Punjab Municipal Act and Delhi Municipal Act which had been affected as a result of the Supreme Court Judgment. He added that at the moment, the amendment of the Rent Control Act was not considered necessary.

2.25. In regard to suggestion for reference of the said Bill to the Joint/Select Committee. the Commissioner, Delhi Municipal Corpo-

ration, stated that they were already losing a lot of their revenue and their ways and means position was rather precarious. The reference of the Bill to a Select Committee would take a pretty long time and they would be deprived of the legitimate dues to which they were entitled.

2.26. On an enquiry, the Commissioner, Delhi Municipal Corporation informed the Committee that the financial implications as a sequence of the judgment of the Supreme Court were far reaching inasmuch as the Municipal authorities would be suffering a loss of Rs. 20 crores. They had arrears of 30,000 cases. When asked to state the basis, the Commissioner, Delhi Municipal Corporation stated that they had been carrying on their survey in different wards between receivable tax and tax received.

2.27. In their communication dated the 18th March, 1981, Municipal Corporation of Delhi, have stated as follows:—

“In the meeting of the Petition Committee held on 8th January, 1981, it was desired that information regarding the pending petitions from the tax payers requesting for the assessment of their properties on standard rent basis and the amount involved be furnished. It was also a point of discussion as to how the Corporation is likely to sustain a loss of Rs. 15 crores.

A number of such applications have been received by the Department and it has also been experienced during the current recovery drive that most of the literate people who are conversant with the implications of the Supreme Court judgment are not prepared to clear the property tax dues. The number of such applications as pointed out in said meeting is nearly 30,000. Although, as per practice, we are not going to consider all these applications because as per provisions of Section 124 of the DMC Act, 1957, the assessments are reconsidered every year in respect of those cases, where general objections are received from the tax payers, after the publication of Assessment Lists in the month of second half of November and December. During this period, we received about 7500 objections and all these would be duly considered after affording opportunities to the assesseees. The exact amount involved in these cases cannot be worked out unless the assessments are finalised. In the month of April, 1981 these assesseees would be

called for hearing and they would be required to furnish the valuation reports of their properties from approved government valuers and the decisions would be taken accordingly.

A statement of 122 properties showing the rateable value on the basis of actual/comparative rent and on the basis of standard rent along with the tax liabilities thereon and the loss of revenue to be caused to Corporation is also enclosed herewith. (See Appendix II). In many cases, the percentage of loss exceeds 50 per cent. This is adequate enough to establish our contention that it will have an adverse effect on the revenue of the Corporation. Till now, all assesseees are not conversant with the implications of the Supreme Court judgment and we have not allowed refund in any case. As soon as refund is allowed, numerous applications are likely to be received requesting for the same. On the basis of the enclosed comparative statement, it was estimated that the yearly loss of revenue would be of the order of Rs. 5 crores and if the assesseees claim refund for three preceding years, it would be about Rs. 15 crores."

2.28. Members of Parliament from Union Territory of Delhi were requested to give their views/suggestions on the provisions contained in the Delhi Municipal Laws (Amendment and Validation) Bill, 1980 and the prayer made in the petition in connection with the said Bill. In his letter, dated the 2nd April, 1981, Shri Bhiku Ram Jain, M.P., stated as follows:—

"There are various points to be discussed and, if necessary, I would express it on the floor of the House or even before any Committee if so appointed but I am sure in regard to one point and that is that with the corruption in the M.C.D. at its height it would give them a great opportunity to harrass the house owners and hence the interpretation should not be left in their hands. I have already suggested that the above Bill should not be passed by the Parliament but should be referred to a Select Committee so that this matter could be discussed

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Points

Information furnished by M.C.D.

Information furnished by NDMC

(1) Total number of application/general objections filed by the assesses for revision of assessment of properties in accordance with the Supreme Court Judgment indicating separately the number of self-occupied properties and rented properties.

General objection received up to 31-12-80 for the Assessment Year 1981-82:—
Self occupied properties = 3810
Rented properties = 3577
Total number of objections = 7387

The number of applications/objections filed by the assesses for the assessment years 1980-81 & 1981-82 for revision of assessment in accordance with the Supreme Court Judgment were 1571, including 330 in respect of fully self-occupied residential properties:—
Fully self-occupied = 330
Rented Properties = 1241
Total objections = 1571

(2) Total number of general objections filed by the assesses for revision of assessment of properties which are under consideration or admissible for consideration under the provisions of the DMC Act, 1957 indicating separately the number of self-occupied properties and rented properties.

All the above 7387 objections were considered. However, pending cases/objections u/s 126 of the DMC Act in 10 self-occupied and rented properties are as follows :—
S.O.P. - 30,000;
Rented - Approx. - 58,000;

The valid objections received against Public Notices individual notices and including as in (1) above were considered as per law & assessments were finalised under section 6 of the Delhi Rent Control Act in 152 cases. In other cases assessments were finalised under section 9(4) of the said Act in two years.

The cases where invalid objections have been received, as also where no objections have been received at all, were also reviewed by the Committee in the light of the judgement of the Hon'ble Supreme Court and their assessments were also finalised in about 11000 cases under section 9(4) of the Delhi Rent Control Act.

There are, thus, no valid objections as such, which are pending. However, representations continue to pour in for further reduction of assessment finalised both under section 6 and section 9(4) of the Delhi Rent Control Act.

The Committee has fixed the standard rent more or less in respect of all the properties located in the N.D.M.C. area as per provision of the Delhi Rent Control Act, 1958.

The annual value of the self-occupied properties in N.D.M.C. area is being worked out in the following manner :—
 "In the case of rented premises, the annual value shall not exceed the standard rent, if fixed by the Controller or statutorily determined under the Delhi Rent Control Act, 1953, and in other cases where the standard rent has not been fixed or determined as aforesaid, the annual value shall not exceed the agreed rent unless the agreed rent is tainted by fraud, collusion, emergency, relationship and such other considerations.

In the case of premises not let in year of assessment but let at any time previous to it, the annual value shall not exceed the standard rent if fixed earlier by the Controller or statutorily determined under the Delhi Rent Act, and in the absence of the annual value shall not exceed the agreed rent in the earlier years.

In the case of premises which have never been let at any time of premises whose annual value is being fixed for the first time, the annual value shall not exceed the amount arrived at in accordance with the provisions of Sections 6(i) (A) (2) or Section 6(ii) (B) (2) (b) of the Delhi Rent Act as the case may be, and in case it is not so ascertainable, then on the principles contained in sub-section (4) of Section 9 of the Delhi Rent Act.

There are different methods for determination of Standard Rent under the Delhi Rent Control Act, 1958 and that which was being adopted by the DMC before the pronouncement of Supreme Court Judgement to ascertain the R.V. The difference is that previously self-occupied properties were being assessed on basis of prevailing rent in the neighbourhood. Now, under the Delhi Rent Control Act we have only to go by the cost of land at the time of commencement of construction plus the cost of construction. A sample Survey was made in 1/0 122 properties, it was found that the loss was about 50/=. In the case of self-occupied, properties this percentage may be slightly lower but cannot in any case be less than 30%

(3) Is there any difference between the annual/rateable values of properties determined on the basis of the standard rent on the principles laid down in the Delhi Rent Control Act, 1958 and the annual/rateable values assessed by the NDMC/MCD assessing authority on the basis of any procedure of any method adopted by them in respect of self-occupied properties. If so, what is the percentage of difference and loss of revenue assessment of annual/rateable value of properties is done on the basis of standard rent in respect of self-occupied properties.

Points	Information furnished by MCD	Information furnished by NDMC
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Since the relevant data for determining the standard rent in respect of self-occupied properties is not available, the financial implication could not be worked out. However, the percentage of loss of revenue in respect of the 41 residential properties comes to about 60% on the basis of sample survey.

The percentage of loss in respect of self-occupied non-residential properties i.e., properties used for commercial purposes or for institutional purposes would be much more. These will include properties like hotels, cinemas, clubs and other institutional buildings, which may be in self occupation of the owner.

(4) Loss of revenue per annum to NDMC and DMC if assessment of properties is made on the basis of :—

(a) In case of self occupied properties, on the basis of standard rent determinable in accordance with the provisions contained in the Delhi Rent Control Act, 1958.

(a) 2 crores approximately.

(a) & (b) : Rs. 1,80,00,000 approximately. (There is no difference in the rates of property tax on residential 'self-occupied' and non-residential).

Nil.

(b) In case of rented properties on the basis of actual rent.

[The loss as mentioned at 4(a) above would go up @ Rs. 2 crores per annum if refunds are claimed by house owners and allowed for earlier three years to the property owners.]

2.30 In a Study of the Resources of Municipal Bodies by National Council of Applied Economic Research, New Delhi, conducted on behalf of the Ministry of Works and Housing, it has been *inter alia* recommended as follows:—

“Along with the maximum limit in respect of property tax rates, the State Governments should also specify a minimum rate, to ensure a minimum tax effort on the part of municipal bodies.

A State level valuation agency should be created, with statutory powers to take-up quinquennial revaluation of properties in various municipalities, in rotation. All properties whether occupied by continuing tenants or new ones, whether rent receipts are available or not, should be revalued on a fair market rent basis for the levy of property tax. Necessary amendments should be made in the legal provisions so that additional property tax liability is passed on to the tenants, who are the principal beneficiaries of the services rendered by municipal bodies. This is necessary to bring about uniformity in assessment, obviate local influence, check evasions and to exploit the vast revenue potential property tax has. Adequate training should be given to staff engaged in the valuation of properties to ensure uniformity and accuracy of assessment.”

2.31 In reply to U.S.Q. No. 342 regarding pending cases of property tax answered in Rajya Sabha on 20-8-1981, the Minister of State in the Ministry of Home Affairs has stated as follows:—

“(a) & (b): Approximately 17,000 cases of assessment are pending under Section 126 of the Delhi Municipal Corporation Act, 1957 for South Zone and New Delhi Zone of the Municipal Corporation of Delhi. The Municipal Corporation of Delhi has stated that compilation of locality-wise and year-wise information about each property covered by these 17,000 cases is a time consuming process as no such compilation has been made so far.

(c) No, Sir. The Corporation will decide all pending cases in accordance with law.

(d) The Municipal Corporation of Delhi has stated that 132 cases have been decided *ex-parte* during the current financial year. Time taken in disposing of cases depends upon the production of requisite documents and informa-

tion by the assesses. The Corporation has stated that all efforts are, however, made for expeditious disposal of cases."

2.32. As regards the proposed changes in the said Bill, the Ministry of Home Affairs in their communication dated the 1st October, 1981, have stated as follows:—

"This Ministry has already initiated proposal for incorporating certain changes in the Delhi Municipal Laws (Amendment and Validation) Bill, 1980 and the same have been sent to the Ministry of Law and the Ministry of Works and Housing for their consideration/comments. The Ministry of Works and Housing have already sent their reply. Ministry of Law has been reminded to expedite return of our file. On receipt of the file, Cabinet's approval will be obtained for initiating legislation. As soon as these formalities are completed, necessary notice of the next motion will be moved in the Lok Sabha."

C. Observations/Recommendations of the Committee

2.33 The Committee note that under the Punjab Municipal Act, 1911, as in force in New Delhi, property tax on any house or building is leviable on the basis of its "annual value" which has been defined to mean the gross annual rent at which such house or building may reasonably be expected to let from year to year subject to certain deductions. Similar provisions exist for the purposes of levy of property tax on lands and buildings under the Delhi Municipal Corporation Act, 1957. Under both of these enactments, tax on lands and buildings according to practice was hitherto being assessed and collected by the Municipal authorities by taking the actual rent being received or receivable as the basis where such rent was higher than the standard rent determined or determinable under the Delhi Rent Control Act, 1958.

The Supreme Court in its judgment delivered on 20-12-1979 in *Devan Daulat Rai Kaur vs. New Delhi Municipal Committee and Another* (AIR 1980 SC 541) held that where a building is governed by the provisions of Rent Control legislation, the landlord cannot reasonably be expected to receive anything more than the standard rent from a hypothetical tenant and the "annual value" of the building cannot, therefore, exceed the standard rent. It was also held that even in case of a building in respect of which no standard rent has been fixed within the prescribed period of limitation or

where the building is self-occupied by the owner, the "annual value" must be limited to the measure of standard rent determinable under the Rent Act and the same could not be calculated on the basis of higher rent actually received or receivable by the landlord.

As a consequence of this judgment, the assessment of the properties for the purposes of house-tax leviable under the Punjab Municipal Act, 1911, as in force in New Delhi, and the Delhi Municipal Corporation Act, 1957, cannot exceed the standard rent determined or determinable under the Delhi Rent Control Act, 1958, even though the property may be fetching or could be reasonably expected to fetch a higher rent.

In order to overcome the effect of the judgment and to enable the determination of "annual value" or "rateable value" with reference to actual rent received or receivable or the standard rent, whichever is higher, the Delhi Municipal Laws (Amendment and Validation) Bill, 1980, has been introduced in Lok Sabha to amend the Punjab Municipal Act, 1911, as in force in New Delhi and the Delhi Municipal Corporation Act, 1957. This Bill also seeks to make validating provisions for validating the assessment of tax on lands and buildings already made in the past and the property tax already collected by the two Municipal authorities.

2.34. The Committee further note that in their petition presented to the House, in their written Memoranda submitted to the Committee and evidence given before the Committee, the petitioners have pointed out that the word "receivable" used in the Delhi Municipal Laws (Amendment and Validation) Bill, 1980, is vague, ambiguous and undefined and would give discretionary power to the assessment staff who may exercise it arbitrarily to the harassment of the assesseees and owners and that may lead to corruption. The Vice-President of the Federation of the Properties Owners in New Delhi has pointed out that the word "receivable" like the word "reasonable" could not be defined. It took the Federation twenty years to have the word "reasonable" defined by the Supreme Court finally and again they would have to move the Supreme Court for definitior of the word "receivable" used in the said Bill. In his letter to the Committee, Shri Bhiku Ram Jain, M.P., has also pointed out that is would give a great opportunity to assessing authority to harass the house owners and hence the interpretation should not be left in their hands.

In their note dated the 6th January, 1981, to the Committee, the Ministry of Home Affairs have admitted that after the Bill was introduced in the Lok Sabha, representations had been received by them against some of its provisions including vagueness and ambiguity of the word "receivable" used in the said Bill in the context of determination of rent and subsequent harassment of assesseees at the hands of assessment staff. During course of oral evidence before the Committee, the representative of the Ministry of Home Affairs conceded that the word "receivable" in its present form used in the said Bill could be abused by the persons concerned with the assessment of rents. Government were seized of the possibility of misuse of the vague expression of the word "receivable" and a way to define the word "receivable" was being considered so that there was minimum or no abuse of power of assessment.

2.35 The Committee are happy to note that the Government is responsive to the representations made against certain provisions made in the Delhi Municipal Laws (Amendment and Validation) Bill, 1980. The Committee are of the firm opinion that the word "receivable" in its present form used in the Bill is liable to be interpreted arbitrarily leaving scope for corruption.

As it is necessary that the basis of taxation should always be well-defined and firm, basis for determination of "annual value" or "rateable value" of lands and buildings for purpose of assessment of properties should also be firm on the lines similar to that of direct taxation so that there is no scope of corruption or harassment of citizens. Though the Government are presently considering the definition of the word "receivable", the Committee feel that in order to be just and fair to both the owners of properties and the Municipal authorities it would be better if the word "receivable" used in the Delhi Municipal Laws (Amendment and Validation) Bill, 1980, is deleted.

2.36 The representative of the Ministry of Home Affairs during the course of hearing on the petition have stated that the Bill in present form does not differentiate between self-occupied and rented properties and that the Government is thinking of bringing out such a differentiation.

2.37 The Committee note that the Minister of Home Affairs in the Statement of Objects and Reasons to the Delhi Municipal Laws (Amendment and Validation) Bill, 1980 has stated that the financial implications of the aforesaid Supreme Court Judgment are far reaching inasmuch as the New Delhi Municipal Committee and the

Delhi Municipal Corporation would be annually losing two crore rupees and five crore rupees respectively. Besides, the aforesaid two municipal authorities may have to refund a major portion of the property tax already collected by them and such a refund in the case of Delhi Municipal Corporation alone may be to the tune of fifteen crore rupees. In their written reply furnished to the Committee, the Delhi Municipal Corporation has pointed out that most of the assesseees who are conversant with the implications of the Supreme Court judgment were not prepared to clear the property tax dues.

According to a statement of 122 properties furnished by the Delhi Municipal Corporation showing rateable value on the basis of actual/comparative rents and on the basis of standard rent along with tax liabilities thereon, the percentage of loss of revenue to be caused to the Corporation is estimated to exceed 50 per cent in a number of cases. On the basis of comparative statement, it has been estimated by the Delhi Municipal Corporation authorities that the yearly loss of revenue would be of the order of Rs. 5 crores and if the assesseees claim refund for three preceding years, it would be about fifteen crores.

2.38. The Delhi Municipal Corporation have further stated in their written information dated 18-3-1981 furnished to the Committee that as per provisions of Section 124 of the Delhi Municipal Corporation Act, 1957, assessments are reconsidered every year in respect of those cases where general objections are received from the tax payers after the publication of Assessment Lists in the month of second half of November and December. In their Memorandum to the Committee, the petitioners have submitted that in those cases where the tax has been paid by the property owners without protest, it cannot be claimed back unless objections/appeals were filed within a specified period and that period had expired long back. However, some appeals were pending and their number was small and amount refundable may, therefore, be negligible. This position has been reiterated by others in their representations submitted to the Committee.

In view of the above, the Committee, however, are of the opinion that the amending Bill should not be given any retrospective effect.

2.39 In their written information furnished to the Committee on the 5th October, 1981, the Ministry of Home Affairs have stated that there would be a loss of revenue of order of rupees two crores per

annum to Delhi Municipal Corporation and rupees one crore and eighty lakhs to New Delhi Municipal Committee if assessment of properties was made on the basis of standard rent determined or determinable in accordance with the provisions of the Delhi Rent Control Act, 1958 in case of self-occupied properties and on the basis of actual rent in case of rented properties.

2.40 As a consequence of the Supreme Court Judgment, the assessment of rateable or annual value of the building for the purposes of levy of property tax must be limited to the measure of standard rent determined or determinable under the Delhi Rent Control Legislation. The rateable or annual value once fixed on the basis of standard rent will remain same for all time in future under the present provision of the law if there is no alteration or addition in the property. There may also be very old properties where there had been no upward revision at all of property tax during the last many years. The Committee feel that in order to meet the loss of revenue to two Municipal authorities and rising cost of provision and maintenance of better civic amenities to citizens, there is every justification for upward revision of levy of property tax on all those properties whether self-occupied or rented wherein there has been no revision of annual or rateable value and levy of property-tax during the last many years. The Committee recommend that Government may examine the feasibility of introduction of minimum levy of property tax at a flat rate per square yard/foot on the size of the flat/plinth area constructed per floor locality-wise for every urban property where the property tax remained unchanged for the last twenty years to begin with. Statutory provisions may also be made for quinquennial revision of minimum levy of property tax.

2.41. Under provisions of section 124 of the Delhi Municipal Corporation Act, 1957, assessments are considered every year in respect of those cases where general objections are received from the taxpayers after the publication of Assessment Lists in the month of second half of November and December. Corresponding provisions exist in the Punjab Municipal Act, 1911 as in force in New Delhi Municipal Committee. So far 30,000 applications are stated to have been received by the Delhi Municipal Corporation for assessment of properties on standard rent basis, in pursuance of the Supreme Court judgment. According to information furnished by Delhi Municipal Corporation (vide their communication dated the 18th March, 1981) about 7,500 objections filed during the specified period were being considered after affording opportunities to the assesses. The assesses would also be required to furnish the valuation reports of their properties from Government approved valuers.

The Ministry of Home Affairs in their communication dated the 5th October, 1981, have intimated that total number of objections pending under section 126 of the Delhi Municipal Corporation Act, is 88,000 including 30,000 objections in respect of self-occupied properties. The Committee will be greatly concerned if a very large number of assesseees are required to furnish valuation reports from the Government approved valuers. As it is not obligatory to furnish valuation report of properties from Government approved valuers, the Committee would suggest that the Government may notify for calculation of valuation of properties for the purpose of determination of standard rent/annual or rateable value in public interest the rates of land for every locality and cost of construction per square foot year-wise after consultation with the Ministry of Works and Housing and CPWD, so that assesseees are not burdened with the requirement of furnishing such valuation reports.

2.42 Further the Committee are distressed to note that as large a number of general objections as 88,000, filed by the assesseees for revision of assessment of properties under section 126 of the Delhi Municipal Corporation Act are pending with the Delhi Municipal Corporation authorities. It has been stated in reply to USQ No. 342 answered in Rajya Sabha on the 20th August, 1981 that there is no compilation of locality-wise and year-wise information about the pending cases of assessment. Only 132 cases of 17,000 cases of assessment in the South Zone and New Delhi Zone of the Municipal Corporation of Delhi had been decided ex parte during the current financial year. It has been pointed out in the Memorandum submitted by the petitioners that an inspector issues notice to the property owners making exaggerated assessment. This preliminary notice is the starting point for bargaining between the assessee and inspector and ultimately the assessment is settled at a lower value. The Committee believe that these outstanding cases might have accumulated over a number of years during the last decade. The Committee are constrained to observe that possibility of inefficiency, laxity, delaying tactics, mal-administration, lack of direction on the part of Delhi Municipal Corporation staff concerned with assessment of properties cannot be ruled out. The Committee recommend that an Expert Committee under the Chairmanship of the Secretary in the Ministry of Home Affairs incharge of Municipal Bodies in Delhi consisting of representatives of Delhi Municipal Corporation, Ministry of Works and Housing and public should be appointed with a view to examine the working of the Property Assessment Department of Delhi Municipal Corporation with particular reference to locate the reasons for settling at a lower value the notices indicating high "annual" or "rateable" value for purpose of

property tax and suggest effective measures to streamline the working of this Department. The Committee further recommend that a time-bound programme may also be drawn up for expeditious settlement of 88,000 pending cases of assessment. The Committee desire that a senior officer not below the rank of a Joint Secretary in the Ministry of Home Affairs may be assigned the task of keeping a close watch on the quarterly progress made by Delhi Municipal Corporation authorities in disposal of pending cases of assessment. The Committee would like to be apprised of the progress made in this regard on the expiry of one year period from the date of presentation of their Report to the House.

2.43 Under the provisions of the Delhi Rent Control Act, 1958, the standard rent is to be calculated on the basis of aggregate amount of the reasonable cost of construction and the market price of land comprised in the premises on the date of commencement of the construction. There has been enormous escalation in the value of land and tremendous rise in cost of constructions in recent years. In order to keep the tax burden on the property owners at a reasonable level and within their paying capacity, the Committee, in case of self-occupied properties for residential purposes, recommend that Government may examine the question whether the criterion for the cost of the land for the purpose of determination of standard rent in connection with calculation of annual or rateable value of the property should be taken as that of criterion taken into consideration by DDA for fixation of reserve price of the land sold to the public from time to time.

2.44 The Committee, therefore, recommend that the Delhi Municipal Laws (Amendment and Validation) Bill, 1980, be suitably revised on the following lines and if necessary a new Bill be introduced in Parliament:—

- (a) The word "receivable" used in the said Bill be deleted;
- (b) In case of self-occupied properties exclusively for residential purposes, assesment of "annual value" or "reteable" be determined on the basis of standard rent determinable on the principles laid down in the Delhi Rent Control Act, 1958. This assessment should have no relationship to any previous renting;
- (c) In case of rented properties, "annual" or "rateable value" be determined on the basis of rent "actually received";

..(d) The amending Bill should not be given any retrospective effect;

(e) In case of properties whether rented or self-occupied on which property-tax remained unchanged for the last twenty years, there should be minimum levy of property tax on all such urban properties at a flat rate per square yard/foot on the size of the flat/plinth area constructed per floor locality-wise; and

(f) The amending Bill should specifically provide for quinquennial revaluation of properties in Municipal areas.

2.45 The Committee also recommend that detailed rules be framed under the provisions of this Act in respect of levy of property tax for all properties divided into specific categories based on specified criterion in each locality so that little discretion is left in the hands of staff concerned with the assessment of properties. Provision may also be made in the Act to exempt completely or partially, in accordance with guidelines prescribed by rules under the Act, from payment of property-tax old infirm tenants/occupants who are not in a position to pay property tax on account of their low income.

NEW DELHI;

Dated the 9th November, 1981

Kartika 18, 1903 (Saka)

R. L. BHATIA,

Chairman,

Committee on Petitions.

APPENDIX I

(See para 2.2 of the Report)

[Petition No. 7 regarding the Delhi Municipal Laws (Amendment and Validation) Bill, 1980]

LOK SABHA

PETITION NO. 7

(Presented to Lok Sabha on 25-11-1980)

To

LOK SABHA,

NEW DELHI

The humble petition of Shri P. N. Narang, Vice-President, Federation of the Associations of Babar Road, Diplomatic Enclave, Golf Links and Jorbagh, having office at 158, Golf Links, New Delhi-3.

SHEWETH

1. That the above named Federation of the owners having properties in the jurisdiction of the New Delhi Municipal Committee represents house-owners who include businessmen, traders, retired Government personnel, widows, un-attached, old and infirm people, and who are greatly concerned and agitated by the provisions of the Delhi Municipal Laws (Amendment and Validation) Bill, 1980 and now pending before the Lok Sabha.
2. The amendment proposed in the Bill to clause (b) of subsection (1) of Section 3 of the Punjab Municipal Act of 1911 (as applicable to New Delhi Municipal Committee, is going to cause extreme hardship to the property owners in as much as the rent "receivable" is a very vague, ambiguous and undefined basis of assessment of House tax which will give vast and immense powers to the field staff and may be, even to the assessors to harass the owners and extort money by citing instance of a single property in that locality which may

be fetching a much higher rent on account of reasons, such as:

- (a) Better construction and better fittings.
 - (b) Good location and better environments to which a foreign mission or a highly placed executive of a multinational or a national corporation might take a fancy.
3. Under the proposed basis of assessment, even the owners living in their own properties will be asked to pay property/house tax on the basis of rent "receivable". The rents in Delhi are always on the increase from year to year. Therefore, whether an owner may be able to afford or not he or she will have to either pay the tax on the basis of market rent on imaginary assessment by a Municipal Inspector or forced to part with the property. Owners of self-occupied properties will be hit hardest who may have built their houses for their own living with their lifetime savings by taking loans for the purpose.
 4. The basis of taxation is always well defined and Parliament must provide fool-proof mechanism of assessment so that there is no corruption or harassment of innocent citizens. In this amendment of the Bill, no such safeguard has been provided. The assessor has just to name a figure and it will become payable. Such an untenable basis is not legally sustainable and without laying down standards or guidelines for determining the "receivable" rent the legislation would be bad for excessive delegation of powers to petty officials of the Municipality. The basis must be well defined and nothing should be left to the discretion and whims of the assessing authority so as to minimise litigation and the connected unproductive work of which this nation of ours is already a prey.
 5. The other point which should not be lost sight of is that if the proposed amendment is passed in the present form, it will open the floodgates of corruption and make it impossible for a majority of owners to live in their own houses. What to talk of the poor, even the upper middle and the lower middle income groups will not be able to live in their properties which they themselves or their ancestors have built for their own use,

And accordingly your petitioners pray that:—

- (i) The above mentioned Bill may be withdrawn and the house tax should be determined on the basis of the law laid down by the Supreme Court in AIR 1980 SC 541; or
- (ii) The Bill should not be given any retrospective effect and the house tax should be determined on the basis of:—
 - (a) In the case of rented properties, on the rent “actually received”; and
 - (b) In the case of self-occupied properties, on the basis of the standard rent determinable in accordance with the provisions contained in the Delhi Rent Control Act, 1958.

(iii) The term “receivable” should be deleted from the Bill, and your petitioners as is duty bound will ever pray.

Name of the petitioner	Address	Signature or Thumb impression.
Shri P. N. Narang, Vice-President, The Property owner's/ members of the Associations of Babar Road, Diplomatic Enclave, Golf Links and Jor Bagh, New Delhi.	158, Golf Links, New Delhi-3	Sd/-

Countersigned by ; Acharya Bhagwan Dev, M. P.,
Division No. 326

(See Para 2.27 of the Report).

Basis of tentative loss of revenue to be caused to the Corporation on account of levy and collection of property on the basis of standard rent.

[illegible]

13	72/405, Nehru Place	.	.	.	.	28430.00	38.0000	8116.95	2096.00	6020.95	74.17
14	G-24/2, Rajouri Garden	.	.	.	.	8480.00	1500.00	1425.00	300.00	1125.00	78.94
15	20/1 Punjabi Bagh	.	.	.	.	1172.00 (proposed)	3270.00	2099.00	456.00	1643.00	78.27
16	F-126, Mayapuri, Phase-II	.	.	.	.	5410.00	1260.00	1400.70	302.40	1098.30	78.41
17	A-7/4 Vasant Vihar	.	.	.	.	39960.00	14850.00	7368.00	1638.00	5730.00	77.76
18	K-76, Hauz Khas	.	.	.	.	99220.00	18810.00	29986.00	4084.00	25902.00	86.38
19	E-3, Defence Colony	.	.	.	.	63020.00	16530.00	18253.00	3306.00	14948.00	81.88
20	H-5, Panchsheel Market, M Block	.	.	.	.	102820.00	15600.00	31156.00	3798.00	27358.00	87.80
21	72/505, Nehru Place	.	.	.	.	28960.00	8930.00	8310.40	2127.85	6182.55	74.39
22	72/504, Nehru Place	.	.	.	.	22960.00	7110.00	6181.00	1581.95	4599.65	74.40
23	91/603, Nehru Place	.	.	.	.	17640.00	4220.00	4498.80	873.00	8619.90	80.55
24	J-3/190, Rajouri Garden	.	.	.	.	17280.00	6000.00	4310.00	1100.00	3210.00	74.47
25	H-67, Rajouri Garden	.	.	.	.	18140.00	6500.00	3320.00	900.00	2420.00	72.89
26	F-65, Maya puri Phase II	.	.	.	.	4260.00	1130.00	1150.20	271.20	879.00	76.42
27	G-84,, Phase-II, Maya puri	.	.	.	.	4370.00	1130.00	1119.90	271.20	848.70	75.78
28	104, Sunder Nagar	.	.	.	.	28050.00	8020.00	6108.00	1243.00	4865.00	79.64

1	2	3	4	5	6	7	8
29	16, Palam Marg	108000.00	29700.00	25000.00	6346.00	18654.00	74.61
30	C-4/3, Vasant Vihar	44820.00	11610.00	9000.00	1803.00	7197.00	79.96
31	2/33, SLA, K rti Nagar	46410.00	16690.00	14680.00	4214.00	10466.00	71.29
32	50, National Park	12580.00	4300.00	2119.00	611.00	1508.00	71.16
33	N-25, Greater Kailash-I	19980.00	6710.00	3736.00	1015.00	2721.00	72.83
34	58/708 Nehru Place	15820.00	5030.00	3956.90	1172.35	2424.55	70.37
35	F-79, Maya puri, Phase-II	2560.00	760.00	631.20	182.40	448.80	71.10
36	8601-8606, DL Gupta Rd.	321730.00	99840.00	116090.00	35079.00	81011.00	69.78
37	P-4841- 11	42300.00	17370.00	10430.00	3285.00	7145.00	68.05
38	A-38, Rajouri Garden	28810.00	9000.00	5993.00	1800.00	4193.00	69.96
39	W/Z-491, Hari Nagar	27000.00	10490.00	6243.00	2100.00	4143.00	66.36
40	14-Birbal Rd, Jangpura Ext.	16200.00	6500.00	2885.00	977.00	1908.00	66.13
41	55-National Park	12200.00	4410.00	2041.00	626.00	1415.00	69.81
42	B-14, Lajpat Nagar-III	8670.00	3130.00	1258.00	494.00	824.00	63.50
43	70, Vasant Marg	41320.00	14550.00	7000.00	2377.00	4623.00	66.04

1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	%
44	9/18, East Patel Nagar	4730.00	1970.00	674.00	262.00	412.00	61.12
45	G-60, Maya puri, Phase-II	2830.00	1050.00	704.10	266.60	437.50	62.13
46	F-89, Maya puri, Phase-II	2640.00	1030.00	632.80	247.20	385.60	60.93
47	G-96, Maya puri, Phase-II	2560.00	1050.00	634.20	252.00	379.20	60.00
48	E-185, Greater Kailash-II	6860.00	3000.00	1040.00	415.00	625.00	60.09
49	S-61, Greater Kailash-I	19870.00	8960.00	3709.00	1409.00	2300.00	62.01
50	B-22, East of Kailash	15440.00	6800.00	2713.00	1030.00	1683.00	62.03
51	Z-9, Rajouri Garden	14270.00	6700.00	3466.00	1400.00	2066.00	59.60
52	J-2/23, Rajouri Garden	9720.00	3800.00	1791.00	750.00	1041.00	58.12
53	C-2/152, Janakpuri	12250.00	12800.00	2050.00	855.00	1195.00	58.29
54	BB/40D, Janakpuri	8100.00	4080.00	1260.00	580.00	680.00	53.96
55	2-16, Jangpura Extn.	5220.00	2450.00	753.00	332.00	421.00	55.90
56	A-27, Amar Colony	19870.00	9750.00	3709.00	1445.00	2264.00	58.34
57	A-18, Naraina Ind. Area. PH-I	73580.00	37900.00	19814.00	9240.00	10574.00	53.36
58	3/9, East Patel Nagar	10380.00	6110.00	1668.00	834.25	833.75	50.00
59	P-4551/56, Ward XI	3450.00	3450.00	1223.00	561.00	662.00	54.00
60	5/2627, Small Ind. Area, Kirti Nagar (W-20)	25650.00	12690.00	6461.00	2786.00	3675.00	56.87
61	B-16, Jhilmil Tahirpur	26810.00	19410.00	8453.25	4239.55	2214.70	34.32

62	B-13/8, Jhilmil Tahirpur	26860.00	19410.00	7812.50	5210.05	2602.45	33.31
63	B-13/7	22530.00	15680.00	5136.35	3288.40	1847.09	35.98
64	B/3,	34690.00	28000.00	9014.00	6840.00	2174.00	24.12
65	P. 4633/XI	73830.00	48300.00	19889.00	11930.00	7959.00	40.00
66	P. 4633/XI	14780.00	9530.00	2696.00	1655.00	1041.00	38.05
67	P. 4841/B/XI	30810.00	23260.00	6233.00	4055.00	2178.00	34.50
68	P. 4841/B/XI	30810.00	24430.00	6233.00	4348.00	1885.00	30.00
69	J-63, Rajouri Garden	6750.00	3800.00	1023.00	725.00	298.00	29.13
70	D/28, Monohar Park	14340.00	9840.00	2608.00	1712.00	900.00	34.50
71	22, Katampura	8610.00	4400.00	1409.00	714.00	695.00	49.68
72	68-Furniture Block, WHS, Kirti Nagar (N-20)	21060.00	12110.00	4492.00	2344.00	2148.00	47.81
73	DLF-40, Kirti Nagar	29770.00	18040.00	7862.00	4161.00	3701.00	47.07
74	54, Furniture Block, Kirti Nagar	37150.00	23290.00	9814.00	4860.00	4954.00	50.47
75	25, Furniture Block, Kirti Nagar	41220.00	25620.00	10724.00	5810.00	4914.00	45.82
76	1/64, WHS, Kirti Nagar	33630.00	21350.00	8333.00	4576.00	3757.00	45.00
77	B-4, Shopping Centre, Tagore, Garden	34130.00	23060.00	8832.00	5293.00	3539.00	40.00
78	2/257, Paschim Vihar	10800.00	6820.00	1754.00	860.00	894.00	50.96
79	G-91, Mayapuri Phase-II	2260.00	1150.00	550.20	276.00	274.20	49.83
80	BA/48B	3240.00	1900.00	450.00	250.00	200.00	44.44
81	B-539, Friends Colony	43200.00	39300.00	9950.00	8780.00	1170.00	11.75

1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
82	E-64, Greater Kailash-II	15440.00	11360.00	2714.00	1879.00	835.00	30.76
83	E-260, " "	8530.00	5000.00	1330.00	715.0	615.00	46.24
84	E-390, " "	10100.00	7630.00	1610.00	1176.00	434.00	26.95
85	A-50, Chittranjan Park	6140.00	3870.00	914.00	526.00	388.00	42.45
86	A-79, " "	8100.00	4510.00	1257.00	644.00	613.00	48.76
87	A-162, " "	6230.00	5090.00	930.00	731.00	199.00	21.39
88	A-253, " "	5400.00	3000.00	785.00	415.00	370.00	47.13
89	1324, " "	5400.00	3000.00	785.00	415.00	370.00	47.13
90	20, National Park	4130.00	2110.00	584.00	282.00	302.00	51.71
91	B-1/4, Vasant Vihar	43200.00	22280.00	6663.00	4144.00	2519.00	37.80
92	B-2/3, " "	54000.00	22300.00	10000.00	4150.00	5850.00	58.5
93	A-5/1, " "	44850.00	22000.00	7000.00	4070.00	2930.00	41.85
94	7, Vasant Marg	37910.00	18550.00	6000.00	3228.00	2772.00	46.2
95	A-53, N.D.S.E.—II	14850.00	5880.00	1416.00	810.00	606.00	42.79
96	A-18, Naraina Indl. Area, Phase-I	32160.00	27200.00	7340.00	5840.00	1500.00	20.43
97	A-25, Do.	32060.00	20250.00	7340.00	3900.00	3440.00	46.86
98	A-26, Do.	21900.00	19240.00	4100.00	3700.00	400.00	9.75

99	A-30,	Do	28080.00	17080.00	6200.00	3200.00	3000.00	48.38
100	A-78,	Do	28900.00	23290.00	6440.00	4580.00	1860.00	28.88
101	B-214,	Do	23400.00	18160.00	4600.00	3430.00	1170.00	25.43
102	B-215,	Do	22760.00	13990.00	4500.00	2540.00	1960.00	43.55
103	B-224	Do	27820.00	20250.00	6140.00	3915.00	2225.00	36.23
104	BA-38A, Janakpuri,	.	3240.00	1900.00	450.00	250.00	200.00	44.44
105	C-2/31,	"	9290.00	6600.00	1470.00	1000.00	470.00	31.97
106	A-2/220,	"	12530.00	10000.00	2100.00	1590.00	510.00	24.28
107	B-1/442	"	7000.00	5200.00	1065.00	750.00	315.00	29.57
108	B-1/515	"	10090.00	9360.00	1610.00	1480.00	130.00	8.00
109	C4D/74A, Janakpuri	.	4320.00	3020.00	613.00	419.00	194.00	31.64
110	P-4841/B/XI.	.	12260.00	12080.00	2192.00	2156.00	36.00	1.5
111	B-2/89, Paschim Vihar	.	4160.00	3410.00	520.00	475.00	45.00	8.65
112	A-1/313	.	13310.00	9200.00	2270.00	1450.00	820.00	36.12
113	A-103/1a W.I.A.	.	25100.00	16800.00	6170.00	3744.00	2426.00	39.31
114	A-782, W.I.A.	.	39530.00	23440.00	10499.00	5672.00	4827.00	45.97
115	B31/2 (G.I.) W.I.A.	.	36720.00	32750.00	9656.00	8465.00	1191.00	12.36
116	A-79/2, W.I.A.	.	37650.00	22520.00	9935.00	5396.00	4539.00	45.68
117	A90/5 (G.I.) W.I.A.	.	40120.00	29030.00	10676.00	7349.00	3327.00	31.16
118	A101/1a W.I.A.	.	22180.00	16770.00	5294.00	3736.00	1558.00	29.42

1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
119	A33 (G.1) W.I.A.	21340.00	15410.00	5042.00	3355.00	1687.00	33.45
120	C4/1, W.I.A.	23320.00	15840.00	5636.00	3475.00	2161.00	38.34
121	B-65, W.I.A.	47160.00	36200.00	12808.00	9500.00	3308.00	25.82
122	C-1/W.I.A.	29870.00	20690.00	7601.00	4847.00	2754.00	36.23