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Azadi Ka
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Transforming Urban J&K



28 November to 6 December, 2022

CITY RESOURCE MOBILISATION FINANCE PLAN



Housing and Urban Development Department
Government of Jammu & Kashmir



INTRODUCTION

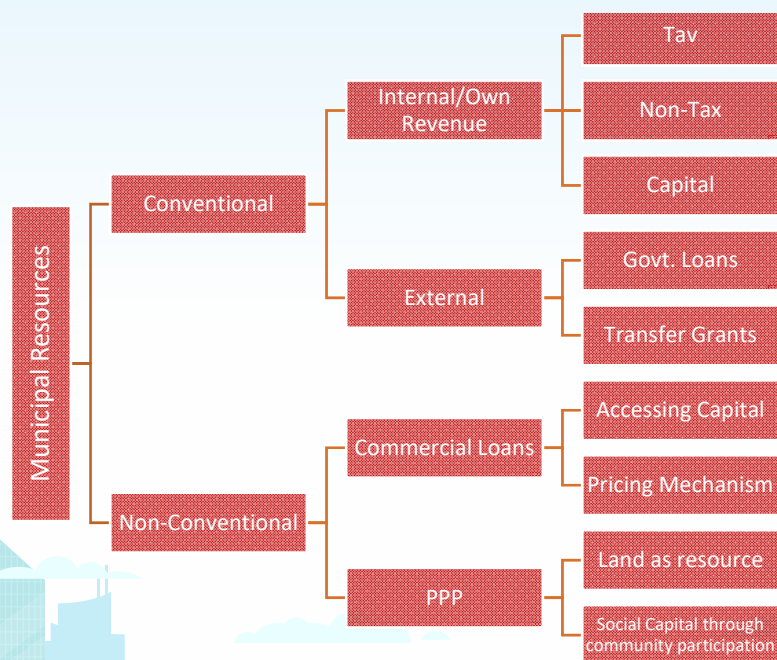
Along the increasing levels of urbanisation and rising urban population growth, the economic importance of Indian cities is also increasing in an era of globalisation; the development of urban infrastructure has to take place at a greater pace so as to absorb these pressures. This brings forth the need for the cities to mobilise adequate resources to deal with these issues and need to look for revenue sources beyond the conventional resources for undertaking urban infrastructure development.

The investment requirements of urban infrastructure services in UT of J&K are colossal and as such huge investment is required for urban infrastructure development in all the 78 ULBs of UT of J&K. The fiscal resources of this magnitudes cannot be easily mobilized from within the budgetary resources of ULBs. Therefore, it becomes imperative for the ULBs to revamp their revenues and step-up their spending in order to meet with the challenge of providing urban infrastructure services.

REVENUE SOURCES OF ULBS

The ULBs need to be less dependent upon the fund flows from upper tiers of government in the form of grants; they need to mobilize adequate funds from their own sources to meet the service provision objectives. Most of the ULBs use grants to finance their activities, while the other sources of revenue are not tapped to the potential that exists. For example, public debt available from market – both institutional and individual/retail investors – is rarely accessed to finance the creation of urban infrastructure.

The tax and non-tax resources have not been tapped to their potential by several ULBs in UT of J&K, for which reform initiatives need to be undertaken. Property tax is an important tax resource which is yet to be implemented in UT of J&K. User charges are yet to rise to such levels that they contribute adequately to the resource base of the ULBs. The intergovernmental transfers/grants should be used, wherever possible, to provide better infrastructure service delivery to the urban poor.



Revenue Sources of ULBs

MUNICIPAL RESOURCE MOBILISATION

Resource mobilization needs not only strengthening the existing revenue sources but also utilizing other sources of revenue. Here, both conventional and non-conventional sources need to be tapped to their potential. The ULB may benchmark the levy and utilization of revenue sources with reference to better performing peers within the State as well as outside. The ULBs may use general guiding principles of user pay, beneficiaries pay, and polluters pay to justify levy and make citizens aware of the need for contribution. Table below shows conventional and non-conventional resources that can be tapped by the ULBs in UT of J&K.



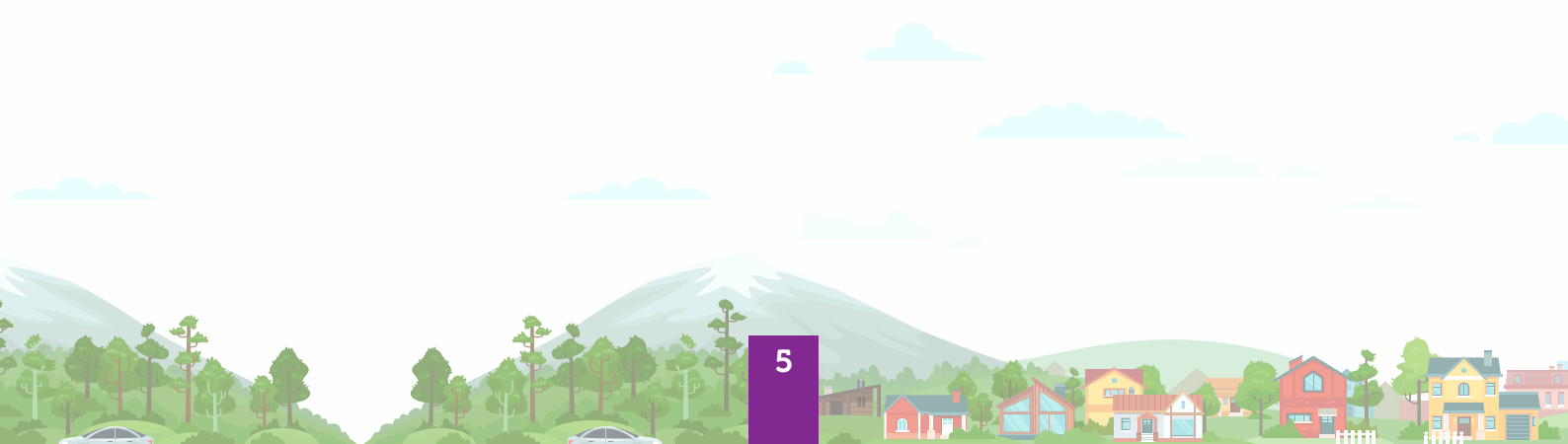
Conventional & Non-Conventional Revenue sources

S. No.	Service Revenue Source	Conventional Source	Non-Conventional Source
1	Property Related	Composite Property Tax	Vacant Land Tax, Service Taxes, Surcharge on Land Registration Duty
2	Water Supply Related	Water Charges	Water Supply Donations, Water Supply Connection Charges, Water Benefit Tax, Water Betterment Charges
3	Sewerage Related	Sewerage Charges	Sewerage Donations, Sewerage Connection Charges, Sewerage Benefit Tax, Sewerage Betterment Charges
4	Solid Waste Management Related	Conservancy Charges	Bulk Garbage Collection Charges
5	Town Planning Related	Building Permit Fee, Development Charges	Betterment Charges; External Betterment Charges; Open Space Contribution; Impact fee; Transferable Development Right; Premium FSI, Sub-division charges; Planning Permission Betterment
6	Engineering Related	No Sources	Road Cutting Charges, Street Tax, Frontage Tax, Cess on Infrastructure, Motor Vehicle Tax/Surcharge on Tax on Petrol and Diesel
7	Trade Licensing Related	Trade Licensing Fee	Business License Fee
8	Advertisement Related	Advertisement Tax	Hoarding Charges, Advertisement Placement Fees, Cable TV Fee, TV Advertisement Charges
9	Shops and Establishment Related	Shop Room Rent	Royalty on Auctions



CITY PROFILE

GENERAL INFORMATION	
Area (square kilometre)	
Population	
Government Departments/ Urban Local Bodies	
Existing Revenue Generation Sources	
Total Amount of Revenue Generated in a fiscal year	
Deficit in Revenue (if any)	



PROPOSAL FOR CITY RESOURCE MOBILISATION FINANCE PLAN

S. No.	REVENUE SOURCES	LOCATION	IMPLEMENTING/ COLLECTING DEPARTMENT (Municipal Corporation/ Development Authority/etc)	EXPECTED FUND	FUND COLLECTED/ RAISED
1	Property Related				
1.1	Property Tax	Residential			
		Commercial			
		Industrial			
		Others			
1.2	Land Gains Tax				
1.3	Improvement or Betterment Charges (Increment in land values due to specific public expenditures including infrastructure such as better connectivity, Sewerage, etc.)	Residential			
		Commercial			
		Industrial			
		Others			
1.4	Land-use Conversion Tax				
1.5	Purchasable Development Right				
1.6	Auctionable Development Right				
1.7	Land Transfer Tax.				
1.8	Vacant Land Tax				
2	User Charges Related				
2.1	Water Supply Connection Charges				
2.2	Water Betterment Charges				
2.3	Parking Charges				
2.4	Solid Waste Collection Charges				
2.5	Charges for “Tatkal” Delivery of Services				
3	Town Planning Related				
3.1	Building Permit Fee				
3.2	Development Charges				

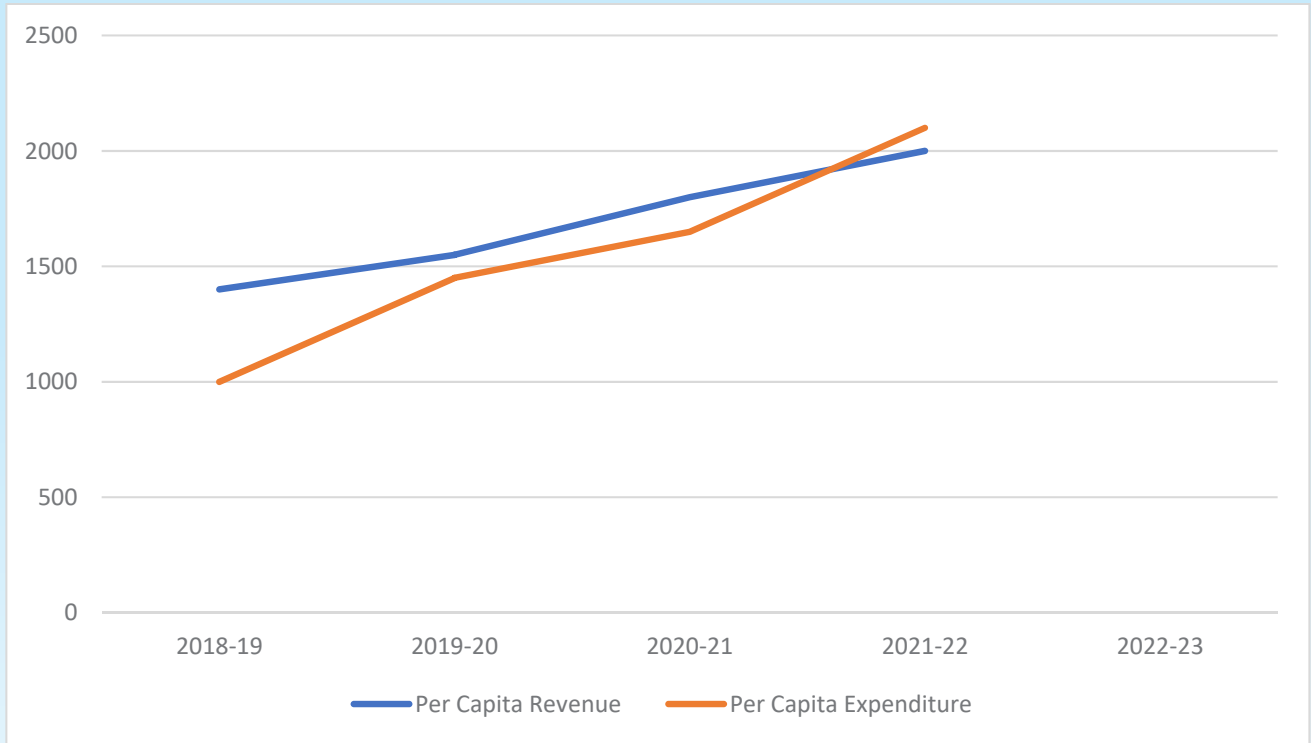
4	Trade Licensing Related				
4.1	Business License Fee				
5	Advertisement Related				
5.1	Hoarding/Billboard Charges				
5.2	Advertisement Placement Fees				
6	Shops and Establishment Related				
6.1	Shop Room Rent				
6.2	Royalty on Auctions				

REVENUE ASSESSMENT MATRIX

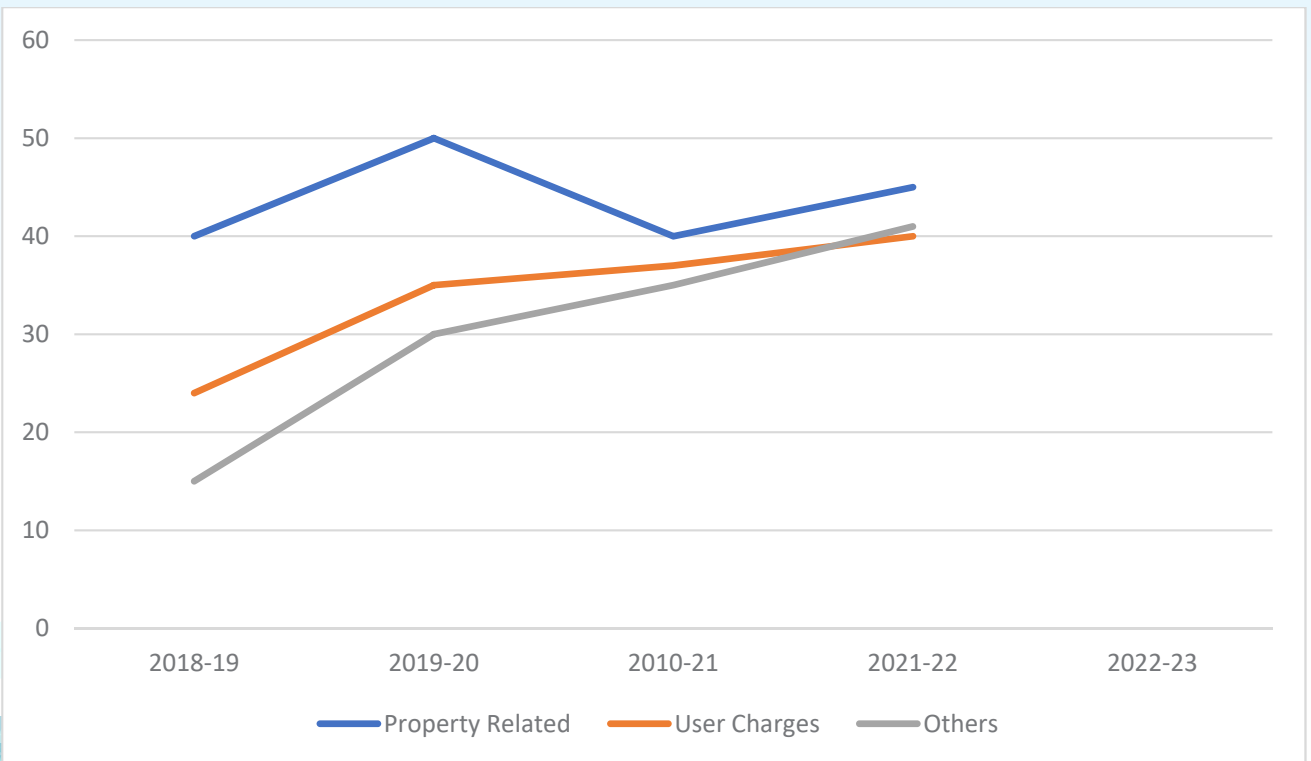
Details of revenue and expenditure

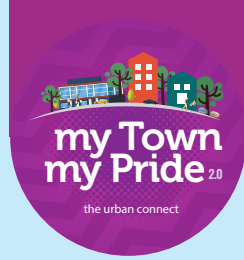
Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Per capita Revenue					
Per capita expenditure					
Revenue Generation from different Sources					
Property Related					
User-Charges Related					
Others					
Total-Revenue					

DETAILS OF PER CAPITA REVENUE AND PER CAPITA EXPENDITURE

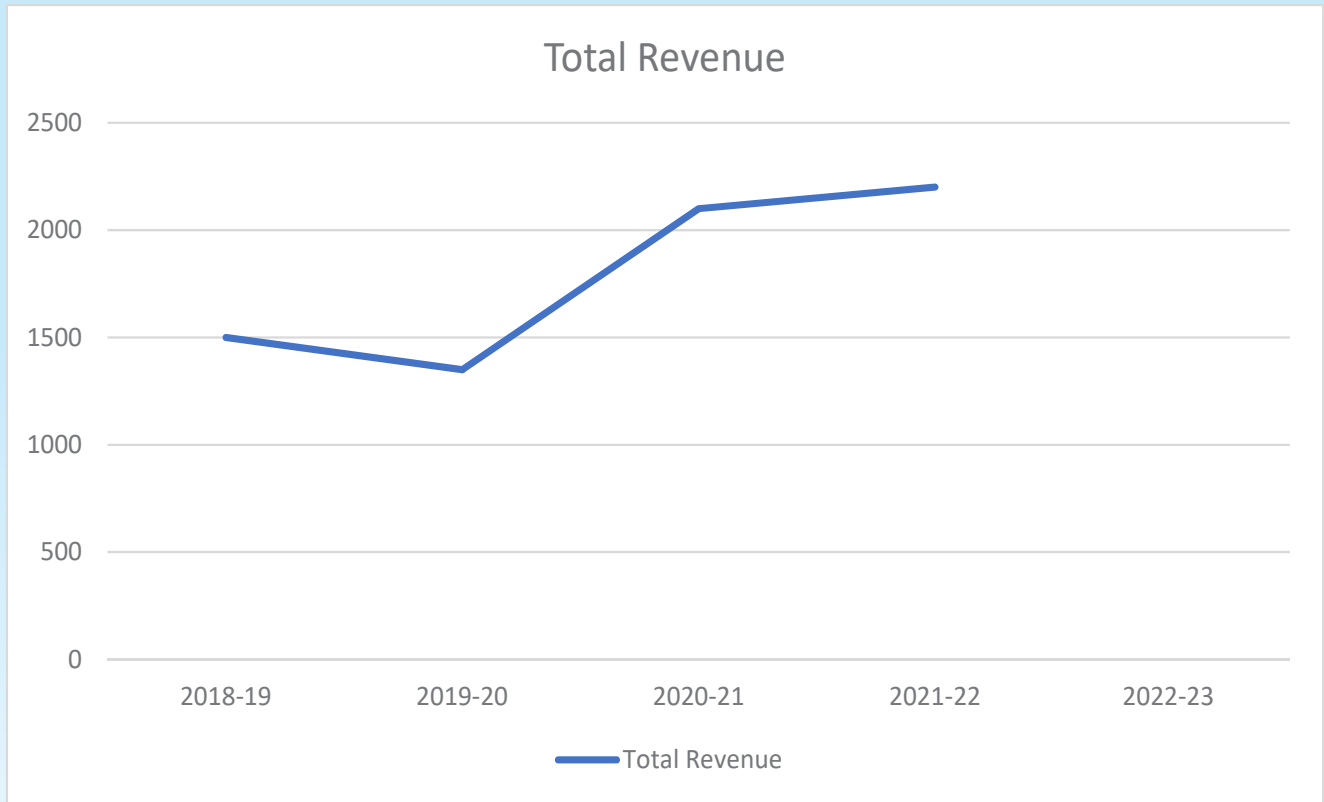


PERCENTAGE OF SHARE OF REVENUE TO TOTAL REVENUE





TOTAL REVENUE COLLECTED OVER YEARS



MUNICIPAL RESOURCE MOBILISATION – WAY FORWARD

- **Increase ULBs Income from all sources**
 - Rationalise taxes including property taxes, make them broad base
 - Charge whatever it possible, must recover O&M and CAPEX to possible extent
 - Earn through market-based operations
- **Control expenditure in maximum possible ways**
 - Adopt prioritisation principles, outcome budgeting
- **Improve cost efficiency (productivity) continuously**
 - System and HY reforms
 - Harnessing alternative sources of financing
- **Create mechanism to flow private and social resources for financing urban infrastructure that is harnessing alternative resources**
- **In sum improve creditworthiness of ULB**

