

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:7547
ANSWERED ON:22.05.2012
URBAN INFRASTRUCTURE
Panda Shri Baijayant

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether the Government has taken note of the expert committee report which has recommended an increase in property tax to finance urban infrastructure;
- (b) if so, the details thereof and the amount required to improve urban infrastructure over the next 20 years;
- (c) whether some municipal bodies have already raised money through taxable municipal bonds in the capital markets to finance urban infrastructure; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a) The High Powered Expert Committee (HPEC) for Estimating Investment Requirements for Urban Infrastructure Services has submitted its report to the Government of India. The report recommends that the Property tax should be rationalized.

(b) The main recommendations regarding property tax include the following property tax should be retained as a general benefit tax, and its components such as water tax and sewerage tax should be replaced by appropriate 'user charges'; property tax should be levied on all immovable properties including vacant land; the base of levying property tax should be revalued every five years; ULBs should have the flexibility to fix the tax rate with respect to property tax on constructed buildings subject to a floor specified under the law; register of tax payers should be maintained to minimize leakages; tax collection should be through online payment/ computerized centres.

The investment for urban infrastructure estimated by the High Powered Expert Committee (HPEC) for Estimating Investment Requirements for Urban Infrastructure Services is given at Annex-I

(c) Municipal bodies have floated taxable bonds.

(d) The available information on taxable bonds floated by municipal bodies/urban development authorities is given at Annex-II