

iDEAS FOR GOVERNANCE

IDEAS FOR GOVERNANCE TRUST BELIEF

- Administrators and Practitioners in government bodies would welcome ideas that improve the quality of life for all citizens
- It is possible to empower government bodies by making freely available ideas that could work in their local environment
- If appropriate ideas are generically available, local government body CEOs and their team would adapt them suitably and take it forward under their leadership
- Ideas which take shape through this process in local bodies have a greater chance of success over those 'pushed' by external bodies
- The trust does not expect any acknowledgement for use of any of the ideas set out in its forum. It hopes that some of its ideas find form across government bodies.

IDEAS FOR GOVERNANCE TRUST OBJECTIVES

- To compile ideas for use by government bodies for improving quality of life for all citizens
- To make available these ideas as 'freeware' for use by anyone
- To disseminate these ideas by using suitable channels of communication
- To encourage others to contribute ideas for use as 'freeware'

ABOUT IDEAS FOR GOVERNANCE TRUST

Ideas for Governance Trust is a not for profit trust set up to assist government bodies in improving the quality of life for its citizens. This has been set up by V. Ravichandar, Chairman & CEO, [Feedback Business Consulting Services Pvt. Limited](#), India as part of the Corporate Social Responsibility of the firm.

Since 2000, Ravichandar has been serving as a Member of the Bangalore Agenda Task Force (BATF) working with civic agencies in Bangalore on a pro bono basis. The idea of a Ideas for Governance Trust is based on the experience of working with urban local bodies in Bangalore, being part of Janaagraha, a citizen movement for participatory democracy, and carrying the message of public governance to many cities across India.

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Revenue augmentation

Property tax reforms , April 5, 2004

The Idea

Trust the citizens to declare truthfully. Self Assessment scheme for property tax based on simple guidelines. Random scrutiny (eg. 5% of all tax payers) to deter potential violators.

The Rationale

City corporations lose potential property tax revenue due to opaque systems administered with discretionary powers by tax inspectors. A transparent fair system with no discretionary element will result in greater tax compliance - even if citizens pay 'similar' amounts as in the past but the gains will accrue to the city corporation.

An Approach

- The basic premise of Self Assessment is that when the citizen files his/her return, property tax is deemed to have been paid unless the Corporation reverts with 'mistakes apparent on record' or the case is taken up for random scrutiny (eg. 5% of all tax payers)
- Develop a system which citizens can identify with. For example a basis of a uniform rate / square feet for a class of residential property in a locality requires the citizen only to state their property area & compute the tax. This is the area based approach
- Classify localities using other government indicies - eg. Land rates used for stamps & registration - can help capture extent of development and attractiveness of the locality. Rates can be based on a zonal classification using land valuation basis.
- Choose an appropriate valuation basis - Rateable value, Capital value, etc. based on the local market conditions
- Have property sub categories and develop a suitable tax basis - eg. Residential dwelling, Apartments, Commercial, Wedding halls (billing rate), Cinema theatres, Hotels (Star category), Hospitals (by no. of beds), etc.
- If desired rental & owner occupied can attract differential tax rates. Allow for depreciation for age of building.
- Have vacant land taxation - use it as an instrument to guide property development goals
- Will need evangelizing among the target groups

Potential Partnership

Give citizens Self Assessment as an optional scheme and check out its acceptance. Marketing & Advertising professionals could come forward with means of communicating the scheme benefit to the citizens.

The Benefits

- Significantly higher tax revenues for the City Corporation
- Citizens will welcome a scheme that is considered transparent and fair
- Sends out a strong message that government trusts its citizens
- Revenue officials can be deployed to identify non tax payers rather than focusing on routine tax collection

Property tax compliance , April 5, 2004

The Idea

Using visibility of property tax payment information to increase incidence of correct reporting. Share classification data with other utilities

The Rationale

The Self assessment tax scheme assumes that citizens report honestly. Tax administrators often come up with instances of mis-reporting. Smart measures need to be thought of to ensure proper compliance.

An Approach

- Aim to put out the tax paid information in the public space with access at Corporation offices, web sites, kiosks
- An example of how this could help in cases where tenant occupied properties have higher taxes. In such cases tendency to report as 'owner occupied'. Allow any citizen to get a print out of tax paying status of any property in the city. In cases of property disputes between property owner and tenant, if the 'tenant' can show the court that the property is owner occupied in a Self assessment scheme, the case in court gets severely compromised. A few publicized cases and property owners have an 'incentive' to state the truth!
- Publicly available information allows local neighbourhood citizens to alert errors in reporting
- Normally water and electricity rates different for residential and commercial uses. Sharing tax and billing base of the Corporation and different water / electricity utilities should allow all three agencies to improve their collections.
- Work towards a uniform property numbering system used by all agencies in the city
- Move to a map based GIS property enumeration system to track potential receipts vs. actuals

Potential Partnership

Between Corporation & Water / electricity utilities

The Benefits

- Augment property tax collections due to correct reporting of status
- Comparison of databases of Corporation & Utilities will allow missing property cases and mis-classification cases to be identified. However it will be necessary to understand billing basis (eg. meter numbers) vs. property tax basis and property numbering issues for this to be effective.

City enterprise assets , April 5, 2004

The Idea

Ensure that enterprise assets of the city get market rates

The Rationale

The city agencies have many properties which are akin to commercial assets. In many cases the return on these properties are way below market rates. The database of these assets need to be built in a transparent manner and bench marked against return from other similar properties in the area

An Approach

- Build a comprehensive database of civic properties - classify them into enterprise (Commercial) and community assets (eg. parks, civic amenities, schools, etc.)
- Ideally the database needs to be archived (digitally) with associated paperwork setting out property details, maps and ownership documents
- Focus on enterprise assets. List rates obtained currently and nature of current lease agreements
- Compare rates with 3-4 similar commercial properties in the same area. Use these as a bench mark target rate to be got from the civic enterprise asset
- Renegotiate terms through a transparent process when leases come up for renewal
- Display list of enterprise assets and returns on them to provide accountability
- Consider disposal of enterprise assets which are a drain on civic budgets particularly in the form of high interest burden on borrowings for capital intensive projects

Potential Partnership

Local neighbourhood groups to report on any potential under utilization of enterprise assets in their area

The Benefits

- Civic bodies starved of funds. City enterprise assets often end up subsidizing creamy layer of society
- Higher income for civic body for development initiatives
- Transparency allows for gains to accrue to city body
- Visibility of government properties make it difficult for encroachments or 'siphoning' away civic assets

Trade license simplification , April 5, 2004

The Idea

Reduce discretion in issuing annual trade licenses. Have a self declaration trade license scheme.

The Rationale

There is considerable leakage of trade licensing revenue when there is discretionary authority with officers. A self assessment scheme that works well in the property tax arena can be extended to cover trade licenses.

An Approach

- The basic premise of Self Assessment is that when the trade entity files their return, annual licensing fee is deemed to have been paid unless the Corporation reverts with 'mistakes apparent on record' or the case is taken up for random scrutiny
- Classify trade activities into appropriate groups
- Define every classification and set out an easily understandable basis for computing the annual license fee
- Give the licensing scheme wide publicity
- Allow trade to pay their fees through multiple channels - make it easy to pay up

Potential Partnership

Between the trade community and the local urban body

The Benefits

- ULB revenue likely to go up with self assessment
- Less harassment of trade - more trade friendly
- Officers can be redeployed to identify non payers rather than focus on routine fee collections

Bus shelters , April 7, 2004

The Idea

Standardise 2-3 aesthetically designed bus shelters which are done on a BOT through outdoor ad agencies

The Rationale

Traditionally bus shelters get done in myriad designs and typically as a contribution by Social groups, Corporates, NGOs, etc. It is better to design standard bus shelters with clearly defined advertising space which is tendered to outdoor agencies - build & operate for a specified period before transferring to the city. They then have an incentive to maintain it well

An Approach

- Have a contest among city architects, planners to suggest suitable bus shelters. Get prototypes of 4-5 promising designs built
- Short list 2 designs worthy of implementation across the city. Lay out detailed material / finish specifications
- The designs should have clearly designated areas for use by advertisers. Provision for indicating bus numbers, bus routes desirable.
- Identify proposed areas for the bus shelters. Bundle them into a few groups - each group can have a mix of good and average locations from an ad perspective.
- Tender among accredited outdoor agencies. The outdoor agency is to invest their funds for building the bus shelters as per the specified designs. They would get advertising rights for a specified period (eg. 3-5 years). They would also have to pay applicable annual license fee to the Corporation.
- Monitor the implementation of the bus shelters.

Potential Partnership

Outdoor agencies and City Corporation

The Benefits

- Aesthetically designed bus shelters across the city
- Scope for revenue from bus shelters without need to invest in capital and operating costs
- Incentive to outdoor agency to maintain the shelter well since ad revenue depends on it
- Symbol of better days to come in the city administration

Title for urban land records , April 14, 2004

The Idea

Towards clear land titling in urban areas. Allow citizens to bequeath clean titles to their successors.

The Rationale

In some urban centres historical agricultural tracts are used for urban land developments. If conversion charges are not paid to the Revenue department for the full agricultural survey number, the land remains in the farm records. Consequently urban property owners are unable to get clear title from the urban local body. Need for resolving these discrepancies.

An Approach

- Start with a survey which identifies all developed urban land tracts which also reflects in land records of other departments like village records / agricultural land records
- In most cases the problem arises because the land developer has sold the land to individuals without paying the requisite conversion charges to the revenue department
- Once the magnitude of the problem is clear, the government will have the requisite data to take administrative decisions. For instance the government could allow for pro rata payment towards conversion charges by individuals based on their land holding area.
- Pro rata conversion charges should allow the individual to get a unique property number with clear title from the urban local body
- Computerisation of urban land records essential. This will also allow for easy transfer of ownership, property mutation, amalgamation, etc.
- For newer areas coming into the purview of the urban local body, they tend to levy betterment charges for providing amenities to the area. There should be a mechanism to ensure that such levies are used for the local area - this can be done through the fund based accounting system which ensures that funds collected for a specific purpose is used for that purpose.

Potential Partnership

Between government departments.

The Benefits

- Property owners get comfort from having clear, clean titles
- Additional revenue for government departments
- Less litigation