

Study of impact of VCF tool and effectiveness of PPP model for urban development

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Abstract

Land has been one of the most important sources for revenue to the local bodies, which is subject to value addition through infrastructure creation. Of late, value capture financing has become an important option for mobilizing infrastructural development finance by local urban bodies. Urban development cannot take place without construction of good roads, ensuring quality water supply, ensuring uninterrupted good quality electricity, provision of streetlights, development of drainage system etc. in a city. The present paper is an attempt to study the urbanization process through land development and ensure efficient tax collection by the State through involvement of private agencies and proper assessment of taxes on households. After introduction of self-assessment taxation process in 2015-16 it has been noticed that there is quantum jump in the collection of tax revenue, which has resulted in accelerating the process of urban development in major districts of the State. In the present paper, Ranchi Municipal Corporation are being considered for the study.

Subject Classification: 91D10, 91D30.

Keywords: Property tax, Holding tax, SAF, Tax collection agency, Value capture financing, Urban development.

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Introduction

An essential supplementary choice for securing local infrastructure funding is value capture financing. The rise of the urban economy and infrastructure investment have a significant impact on land values. Public works initiatives like building roads, supplying water, electrifying, and investing in public transit have positive effects that are instantly reflected in the value of the nearby real estate.

It is a commonly observed fact that majority of the developing countries are having cities with underused or unused vast public lands, which can be a major source of revenue and for the creation of assets if the infrastructure is developed and externalities are created. With the increased land value, the infrastructure projects can be financed and in return the further increased land value can be utilized for the creation of Assets. This is how the land values can be tapped and the same was in practice in 19th centuries in the western countries and was used as an important strategy for financing urban development programs and projects and strategic investment in the infrastructure.

The use of land assets for infrastructure finance enjoys many distinctive advantages such as generation of revenue, financing large investment projects, providing better infrastructure for civic amenities, which increases the efficiency of urban land markets or rationalized urban development pattern etc.

Various Value Capture methods are being used by various State Governments in the country to raise resources. For example, "The Mumbai Metropolitan Region Development Authority (MMRDA) and City and Industrial Development Corporation Limited (CIDCO) of Maharashtra have used different Value Capture methods to finance infrastructure development in the urbanizing areas". Similarly, land pooling programmes in Gujarat and Haryana, where landowners consent to trade their properties for infrastructural services, have been successful.

However, it's been noted that not all States or ULBs are making the most of the many value capture methods that are currently accessible. The Central and State Governments are investing a sizable amount of money in the development of ports, national highways, railways, metro rails, and other projects. These initiatives have a significant impact on the area in which they are implemented, increasing the value of lands and structures, and providing enormous opportunities for using value capture techniques to raise additional funds.

The idea of value capture is based on the idea that private properties and structures profit from government investments in infrastructure and from other policy efforts, such as those pertaining to land use or FAR utilization. Considering this, it is possible to capture a portion of the increase in the value of land and buildings using suitable VCF procedures. A cycle of virtual growth in which values are created, realized, collected, and used once more for public investments is then triggered by using this additional money to support more public initiatives. Value capture is distinct from user fees or other payments made in lieu of receiving specific services. It provides an opportunity for the government to launch new projects. Since projects are carefully planned and backed by the Government through executive authorization or risk sharing, it also serves as a foundation for the private sector.

Infrastructure projects that can be capitalized into land values can be financed using land-based financing instruments. It is economically advantageous to finance projects by assessing the increases in land values that they cause, provided that the spatial distribution of project benefits can be internalized within a clearly defined "benefit zone." It is nevertheless effective to recoup some of the costs when there are spillover advantages by tapping land-value increments within a recognizable benefit zone.

Studies reveal that for limited-access highways or rail transit systems, land-value capitalization is strongest for areas close to the access points and significantly weaker or even negative for locations along the transportation route but far from access points. In a normal land-price gradient, capitalized land-value increases often decline very sharply from the access point.

A policy framework that offers a general route to capturing a portion of the increased value of investments made by governments, their departments, and the urban local bodies (ULBs) is necessary. For project-based and area-based interventions, the Framework's components ought to be altered. Depending on the policies of the government and the circumstances in each area or project, several types, and combinations of VCF methods may be used.

Global urban sector growth has made it extremely difficult to finance urban infrastructure. To provide urban services and basic amenities for the newly constructed or newly informed urban regions, investment in urban infrastructure is necessary. Funds are needed to meet the needs of the newly notified urban areas, whose expectations for better services and mobility expand with such initiatives, including those for roads, sewage, drainage, drinking water, solid waste management, urban housing

and sanitation, transit requirements, etc. With increased investment in urban infrastructure, cities' economic productivity also grows, creating additional employment opportunities.

The increased investment in urban infrastructure necessitates the raising of funds, which can be through taxes or various non-taxable sources. *Adam Smith* in his very famous book "Wealth of the Nation", talks about imposing taxes as a part of rent on land or houses with its increased market value due to public investment for the development of infrastructure in the vicinity.

An attempt is taken to explain the same with the help of diagram, where tax stands for various kinds of prospective tax viz. value capture tax, land development tax, impact tax, land value tax, betterment levy, vacant land tax etc. which is under study.

It has been conceptualised that value capture financing could be one of the major ways of financing for urban development, where local bodies can utilize the vacant or idle land in different ways and value gain can be apportioned under different taxes. (Figure 1) In the diagram, demand function reflects the forward shifting of demand due to speculative gain in the value of the land after the development of infrastructure or development of the vicinity for different uses and the supply of land being constant results into higher new price of the land. The difference between the old and the new price can be utilized for sharing the gain between the government and the producer.

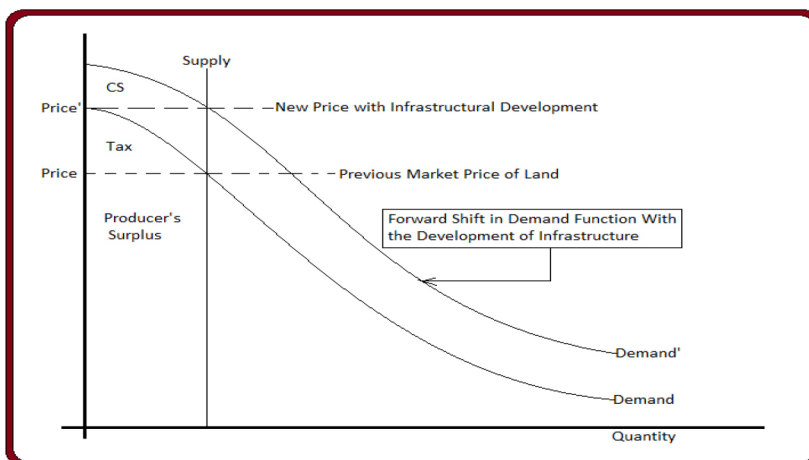


Figure 1

Forward Shift Demand Function of Infrastructural Development

Urban local governments have traditionally gotten their money through taxes, fees, user charges, and returns on their assets. The financial resources of the ULBs also include grants from the state and the federal governments. Additionally, money can be raised by public borrowing, which is currently uncommon in India because it requires the ULB to have strong financial standing before using this type of funding.

The ULBs' local budgets struggle to manage, maintain, and expand the fundamental services and infrastructure under their control. The ULBs are under pressure to manage the significant obligations placed on them by the Government due to the trend towards decentralisation that is becoming more prevalent. In addition to addressing their revenue expenditure, the ULBs are now expected to use more of their resources to finance more of their capital investment. As a result, the ULBs face an urgent need to find and develop new sources of funding to address a variety of urban concerns, particularly those related to the development, improvement, and maintenance of urban infrastructure.

The McKinsey report has estimated that funds amounting to Rs. 3,25,000 crores (~\$500 bn) are required annually to match up the urban infrastructure investment requirement.

Objective of the study:

- I. To Study the impact of VCF tool on the process of Urban Development in Jharkhand.
- II. To Identify the effectiveness of PPP Model of Urban development since last decade in the state of Jharkhand, India.

Methodology:

The comparative study of Before & After introduction of PPP Model & VCF in the state of Jharkhand using Secondary Data obtained from various government departments of the state of Jharkhand.

Land: As a major source of Municipal revenue in Jharkhand

The land is the most basic asset that the State/ULBs hold and administer, and it is a resource that may produce a sizable amount of income. Infrastructure projects that can be capitalised into land values can be financed using the land-based financing instruments. The benefit zones can be identified with the multidimensional distribution of the project's

advantages, which can be accepted or internalised. This is a reasonably effective way to finance the projects, and infrastructure development can happen by using the increases in land value brought on by constructed infrastructure.

From the other side of the market, a system that finances infrastructure expansion through general revenues is less economically efficient than one that charges developers an impact or development fee that reflects the market cost of the additional infrastructure required to support new development. Although it is neither desired nor realistic to finance the entire capital budget using land-based financing, it is still possible to use a combination of capital financing with some practical benefits.

The Land based financing generates up front revenue and thus reduces the dependency on debt financing and therefore often land based financing system is argued for financing infrastructural projects. During the investment, the increased land value can be utilised for financing project. A nicely designed and executed land financing system enhances the efficiency in urban market of land. Land sales by public authorities to private developers are typically motivated in equal parts by the desire to generate infrastructure investment revenue and accelerate private investment at key development nodes.

The Urban territory is marked to be different from that of the countryside on various grounds such as the demographic feature especially population density and occupational pattern, infrastructure for trade and commerce, basic amenities and life support, availability of high-tech utilities, the mode of governance and political system, availability of public and quasi-public goods and the tax system as means of financing various developmental activities.

James Levis (1826 CE), A deserter of British Army explained the city of Harappa as being the most ancient city with the traits of urbans culture and setup. Harappa, which was situated near Ravi River reflects the pattern of settlement in the line of the behaviour of rivers. It also reflects the development of cities and urban area along with the availability of life essentials such as, water, Street Lighting, Parks, Town Hall, and cultivable plains. The Sumerians were known for their urban planning and their acumen to develop all the amenities and public utilities including streets, markets, temples, gardens etc.

Over a period of almost two centuries, the process of sub-urbanization and urbanization leading to development of urban area either through inbuilt, self-propelled process or through intervention of the state or even

through different other similar processes has been marked as the force behind urban development.

Numerous schools of thoughts have tried to throw lights on these processes that culminates into urban development. Paul Davidoff, "Advocacy and pluralism in planning", *Journal of the American institutes of Planner* (1965) "The urban community is a system comprised of interrelated elements, but little is known about how the elements do, way, or should inter-relate. Alonso (1964) and Muth (1969) draws the concepts of urban land use within the propounded theory of urban land use, pattern of land use is attributed to the land value and the transportation cost. To enable urban services and basic amenities for the newly created or newly notified urban areas, investment in urban infrastructure is necessary. Funds are needed to meet the needs of the newly notified urban areas, whose expectations for better services and mobility expand with such initiatives, including those for roads, sewage, drainage, drinking water, solid waste management, urban housing and sanitation, transit requirements, etc. With increased investment in urban infrastructure, cities' economic productivity also grows, creating additional employment opportunities.

While understanding the fact that development of urban area is largely dependent on the financial management and various infrastructural developmental activities taking place either through Government intervention using public finance or by private investors in infrastructure or investment plan under PPP Model (Private-Public Partnership Model). Jharkhand being a newly created state in the year 2000 and a state with predominant tribal inhabitants, the development of urban areas has always been in the focus.

However, it has been noticed through primary study that over a period of two decades, there is a casual and unplanned development in the state so far as the urban territories are concerned. While some of the areas like Ranchi Municipal Corporation, Adityapur Municipal Corporation, Dumka Nagar Parishad etc. has grown with a significant rate, the urban areas like Saraikela Nagar Panchayat, adjacent to Adityapur, whereas Chas Municipal Corporation adjacent to Dhanbad Municipal area, is trailing far behind.

This lopsided development essentially attracts the attention of researchers towards a comprehensive study of financial management by Urban Local Bodies and assurance of the smooth process of economic development in their respective territories.

Other sources of Municipal revenue in Jharkhand:

In the case of the majority of ULBs, the property tax is one of the major sources of financing local administrative requirements as well as maintenance of public services and utilities. It has been noticed that while collecting the property tax from identified households that falls under the category of the taxable base, the households are by and large not adequately assessed and taxed. It causes a major loss of revenues to the ULBs. It has also been observed that while the right of self-assessment of property tax has been interested upon the owner, the owners misreporting or under reporting their properties resulting into loss of revenues to the ULB. In this context, it has been identified that an alternative arrangement to be done to raise the public revenue through property tax in the best possible way, and if needed the private partnership or outsourcing of the activities can be done. The alternative arrangement where the privatization of property tax collection is done, and an estimation is done for the sake of scaling the loss of revenue and the possible revenue that can be generated in accordance with the property tax act in the state of Jharkhand.

Keeping in mind the above circumstances the Urban Development and Housing Department, Government of Jharkhand introduced third-party outsourced revenue collection model in 2015-16, which resulted into marginal improvement afterward in the revenue collection through holding tax, property tax, etc. The third party to collect the actual or optimal taxes started certain measures such as a self-assessment form referred to as SAF to one and all household door to door and organized camp together with the creation of Jan Suvidha Kendra known as JSK.

Further Tax Collection Agencies referred to as TCA, digitalized all collected Self-Assessed Form (SAF) and generated 15-digit unique

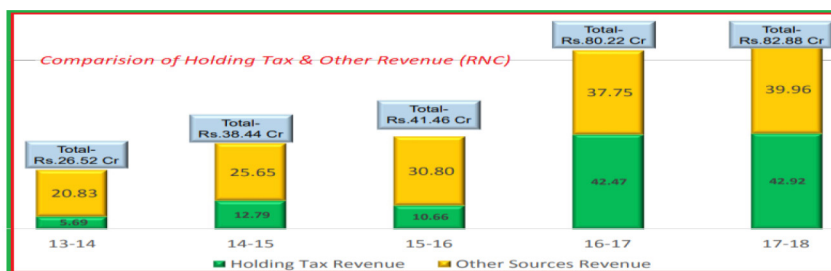


Figure 2
Comparison of Holding Tax & Other Revenue of Ranchi
Municipal Corporation

property numbers for the taxpayers. TCA also started collecting property tax through online payment mode and kept an eye on the self-assessed value of the household together with the geotagging value, which means assessment by TCA on the spot, the actual value, and measures of the household. The net result of the same was a marked improvement in the property tax and holding tax revenue as indicated in the graph below:

In Figure 2, a comparison is made between the holding tax collected for the ULBs and the other revenues of Ranchi ULB, one can see from the graph that in 2013-14 the holding tax collected was Rs. 5.69 crores and the revenue from other channels was Rs. 20.83 crores totaling Rs. 26.5 to crores as the total revenue of Ranchi ULB but in 2016-17 there was marked increase in holding tax collected by Ranchi ULB and it surpassed the revenues from the other channels that was Rs. 37.75 crores for Ranchi ULB and further it has gone to Rs. 42.92 crores from holding tax in 2017-18 and Rs. 39.96 crores from the other revenue sources.

Similarly, in the case of property tax collection, the property tax which was collected for the entire Jharkhand in 2013-14 figured in Figure 3 is approximately 10.35 crores, out of which the property tax for Ranchi ULB it was Rs. 5.69 crores. The same increased to Rs. 27.18 crore for Jharkhand and Rs. 10.66 crores for Ranchi ULB in 2015-16 from Rs. 87.34 crores for Jharkhand and Rs. 42.7 crore for Ranchi in 2016-17 and further it has gone to Rs. 105.6 crores in 2017-18 for the State of Jharkhand. Thus, there was a remarkable change in property tax collection from 2013-14 to 2017-18 and it is increased by almost 10 times due to innovative intervention through involvement of private third-party tax collection agency.

In 2013-14, the property tax was just 19% of the total revenue collected from the various sources of revenue, which has gone to 51% by 2017-18. In actual figures, the property tax was Rs. 10.35 crores in 2013-14 after the

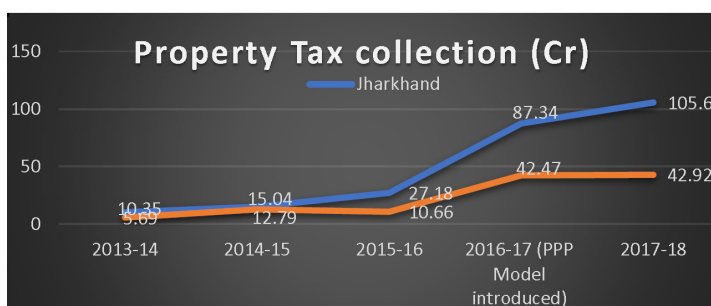


Figure 3

Comparative Picture on Property Tax Collection Trend in Jharkhand & Ranchi

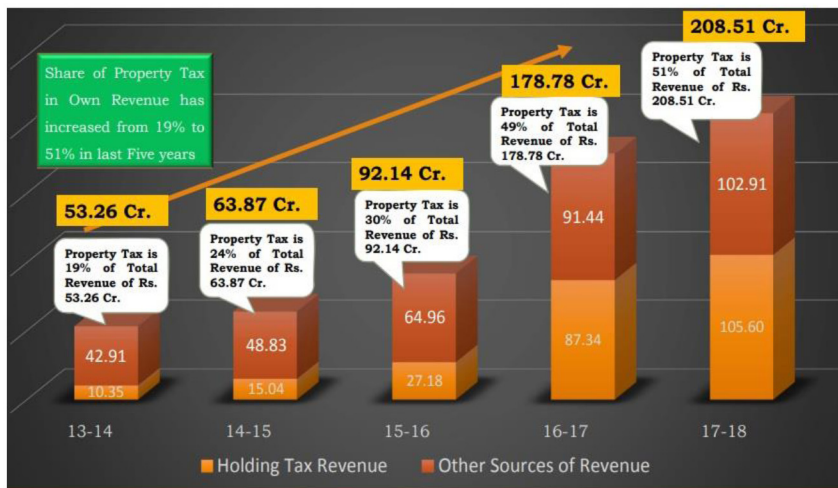


Figure 4

Comparison of Trends of Holding Tax & Other Revenue in Jharkhand

total revenue was 53.26 crore and the same could be figured as Rs. 105.6 crores out of a total of Rs. 208.51 crores in 2017-18 (Figure 4).

In Jharkhand, effort was to improve all prime components of Own Source revenue primarily Property Tax to resolve 3 Us dilemma i.e., reduced unassessed households (HH), identify underassessed HH and increase collection from unpaid HH so that ULBs become financially sustainable.

State of Jharkhand has introduced the scheme of Web based Self-Assessment of Property Tax through Self-Assessment form under Trust and Verify, which leads to involvement of people from FY 2016-17 onwards. The objectives behind the introduction of Self-Assessment of Property Tax scheme is to ensure complete transparency and openness in the levy and collection of Property Tax and to enable citizens/taxpayers to understand the basis of taxation so as to calculate the tax by themselves.

For revenue enhancement and broadening the coverage area of revenue collection, the State has opted for Public, Private, People Partnership (PPPP) mode for increasing revenue collection and household coverage. Hence, three Tax collection agencies (TCAs) were selected through tender process, and they are presently working in the field in 50 ULBs managed by Project Management Unit (PMU).

Financial Progress: State/ULBs

Financial progress of prime outsource revenue in past three years has been presented in following tables:

Table 1
Financial Progress (Holding, Water and Trade) for 50 ULBs (Rs in Cr)

Sl	particular	number	2019-20			2020-21			2021-22		
			demand	collection	%	demand	collection	%	demand	collection	%
1	Corporation	10	168.87	113.78	67%	157.89	114.54	73%	165.94	134	81%
2	Parishad	19	34.17	21.91	64%	29.78	24.44	82%	30.61	28.44	93%
3	Panchayat	21	9.1	5.6	58%	10.01	7.93	79%	10.5	9.06	86%
	total	50	212.14	141.29	66%	197.67	146.91	74%	207.04	171.5	83%

Source: suda.jharkhand.gov.in

It is evident from Table 1, despite COVID Pandemic- second and third wave, ULBs of State of Jharkhand has performed well in collection of prime outsource revenue as overall collection has increased from Rs 141.29 Cr in FY 2019-20 to Rs 171.50 Cr in FY 2021-22 with collection ratio of 83% from 66% in FY 2019-20.

Breakup of performance of components of Prime owns source revenue has been presented below:

Table 2
Financial Progress of Holding Tax for 49 ULBs (Rs in Cr)

Sr No	Particular	Number	2019-20			2020-21			2021-22		
			Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Corporation	9	126.53	95.38	75%	125.64	98.32	78%	122.46	116.29	95%
2	Parishad	19	21.51	17.83	83%	22.91	20.2	88%	23.76	23.51	99%
3	Panchayat	21	4.74	3.98	84%	7.06	6.39	90%	7.33	7.45	102%
	Total	49	152.78	117.2	77%	155.61	124.91	80%	153.55	147.24	96%

Source: suda.jharkhand.gov.in (excluding Jamshedpur)

It is evident from Table 2, ULBs of State of Jharkhand has performed well in collection of Holding Tax as overall collection has increased from Rs 117.20 Cr in FY 2019-20 to Rs 147.24 Cr in FY 2021-22 with collection ratio of 96% from 77% in FY 2019-20.

Demand has increased though marginally due to increase in assessed HH, despite decrease in arrear demand over the years due to rigorous application of various interventions including IEC activities and provisions of section 184 of JMA 2011 for recovery of arrear demand from defaulters.

Table 3
Financial Progress of Water User Charges for 34 ULBs (Rs in Cr)

Sr No	Particular	Number	2019-20			2020-21			2021-22		
			Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Corporation	9	35.34	12.34	35%	27.11	11.9	44%	38.39	13.2	34%
2	Parishad	15	11.54	3.11	27%	5.86	3.17	54%	5.72	3.57	62%
3	Panchayat	10	3.87	0.91	23%	2.35	0.92	39%	2.49	0.95	38%
	Total	34	50.76	16.36	32%	35.32	15.99	45%	46.6	17.71	38%

Source: suda.jharkhand.gov.in

It is evident from Table 3, 34 ULBs of State of Jharkhand post Water Rules 2020 is on mode of improvement in collection of water user charges. Collection has remained on higher side from Rs 16.36 Cr in FY 2019-20 to Rs 17.71 Cr in FY 2021-22 with collection ratio of 38% from 32% in FY 2019-20.

Prime reason for lower collection as compared to demand is that major demand is of non-meter water connection (154051), as ULB are in process of converting non-meter water connection to metered water connection (42294) under various GoI and State support schemes. Thus, due to a fixed demand in non-metered water connection, demand is generated even for dry water connection and in coming years, once all connections are metered, demand will be based on actual usage of consumers.

Table 4
Financial Progress of Municipal Trade License for 50 ULBs (Rs in Cr)

Sr No	Particular	Number	2019-20			2020-21			2021-22		
			Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Corporation	10	7	6.06	86%	5.14	4.32	84%	5.09	4.51	89%
2	Parishad	19	1.11	0.97	87%	1.01	1.07	107%	1.13	1.36	121%
3	Panchayat	21	0.49	0.38	77%	0.59	0.62	105%	0.68	0.66	97%
	Total	50	8.6	7.4	86%	6.74	6.02	89%	6.89	6.54	95%

Source: suda.jharkhand.gov.in

It is evident from Table 4, 50 ULBs of State of Jharkhand has been able to collect Rs 6.54 Cr in FY 2021-22 with collection ratio of 95% from 86% in FY 2019-20. Collection has decreased in absolute amount from FY 2019-20 as 21734 Traders have got trade license issued for more than one year.

Financial progress: tax collection through outsourced agencies.

Financial progress of prime outsource revenue in past three years of tax collection agencies is presented in following tables:

Table 5
Financial Progress of Ritika Printech Pvt. Ltd for 7 ULBs (Rs in Cr)

Ritika Printech Pvt. Ltd. (7 ULBs)										
Sr No	Particular	2019-20			2020-21			2021-22		
		Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Property	12.94	11.09	86%	14.45	12.74	88%	16.09	15.33	95%
2	Water User	6.22	1.09	18%	6.31	1.04	16%	6.82	1.11	16%
3	Trade	0.7	0.59	84%	0.37	0.55	149%	0.56	0.7	126%
	Total	19.85	12.76	64%	21.13	14.33	68%	23.47	17.15	73%

Source: suda.jharkhand.gov.in

It is evident from Table 5, in 7 ULBs of State of Jharkhand, Ritika Printech Pvt. Ltd has been able to collect Rs 17.15 Cr in FY 2021-22 from Rs 12.76 Cr in FY 2019-20 with collection ratio of 73% from 64% in FY 2019-20.

Table 6
Financial Progress of Sparrow Softech Pvt. Ltd. For 20 ULBs (Rs Cr)

Sparrow Softech Pvt. Ltd.										
Sr No	Particular	2019-20			2020-21			2021-22		
		Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Property	21.04	18.67	89%	24.66	23.48	95%	26.77	28.94	108%
2	Water User	10.86	5.07	47%	6.08	5.72	94%	6.12	6.26	102%
3	Trade	2.44	2.06	85%	2.2	2.18	99%	2.41	2.51	104%
	Total	34.33	25.8	75%	32.93	31.38	95%	35.3	37.71	107%

Source: suda.jharkhand.gov.in

It is evident from Table 6, in 20 ULBs of State of Jharkhand, Sparrow Softech Pvt. Ltd. has been able to collect Rs 37.71 Cr in FY 2021-22 from Rs 25.80 Cr

Table 7
Financial Progress of Sri Publication & Stationers Pvt. Ltd. For 23 ULBs
(Rs in Cr)

Ritika Printech Pvt. Ltd. (7 ULBs)										
		2019-20			2020-21			2021-22		
Sr No	Particular	Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
1	Property	12.94	11.09	86%	14.45	12.74	88%	16.09	15.33	95%
2	Water User	6.22	1.09	18%	6.31	1.04	16%	6.82	1.11	16%
3	Trade	0.7	0.59	84%	0.37	0.55	149%	0.56	0.7	126%
	Total	19.85	12.76	64%	21.13	14.33	68%	23.47	17.15	73%

Source: suda.jharkhand.gov.in

It is evident from Table 7, in 23 ULBs of State of Jharkhand, Sri Publication & Stationers Pvt. Ltd. has been able to collect Rs 116.64 Cr in FY 2021-22 from Rs 102.39 Cr in FY 2019-20 with collection ratio of more than 79% from 65% in FY 2019-20.

Financial progress in past three years of tax collection through prime outsourced revenue collection agencies has been presented in following tables:

Table 8
Comparative Growth in Revenue Collection.

	2019-20			2020-21			2021-22		
Revenue	Demand	Collection	%	Demand	Collection	%	Demand	Collection	%
Property Tax	152.79	117.2	77%	155.61	124.91	80%	153.56	147.25	96%
Water User	50.76	16.36	32%	35.33	15.99	45%	46.59	17.71	38%
Trade	19.85	12.76	64%	21.13	14.33	68%	23.47	17.15	73%

Physical Progress:

Reforms has led to improvement in physical status of 49 ULBs (excluding Jamshedpur): assessed HH of ULBs of Jharkhand leading to improved collection as shown above Table 8.

Coverage of assessed properties has increased from 6.61 Lakh Households (HHs) in FY 2019-20 to 8.48 Lakhs HHs in FY 2021-22 against 9.05 Lakh (HH) for 49 ULBs as per 2011 Census. (Table 8)

Table 9
Physical Progress: Assessed HH for 49 ULBs (Number).

SL.No	Name of Tax Collection Agencies	No. of ULBs	2019-20	2020-21	2021-22
1	M/S Ritika Printech Pvt Ltd				
1.1	CORPORATION	1	25,220	26,744	29,330
1.2	PARISHAD	5	58,089	60,947	63,888
1.3	PANCHAYAT	1	4,744	5,094	5,465
	Total	7	88,053	92,785	98,683
2	M/S Sparrow Softech Pvt Ltd				
2.1	CORPORATION	3	77,814	86,168	99,461
2.2	PARISHAD	8	58,169	61,358	65,048
2.3	PANCHAYAT	8	40,152	42,626	45,229
	Total	19	1,76,135	1,90,152	2,09,738
3	M/S Sri Publication & Printers Pvt Ltd				
3.1	CORPORATION	5	3,11,139	3,66,514	4,08,036
3.2	PARISHAD	7	68,916	76,514	82,006
3.3	PANCHAYAT	11	16,235	46,825	49,894
	Total	23	3,96,290	4,89,853	5,39,936
	Final Total	49	6,60,478	7,72,790	8,48,357

Source: suda.jharkhand.gov.in

Overall Progress: In Brief

Since FY 21016-17, when State of Jharkhand has embarked on its journey of reforms and growth in Own sources with a vision to make ULBs financially sustainable, growth has been satisfactory has been satisfactory (Table 9). Key points have been summed up below:

Overall collection in 50 ULBs has increased from Rs 141.29 Cr in FY 2019-20 to Rs 171.50 Cr FY 2021-22, at 83% collection ratio from 66%.

Overall collection from Property Tax has increased from Rs 117.20 Cr in FY 2019-20 to Rs 147.20 Cr in FY 2021-22 at 96% collection ratio from 77%.

Overall collection from water user charges has increased from Rs 16.36 Cr in FY 2019-20 to Rs 17.71 Cr in FY 2021-22 at 38% collection ratio from 32%.

Overall collection from Municipal Trade license fees has reached to Rs 6.54 Cr in FY 2021-22 at 95% collection ratio.

Overall collection in 50 ULBs has increased from Rs 141.29 Cr in FY 2019-20 to Rs 171.50 Cr in FY 2021-22 at 83% collection ratio from 66%.

It is evident from Table 5, in 7 ULBs of State of Jharkhand, Ritika Printech Pvt. Ltd has been able to collect Rs 17.15 Cr in FY 2021-22 from Rs 12.76 Cr in FY 2019-20 with collection ratio of 73% from 64% in FY 2019-20.

It is evident from Table 6, in 20 ULBs of State of Jharkhand, Sparrow Softech Pvt. Ltd. has been able to collect Rs 37.71 Cr in FY 2021-22 from Rs 25.80 Cr in FY 2019-20 with collection ratio of more than 100% from 75% in FY 2019-20.

It is evident from Table 7, in 23ULBs of State of Jharkhand, Sri Publication & Stationers Pvt. Ltd. has been able to collect Rs 116.64 Cr in FY 2021-22 from Rs 102.39 Cr in FY 2019-20 with collection ratio of more than 79% from 65% in FY 2019-20. Overall assessed HH by 3 Tax collection agencies has increased from 6.61 Lakh HH in FY 2019-20 to 8.48 Lakh HHs in FY 2021-22 ,28% increase.

It is evident from Table 8, in 7 ULBs of State of Jharkhand, Ritika Printech Pvt. Ltd assessed HH has increased to 98683 HH in FY 2021-22 from 88053 in FY 2019-20,12% increase. It is evident from Table 8, in 19 ULBs of State of Jharkhand, Sparrow Softech Pvt. Ltd assessed HH has increased to 209738 HH in FY 2021-22 from 176135 in FY 2019-20,19% increase.

It is evident from Table 8, in 23 ULBs of State of Jharkhand, Sri Publication & Stationers Pvt. Ltd assessed HH has increased to 539936 HH in FY 2021-22 from 396290 in FY 2019-20,36% increase. Out of Rs 171.50 Cr total collection in FY 2021-22, Rs 13.93 Cr has been collected through online mode from Rs 6.78 Cr in FY 2019-20indicating State of Jharkhand is moving towards digitization. Further, online collection will also lead to saving of Rs 2 cr for ULBs as no commission is paid to Tax collection agencies on online collection.

In FY 2021-22, Adityapur, Mango and Medininagar corporations have been able to achieve 100% of its collection from all prime own sources out of 10 corporations (Sparrow Softech Pvt. Ltd). In FY 2021-22, Simdeggha, Kapali and Jugsulai Municipal Council have been able to achieve 100% of its collection from all prime own sources out of 19 Municipal Councils (Sparrow Softech Pvt. Ltd and Sri Publication & Stationers Pvt (Kapali).

In FY 2021-22, Hariharganj, Chirkunda and Chakiliya Nagar panchayat have been able to achieve 100% of its collection from all prime own sources out of 21 Nagar panchayat (Sparrow Softech Pvt. Ltd-Chakuliya, Ritika-Chirkunda and Sri Publication & Stationers Pvt (Hariharganj)

Graphical representation of Trend in Financial and Physical Progress (Figure 5) of Prime Outsourced Own Sources. Overall collection in 50 ULBs has increased from Rs. 141.29 Cr in FY 2019-20 to Rs 171.50 Cr FY 2021-22, at 83% collection ratio from 66% (Table 10).

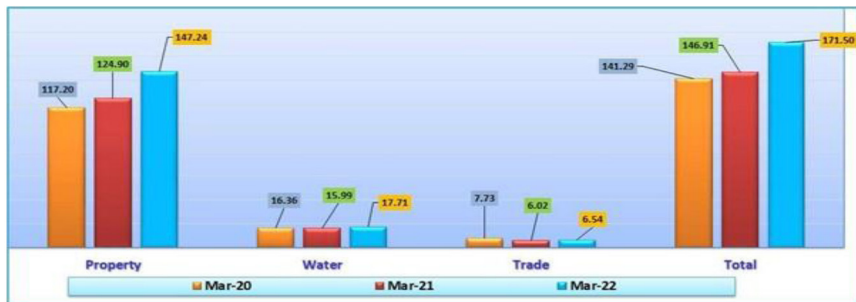
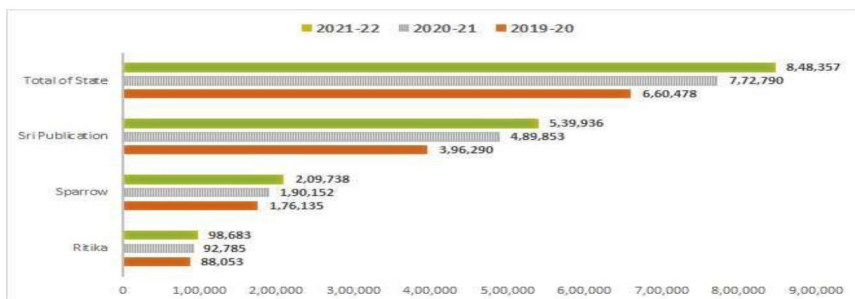


Figure 5

Financial and Physical Progress - Overall collection in 50 ULBs

Table 10

ULB wise Breakup of Financial Progress:



Conclusion

While applying canons of efficiency and economy in the collection of tax, the State of Jharkhand and its ULBs have performed exceedingly well since 2014-15 and generating revenues from property tax holding tax revenue and other taxes through self-assessed forms in democratic way. The process of urbanization has been expedited through Value Capture Financing and created infrastructure in different parts and districts of the state of Jharkhand.

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