

## MLAs blocking property tax reforms

12 Jul 2007, 0234 hrs IST, Rukmini Shrinivasan, TNN

**SMS NEWS to 8888 for latest updates**

MUMBAI: When the assembly convenes for the monsoon session next week, all eyes will be on the report of the joint select committee of MLAs set up to study a draft bill to amend the property tax system in the city. However sources in the Urban Development (UD) department have told TOI that the much-delayed amendment might not be passed this session as the influential south Mumbai MLAs' lobby, part of the committee, has vociferously opposed the move.

A resolution to rationalise Mumbai's property tax was first passed in 2003 by the BMC. Later, the centre's Jawaharlal Nehru National Urban Renewal Mission (JNNURM) listed property tax rationalisation as one of the mandatory reforms for the state. A Bill to amend the BMC Act was introduced in the legislature, but has been sent to a joint select committee, mainly comprising city MLAs.

The Bill proposes that the BMC be allowed to levy property tax on the basis of the market value of a property, instead of the rental value of a property (the current system). As a result, upmarket south Mumbai residents could end up paying more. Rents on old properties in the island city have been frozen under the rent control acts and hence property owners here pay 10 paise to Re 1 per sq foot in tax. Those residing in the new suburban buildings pay as much as Rs 3.5 to Rs 4 per sq foot in tax. While the BMC collects Rs 1500 crore annually in property tax, a study by the **Tata Institute of Social Sciences (TISS)** had estimated that tax reforms would improve collections by upto 200%. To ease the increased burden on residents of old buildings under the new system, a gradual increase over a time period of 20 years was proposed.

Officials from the BMC and the UD briefed the joint select committee over two days last month. Sources in the UD said that south Mumbai MLAs had strongly opposed the rationalisation as it would hit their constituencies. "I am not against reducing property tax for the suburbs. But I am against increasing it manifold for the city. This amounts to discrimination against city residents," said BJP MLA from Mumbadevi, Raj Purohit, who is on the committee.

Officials who briefed the committee told TOI that as a result, the Bill would not come up during the monsoon session. At present, 15 of the 34 Mumbai MLAs come from the island city. "After delimitation, their number will be down to 7. Once the delimitation boundaries are finalised in a few months, it is likely that the Bill will be passed," a senior official in the UD said. The state has committed to the centre that it will carry out all JNNURM-mandated reforms by 2008.

**[rukmini.shrinivasan@timesgroup.com](mailto:rukmini.shrinivasan@timesgroup.com)**