

**GOVERNMENT OF TELANGANA  
MUNICIPAL ADMINISTRATION DEPARTMENT**

O/o the Director of  
Municipal Administration,  
T.S., Hyderabad.

**CIRCULAR**

**Rec.No.48198/2018/**  
**/2018**

**Dt.25/08**

Sub:- MA., Dept. - 68 NEW ULBS - Taxes, Non-Taxes & Assigned Revenues - Levy & Collection of Taxes (on Lands), Non-Taxes & Assigned Revenue as per the Telangana Municipalities Act, 1965 - Instructions -Issued.

Ref:- Act IV of 2018, Dated.30.03.2018.

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The attention of the Municipal Commissioners of newly constituted Municipalities in the state are invited to the subject and reference cited, wherein the Legislature has passed Act.No.4 of 2018 in which 68 new Municipalities were formed by upgrading 173 Grampanchayats and another 131 Grampanchayats were merged into adjoining Municipalities & Municipal Corporations.

2. Consequent on formation of new Urban Local Bodies under the above act, there is a need for Levy and Collection of Taxes on Land (Vacant Land Tax), Non-Taxes & Assigned Revenues (except Taxes on Buildings) in newly constituted Municipalities as per the Telangana Municipalities Act, 1965 and Government orders issued from time to time.

3. In this connection, the following are the major components falling under the Taxes, Non-Taxes & Assigned Revenues of Urban Local Bodies as per Telangana Municipalities Act, 1965:-

**A) Taxes:-**

- a. Taxes on Buildings (Property Tax)
- b. Taxes on Lands (Vacant Land Tax)

**B) Non-Taxes:-**

- a. Water charges.
- b. Fees from markets and slaughter houses.
- c. Rents from municipal buildings like shop rooms, office complexes etc.
- d. Building permission fees and other town planning related fees/charges.
- e. Trade license fees.
- f. Encroachment fees.
- g. Mutation Fees.

**C) Assigned Revenues:-**

- a. Entertainment Tax
- b. Surcharge on Stamp Duty

4. In this regard, the following are the Act Provisions and Procedures for Levy and Collection of above Taxes on Lands (Vacant Land Tax), Non-Taxes and Assigned Revenues for the Urban Local Bodies as per the Telangana Municipalities Act, 1965.

**A) TAXES**

**a) Taxes on Buildings (Property Tax):-**

As per the decision of the Government, the Taxes on Buildings (Property Tax) in the newly constituted Urban Local Bodies be collected as per erstwhile Gram Panchayat tax only till further orders.

**b) Taxes on Lands (Vacant Land Tax) :-**

As per the Provisions contained under -

- i) Section 85, 87 & 91 of Telangana Municipalities Act, 1965,
- ii) Rule 8 & 9 of Telangana Municipalities ( Assessment of Taxes) Rules, 1990 and
- iii) Rule 11 & 15 (03) of Schedule-II of Telangana Taxation and Finance Rules.

**(Annexure enclosed).**

**NOTE :-** As per Rule 9 of the Telangana Municipalities ( Assessment of Taxes) Rules, 1990, the Tax on lands shall be levied at 0.20% of the capital value of the land (i.e., the market value as fixed by the Stamps and Registration Department for purpose of registration). A resolution may be passed for levy of Property Tax on Lands (Vacant Land Tax)

**B) NON-TAXES :-**

**a) Water Charges:-**

As per the Provisions contained under -

- i) Section 135 & 145 of Telangana Municipalities Act, 1965
- ii) G.O.Rt.No.372 MA&UD Dept., dated.24.05.2016 **(Annexure enclosed)**

**NOTE:-**

In view of the above provisions of Telangana Municipalities Act, 1965 for levy of water charges in Municipalities following procedures shall be followed by the Municipal Commissioner:-

The Council has to make bye-laws for water supply under Section 141 of the Act. The bye-laws, among others, have to provide for

- (i) Classification of supply of water under different categories
- (ii) Levy of different rates of charges in respect of water supplied to different categories.

**Water Donation Charges** - In addition to the water charges ( Section 141(2) (b) of the Act) Municipalities are also levying pipeline service charges (Section 142 of the Act) to defray the capital cost of pipeline service works and O&M of pipeline system. It is one-time payment and is in the form of contribution (donation) to the Municipality.

**b) Fees from Markets and Slaughter Houses & c) Rents from Municipal Buildings (Shops):**

As per the Provisions contained under -

- i) Section 276 & 277 of Telangana Municipalities Act, 1965
- ii) Rule 7 & 12 of Regulation of Receipts and Expenditure Rules, 1968.
- iii) G.O.Ms.No.56 MA&UD (J1) Dept., dated.05.02.2011.
- iv) G.O.Ms.No.198 MA&UD (J2) Dept., dated.08.05.2012 amended in G.O.Ms.No.21 MA&UD (J2) dept., dated.18.01.2013 (Goodwill basis)
- v) G.O.Ms.No.82 MA& UD (I.2) Dt.28.03.2016. **(Annexure enclosed)**

**NOTE:-**

**Market & Slaughter Houses :-**

1. *The Commissioner shall prepare a sale notification wherein the right to collect fees for use of markets and slaughter houses (including other leasehold rights) is proposed to be leased out by the Council.*
  
2. *The sale notification has to be approved by the Council.*
  
3. *The Preliminary notice (sale notification) shall set forth the following conditions for lease of markets and slaughter houses.*
  - (i) *The rate of fee for use/occupation of space in the market*
  
  - (ii) *The rate of fee for slaughtering of various animals in the slaughter house*
  
4. *Auction of Leasehold rights: The Preliminary notice (sale notification) after approval of the Council shall be published in the District Gazette and on the notice board of the municipal office, collectorate, revenue division office and Tahsildar office. It shall also be announced through microphone wherever possible. The date of auction shall be published in one or more newspapers having wide circulation in the district.*
  
5. *The Commissioner or an officer duly authorised by him shall conduct the auction subject to the conditions stipulated in the sale notification.*
  
6. *After completion of the auction, the Commissioner shall place before the Council/Contract Committee/Commissioner a list of bids received at the auction together with a comparative statement of the income realized during the past three years with a recommendatory note.*
  
7. *Normally, the Council/Contract Committee/Commissioner accepts the highest bid. Where the bid accepted is not the highest, the reasons for such rejection shall be recorded. In exceptional cases, where sales in public auction have proved unsuccessful on atleast two*

occasions owing to want of bidders or strong combination among them, the Commissioner may invite sealed tenders for the lease and place such tenders before the Municipal Council/ Contract Committee for necessary action.

8. **Registration of Lease Deed:** After approval of the bid by the Council/Contract Committee, the Commissioner shall enter into a written contract with the successful bidder. A lease deed shall be executed and registered at the cost of the lessee incorporating all conditions of lease set forth in the sale notification.

9. **Departmental Management:** Whenever the market or slaughter house is managed departmentally, all fees levied in respect of the use thereof shall be collected by means of tickets printed and supplied by the Commissioner. The tickets shall be printed in foil and counterfoil for different rates of fees. Before issue of tickets to the collecting officers they shall be stamped with the common seal of the Council in the presence of the Commissioner or any officer authorized by him.

10. **Revision of fees:** The Commissioner shall undertake a study of the rates of fees collected for various items sold in the market and various animals slaughtered in the slaughter house with reference to the rents or charges prevailing in the vicinity of the market or other places used for similar purposes and place the proposals before Council once in every three years for revision of fees.

**Rents from Municipal Buildings (Shops):-**

As per Section 277(4) of the Act, the Council may lease any immovable property like land, shop, go-down, building or terrace of a building owned by it and situated anywhere in the Municipality for any period not exceeding five years at a time and subject to such terms and conditions as the Council may deem fit.

Provided that it shall be competent for the council to grant, with the prior sanction of the Government, any such lease for a period exceeding five years but not exceeding thirty years at a time.

**(regarding Procedures the same is enclosed in ANNEXURE)**

**d) Building Permit Fees other than Town Planning related fees/charges:-**

As per the Provisions contained under -

Building Rules in Schedule III of Telangana Municipalities Act, 1965 issued in G.O.Ms.No.168 MA&UD, dt.07.04.2012 read with G.O.Ms.No.7 MA, dt.05.01.2016 **(Annexure enclosed)**

**NOTE:-**

All the newly constituted Urban Local Bodies shall take approval of the Municipal Council for applicability of rates (mentioned for Third Grade ULBs) as indicated by the Director of Town & Country Planning, T.S., Hyderabad in ~~Order~~ **Order** Roc.No. 2075/2013/P, dated. 20/02/2013 (copy LY).

enclosed)

**e) Trade License Fee :-**

As per the Provisions contained under -  
Under Section 263 to 270 of the Telangana Municipalities Act, 1965 (**Annexure enclosed**)

**NOTE:-**

**Procedure:-**

1. Generally, all houses which are used for non-residential purpose like shopping, commercial, industrial and public entertainment purposes need trade license. The Municipal Council shall fix the fee for each trade and notify the same.
2. The Sanitary Inspector shall process the applications and place before the Municipal Commissioner for approval.

**f) Encroachment Fees:-**

As per the Provisions contained under -  
Section 191 to 199A, 344 (1 & 2), Section 366 of the Telangana Municipalities Act, 1965

**(Annexure enclosed)**

**NOTE:-**

All the newly constituted Urban Local Bodies shall take approval of the Municipal Council for applicability of rates (mentioned for Third Grade ULBs) as indicated by the Director, of Town & Country Planning, T.S., Hyderabad in ~~Letter~~ *Proc.No. 2 of 5/2013* dated. *20/02/2013* (copy enclosed)

**g) Mutation Fees :-**

All the newly constituted Urban Local Bodies shall fix the Mutation Fee by taking approval of Municipal Council through Council Resolution and notify the same.

**C) ASSIGNED REVENUES:-**

**Entertainment Tax** – 90% of the Entertainment Tax collected by the Commercial Tax Department is assigned to Urban Local Bodies on quarterly basis.

**Surcharge on Stamp Duty** – Surcharge on Stamp Duty is levied @ 2% of the value of the instrument by Registration Department and 100% of the Surcharge on Stamp Duty is allocated to Urban Local Bodies on quarterly basis.

5. Therefore, all the Municipal Commissioners of 68 Newly Constituted Urban Local Bodies are

directed to Levy and Collect the Taxes on Lands (Vacant Land Tax) and Non-Taxes for their respective Urban Local Bodies as per the above provisions & indicative procedures mentioned as per the Telangana Municipalities Act, 1965 and Government orders issued from time to time scrupulously for improvement of own revenues of Urban Local Bodies for better development.

**SREEDEVI T K**  
**#ApprovedByDesigantion#**

To:

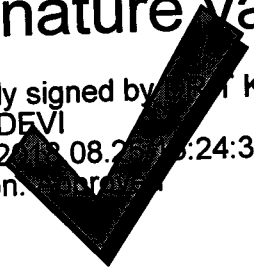
All the Municipal Commissioners of 68 newly constituted Municipalities.

Copy to:

The RDMA'S., Waranagal and Hyderabad for necessary follow up and action in the matter.

**Signature valid**

Digitally signed by SREEDEVI T K  
SREEDEVI  
Date: 2018.08.23 16:24:31 IST  
Reason: I am the author



## ANNEXURE-I

### WATER CHARGES:

#### **I. Provisions related to Water supply by Municipality in the Constitution of India :**

Art. 243W read with Twelfth Schedule of the Constitution (item 5) specifies that the municipality has to perform the function of 'water supply for domestic, industrial and commercial purposes'.

#### **II. Provisions related to Levy and Collection of Water Charges in Municipalities as per Telangana Municipalities Act, 1965:**

##### **1. Provisions in Telangana Municipalities Act, 1965 for Levy and Collection of water charges in Municipalities.**

**Section 141. Power of council to make bye-laws for water supply:-** (1) *For all water supplied under Section 140, payment shall be made on such basis, at as such times and on such conditions as may be laid down in the bye-laws made by the council, and shall be recoverable in the same manner as the property tax.*

(2) *In particular and without prejudice to the generality of the foregoing power, such bye-laws may-*

(a) *Provide for the classification of supply of water under the following categories, namely:-*

(i) *supply to residential buildings;*

(ii) *supply to residential hotels:*

(iii) *supply to shops, commercial establishments (other than industrial undertakings, restaurants, eating houses, theaters and places of public amusement or entertainment;*

(iv) *supply to industrial undertakings;*

(v) *supply to non-residential buildings onto falling within the scope of category(ii), category (iii) or category (iv).*

*Explanation:- In this clause, unless the context otherwise requires, the expression "commercial establishment", 'eating house', 'residential hotel', 'restaurant', 'shop', 'theatre', shall have the meanings assigned to them in the Andhra Pradesh (Andhra Area) Shops and Establishments Act, 1947 ( Act XXXVI of 1947);*

(b) *provide for the levy of different rates of charge in respect of water supplied to the different categories specified in clause (a);*

(c) *in case of supply to residential buildings, lay down the maximum free allowances to be made and the rates of charge to be levied in respect of water supplied in excess of such allowance; and*

- (d) *in cases of supply to all buildings lay down that the charges for water supplied shall be based on the number of taps allowed, irrespective of the quantity of water consumed.*

**Section 142 Levy and collection of pipe-line service charges:-** *The Government may, by notification, direct the council to levy and collect pipeline service charges from every owner or occupier of a premises to which water connection has been given at such rate as may be prescribed to the different categories specified in Clause (a) of sub-section (e) of Section 141 to defray the capital cost of pipeline service works undertaken by the Council and the operation and maintenance of the pipeline system from time to time;*

*Provided that no such charges shall be levied on the owner or occupier of any premises situated in the areas which are not served by the pipeline system of the Council.*

**Section 143: Supply beyond the limits of municipality:-** *The council may, with the sanction of the Government and shall, on the direction of the Government, supply water to local authority or other person outside the municipality on such terms, if any, as may be approved by the Government.*

**Section 144: Power to disconnect water-supply: -(1)** *The Commissioner or any person authorized by him in this behalf may cause to disconnect the supply of municipal water from any premises where-*

- (a) *the premises are unoccupied;*
- (b) *any water tax or any sum due for water the cost of making a connection or for the cost or hire of a meter or for the cost of carrying out any work or test connected with the water-supply, which is chargeable to any person by or under this Act, is not paid within fifteen days after a bill for such tax or sum has been presented;*
- (c) *after receipt of a notice from the Commissioner requiring him to refrain from so doing, the owner or occupier continues to use the water or to permit it to be used in contravention of any bye-laws made under this Act;*
- (d) *the owner or occupier neglects within a period specified in any notice issued by the Commissioner under any bye-law made under this Act to put up a meter or to comply with any other lawful order or requisition:*
- (e) *the owner or occupier willfully or negligently damages his metre or any pipe or tap conveying municipal water;*
- (f) *the occupier refuses to admit the Commissioner or the person authorized into premises which he proposes to enter for the purpose of executing any work or of placing or removing any apparatus or of making any examination or inquiry in connection with the water supply, or prevents the Commissioner or the person authorized from doing such work, placing or removing such apparatus or making such examination or inquiry;*
- (g) *any pipes, taps, works or fittings connected with the municipal water-supply are found on examination by the Commissioner or the person authorized to be out of repair to such an extent as to cause waste or contamination of water;*
- (h) *the owner or occupier causes pipes, taps, works or fittings connected with the municipal water supply to be placed, removed repaired or otherwise interfered with in violation of the bye-laws:*



*Provided that in a case falling under clauses (e), (f), (g) or (h), the Commissioner or the person authorized shall not take action, unless notice of not less than twenty-four hours is given to the owner or occupier of the premises.*

- (2) *The expenses of disconnecting the supply shall be paid by the owner or occupier of the premises.*
- (3) *In case falling under clause (B) of Sub-Section (1), as soon as any money for non-payment of which water is disconnected together with the expense incurred thereof is paid by the owner or occupier, the Commissioner shall cause water to be supplied as before on payment of the costs, if any, of reconnecting the premises with the municipal water-works.*
- (4) *No action taken under this section shall relieve any person from any penalties or liabilities which he may otherwise have incurred.*

**Section 145: Non-liability of council for disconnection, or stoppage of supply in certain cases:-** *Notwithstanding anything in any agreement the council shall not be liable to any penalty or damages for disconnecting supply of water or for not supplying water, in the case of any drought, or other unavoidable cause or accident, or the necessity for relaying or repairing pipes.*

III. In view of the above provisions of Telangana Municipalities Act, 1965 for levy of water charges in Municipalities following procedure shall be followed by the Municipal Commissioner

1. The Council has to make bye-laws for water supply under Section 141 of the Act. The bye-laws, among others, have to provide for
  - (i) Classification of supply of water under different categories as follows:-
  - (ii) Levy of different rates of charges in respect of water supplied to different categories

Making of bye-laws by Municipal Councils are governed under Sections 330, 332 and 333 of the Act.

2. The Council before making bye-laws, has to publish a draft of the bye-laws in the notice board of the office and one or two news papers; and call for objections or suggestions in the matter. A reasonable time of four weeks may be given for receiving objections or suggestions. On receipt of objections or suggestions, Council has to consider them and make the bye-laws.
3. After making the bye-laws, the Council has to get confirmation of bye-laws from Government. In respect of water supply bye-laws, the power of approval/confirmation has been delegated by the Government to the Engineer-in-Chief (Public Health). The Council therefore has to submit the bye-laws to the Engineer-in-Chief (Public Health) for approval. After getting the approval, the final bye-laws have to be notified in the manner prescribed by Government. Government have issued Rules for publication of bye-laws. Under these rules, every bye-law, after it has been approved by Government has to be published in the District Gazette in English and main language of the district.

4. Further, copy of the bye-laws has to be affixed on the notice board of the municipal office and such other places as determined by Council, by beat of drum and by announcement through municipal wire broadcasting system wherever it is in operation.

Therefore, water charges have to be levied and collected as per the rates and the conditions stipulated in the water supply bye-laws made by the Council. Secondly, as per the SLBs under water supply, the cost recovery has to be maintained at 100%, that means, the user charges should be designed in such a manner that they are equivalent to the cost of operation and maintenance (O&M) of the service.

5. Providing of Water Meters: For the purpose of equity, municipalities provide water meters to a set of water users to find out the quantity used by them. For example, the current rates in operation for water supply in municipalities and municipal corporations are in the following order:

Sl. No.	Nature of charges	Classification	Charges (Tariff)
1.	Water charges	Residential	Rs.30/ to Rs.100/- per tap per month
		Non-residential (General) like small hotels, eating houses, small traders etc.	Rs.250/- to Rs.700/- per tap per month
		Non-residential (industrial and bulk supplies like gated communities, apartments etc.)	On meter connections – Rs.8/- to Rs.25/- per kilo litre
2.	Capital cost of pipeline service works (contribution)	Regular connection	Rs.2,000/- to Rs.10,000/- per connection (one-time)
		OYT connection	Rs.5,000/- to Rs.30,000/- per connection (one-time)

6. Factors to fix water charges:

The following factors should be kept in mind while fixing the water charges:

- (i) Per capita supply: As per Service Level Benchmark (SLB) suggested by Gol, the per capita supply should be 135 lpcd
  - (ii) Tap for every household: As per AMRUT guidelines, all households should be provided with tap connection
  - (iii) Cost recovery: As per SLB, there should be 100% cost recovery. This means, the cost of operation and maintenance should be fully recovered from water charges
  - (iv) Maintenance: As per SLB, it should be 24 hours supply, non-revenue water should be limited to 20% and the quality should be 100%
  - (v) Recovery: There should be 100% metered connections and 90% recovery. As per 14 FC recommendations, there should be an increase in internal revenue every year to access performance grant.
7. Rationale for user charges: The primary rationale for levy of user charges is to provide financial stability and effective recovery of all costs associated with the service. Such financially viable user charges may even generate resources for expanding or upgrading the service and discourage wastage of services.

User charge can also be used as a redistributive mechanism in order to address some of the social or economic issues like concerns of the poor. It is in the

form of reduced tariff or exemption for the aged and the poor implicitly using cross-subsidisation principles. User charge enables allocative efficiency. By fully recovering the operational costs of the service, the municipality does not consume resources meant for other services or sectors.

In essence, the rationale for the levy of user charges is not only to generate revenues but also to promote economic efficiency and exhibit the organisational, technical and manpower capacity of the municipality to provide these services.

8. The basis of user charge levy is recovery of cost, particularly that component involving the operation and maintenance of the service. The capital costs of service have to be funded through general revenues or capital grants or from loans. However, the interest payment of the loan has to be included in the costs of a service, unless it is deliberately subsidised. Hence the total O&M cost of water supply should include the following:

- (i) Salaries of water works staff
- (ii) Electricity consumption charges
- (iii) Cost of consumables like bleaching power, alum, chlorine etc.
- (iv) Cost of replacement of pipelines and other material
- (v) Repair to pump sets, motors, other water supply and electrical installations
- (vi) Loan annuity on loans taken for water supply schemes

9. Methodology for fixation of water charges:

Besides fixing/revising the water charges to enable the municipal bodies to realise the O&M cost in full, it should conform to the reform contemplated under AMRUT. The reform (milestone) on the subject to be undertaken under AMRUT stipulates that a policy has to be adopted for fixation of user charges at differential rates for individual and institutional assessments duly safeguarding the interests of the vulnerable. It is suggested to all ULBs to adopt the methodology as stated hereunder for fixation of water charges and the methodology should therefore:

- i. Enable fixation of water charges on self-sufficiency basis
- ii. Enable fixation of differential rates for individual and institutional assessments
- iii. Safeguard the interests of vulnerable sections.

10. The following registers have to be maintained in the revenue section to monitor collections under water supply.

- (i) Water Charges Demand Register
- (ii) Meter Ledger (MF No.21D)
- (iii) Water Charges Arrear Demand Register

In addition, the engineering section maintains

- (i) Water Service Connections Register (M.F.No.21A)
- (ii) Meter Register (M.F.No.21B)
- (iii) Meter Reading Cards (M.F.No.21C)

11. Issue of bills: The water supply bye-laws in general provide for collection of water charges on monthly basis. But in practice water charges on tap rate basis are collected once in a half-year along with property tax as it is time consuming and cumbersome to collect water charges every month. As regard metered connections, they are collected every month. After preparation of bills for collection of water charges, they have to be stamped with the facsimile signature of the Commissioner and entered in the Register of Miscellaneous Bills (MF No.60).

12. Service of Bills in respect of connections on tap rate basis: Bills have to be issued to the Bill Collectors before end of April for first half-year and before end of October for the second half-year in respect of connections on tap rate basis. Regarding connections on meter-based taps, bills have to be prepared every month by 10<sup>th</sup> of succeeding month and issued to Bill Collectors. Bills have to be served on the house owners within 15 days from date of receipt of the bills by the Bill Collectors. The procedure prescribed under the Act for service of documents has to be followed and the procedure is:
- (i) By giving to the owner of the service connection duly obtaining acknowledgment on the office copy of the notice with date.
  - (ii) Whenever the owner of service connection is not found in the building, by handing over the same to some adult member or servant of his family by obtaining signature with date from such person. In these cases, the name of the person on whom notice is served be got written in capital letters underneath the signature duly noting down the relationship of the recipient to the owner of the service connection. Date of service shall be noted in the office copy of the notice (As for as possible service of the notice on the servant of the family should be avoided)
  - (iii) If the owner of the service connection does not reside in the municipality and his address elsewhere is known, by sending the same to him by registered post acknowledgement due
  - (iv) If the above methods are not available, by fixing the same to some conspicuous part of such place of abode or business (with proper panchanama/proof).
13. Disconnection of water supply: Water charges have to be paid within 15 days from the date of service of the bill. The Commissioner is competent to order for disconnection of water supply if water charges are not paid within the stipulated time. Further, arrears of water charges can be collected as arrears of property tax. All efforts have to be made to collect water charges without any arrears, since the Commissioner is empowered to disconnect water supply and to collect water charges as arrears of property tax. Whenever there is a request from revenue section for disconnection of water supply, the engineering section has to comply with the request and take action to disconnect water supply.

#### **IV. Water donation charges:**

In addition to the water charges [Section 141 (2) (b) of the Act], municipalities are also levying pipeline service charges (Section 142 of the Act) to defray the capital cost of pipeline service works and O&M of pipeline system. It is a one-time payment and is in the form of contribution (donation) to the municipality.

In this regard, the following G.O.s issued by the Government shall be followed :

i.G.O.Ms.No.515 MA&UD (A1) Dept, dt.25.07.2008

ii.G.Rt.No.372 MA&UD (c) Dept, dt.24.05.2016.

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## ANNEXURE -II

### **FEES FROM MARKETS AND SLAUGHTER HOUSES:**

I. Provisions Telangana Municipalities Act, 1965 related to Fees from Markets and Slaughter Houses.

#### **Section 276 Public Market:**

- (1) *All markets which are acquired, constructed, repaired or maintained out of the municipal fund shall be deemed to be public markets; and such markets shall be open to all persons.*
- (2) *Notwithstanding anything in the relevant law for the time being in force, every market situated within the Municipal limits and belonging to a Gram Panchayat, Panchayat Samithi or Zilla Parishad shall vest in the Municipality. The Government shall determine, in the manner prescribed the amount of compensation payable therefor to the Gram Panchayat, Panchayat Samithi or the Zilla Parishad, as the case may be.*

#### **Section 277 Power in respect of public markets:**

- (1) *The council may provide places for use as public markets.*
- (2) *The Council may, in any public market, levy any one or more of the following fees at such rates and may place the collection of such fees under the management of such persons as may appear to it proper or may farm out such fees for any period not exceeding one year at a time and on such terms and subject to such conditions as it may deem fit-*
  - (a) *Fees for the use of, or for the right to expose goods for sale in such markets;*
  - (b) *Fees for the use of shops, stalls, pens or stands in such markets;*
  - (c) *Fees on vehicles or pack-animals carrying, or on persons bringing goods for sale in such markets;*
  - (d) *Fees on animals brought for sale into, or sold in such markets; and*
  - (e) *Licence fees on brokers, commission agents, weighmen and measurers practicing their calling in such markets.*
- (3) *The council may, with the sanction of the Government close any public market or part thereof.*
- (4) *The council may, lease any land, shop, godown, building or terrace of a building owned by it and situated anywhere in the municipality for any period not exceeding five years at a time and subject to such terms and conditions as the council may deem fit.*

*Provide that it shall be competent for the council to grant, with the prior sanction of the Government, any such lease for a period exceeding five years but not exceeding twenty-five years at a time.*

II. The provisions of Regulation of Receipts and Expenditure Rules, 1968 issued by the Government in G.O.Ms.No.618 MA, dt.07.10.1967 related to Fees from Market and Slaughter Houses:

#### **Rule 7.**

- (1) *Where the right to collect fees in respect of the use of any market, slaughter house, fishery or sale of fish in fresh water tanks in proposed to be leased out by the Council, the Commissioner shall prepare preliminary notice setting forth the conditions and terms subject to which the lease will be granted.*

(2) The Conditions and terms set forth in the preliminary notice shall be approved by the authority competent to enter into a contract under section 43 of the Act, such authority shall for the purpose of this sub-rule, be determined with reference to the amount of bid accepted for the previous year's lease.

Provided that the approval of the preliminary notice by such authority shall not be necessary, if it has previously been approved, unless there are any changes in its conditions and terms.

(3) The preliminary notice shall set for the following conditions and terms subject to which the lease will be granted, namely:

(a) the Selection of the lessee shall vest in the authority competent to approve the lease;

(b) no person shall be permitted to bid at the auction unless he deposits as security such sum as shall be specified in the notice and files a solvency certificate of property worth the bid amount countersigned by an officer of the Revenue Department not below the rank of a Deputy Thasildar in the case of landed property or by the Commissioner to the Municipality in the case of house property in the town.

(c) if the period of lease does not exceed one year-

- (i) The lessee shall, within one week from the date of confirmation of the lease in his favour, deposit a sum which together with the security referred to in clause (b) would make up one - fourth of the total lease amount. This sum shall ordinarily be adjusted towards the installments of the lease amount due for the last three months of the year, but it may be adjusted towards any installment of the lease amount overdue from the lessee; and towards the loss, if any, sustained by resale or departmental management; and
- (ii) The balance of the lease amount shall be paid in equal monthly installments within a period of nine months commencing on the 1<sup>st</sup> April of every year, on or before the date specified in the lease deed;

(d) where the period of lease exceeds one year-

- (i) The lessee shall, within one week from the date of confirmation of the lease in his favour deposit, a sum which together with the security referred to in clause (b) would be make up an amount equal to three installments of the lease amount. This sum shall ordinarily be adjusted towards the last three installments of the lease amount overdue from the lessee; and towards the loss, if any, sustained by resale or departmental management and
- (ii) The balance of the lease amount shall be paid in equal monthly installments so as to pay it fully within such date as the authority competent to approve the lease may determine;

Provided that the date so fixed shall be such that there will be a gap of at least three months between the date of expiry of the period of lease and the date fixed for full payment;

(e) the lease deed shall ordinarily be executed and registered within fifteen days of the date of the confirmation of the lease by the authority competent under sub-rule(2) and no person shall be allowed to exercise his rights as a lessee until he has executed the lease deed;