

MBA = SEM-III

FC02/UNIT-1(IV)

Date of class: 18/08/20 TIME 11 AM to 12

TOPIC: Assessment of Local authorities

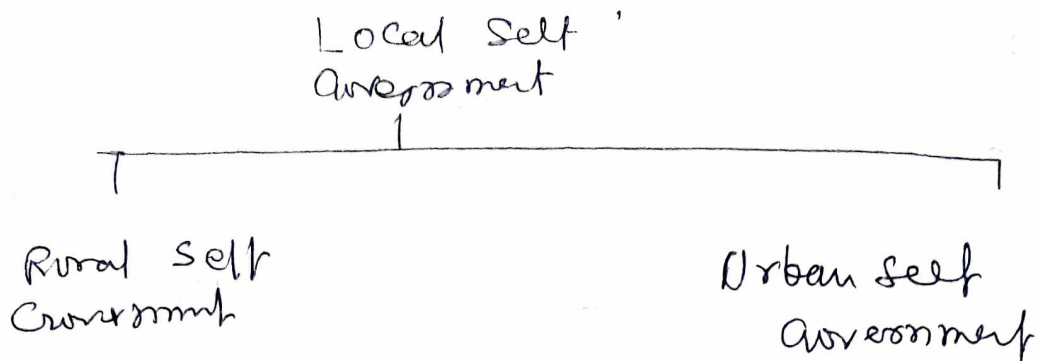
## ASSESSMENT OF LOCAL AUTHORITIES

A local government is a form of public administration which, in a majority of contexts, exists as the lowest tier of administration within a given state. The term is used to contrast with offices at state level, which are referred to as the central government, national government or federal government and also to supranational government which deal with governing institutions between states.

Local government generally act within powers delegated to them by legislation ~~governs~~ or directives of the higher level of government. In federalism, local authority generally comprises the third tier of government, whereas in unitary states, local government usually occupies the 2nd & 3rd tier of government, often with greater than higher level administrative decisions.

In India, local authority is placed in 3rd paydan otherwise, the Institute of LG (Local Government) vary greatly between countries, and even where similar arrangement exist, the terminology often varies. Common designated names for LG entities include state, province, region, canton, department ~~county~~, county, borough, parish, municipality, shire, village, ward, local service district and LG area.

(2)



### 1.1 TYPE OF SELF GOVT.

Three tier of government

CENTRAL

↓

STATE

↓

LOCAL

### 1.2 SPHERE OF GOVT.

## FEATURES

There are certain characteristics on which the system of local govt/authority is based. Some of its important characteristics are:

- 1) Local area: Local government unit, as far as its jurisdiction is concerned, has a well defined area which is fixed by the concerned state govt. This area can be termed as city, a town or a village.
- 2) Local authority: The administration of a particular locality is run by an authority or by a body of persons who are elected directly by the people residing in the particular area.

(3)

The authority which includes the elected representatives of the people for management of local affairs within area.

3) Civic Amenities for local habitants:

The primary objective of local authority is to provide certain civic amenities to the people at their door steps. The provision of these civic amenities ensures the healthy living of local community.

4) Local autonomy, it means ~~what~~ ~~which~~ ~~are~~ ~~created~~ the people freedom of the local authority to decide and act in the sphere of activities and functions allotted to them by the statutes under which they are created.

5) Local Accountability: LG units which are created to ~~people~~ provide civic amenities to the people are accountable to the local people. The people of a local area keep a watch on local authorities to ensure effective performance of their act.

6) Local finance: In order to perform its functions effectively, it is necessary that every LA is provided with adequate finance. The services provided to local inhabitants are largely financed out of finance raised locally. The local inhabitants are required to pay tax imposed by the concerned local authority. The Central Govt and State Govt also ~~render~~ ~~and~~ render them financial aid through a grants-in-aid and permission to raise loan to enable them to perform the tasks assigned to them.

(4)

- 7) Local participation : The success & failure of development of plan ~~upon~~ depends upon the active participation of local people for whom these plans are made.
- 8) Local leadership : The people who under the purview of local government, especially those living in rural area, are generally inexperienced and unaware about the functioning of local bodies, strong leadership therefore, need to be provided to those people, this leadership is provided to the people from the local area in the shape of elected representatives and last
- 9) Local development : LG is concerned with the overall development of the people living within its area. Every activity of local government is aimed at local development.

These practice of local authority embraces a number of concepts viz, Delegation, Devolution, Decentralisation and Decentralisation.

- Delegation — Transfer of power to lower level
- Devolution — Creation of new environment after transfer of power or assign the duty
- Decentralisation — Easiness in work & responsibility and accountability
- Decentralisation — Democratic participation

TOPIC Assessment of  
Local authorities

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FC02 / UNIT-1 (iv) / MBA - SEM III

Local authorities are responsible for the provision of an extensive range of public services in your area. In addition, local authorities promote the interests of your local community, including the social, economic, environmental, recreational, cultural, ~~community~~ or general development of your area. Something is called local government e.g. Patna municipal corporation - PMC. It is just like a 3 tier government, [ward councillor, Mayor, MLA]

The purpose of local government is to provide an organized system where councils exercise their power and responsibilities to work together for peace, order and good governance of their municipal districts. — Central & state laws exist to provide protection for citizens.

REVENUE

A local authority's revenue come from property, sales, and other taxes, charges and fees, and transfers from federal & state governments, • ~~Transfers~~

(6)

The municipal corporation imposes certain taxes on the owner or occupier of house property in order to meet the cost of maintaining area, town or city. Such taxes are generally charges as a percentage of the municipal value of the house property as determined by local authorities.

According to an 2001 census of India 3723 ULBs in the country is classified into 4 major categories

1. NAGAR NIGAM
2. NAGAR PARISHAD
3. NAGAR COMMITTEE
4. NOTIFIED AREA COMMITTEE

1, 2 are fully representative bodies. while 3 & 4 fully or partially nominated body.

> Normal tax rate applicable to local authorities (2019-20)

Local Authorities are Taxable at the rate of 30%.

(6)

(16)

③

Surcharge is 12% of tax if Net Income exceeds Rs 1 crore

HEC — @ 4%. Added on tax and surcharge.

### AMT Applied

Alternative Minimum tax

Tax payable by authority cannot be less than 18.5% [ $+ SC + HEC$ ] of "adjusted total income" as per

Section 115JC

Problem:

Patra municipal authority received for the year ending 2019-2020. The following income are

- Receipt from Land Revenue — 2 crore
- Receipt from House tax — 4 crore
- Water tax — 3 crore.

Find the total income & tax liability

Total Income ————— 9 Crore

Tax on @ 30%

270,000,00

+ 12% Surcharge

3240000

$$\begin{aligned} \text{Total tax including 12\% surcharge} \\ 2,70,00,000 + 32,40,000, \\ = 3,02,40,000 \end{aligned}$$

$$\begin{aligned} + 4\% \text{ HEC } 3,02,40,000 \times 4/100 \\ = 12,09,600, \end{aligned}$$

$$\begin{aligned} \text{Total tax liability} &= 3,02,40,000 + 12,09,600 \\ &= \underline{\underline{3,14,49,600}} \end{aligned}$$