

PROPERTY TAX

The new Unit Area system of assessing Property Tax introduced by the Delhi Municipal Corporation has evoked strong responses from the people. Interestingly, at least those that get reported in the media, the reactions have been uniformly critical. And as was expected in the charged political atmosphere, it quickly became an election issue with several Resident Welfare Associations announcing their intentions to vote against the party responsible for bringing in the new system. The new system has been criticized as being one that will put unfair burden on a variety of people, has been called unjust and what have you. These reactions, in my opinion, are not terribly objective. Let me recount my own tryst with Property Tax.

Several years ago, my wife was one of the lucky ones to get a DDA MIG flat allotted to her. After an exasperating 3 months combating what must come close to being the most corrupt bureaucracy in the world, we did manage to get the possession of the flat from DDA. But that was not the end- bijli, paani and finally another gargantuan bureaucracy, the MCD was to be handled. So off I went with all my papers to get the Property Tax assessed for the flat.

The clerk in question was extremely polite and nice. After going through the papers, he suggested that though the actual tax would be high, he could help me by lowering it. When I expressed my inability to pay him anything, he was astonishingly nice about it! In fact he called his colleagues over and started telling them, with more than a hint of sarcasm no doubt, that this is how citizens should behave! The net result was that I started paying Rs. 11,500 per annum as tax.

While this exchange was going on, another gentleman came and promptly got his assessment order for Rs. 700. Imagine my surprise when I found out that the property in question was a palatial bungalow, built on 1.5 acres of land at Rajpur Road! The owner, the clerk and the Assessing Authority were all satisfied with this no doubt. Our 900 sq. feet dismal DDA flat merited a tax that is almost 15 times that of the huge bungalow! And this is how things stood till the new system.

Under the new system, people like me have been huge gainers. A friend, who built a house in South Delhi and was paying Rs. 65000 as tax has now all of a sudden got the tax reduced to Rs. 25000! And the fall is even greater in my case- my new tax is just over Rs. 2000! So obviously people like us have been huge beneficiaries of the new system.

Who has lost out? Obviously, people like the gentleman from Rajpur Road and people like my friend's neighbors who had got their properties grossly undervalued. Their taxes should have gone up several times, now that the value of the property is not the deciding factor but rather the area and the location is. But, even in these cases, bowing to populist pressures, the government has put in a ceiling of the two and a half times the tax paid in the old system. So in the balance, it seems to me that the government might end up losing money compared to the older system since there is a ceiling on the increase while nothing similar on the decrease in the tax.

Is the new system just and equitable? To me it seems that it is so: instead of putting in the power to assess in the hands of the clerk or the inspector, the new system seems transparent. There are of course all kinds of sops for women owners, senior citizens, small plot owners etc. But these are understandable in the populist (democratic) system such as ours. On the whole, the new system leaves little room for manipulation of the kind that the clerk was suggesting I undertake. Maybe I am underestimating the intellect of the bureaucracy and the clerk (and his superiors) might yet come up with a stratagem to undermine the new system! But on the face of it, things seem far more transparent, equitable and objective.

Of course, there is an inbuilt arbitrariness in the assignment of the areas and their tax rate. But given the size of the city, the huge variety of properties and the enormous range of "market" prices, this is understandable. Maybe, the administration should announce a review of the rates every 5 years to take into account new additions and modifications of the status of the areas. But be that as it may, the fact that if my property is worth 10 times more than another person's, I should pay roughly ten times as much tax, seems to me to be eminently equitable and just.

The administration also needs to be congratulated for its efforts to advertise the new system. The website gives all the information, in Hindi and English and is extremely well made- informative and functional, without any glitz and glamour. Sadly, the same however, cannot be said of the people. On a visit to the MCD office to clarify something, the clerks were totally unhelpful and curt, if not downright rude! Maybe they are busy trying to find ways of subverting the new system that has obviously made their jobs far less lucrative than before!