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Civic body aims to plug revenue leaks

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In a bid to end cartels stymieing Corporation's efforts to lease its assets for a higher amount, the civic body's Finance and Taxation Committee has decided to initiate a couple of measures.

The first of these is increasing the margin for the assets that are placed for re-tender. Deputy Commissioner S. Sivarasu said that for the first re-tender the civic body would increase the margin by 10 per cent, another 10 per cent for the second re-tender and by 20 per cent for the third re-tender.

At the end of the third re-tender the margin would have increased by 40 per cent, deterring cartels. At present, the cartels, to thwart the lease of the assets being awarded to persons outside their group, quote five per cent more than the highest bid to force the civic body to re-tender the same. They keep doing the same so that the members of the cartel continue to retain the assets. The committee led by Chairman R. Prabhakaran approved of the move to increase the margin and place the same before the Council for approval. "The aim is to increase Corporation's revenue," he said.

Mr. Sivarasu complemented him saying that the civic body hoped to increase its revenue from non-tax sources, which mainly involved income from lease, from Rs. 15 crore to Rs. 30 crore.

The second of the measures is preparing a list of assets that are ready for tender after completion of nine years. He said that for assets that had completed nine years, the Corporation was of the view that it was prudent not to extend the lease for another three years for the same leasee by hiking the lease amount by five per cent but float fresh tenders for the same by assessing the market price. Citing an example, he said that an asset that was leased at Rs. 1,000 nine years ago, if extended, would now fetch only around Rs. 1,400. If the same was leased afresh based on market price, it would get fetch around Rs. 5,000 or Rs. 6,000 depending on the location. This would also prevent the asset being sub-let for a higher cost, the Deputy Commissioner said and added that the market price would be based on the Public Works Department's Schedule of Rates.

The Finance Committee then passed a few resolutions regarding fixing lease price for its assets, held over a few subjects to take a price review and decided to refer a few subjects to the Council.

Written by Administrator

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