

Topic: Conversion Of A Municipal Council To A Corporation

Name of the Case: Municipal Board, Hapur v. Jassi Singh, AIR 1997 SC 2689

Bench: Justice K. Ramasamy and Justice Faizan Uddin

Issue: Whether the municipality has power to levy the fee/taxes?

Judgment: Article 243-W authorises the State Legislature to confer such powers and authority as may be necessary to enable the municipalities to function as institutions of self-government. The municipalities may be authorised to prepare plans for economic development and social justice. Under Article 243 - X, the State Legislature may by law authorise a municipalities "to levy, collect and appropriate such taxes, duties, tolls and fees" as may be specified in law. This provision makes it clear that even under the new scheme, municipalities have not been assigned any independent powers of taxation. The concerned state legislature has to pass a law to confer taxing powers on the municipalities.

Under Article 240-Y, the State Government is to appoint a financial commission to review the financial position of municipalities and make suitable recommendations to strengthen municipal finance. The commission may recommend distribution of taxing power between the state and the municipalities, giving of grant-in-aid by the state to the municipalities, and other measures needed to improve the financial position of municipalities.
