

TRUE EXTRACT OF THE BOARD MEETING OF THE CANTONMENT BOARD, SECUNDERABAD HELD AT THE CONFERENCE HALL, OFFICE OF THE DEFENCE ESTATES OFFICER, TELANGANA & A.P.CIRCLE, SECUNDERABAD ON 'FRIDAY' THE 07th DAY OF JULY, 2017 AT 1100 HOURS.

THE FOLLOWING WERE PRESENT:

1. Brig. M.D. Upadhyay, President Cantonment Board
2. Shri. S.V.R. Chandra Sekhar, Chief Executive Officer & Member Secretary
3. Shri J Rama Krishna, Vice-President, Cantonment Board
4. Brig. K. Satyanand, SM, SEMO
5. Col. Atul Rajput, SM, Nominated Member
6. Col. Nigel P Hanvey, Nominated Member
7. Lt. Col. Alip Kumar Roy, GE [South]
8. Col. P P Singh, Nominated Member
9. Shri S Keshava Reddy, Elected Member Ward II
10. Smt. B Anitha, Elected Member Ward III
11. Kum. P Nalini Kiran, Elected Member Ward IV
12. Shri K Pandu Rangam Yadav, Elected Member Ward VI
13. Smt. P Bhagya Sree, Elected Member Ward VII
14. Shri J Lokanatham, Elected Member Ward VIII

THE FOLLOWING WERE NOT PRESENT:

1. DRO (Rep of DM)
2. Shri J Maheshwar Reddy, Elected Member Ward I

SPECIAL INVITEES:

- Shri Ch. Malla Reddy, Hon'ble Member of Parliament, has not attended the meeting.
- Shri G. Sayanna, Hon'ble MLA, has attended the meeting.

At the outset, the CEO, Vice President and members welcomed Brig. M.D. Upadhyay on becoming the President of the Cantonment Board. The PCB took the Oath on becoming the Member of the Board.

Impact of Central Goods and Services Tax (CGST) Act, 2017 on collection of Octroi and Toll tax in Secunderabad Cantonment.

[01] To consider the issue of impact of enactment and implementation of Central Goods & Services Act (CGST) Act 2017 subsequent to the enactment of the Constitution (one hundred and first Amendment) Act, 2016 on collection of Octroi and Toll Tax in Secunderabad Cantonment. The CGST Act was published in Gazette of India Part II on 12th April 2017.

Secunderabad Cantonment Board, in exercise of powers conferred under Section 60 of Cantonments Act 1924 (Now Section 66 of Cantonments Act 2006) with the previous sanction of the Central Government imposed Octroi Tax on certain articles at the time of entry into the limits of Secunderabad Cantonment for the purposes of consumption, use and sale therein as per the rates fixed on each such article from time to time, initially notified vide SRO No 323 dated 13th Sep 1957 and subsequently vide SRO No. 80 dated 19th Feb 1974. Similarly, with the previous sanction of the Central Government, the Board also imposed a Toll Tax locally known as Barbardari toll notified vide SRO No 315 dated 15th September 1956. Ever since, the Board has been collecting Octroi & Toll tax at designated check posts.

Govt of India has introduced Central Goods & Services Tax and notified the 101st Constitutional amendment which resulted in omitting of entry 52 pertaining to collection of Octroi tax from the State List in the Seventh Schedule of Indian Constitution. Consequently, the Board loses its power to impose the Octroi Tax. Therefore, with the implementation of CGST w.e.f 01.07.2017, the collection of Octroi had to be discontinued and therefore the Collection of Octroi was directed to be stopped w.e.f. 01.07.2017. Collection of Toll tax has also been kept on hold w.e.f 01.07.2017 to avoid legal complications and for legal opinion regarding the continuation of collection of Toll tax. The SROs along with all other connected documents are placed before the Board for taking a decision on the matter.

Resolution:- The CEO apprised the Board on the developments with reference to enactment of Constitution (one hundred and first Amendment)

Act 2016, Central Goods Services Act 2017 and other allied acts and their implication on the collection of Octroi and Toll tax in Secunderabad Cantonment as stated on the agenda side. The Board was informed about the instructions from the higher authorities for discontinuation/keeping on hold collection of Octroi and Toll tax w.e.f 1st July 2017. The CEO has also placed before the Board the details of the Contracts entered into, for collection of Octroi and Toll Tax and the legal opinion obtained in this regard. The Board noted and approved the action of the Chief Executive Officer. The Board discussed the matter in detail especially the legal and financial implications arising from discontinuation of the Octroi and Toll taxes. The legal opinion given by the Senior Advocate was also discussed in detail.

Shri S Keshava Reddy, Elected Member, stated that Octroi and Toll Tax are a major source of revenue to Secunderabad Cantonment Board amounting to nearly 9.5 Crores per annum as per the prevailing contracts. He argued that the collection of toll is not on goods but on vehicles. He opined that it does not attract the provisions of GST and should be continued. He expressed his concern that if Octroi and Toll tax are not levied it will be a major financial crisis for the Board especially considering the fact that the expenses of the Board have increased manifold. He expressed the hope that in the event of abolition of these taxes adequate compensation will be given to the Cantonment Board. Shri J Rama Krishna, Vice President, stated that though at present the Cantonment Board is self-sufficient, with the loss of revenue due to stoppage of Octroi and Toll Tax, the Board is in real danger of becoming dependant on the Central Govt. for grants especially considering the erratic allotment of service charges due to the Board. He opined that the toll tax should be continued and in case the Government decides that the said taxes cannot be collected, then SCB should be given adequate compensation. All the other Elected Members Smt. B Anitha, Kum. Nalini Kiran, Shri K PanduRangam Yadav, Smt.P BhagyaSree and Shri J Lokanatham, concurred with the views expressed by Shri J Rama Krishna, Vice President and Shri S Keshava Reddy, Elected Member that with the permission of the higher authorities, toll tax should be continued to be imposed.

The President Cantonment Board stated that since there was a certain degree of ambiguity, clarification is required for continuation of imposition/collection of these taxes and hence it is necessary to forward the recommendations of the Board to the competent authority for their consideration and directions on the issue. The PCB also requested all the members to give suggestions how the revenue loss can be minimised while also complying with the law and directions of the higher authorities. The PCB requested the members to consider the related legislations and rules which were explained by the CEO in detail with the aid of projector.

During detailed deliberation on the issue of abolition of Octroi, all the members raised a serious concern on the issue of compensation to the Board as loss of this major local source of revenue will derail the Board financially. CEO informed the Board that the matter regarding payment of compensation will be taken up with the Government through proper channel. The CEO also apprised the Board that as per CGST Act 2017, Cantonment Board has also been included in the definition of local bodies as per Section 2 (69) of the Act. CEO further informed that the revenue of the State Government and the local bodies therein shall be taken into consideration for calculation of compensation on account of subsuming of various taxes in GST as per the Goods and Services Tax (Compensation to States) Act 2017. While appreciating the fact that in view of the Constitution (one hundred and first Amendment) Act 2016, the Board has to stop collection of Octroi tax leviable on articles at the time of entry into the limits of Secunderabad Cantonment for the purposes of consumption, use and sale in Secunderabad Cantonment, the Board also expressed the opinion that if there is any provision in the Constitution (one hundred and first Amendment) Act 2016 permitting or allowing imposition of Octroi the same may be recommended to be allowed by the Government considering the precarious financial position of the Board.

As regards the imposition of Toll tax, detailed discussion took place after which the Board was of the opinion that Toll Tax does not appear to have been subsumed in the CGST as also opined by the Senior Advocate.

The Board notes that the provisions of Constitution (one hundred and first Amendment) Act 2016 do not affect the collection of toll tax as the collection of toll tax is under Entry No 59 of the State list in Seventh Schedule of the Indian Constitution which has not been omitted and therefore Toll Tax can be recommended to be continued. The Board recommends that in view of the requirement of guidelines of the Government to alleviate the ambiguities, the matter regarding continuation of collection of Octroi should be referred to higher authorities for endorsing the possibility of continuation of collection of Octroi tax till one year from the date of commencement of the Constitution (one hundred and first Amendment) Act 2016 and continued imposition and collection of Toll tax.

The Board accordingly resolved to refer the issues to higher authorities seeking expeditious instructions on the above and further resolved that in case the termination of Octroi and Toll Tax contracts becomes imminent either due to non receipt of instructions before the expiry of the contract or disapproval of proposed continuation of taxes, the CEO is authorised to take action for completing the formalities for termination of contracts as per terms of the contracts and for return of proportionate amount of money after taking into account the receipt of all instalments and payments due from the contractors. The CEO may also take any action required in pursuance of all or any of the provisions of the Constitution (one hundred and first Amendment) Act 2016, Central Goods and Services Act 2017 and other allied acts notified in this connection. Chief Executive Officer is also authorised to incur expenditure towards hiring or utilising the services of Chartered Accountant/legal practitioners.

With the permission of the Chair, the following issues were also discussed:

[02] The elected members raised the issue of delays in acceptance of Trade license fees even after approval of Trade license in the Board for want of inspection by the Rep. of SEMO which is often delayed. They stated that the first time applicants/ businessmen are suffering and losing their business because of these avoidable delays. The Elected members requested that

immediately after the recommendation of the Health Section of the Cantonment Board and subsequent approval of the Board, Trade License should be immediately issued without any further reference to SEMO as the Health Department of the Cantonment Board is competent to inspect and give report on the issue of trade license. The Hon'ble MLA Shri. G. Sayanna also expressed concern about the delays experienced by public in obtaining trade license in Cantonment area and stated that the process in the adjoining Municipal Corporation is simple and quick. After due deliberation, the Board resolves that payment towards trade license fee from a first time applicant should be provisionally accepted after the approval of the Cantonment Board. This will however be subject to final recommendation of the Rep. of SEMO. Trade License will be issued only after the inspection and satisfaction report of the Rep. of SEMO. The PCB also requested the SEMO to take necessary steps so that the inspection is expedited and no one suffers on this account. SEMO agreed to take further action in this regard.

[03] Hon'ble MLA Shri. G. Sayanna informed that the State Government of Telangana has agreed to implement their "Annapurna" Scheme in Cantonment area wherein meals are provided for the poor at subsidized rate of Rs. 5/- each. The MLA informed that the cost will be borne by the State Government and the Board is simply required to allow setting up of temporary kiosks at five locations in the Cantonment Area. The Board welcomed the proposal and resolves that the CEO may take further action in this regard.

[04] The Vice President submitted to the PCB alleging that the proceedings of the Board Meeting held on 13.06.2017 were altered in some cases while recording the proceedings and that actual deliberations and decisions were not recorded. The PCB pointed out that no specific instance has been cited and that the proceedings are prepared and signed by the President Cantonment Board as well as the Chief Executive Officer. To this, the Vice President mentioned that while discussing agenda item no. 33 of the Board meeting held on 13.06.2017, it was suggested that a Committee should be constituted with the Elected Member from Ward No. 8 as Chairman and SEMO and another Officer nominated by the SEMO as members to

recommend on the improvements needed in the hospital whereas in the proceedings it was recorded that SEMO would be the chairman of the Committee. The CEO mentioned that during the deliberations, various suggestions were made including making the Vice President as chairman of such committee and the Presiding Officer after considering all the suggestions gave a ruling that SEMO would head the committee as it was felt that the job requires good knowledge of hospital administration and this was recorded as such in the proceedings. It is therefore wrong to allege that the proceedings were incorrectly recorded.

The PCB informed the Board that the SEMO is the senior most Medical Officer in the station and looks after the Cantonment General Hospital and the Health & Sanitation of the entire Cantonment. Such being the case it is in the propriety of things that he should be the Chairman of any committee that would discuss any improvements to the Hospital as he is the most qualified for the purpose. The PCB however assured the members that he will reconsider the matter and issue directions for constitution of the committee after taking into account the concerns expressed by the Vice President and the Elected Member of Ward 8. The members welcomed the suggestion of the President Cantonment Board who assured that he will constitute the committee at the earliest.

[05] Elected Members Smt. B. Anitha and Kum. Nalini Kiran raised the issue of shortage in water supply due to short supply by HMWS&SB. The PCB directed that the office should liaise with HMWS&SB for restoration of full supply.

Sd/-
[S.V.R. CHANDRA SEKHAR]
CHIEF EXECUTIVE OFFICER
& MEMBER SECRETARY

Sd/-
[BRIG. M.D. UPADHYAY]
PRESIDENT
CANTONMENT BOARD

// TRUE EXTRACT //
Sd/-
OFFICE SUPERINTENDENT
OFFICE OF THE CANTONMENT BOARD
SECUNDERABAD
-o0o-