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City of Bombay.

**Municipal Retrenchment
and Reform.**

FINAL REPORT

BY THE

RETRENCHMENT ADVISER.

BOMBAY :
PRINTED AT THE INDIAN DAILY MAIL PRESS
1925.

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BOMBAY.
FEBRUARY, 1925.

PREFATORY NOTE

This compilation contains the specific proposals for retrenchment and control of loan works expenditure, submitted by the Retrenchment Adviser with the help of the Officers associated with him, during the six months ending 31st January 1925. It also includes certain schemes of reform developed simultaneously. It will be seen that the greater part of the work outlined in the original programme (approved in Corporation Resolution No. 4042 dated 17th July 1924) which the Retrenchment Enquiry Staff was in a position to handle, has been completed.

As time and establishment did not permit of his preparing any more detailed schemes the Retrenchment Adviser has endeavoured to submit, as a result of his local studies, a general review of the wants of the City and its administration in their true perspective in the hope that it may be of some value to the Corporation prosecuting the further investigations necessary.

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Retrenchment Committee.

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MR. N. D. MEHTA, B.A., (District Deputy Collector, Northern
Division, Bombay Presidency).

Secretary :—

MR. T. H. BIRD, Chartered Secretary, (Test Audit Officer, Bom-
bay Municipality).

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City of Bombay.

MUNICIPAL RETRENCHMENT & REFORM.

CHAPTER I.

Introductory.

The origin of the present Retrenchment Enquiry is fully explained in the Preliminary Report on Municipal Retrenchment and Reform submitted to the Corporation in June 1924.

Origin of the Enquiry.

A few salient points may be recapitulated here in that connection. In the boom period immediately following the war, the commercial prospects of the City, for a time, appeared particularly rosy, property values rose high and the Municipal revenues showed a sudden expansion. It was at such a time that the Corporation started large schemes of development and expansion, and sanctioned funds and establishment on a liberal scale for the execution of the schemes. But when the tide turned and trade depression set in about the years 1922 and 1923, when it was seen that the Municipal income was falling, while the expenditure continued to increase, the thoughts of the Corporation turned towards retrenchment and reform. It was about this time that an organized attempt was being made to effect savings in the national expenditure of Great Britain. The Government of India subjected their own departments to the retrenchment axe of the Lord Inchcape Committee. Several Provincial Governments adopted similar measures. The Bombay Municipal Corporation also followed their example and appointed a Retrenchment Committee, which invited the present writer to assist them in the practical work of retrenchment. The Municipal Commissioner, in a letter which he addressed me on 28th January, 1924, said :

“ The Corporation have decided to investigate the system of administration now in force throughout the various departments of the Corporation and to suggest possible means of securing greater efficiency and economy.....Our Engineering Departments are particularly large and your qualifications in that direction would render your advice.....valuable. How far

there is scope for retrenchment in higher branches is questionable but I have no doubt that various means could be devised by economies in certain directions."

2. After discussions in the Retrenchment Committee, it was agreed that I should make a preliminary study of the affairs of the Corporation and submit concrete proposals to indicate the lines of enquiry for the consideration of the Committee. A report was submitted on the 25th June, 1924, and on the 17th July following, the Corporation approved, practically in their entirety, the programme of retrenchment and reform outlined for adoption. These measures are enumerated in statement form in Appendix I.

3. The chief problems before the Retrenchment Committee were how to reduce the overgrown Municipal expenditure and what limitations to place on the rapidly growing Municipal debt. An analysis of the budget for 1924-25 showed that, while the total revenue expenditure was Rs. 310.92 lakhs, the loan charges debited to revenue, including the contribution to the City Improvement Trust, amounted to Rs. 132.83 lakhs. The departments in which any appreciable savings were possible were considered separately and their total expenditure was found to be only Rs. 134.54 lakhs. For reasons given in my Preliminary Report, few of the remaining departments could be subjected to retrenchment, at least in the first stage of the enquiry, without very close scrutiny of its effects on the efficiency of those departments. Of the sum of Rs. 134.54 lakhs just mentioned, in which savings were considered possible, Rs. 62.02 lakhs represented the outlay in the Engineering Departments. This outlay has grown to the present dimensions from less than Rs. 30 lakhs in 1913-14, i. e., 11 years previously. Another large item was Rs. 51.78 lakhs in the Health Department which 11 years before was spending less than Rs. 23 lakhs. It is in such overgrown departments that the retrenchments have been effected. I had estimated (*vide* paragraph 24 of the Preliminary Report) that a saving of Rs. 12 to Rs. 15 lakhs might be possible on a total outlay of Rs. 134.54 lakhs, or roughly 10 per cent. So far, savings to the extent of Rs. 11.23 lakhs or about 8 per cent have been effected, and proposals for further savings are under way. This work will be continued by the present Retrenchment Staff.

4. The expenditure on capital works in recent years has been very rapid. Till 1920-21 the yearly capital outlay on new works in no year exceeded Rs. 75 lakhs. In subsequent years it has grown as under :—

Loans and Loan Charges.

	Rs. Crores.
1921-22	.. 0.75
1922-23	.. 2.29
1923-24	.. 3.20
1924-25 (Budget).	.. 3.59

The loan charges proper, which in 1919-20 amounted to Rs. 43.44 lakhs, rose to Rs. 110.23 lakhs in 1924-25, an increase of 155 per cent. The question of limiting the Capital expenditure in future is dealt with in a special report which is reproduced as Chapter XI in Part II of this compilation. The Retrenchment Advisory Committee have approved of one of the alternative schemes put forward, together with the subsidiary rules and principles enunciated for regulating the loan works expenditure in future.

If business conditions remain steady and the Corporation adhere to the programme and procedure recommended, the future loan works expenditure will be brought under stricter control and the financial position rendered safe.

5. Turning to the question of reforms it may be remarked at the outset that with the increase of population and growth of revenue, and the altered conditions of City life, reasonable changes in the methods of administration are necessary. To this end two essential reforms have been recommended, namely,

- (1) The decentralization of functions and allocation of some specific duties to heads of departments or groups of departments and (2) the appointment of Executive Committees on the English model to control the details of departmental administration in conjunction with the departmental heads.

It is suggested that Government be moved to take early action in the matter of the statutory sanction needed to the proposals which are explained in detail in Chapter IX.

At present the Municipal Corporation on the one side and the departments of the Municipality on the other, work in separate watertight compartments. Their points of view are often not the same and the City's business suffers on this account. It would do much good if, as in English City Corporations, the Councillors and the Municipal Executive are brought into direct contact with one another and with the day-to-day problems and functions of Municipal Government.

6. Another important proposal submitted is a scheme of re-organization for the Engineering Departments reproduced in Chapter X which has received the approval of the Retrenchment Advisory Committee. These departments were investigated and reported upon because the Municipal Commissioner had specially drawn my attention to them and also because they are the largest spending departments. Including loan charges, the Engineering Departments are in a manner responsible for nearly 60 per cent of the yearly expenditure. The total outlay in these departments will be a great deal more if the capital expenditure is also taken into account.

7. A perusal of the programme of work sanctioned by the Corporation (Appendix I) will show that, out of the amount of work the Retrenchment staff was in a position to handle, more than three-fourths is completed. Some items on the programme have been taken up by the Municipal Commissioner, and some heavy items, such as the preparation of lists of Municipal properties, departmental codes and manuals, Municipal Year Book, etc., will perhaps require the employment of a special staff to complete them. As was remarked by me in a letter to the Municipal Commissioner on the 6th November, 1924, to give full effect to a programme of this character is a task not of months but of years, depending on the strength of the official staff employed and the extent of co-operation which the Municipal officers may be able to give in the midst of their exacting duties.

8. As the six months during which I had agreed to look after this work are now over I am submitting this final report—final so far as it relates to my work in the Municipality—in which I have endeavoured to recapitulate what has been done up to the present, how much more yet remains to be done and what further

measures are necessary to promote efficiency in municipal administration and the orderly growth of the City.

Perhaps to remove any misapprehension, it may be mentioned here that when I took up this engagement for six months, my understanding with the Municipal Authorities was that the principal work to be done was retrenchment, that my whole time was not available, but that I could give about ten days in a month exclusively to Municipal work. Owing to the novel character of the work that had to be done and the inadequate staff, I have had to devote much more of my time than I either intended or promised.

9. I am indebted to Mr. V. J. Patel, M.L.A. President of the Corporation and the Members of the Retrenchment Advisory Committee for their various constructive suggestions and the patient hearing they gave to the proposals placed before them.

My special acknowledgments are due to Mr. H. B. Clayton, C.I.E., the Municipal Commissioner, for the practical help received from him in many ways. He materially lightened the labours of the Retrenchment Officers and myself by his uniform courtesy and geniality in settling, in a reasonable spirit, many disagreeable items of Municipal retrenchment.

I also wish to thank the Heads of the Municipal Departments for their co-operation, more particularly Mr. J. W. Mackison, C.I.E., the Special Engineer, Mr. R. P. Masani, M.A., the late Deputy Commissioner, Mr. T. K. Roddan, the Executive Engineer, and Mr. M. R. Tambe, the Chief Accountant.

Mr. N. D. Mehta, the Retrenchment Officer, joined the staff late, but he got on rapidly with his work, being a clear headed worker with a rare capacity to grasp quickly the essentials of a question.

Mr. T. H. Bird, the Secretary, has borne the brunt of the work and I desire to record my high appreciation of his services in this connection. His close knowledge of the Municipal Departments as Test Audit Officer and his past experience of the account work of English Municipalities were of great value. He has shown special ability and devotion and rendered very valuable assistance throughout the investigations.

PART I



LINES OF FUTURE DEVELOPMENT



CHAPTER II.

THE NEW MOVEMENT—A MUNICIPAL RESEARCH BUREAU FOR BOMBAY CITY.

10. In recent years there has grown up, principally in America and Canada, a new movement which provides for a periodical or continuous survey of City affairs and administrations. One form of Civic Survey is that conducted by an expert in city administration who studies the conditions and requirements of a city, analyses its deficiencies, and suggests how wants might be met, and improvements and developments undertaken. Another form of survey is that conducted by civic agencies or associations which carry on continuous investigation into a city's affairs and constantly or periodically offer suggestions and proposals leading to improvement and reform. The object of both forms is to maintain a high standard of efficiency and purity, and a correct sense of proportion in the expenditure and activities of the city administration.

In England, discussions for advancing municipal and social problems are constantly going on and Government Departments maintain officials whose duty it is to aid and advise local authorities. The various classes of municipal authorities combine in the form of national associations and by means of literature and conferences strive to keep their several problems to the forefront. The views of these authorities find expression in Parliament whenever any legislation concerning their activities is moved. Until similar agencies and measures come into existence in Bombay, it is necessary for the Municipal Corporation to endeavour to provide their own machinery for dealing with many of the City's problems which press for solution. Every important problem should be kept under discussion and investigation and as many minds as possible brought to bear on the task.

11. In Western Cities, particularly in the United States of America, two kinds of municipal research agencies have come into existence, one supported by the funds of the city and forming a bureau of municipal administration

Recent Developments.

Two kinds of Municipal Research Agencies.

and another a sort of civic association or institute of municipal research maintained independently of the city authorities. The latter, or what may be termed an external agency, is referred to at a later stage.

12. The recent measures of retrenchment and reform in the City of Bombay are of the nature of a municipal research effort, although a very imperfect one. The prosecution of the measures already sanctioned to a successful conclusion is highly desirable and if further reforms or savings are to be effected, the enquiry should be resolutely pursued. Many American cities have made rapid progress as a result of the labours of such research agencies and it is therefore suggested that the present Retrenchment Enquiry office be transformed into a permanent municipal research bureau for Bombay City, the new bureau working in alliance with, but independent of, the Municipal Executive.

The staff of the Bureau may consist of two officers and two or three picked young officials who have had professional training in municipal finance, administration, etc., with the necessary clerical assistance. The total annual expenditure, including salaries, office expenses and experts' fees may amount to Rs. 40,000 or 50,000. If the Corporation wish to satisfy themselves of the real efficacy of the new Bureau before spending on it, a start may be made with a yearly grant of Rs. 30,000 only. If its business is properly conducted, the expenditure on the Bureau would be repaid many times over by the resulting savings in expenditure and increase of efficiency.

The new Bureau would work in close alliance with the City Planning section of the Engineering Departments, the administrative and account sections of the City administration and in a lesser degree with all forms of municipal endeavour. If any high officials of the Corporation co-operate and work out new proposals in collaboration with the new Research Bureau, they should be encouraged and, whenever possible, rewarded for such services.

13. The Bureau will work for the efficiency of the services, improvement of the revenues, economy of expenditure and reduction of the tax rate.

General Objects and Specific Functions of Bureau.

Stated in detail, the principal functions of a research bureau will be somewhat like the following:—

- (1) Collecting and compiling statistics of City life and City administration ;
 - (2) Collecting for comparison up-to-date information concerning the methods of administration and developments adopted in progressive foreign city administrations like those of Birmingham, Glasgow, Toronto and Tokyo ;
 - (3) Standardizing the practices and methods of administration in the various departments by the preparation of suitable rules, manuals or codes ;
 - (4) Maintaining an up-to-date library of municipal reports and publications issued by the more progressive foreign city administrations ;
 - (5) Study of the Budget and of avenues of retrenchment and reform in municipal administration and services;
 - (6) Preparing and publishing authoritative official information for the use of city officials and citizens ;
 - (7) Stimulating interest in City affairs by spreading among the citizens useful information concerning the same in a succinct and understandable form ; and
 - (8) Assisting the Corporation in the solution of special municipal problems, with the aid of experts as required from time to time.
-

CHAPTER III.

THE CITY'S ECONOMIC NEEDS.

14. There are many questions of interest to the City in connection with its economic welfare which require special attention. Only the more salient among them will be referred to here.

15. The statistics given in para 13 of the Preliminary Report indicate that the average density of population in the Island is 81, and the maximum density as high as 737 per acre. If this great congestion is to be relieved, the present population should be diffused over as large an area as possible. As the low level areas in the northern part of the City require much expense to reclaim before they are rendered fit for building, the most natural expansion of the City will be in the direction of the suburbs.

Housing. The buildings demolished by the City Improvement Trust were of all types, but by reason of the nature of the localities, were mainly occupied by people of the poorer classes. It is stated that the Trust have not erected as many buildings as they have demolished. The new buildings, however, contain more accommodation than the old ones did, though the former are of a better quality and fit for residents of a higher social class. In addition, the Trust are helping to provide plots for all people who wish to build, and a great deal of building work is going on in the areas opened up by them.

The Bombay Development Directorate are concentrating attention on building one-room tenements and by June next they will have brought into existence about 9,000 single room tenements, all within the Island, capable of accommodating more than 45,000 persons. In the suburbs again about 325 acres of land have been laid out for residential purposes, which, when built upon, are expected to accommodate 20,000 persons more. The development work is being done in five places, each of which forms a nucleus for future expansion. Some of these lands can be had for from Rs. 3 to Rs. 6-8-0 per square yard, per plot, varying in size from 700 to

1,000 yards and houses can be built on one-fourth of the plot a cost ranging from Rs. 4,500 to Rs. 10,000 each. In all their suburban areas, the Development Directorate give loans equivalent three-fourths of the cost of the land and half the cost of the build recoverable within five to fifteen years with interest at 6 per cent per annum. If the purchasers of plots do not desire to have advance towards the cost of the building, they have to pay off balance of purchase price of the land at 7 per cent interest with three years by six half yearly instalments.

The progress in house-building, both in the City and the suburbs is on the whole very slow and relief can come only if an extensive programme is adopted and building encouraged by liberal concessions to private builders, co-operative societies, contract etc. The real condition of the housing shortage will be understood only if a proper housing survey is carried out as a preliminary to the preparation of a programme.

16. Closely allied to housing is the question of cheap transit. The configuration of the City, which requires that all the traffic should pass through a bottle neck of its northern outlet, makes rapid transit facilities a paramount necessity. It is understood that the two railway systems are about to provide electric operated lines to serve the suburbs. It is said that when electrification is completed, these railways will have a capacity to carry about three times as much suburban traffic as they do present. The Railway Companies have not yet decided to fix the fares, and, it is understood, are not inclined to do so without some actual experience of electrical working. The project of underground railways suggested by the Special Engineer, Development Works, is not likely to materialise within any reasonable time on account of its heavy cost. The question of overhead railways which will have other disadvantages, has not yet been mooted. The extension of tramways to the suburbs will give some relief but is contingent on the roads being widened first. Some expansion of the tramways system, or the association of a fast motor bus service with it, is necessary to land the passengers reasonably near to the places of business and residence.

Till a solution is found which may be deemed satisfactory, it seems necessary for the Government, the City Corporation and

Railways, each to contribute a share of the cost in order to give relief to the travelling public in the suburbs, especially the poorer and the lower middle classes. A portion of the proceeds of the cotton cess and the town duties might be fittingly set aside to meet this public want. According to published reports, the City of New York is subsidizing the railways which carry its suburban traffic under somewhat similar conditions, but on a vastly more extensive scale, to the extent of about Rs. 3 crores a year.

17. Urban life by its very nature tends to increase the cost of living. Open spaces are crowded out and the transport cost of food stuffs is increased. Housing is a costly item and the town duties add at the rate of about Rs. 2 per head per annum to the cost of food supply. On account of malaria and other unhealthy conditions, the amount spent on medical help also bulks large in the poor man's budget. Living in the suburbs is not less costly. Many of the commodities in demand have to be carried from Bombay, there being no large depots for storing goods in Salsette. The public should be protected against exorbitant prices as far as possible. The Corporation can do something towards solving the problem by assisting in the improvement of transport facilities and increasing the means of distribution through its markets.

The problem of reducing the cost of living is one of great complexity and high prices are the result of economic causes, many of which are beyond the control of individuals or authorities. This subject requires close investigation in order to bring relief, particularly to the poorer classes of inhabitants.

18. Industry, trade and city life go together and if the people are to be enabled to earn more, and the City is to be prosperous, its industrial conditions should be under constant study and undergoing improvement, and when opportunities present themselves new industries should be invited to the neighbourhood. At the present time there should be some agency also brought into existence to study the question of unemployment. It is understood that certain areas on the outskirts of the City, and in the suburbs of Kurla and Trombay, are reserved for industrial purposes and that all large industries will in future be located in the suburb of Amber-

nath, where the Development Directorate are providing reasonable facilities. There is sufficient water supply, and abundant electric power will soon be available. The chief desideratum now is the lack of reasonable facilities for workmen to live under healthy conditions. It is said that Indian labour is expensive because it is inefficient. It is inefficient because it is ill-fed and badly housed.

This question of aids to industries requires special watching and investigation. It may be necessary to provide another new industrial suburb in a northerly direction beyond Bandra. In Western countries, wealth producing activities are specially stimulated by City administrations, by affording all facilities, such as housing for workmen, technical and commercial education, liberal exemption from taxes in the case of new manufacturing plants and in many other ways. Industrial exhibitions are often organized. The establishment of new industries is encouraged on account of the prosperity they bring with them. The Bombay Municipal Corporation are not at present rendering any appreciable help to industries within municipal limits. With industries outside the limits they have no concern whatsoever.

CHAPTER IV.

TRAINING OF THE CITIZENS.

19. The position of elementary education in the Bombay City does not seem satisfactory ; it compares most unfavourably with that of similarly situated cities in the West. The Census of 1921 puts the total number of children of school age at 1,20,000. The latest figures in this connection are not available. In 1923-24 about 62,579 children are reported to have been attending schools primary, middle and private. Roughly speaking, therefore, nearly one half are attending the schools and the other half of the future citizens of Bombay are growing up in ignorance. Free primary education is not yet introduced nor is elementary education made compulsory so far. There is no provision worth mentioning for the lower vocational, industrial, trade and commercial schools, nor for training children in the rudiments of hygiene or elements of community civics. No provision seems to be made for training girls and women in domestic economy or in subjects which would help to brighten home life. Save for the fact that the Corporation annually contribute Rs. 9,200 for the deaf and dumb mutes and for the blind, the education of the physically and mentally weak and defectives is receiving scant encouragement.

There is thus a great leeway to make up. The first need is to enforce compulsion in all the wards of the City as early as possible and to make primary education free throughout the City. The second need is to increase rapidly the number of school buildings under the control of the Municipality and equip them with suitable play grounds and gymnasia. Both from an economic and social point of view, these structures should be put to a wider use. For it has been urged in this connection " that it is folly for a community to erect a costly school building and use it only four or five hours a day, when, with a little added expense, the same could be profitably used for ten or twelve hours." It would be a farsighted policy for the Corporation to reserve sites for new school houses in the areas which are being developed and opened up.

The Education Committee might issue pamphlets to awaken the conscience of the citizens to the grave needs and deficiencies in the department of education.

The education of the mass of the people in the elementary rules of sanitation and public health should be encouraged and every aid given to the unofficial agencies, which are doing good, though perhaps limited, work in this direction.

20. Since Bombay owes much of its prosperity, and the Municipal Corporation the bulk of their revenues, to the presence of flourishing industries in their midst, the Corporation should help industrial enterprises to the best of their opportunities. Adequate provision should be made for the maintenance of technical, commercial, vocational and industrial institutions so necessary for the future commercial prosperity of the City. If the Municipal Corporation depute an official to study and report on the amount of educational activities maintained in cities like Manchester, the information gathered will act as an eye-opener to our citizens. Both the Government and the Corporation might co-operate in meeting in a liberal spirit the clamant educational needs of the City.

21. At present the City's activities are not placed before the public at large in a clear direct form. Civic Training and Civic Associations. The citizens may be said to be the stockholders of the City Corporation and the affairs of the City will be conducted satisfactorily if an enlightened and forceful public opinion stands behind the Executive engaged in the daily work of administration and development. The public have no definite information upon the policies, methods and activities of the municipal administration, except what is derived from unwieldy administrative reports or the day-to-day newspaper reports and comments on the meetings of the Corporation and the Standing Committee.

Education in civic affairs is neglected and there is no active propaganda. In these circumstances, it is idle to hope that sound public opinion can crystallise on matters of current administration or on large municipal problems.

In the early part of the present century it was common to find, in most European and American Cities, what were known as

"Ratepayers Associations." These unofficial bodies, however, rarely produced criticism of a useful character, and where public spirit was strong, they gradually developed into municipal research bureaus, financed by private funds. These bodies have had a phenomenal growth in America where there is now hardly a city of importance that has not got its bureau of municipal research.

There are several unofficial agencies in this City, such as the Municipal Reform Association and the Social Service League, which concern themselves with matters of City Administration. There is also a large body of intelligent citizens who, if their efforts were co-ordinated in a business working organization formed on the lines of an Institute of Municipal Research, would be able to offer valuable advice and suggestions to the governing bodies of the City. There is reason to believe that such an organization would meet with every assistance, not only from the members of the Corporation and other bodies, but from the officials of the City as well.

There may be two classes of associations (1) Central for the whole City and (2) Sectional for wards. Associations may be formed for any object of civic interest and such associations may be known each according to its distinctive sphere of work.

The Corporation may arrange to issue brief reports of their work in a form to be intelligible to the ordinary citizen. The citizens might press their wants on the attention of the Corporation through their associations. The obvious reason why citizens are not better served in regard to their wants is the absence of large-scale co-operation and lack of interest in Municipal Government on their part.

22. The need of an external municipal research agency is referred to in paragraph 2, Chapter II. It should be a purely non-official organization supported entirely by private funds. Being independent of official control, it ought to make a searching investigation of municipal affairs and the City's future development and criticize proposals in a frank and unbiassed manner. If the work is done in the right spirit, it would be materially supplementing the activities of the Internal Municipal Research Bureau.

The main functions of such a Bureau would be:—

- (1) To collect material regarding the City administration and to analyse its reports, etc., for the information of the public.
- (2) To study foreign conditions and see how far they afford lessons to the City,
- (3) To act as an educative force, placing its digested knowledge before the public in a brief and understandable form, and
- (4) To carry on general propaganda work.

It is for the citizens of Bombay to consider whether they cannot start an institute of the kind and endow it, and place it on a permanent footing. Many advanced cities have bureaus of this kind; Boston has one and Tokyo has one. The City of New York, which has been the pioneer in this direction, has a bureau of this sort, and so useful has been the work done by it that various cities in other parts of the world have asked its aid to have their affairs investigated by its experts.

The Calcutta Municipal Corporation have started a journal relating to municipal affairs. Bombay may follow their example.

23. It is understood that the Corporation have provided in the Budget for the next year, a sum of Rs. 25,100 for establishing and maintaining free reading rooms and libraries. There is need for a Central Library which should also be a reference library, if possible, and every ward should have a branch library. The reference section of the Central Library should be as complete as possible and abound in information of value to the citizens in their daily avocations. To meet the City's wants in this respect the Corporation might set apart a reasonable sum every year, appoint a special committee, engage an expert and associate with him two or three local men as assistants till a proper library organization is brought into existence. For raising new buildings, particularly for ward libraries, it may be possible to obtain contributions or bequests from philanthropic citizens.

CHAPTER V.

PUBLIC WORKS, UTILITIES AND RECREATIONS.

24. Of late years the Corporation have made great efforts to bring the roads up to a high standard. Each development project recently undertaken is in reality a separate road project. Roads are being extended rapidly in all parts of the Island, and more of them are being surfaced with asphalt or tar macadam. The extensive use of road mechanical transport has made further improvement of the roads imperative, and that the Corporation realized this is clearly shown by the liberal manner in which, in recent years, they have sanctioned grants for this purpose.

The total revenue and capital expenditure on road maintenance and improvements was :—

In 1913-14 ..Rs.	19.16	lakhs.
„ 1920-21 .. „	31.56	„
„ 1921-22 .. „	40.60	„
„ 1922-23 .. „	59.40	„
„ 1923-24 .. „	49.40	„
and the budget provision made for the current year is ..	81.02	„

There is still much room for improvement. Some efforts seem necessary to provide more cross roads west to east and circular roads round the City, or sections of the City, wherever possible.

It is suggested that the new City Planning section of the City Engineer's department, when started, be first put on this work of preparing a comprehensive plan of communications for the whole Island, showing what roads should be brought into existence and what the state of the communications generally should be in about 25 years from now.

If such an advance plan were prepared, discussed, and approved by the Corporation after inviting public criticism, it would form a very useful guide for future City development. All further development and road schemes could then be made to fit in with the general plan and form part of one connected whole.

In sanctioning the construction of new buildings regard should be had to the architectural features of existing buildings in the locality. The construction of new buildings, both public and private, should be controlled and every endeavour made to beautify the City by insisting upon the buildings being of appropriate design and in harmony with the surroundings.

25. The water supply of the City will soon be reinforced by the extra quantity which will be brought into it when the new Tansa triplication main is completed. The present daily supply is 50 million gallons. It is anticipated that by July or August of this year the new mains will make at once some small addition to the City supply, though the full benefit of the scheme will not be realised until early in 1926. When the extension work in progress is all completed the quantity delivered daily will be over 100 million gallons, enabling a constant supply to be given in place of the present intermittent supply in various parts of the City. As to how long this increased supply will meet the needs of the City will depend upon the rate of the future increase of the population. In order to be prepared to meet further demands when they arise, preliminary surveys have been made, and an outline of a scheme drawn up, for turning the waters of the Vaitarna River into the Tansa Lake. Thanks to the special measures taken in this respect, there is no fear that Bombay will suffer from any appreciable shortage of its water supply for many years to come.

26. The problem of how best to deal with the drainage and sewerage of the City has been engaging the attention of the Corporation and the Municipal Executive. The advice of experts has been obtained and alternative schemes have been put forward. The main point is to come to a rapid decision whether there should be only one main outfall at Worli or whether the Island should be divided into three drainage districts, each with its own separate outfall. The latest estimates of the cost of the schemes on the latter basis are put down at Rs. 2 crores for sewage outfalls, and Rs. 1 crore for the main storm water channels and the pumping plant. The non-settlement of this question is interfering with the progress of sewer construction in all parts of the City, particularly in areas under development in the northern part of the Island.

27. In paragraph II of the Preliminary Report, the public utility services of the City have been briefly described. With the exception of the water supply these services are all in the hands of private companies.

To the growth and planning of the City, water, gas, electric supply, and tramways have a vital relation. So important are they to the communal life of large towns, that in most of the western countries a great majority of the municipalities own and operate them. Utility services being generally monopolies and not subject to competition, they should, as far as possible, be under the strict control of the City Corporation.

In respect of the supply of electricity for lighting and small power consumption, and the electric tramways, the Corporation have made arrangements with the Bombay Electric Supply & Tramways Co., Ltd., which cover all or most of the usual safeguards.

The supply of electricity in bulk to large power consumers by the Tata Hydro Electric and associated companies, is not yet subjected to any restrictions or safeguards on the part of the Corporation.

The gas supply is in the hands of the Bombay Gas Co., Ltd., and there does not appear to be any adequate control exercised over it by the Corporation or any department of the Municipality. Every Gas Company in England is compelled by law to supply gas of a specified calorific value, and is subjected to inspection and control by the local authority and the Board of Trade. Bombay Act V of 1863, which confers certain powers upon the Bombay Gas Co., Ltd., does not place any obligatory duties or standards upon the Company. In effect the Company have an unrestricted monopoly. This is not to the advantage of the City, and the Corporation ought to consider what action is required to safeguard adequately the interests of the City with regard to its gas supply.

If the recommendations in Chapter X are accepted, the Chief Engineer will be responsible for the proper working of the company-owned public utilities in future.

The creation of a Public Utility Department in the City Government, composed of three men, a chief and two assistants, was

recently recommended for the City of Tokyo. "This Department," said Mr. Charles A. Beard, who made the recommendation, "should be composed of experts in the field of utilities. It should have the power to regulate the rates and services of utility companies operating within the City (subject to the terms of franchise) to compel the publicity of accounts, to establish and enforce certain standards of service, and hear the complaints made by citizens and the City against the companies for non-performance of duty."

28. In the direction of prevention of disease, the Corporation have taken some substantial steps on the right lines; maternity homes, local dispensaries, sanatoria for tuberculosis diseases, treatment of poor persons in their homes, being some of the activities of the Health Department which have been encouraged recently. When the finances of the Corporation are in a sounder condition, the Corporation will doubtless give further consideration to an extension of this side of public and social welfare work; for it is by active preventive measures only that a material reduction in the death rate, particularly of infants, is possible.

No one function is exclusive, for public health measures include housing, drainage, transportation, refuse removal, recreation, etc. Most of these problems are dealt with elsewhere in this Report, and what is stressed now is the intimate relation which parks, open spaces, and recreation grounds have to the health and earning power of the population.

29. There is, as explained in the Preliminary Report, a great need for parks and parkways and play-grounds in the City, particularly in the more congested areas.

Of the total area of the City, viz., 15,065 acres, only 246 acres or 1.6 per cent. are devoted to public gardens. There is a striking lack of small parks, local breathing places and play-grounds in the centre and northern part of the City. There are many crowded areas where there are no public open spaces at all.

The provision of spaces and apparatus for certain kinds of games, such as tennis, in some of the parks is a recognised feature of Western Cities, and a substantial income is derived therefrom which helps to reduce the cost of maintenance falling upon the local taxes.

The ideal state of affairs is a park or play-ground within easy walking distance for every family. In practice this means that from five to ten per cent of the total area of the City should be set aside for parks and play-grounds, and there should be a public open space within one quarter of a mile of every home.

Some cities have parks or miniature forests owned by them outside the City limits to provide week-end recreation to their residents. The recreation facilities may include municipal theatres and swimming baths.

CHAPTER VI.

GREATER BOMBAY.

30. As already remarked while considering transit facilities to the suburbs, Bombay is very inconveniently situated for suburban expansion for two reasons. One is that it has only one outlet towards the north, and access to the mainland is restricted by a few railway and road bridges in that direction. At present, the almost continuous wall of buildings from north to south imposes a barrier to the free circulation of sea breeze, and this in a City where the temperature is abnormally high throughout the year is injurious to the general health of the population. The provision of cross roads west to east will give relief in this respect. Within the City, communications from north to south are fairly easy but across the Island, that is, west to east, they are rendered difficult by the two railways which are taken at the ground level through densely populated areas. In other populous cities like London, New York, Berlin or Tokyo, some of these railways are taken either underground or overhead but to attempt a change now in this respect in the circumstances of Bombay is a costly matter.

All the development work in the suburbs is at present in charge of the Government Development Directorate who plan the extension, lay on water and grant liberal terms for intending house builders. The Municipal Corporation of Bombay have sanctioned a proposal for the supply of over 2½ million gallons of water per day, at a concession rate, for use in the suburbs and this is being distributed by the Development Directorate and other bodies.

The three main desiderata for the rapid extension of the suburbs are (a) police protection, (b) water supply and (c) facilities for cheap and rapid transit. Future success in diffusing the population over the suburbs will largely depend on the confidence inspired in the people by guarantees in regard to police protection and water supply, and on the construction of a net work of new roads in advance

close to all the existing railway stations. It is understood that Government have proposals under consideration which will effectively remove the feeling of insecurity that now prevents the lower middle and poorer classes of the population from migrating to the suburbs.

The Development Directorate are working in four centres, each of which is a nucleus of suburban extension, and are affording all reasonable facilities for prospective settlers and builders. But it must be owned that although a fair amount of area is opened up, house building is not making rapid progress.

Some bolder measures seem necessary. Suburban extension should be planned out with roads and building plots sufficient to accommodate a quarter of a million population. And of this area, the actual building of roads and laying on water supply should be done in advance for a population of about 1,00,000. If combined with this, adequate police protection and rapid transit facilities are arranged for, there is no doubt but that building work will proceed at a rapid pace. Some eighteen years ago, I submitted proposals to Government advocating the construction of a road parallel to the existing one alongside the B. B. & C.I., Ry., and cross roads connecting the two in order to open up the excellent building area available by the side of the railway line in Salsette beyond Bandra. Suburban settlements may also be opened gradually along the extensive areas round the harbour and access given to them from the business centres of the City by suitable water craft.

31. The publication is suggested of a comprehensive plan of the City accompanied by a statement showing all the works in progress and all the schemes projected, no matter by what agency.

City Planning.

A plan of some sort exists but it does not appear to have been issued to the outside public. In a narrow sense, city planning provides for (1) replanning of areas already occupied in order to relieve congestion and improve housing and traffic and living conditions and (2) preparing, in advance, plans for areas not yet built upon with a view to their future development. In a wider sense, city planning should include not only the City proper but the works and improvements contemplated in the suburbs as well as the harbour. It should take note of the various economic and social pro-

blems of the City, and define in advance the localities and limits of areas comprising the various schemes contemplated.

32. Provision should be made for zoning, i.e., marking off areas or districts, intended more or less exclusively for specific civic objects.

Zoning.

Special sections of the City may be set apart for foreign and wholesale trade, local trade, large industries, minor industries, residences, recreations, and so on. This is being done in some fashion already but the approved schemes and ideals should be more clearly defined and constantly kept in view and worked for than is the case at present. The Bombay City will have its Government offices, the University, piles of railway offices, large commercial houses, great buildings and fine parks in the southern part of the Island, which will give distinction to the City and constitute what may be called its civic centre. The bazaars and the great mass of the population will continue to be housed in the heart of the City. The northern part of the Island, as the marshy areas come to be reclaimed and opened up by new roads, will provide additional room for residential buildings on an extensive scale.

33. The officials in every ward should meet at least once a week, to hear complaints and suggestions

Ward Amenities.

from the people of the locality and arrange among themselves to meet the wants of the people as far as it lies in their power. The people of the ward should also form themselves into associations to supply their own needs and to be able to represent in a collective capacity their wants to the officials. Some of the needs for which both the public and the Municipal officials may work for are : pure milk supply, recreation grounds, gardens and garden music, cheap tram and transit services, schools—primary, technical and commercial—classes for adult education, classes for teaching girls and women domestic economy, embroidery, sewing, etc.

34. I have dwelt on most of the larger wants of the population.

If the City is to develop in an orderly manner with the growing population, some of those

The City's Special Problems.

wants need working for far more insistently than others. The following are some of the City's larger problems which require special and continuous attention :—

- Housing shortage,
- Reducing cost of living,
- Drainage,
- Suburban extensions,
- Cheap and rapid transit to the suburbs,
- Extension of educational facilities,
- Aids to industry and trade, and wealth building activities of the people,
- Provision of more parks and open spaces, and
- Improving and standardising ward amenities.

It is necessary that the City of Bombay, like most Western cities, should keep under continuous investigation all the special problems which affect the prosperity of the city or the efficiency of its administration. Each such problem or group of problems should be entrusted to an able official and a special committee or commission composed of three to five earnest men, possessing driving power and willing to get into close grips with details. The members should be paid reasonable fees for the work. The secret of success lies in selecting the right type of officials to help them. These committees should be supplied with funds and clear instructions, and asked to submit progress reports and the results of investigation at regular intervals. Some of the more capable municipal officers should be able to undertake such investigations in addition to their ordinary duties.

35. Of the three agencies engaged in the work of development and improvement, the City Improvement Trust is the oldest body. It receives a contribution from the Municipality to the extent of about Rs. 22 lakhs per annum, and the bulk of the capital hitherto expended has been advanced by Government. Its operations are confined to the City proper, and up to the present altogether a sum of Rs. 15½ crores has been expended on the new works and improvements carried out by the Trust. All this capital is expected to come back from the land in due course in the shape of proceeds of sales and leasing.

The next most important agency, if next at all, is the Government Development Directorate brought into existence in the year 1920. The principal developments controlled by it are reclamation works, housing and suburban extension, and it has accepted responsibilities both within and outside the City. The capital expenditure on the development operations incurred by this agency up to the end of 1923-24 was Rs. 6½ crores. The operations are financed by Government, and the Directorate is in receipt of a yearly contribution equivalent to four-sevenths of the proceeds of the cotton cess.

The Municipality has its own development department which has initiated new schemes both in south and north Bombay, besides carrying out various improvements to the City services on a large scale. This work was begun in the year 1919 and the total capital expenditure which will have been incurred up to 31st March next is estimated at Rs. 267 lakhs. The operations are financed by public loans raised by the Municipal Corporation, who are given by Government a yearly contribution of about Rs. 14 lakhs for the purpose, being three-sevenths of the receipts from the cotton cess.

The first agency, the City Improvement Trust, is a separate body created in 1899 specially for the improvement of the City, the second agency is a department of Government and the third agency is a department of the Municipal Corporation. The ordinary administration of the City vests with the Corporation and as already explained, the suburban areas are administered by a number of local bodies, who are either small municipalities or Notified Area Committees. As explained once before, the entire development work in the suburban area is regulated and controlled by the Government Development Directorate. Mention is necessary in this connection of the harbour developments carried on by the Port Trust, and the extensions and improvements in progress in connection with the two great railway systems which have their head-quarters in Bombay.

36. From what has been said above, it is clear that the first requisite of healthy development is the existence of common ideals and unity of aim among all the agencies working for the good of the City. Although the city planning is done by experts

Central Development Board.

and officials, it is the people who have to build, and any steps that may be taken to secure their co-operation and enthusiasm cannot fail to be helpful in the City's advancement. It must be recognised that one of the main purposes of the development schemes is to increase residential buildings for the poor, but so far not much progress has been made in this respect in spite of the large expenditure already incurred. The health and economic interests of the suburbs, both residential and industrial, are closely linked up with those of the City, and the Municipal Corporation have no voice at present in their regulation or development.

If the public are kept fully informed of the utility and beneficent objects of these schemes, the development movement will receive a great stimulus. It is therefore suggested that Government be moved to bring into existence a Central Board or Commission representing the various interests, including representatives of the Legislative Council, the Municipal Corporation, and the local authorities of the suburbs. Such a Board, if truly representative, would work in close touch with the public interested in the advancement of the schemes and help to secure their co-operation and support. In Great Britain municipal schemes form the subject of detailed public enquiry; they are closely scrutinized by the representatives of the Ministry of Health. In other countries also, city planning schemes benefit greatly by public scrutiny and criticism. The Central Board proposed for Bombay should be able to secure these objects. Even if it did nothing more than meet once a quarter for a week to give a hearing to the leading citizens and experts, and then issue to the public statements of its considered opinion and recommendations on the various schemes put forward for the advancement of the City, it will have served a most worthy purpose.

CHAPTER VII.

SUMMARY OF RECOMMENDATIONS.

37. The day to day administration of municipal affairs is proceeding smoothly but there is room for improvement in the system and methods of work. The details of departmental procedure require better regulation and control by means of rules, manuals or codes. The larger project estimates need to be scrutinized and approved by an independent agency, or by a committee of experts, instead of the scrutiny being confined to the Engineering Departments who prepare them. The Chief Accountant who, in the matter of departmental accounts, is merely a book-keeper at present, should be allowed access to all the account books and documents maintained in the various departments and be free to audit them. The capital expenditure on all public works has risen beyond all precedent, it having recently gone up to about Rs. 3 crores per annum. If the water works be excluded, none of the works in progress are such as require completion in any great hurry. The expert staff being limited, such a rush of expenditure inevitably leads to hastily prepared estimates, frequent revisions of details, excess expenditure over sanctions, and other abnormal and uneconomical practices.

38. One of the chief objects of the reforms advocated is to bring the Municipal Councillors into closer touch with executive work, and to make a larger number of officials and citizens think and work in unison for advancing the interests of municipal administration and municipal problems. The reforms most needed to this end are the creation of Executive Committees, and the separation of administrative and executive appointments and explained in detail in Chapter IX.

39. By undertaking the present enquiry, the Corporation have made a small beginning in the direction of Municipal retrenchment and reform. The Retrenchment Enquiry Office will continue to be engaged in this work for some time longer. If the working of the departments which have not hitherto been examined is gone into, even an imperfect investigation will reveal scope for

economies and increased efficiency. In regard to reforms as a whole, a definite programme has been drawn up and many of the subjects entered in the programme developed into concrete proposals on which practical action is awaited, and it is presumed the Corporation are resolved to carry through to a successful issue all the detailed measures so far approved by them or by the Committees concerned.

40. Bombay is one of the fifteen large cities of the world. In point of population it already ranks second in the British Empire. The methods followed in the administration and development of cities like London, Manchester, Glasgow, Berlin, New York, Toronto, Tokyo, etc., have many lessons for us, and one of these lessons is that the affairs of this large City cannot be handled effectively without a continuous study of its wants and defects, and without maintaining close touch with the improvements and developments going on in the Western World. The latest foreign experience also teaches us that Bombay's special problems should be investigated vigilantly and not left to chance or till action is forced on the Corporation under the pressure of an emergency. An emergency solution is never very satisfactory and it will be almost always more costly.

41. My recommendations, so far as they relate to action to be taken in the immediate future, may be summarized as follows :—

- Recommendations.
- (1) To arrange for rapid progress on the measures of retrenchment and reform embodied in the programme (Appendix I) already approved by the Corporation and to obtain quarterly reports thereon till the programme is fully worked out.
 - (2) To give effect to the items of the programme for which detailed proposals have been worked out.
 - (3) To examine the departments and services still remaining to be investigated and frame proposals for retrenchment and reform for each one by one.
 - (4) To instruct the Chief Accountant to inspect the account books of the Engineering and other departments of

the Municipality and take steps to improve the system of audit so as to provide a more effective check over expenditure.

- (5) To maintain the latest information and statistics concerning the working of half a dozen typical cities abroad for study by local officials and agencies and comparison with local methods and practices; and whenever any important local improvement or reform is contemplated, to take steps to collect all available information of value on the subject from foreign cities before undertaking or putting into practice such improvement or reform.
- (6) To take very early steps to get the Municipal Act amended with a view to the establishment of Executive Committees and the appointment of Administrative officers, as described in Chapter IX of this Report.
- (7) To transform at the earliest possible opportunity the present Retrenchment Enquiry Office into a permanent Municipal Research Bureau, described in Chapter II.
- (8) To submit a representation to Government in the matter of the establishment of a Central Development Board competent to deal with all the administrative and development measures and problems which affect the Metropolitan area, comprising the City and the suburbs, as a connected whole.
- (9) To appoint small committees, with competent executive officials to help them, with a view to maintaining a continuous study of the special problems referred to in Chapter VI and advancing their solution from stage to stage.

M. VISVESVARAYA.

T. H. BIRD,
Secretary.

Bombay, 31st January, 1925.

PART II



WORK DONE & PROPOSALS SUBMITTED



CHAPTER VIII

PROGRESS OF THE RETRENCHMENT ENQUIRY.

42. The Preliminary Report on Municipal Retrenchment and Reform was issued on the 25th June, Preliminary Report. 1924, and was at once taken into consideration by the Retrenchment Committee of the Corporation. The Committee submitted a report to the Corporation, under date the 5th July, 1924, making the following recommendations :—

- (a) That the suggestions for Administrative Reform and the constitution of Executive Committees be approved, and the Commissioner be requested to submit proposals for carrying them out to the extent that is possible without the amendment of the Municipal Act, and that for such of the recommendations as require amendments of the Act, the Commissioner be requested to submit to the Corporation draft amendments of Sections so as to give effect to the proposals embodied in paragraphs 35, 36 and 37 of the Report.
- (b) That the suggestions in paragraphs 39, 40 and 41 of the Report relating to Ward Organization, Office accommodation, and equipment, periodical examination of the working of the Departments, and the preparation of a Municipal Year Book, etc., be approved, and the Commissioner be requested to submit proposals for giving effect to them; and that the suggestions for
 - (1) The preparation of an Accounts Code and Manual, and
 - (2) The creation of the post of a Controller of Accounts with powers, functions and duties laid down in paragraph 45 of the report be approved.

- (c) That the recommendations made in paragraphs 46 and 48 dealing with a general programme for every large scheme, keeping of separate accounts of large Municipal enterprises such as Water Works, and Markets, inventory of Municipal property, valuation of machinery and plant, and the reorganization of the Accounts Department, be referred to the Standing Committee, with intimation that this Committee are in favour of necessary action being taken on the lines suggested, with the modification that there is no necessity for having a separate Finance Committee in view of the already existing Standing Committee, who are empowered to deal with all financial matters.
- (d) That as regards the retrenchment work proper a Committee of three members of the Corporation should be appointed to act as an Advisory Committee and that the Corporation should express their opinion that in case this Committee, the Commissioner, and the Retrenchment Adviser unanimously agree to the adoption of any measures, they should be given effect to forthwith so far as it rests in the hands of the Commissioner.
- (e) The suggestions in paragraph 52 of the report regarding the steps which are necessary for restricting Loan Charges be approved in principle, and the Commissioner be requested to forward them to the Departments concerned and obtain from them definite proposals to give effect to them. These proposals have to be scrutinised by the Retrenchment Adviser, considered by this Committee in consultation with the Commissioner, and placed before the Corporation for orders.

43. This report was considered by the Corporation on the 17th July, 1924, and after discussion a resolution No. 4042. was carried in the following terms :

Resolution of the Corporation.

“ That the third report dated the 5th July, 1924, of the Retrenchment Committee regarding the Preliminary Report of the Retrenchment Adviser, be approved and adopted, and a copy be forwarded to the Commissioner and the Standing Committee for information and necessary action for giving effect to the Committee's recommendation ; that a Committee composed of the President, the Chairman of the Standing Committee, Dr. K. E. Dadachanji, Mr. C. W. E. Arbuthnot and Mr. Jamnadas M. Mehta, be appointed, to whom detailed proposals regarding retrenchment in each Department should be submitted by the Retrenchment Adviser for their information ; that in case the Committee, the Commissioner and the Retrenchment Adviser unanimously agree to the adoption of any measures, they should be given effect to forthwith so far as it rests in the hands of the Commissioner.”

44. The Preliminary Report having been thus approved by the Corporation, steps were immediately taken to prepare a programme of the work to be attended to by the retrenchment staff and to obtain the necessary assistance.
- | | | |
|----------------------|--------|--|
| Staff and
Grants. | Budget | |
|----------------------|--------|--|

Mr. C. M. Correa, Assistant Accountant-General in Government service, was selected as one of the officers to assist the Retrenchment Adviser. This appointment was sanctioned on the 9th August, 1924, and Mr. Correa joined duty on the 19th August. The appointment of another officer in the person of Mr. N. D. Mehta, District Deputy Collector, Ahmedabad, also a Government officer, was approved by the Corporation on the 13th August, 1924, but considerable delay occurred in getting the sanction of Government to the loan of his services, and it was not until the 1st October that he was able to join the staff.

45. The original grant of the Corporation for the expenses of the inquiry was Rs. 20,000 but this covered only the preliminary investigations. To cover the expenses of the full enquiry an additional grant of Rs. 50,000 was approved by the Standing Committee.

on the 20th September, 1924, and sanctioned by the Corporation on the 9th October, 1924. It will thus be seen that certain delays took place in getting together the necessary staff and the power to incur the necessary expenses.

46. Soon after the receipt of the Corporation's sanction to the proposals, a programme of the work to be undertaken by the Retrenchment Enquiry Staff was drawn up (Appendix No. I). This programme was divided into five sections, *viz.*,

- (1) Retrenchment and Reform in 6 groups of Departments,
- (2) Restricting Loan Charges,
- (3) Administrative Reform,
- (4) Accounts, and
- (5) Final Report,

and was approved by the Retrenchment Advisory Committee on the 5th August 1924.

47. Attention was first given to the question of Administrative Reforms. An exhaustive note on the subject was prepared by Mr. R. P. Masani, late Deputy Municipal Commissioner, which is given in extenso in Chapter IX.

There being legal matters involved in this report, the Advisory Committee decided to request the Commissioner to obtain the opinion of the Municipal Solicitors upon the alternative proposals for the amendment of the Municipal Act, and to postpone a decision upon the question until the receipt of such opinion. It being considered that retrenchment and reform should proceed hand in hand if the requirements of economy and efficiency were to be simultaneously satisfied, the next work undertaken was the question of reforms and re-organization of the Engineering and other Departments, but at the meeting of the Advisory Committee held on the 24th October, stress was laid on the importance of completing the retrenchment work first, in order that the savings that may be secured could be embodied in the budget for 1925-26. Attention was therefore from that date onward concentrated almost solely on retrenchment work.

48. The retrenchment proposals fell under three main groups—

Retrenchment
Proposals.

- (1) Engineering Departments,
- (2) Public Health Departments, and
- (3) All other Departments and Services.

The investigation into the first group was carried out by Mr. T. H. Bird, Secretary to the Retrenchment Enquiry, under my direct instructions. Investigation into the second group was entrusted to the Retrenchment Officer, Mr. N. D. Mehta. As regards the third group, it was found that savings in the Administrative and Revenue Departments almost wholly depended upon reforms and re-organization and it was therefore decided to postpone the investigation of this group, with the exception of the Markets and Slaughter-houses, until the second stage of the Enquiry was reached. The debt problem, requiring exhaustive examination of the records and estimates of the Special Engineer's Department, was entrusted to Mr. C. M. Correa.

49. The first necessity to a thorough investigation was the preparation of full and detailed statistics of the expenditure of the Departments for a period extending over 20 years. The collection and collating of these statistics was a task of some magnitude, and was complicated by the several changes in the classification of the expenditure which had been made during that period, particularly the extensive re-grouping effected in 1921.

50. The Departments were then inspected one by one, visits paid to the outside offices and the works in progress, plans and estimates perused, and other steps taken to become thoroughly acquainted with the actual nature of the work of each Department.

51. Discussions with the Heads of Departments took place from time to time, and when the suggestions of the Retrenchment Officers had sufficiently matured, a series of conferences were held between the Municipal Commissioner, the Heads of the Department concerned, and the Retrenchment Staff. After receiving the criticisms of the Executive Officers, the suggestions were then further discussed by the Retrenchment Adviser and the Retrenchment Officers, and finally on the 6th December, 1924, complete notes and schedules were submitted to the Retrenchment Advisory Committee

and approved by them. In accordance with Corporation Resolution No. 4042 dated 17th July, 1924, the schedules were duly submitted to the Standing Committee for inclusion in the budget for 1925-26, and the Advisory Committee requested the Commissioner to give effect to the proposals so far as they rested with him.

52. The following table gives a summary of the savings effected together with the corresponding items of the new budget for 1925-26 :—

Departments and Services.	Expenditure proposed in budget for 1925-26	Savings expected.	Remarks.
Executive Engineer, (General Buildings, etc.)	6,03,328	75,638	The savings on the 1924-25 budget amount to Rs. 11,25,874.
Roads	31,91,966	3,68,324	
Drainage	7,13,820	25,220	
Mechanical (Pumping and Compressor Stations) ..	7,52,780	83,194	
Water Works	11,25,348	53,464	
Health-General, and Medical Relief	12,37,510	1,11,594	
Conservancy	26,01,182	2,64,108	
Conservancy Traction ..	15,73,173	92,504	
Hospitals	2,10,863	23,442	
Markets and Slaughter houses	5,45,167	35,398	
Total ..	1,25,55,137	11,22,886	

Details are given in Table VII.

Appendices II to XVII are the notes prepared by the Retrenchment Officer, Mr. N. D. Mehta, and the Retrenchment Enquiry Secretary, Mr. T. H. Bird. The notes give the arguments and figures upon which my conclusions have been based.

53. The submission and approval of the retrenchment schedules and statements completed the first stage of the enquiry which dealt with most of the superfluities. The second stage concerns retrenchments of a more delicate nature where the work has to be done on the border line between efficiency and economy. This will take time to complete, for if the work is hurried it may lead to dislocation of business and even loss of revenue. The Retrenchment Staff are now actively engaged on the second stage, and the results of their investigations will in due course be

submitted to the Retrenchment Advisory Committee and the Corporation, but they are not sufficiently advanced to be embodied in this Final Report.

54. The question of the re-organization of the Engineering Departments, which was in progress when the Advisory Committee requested that retrenchment work should be given precedence, was again taken up and was duly completed and submitted to the Advisory Committee on the 9th January. This report is given in extenso in Chapter X.

55. The problem of the control of Loan Works Expenditure also engaged my attention. The notes and statistics prepared by Mr. Correa were examined, together with the suggestions submitted by the Accounts Department. The result of the examination of this question is embodied in Chapter XI of this report.

56. The Retrenchment Advisory Committee have held ten meetings in all and have presented to the Corporation one report which summarised the retrenchment proposals. Further reports by the Committee will no doubt be submitted to the Corporation at an early date, stating their views and opinions upon the reform and re-organization proposals, and the suggestions for the control of Loan Works Expenditure, referred to above.

57. The Retrenchment Advisory Committee have agreed to
Continuation of Enquiry. the continuation of the services of Mr. Mehta and Mr. Bird, with the necessary staff, up to the end of March next, in order that the work laid down in the programme already approved may be carried out. There are several Departments which have not yet been examined, and it is necessary that these should be taken up, and the savings in expenditure possible, and reforms necessary, suggested for each, one by one. The Retrenchment Advisory Committee will, it is presumed, continue to direct the operations of the staff.

58. As regards the continuation of the Enquiry after the 31st March next, my suggestions will be found in Chapters I and II of this Final Report.

CHAPTER IX

ADMINISTRATIVE REFORMS.

(i) Note by Retrenchment Adviser.

59. In the Section devoted to Administrative Reforms in my Preliminary Report, two main proposals are put forward, namely,—

Main Proposals.

- (1) the appointment of Executive Committees on the English model, and
- (2) the creation of three new administrative appointments in the Municipal Service.

The question of the additional statutory powers needed to give effect to these proposals is discussed in a note dated the 15th September, 1924, prepared by Mr. Masani at the request of the Retrenchment Committee.

There is a consensus of opinion as regards the desirability of these changes, although differences exist as to the degree or extent to which effect should be given to each. The first of these proposals is not new. It originated with Mr. Masani himself and the Corporation have already taken some action on it. The second proposal, it may be explained, involves not the creation of three entirely new appointments but the raising of the status and emoluments of three existing ones.

60. The aim of the proposals is the transfer of responsibility for many of the executive details and minor matters of administration to the heads of the Municipal Departments concerned, under the supervision of Executive Committees and administrative officers. The latter class of officers will be in close touch with the administrative and technical work done in the different departments under their supervision, and will keep the Commissioner and the Corporation informed of their deficiencies and needs. The responsibility for the higher questions of policy and larger measures of administration and finance will remain, as at present, with the Corporation and the Municipal Commissioner. The Standing Committee will be merged in the new Finance Committee.

Aim of the Proposals.

61. The discussion now centres round the functions and powers to be entrusted to the Executive Committee. There are three phases of this question, as indicated in Mr. Masani's note.

Functions and Powers of Executive Committees.

- (1) Amendment to the Municipal Act in the shape of Section 38A already put forward.
- (2) Other statutory changes, and undertakings in order to give the scheme a trial.
- (3) Thorough-going changes in the Act with a view to giving full effect to the proposals in the course of three years.

Section 38A now before Government provides for the delegation of the Corporation's powers to the Committees but not any of the powers of the Municipal Commissioner or the Standing Committee.

If we are to be content with the first proposal, things will not be very different from what they are now. The second alternative will make the position more complex and the success of the scheme will be largely dependent on the personal element. Under certain conceivable conditions the arrangements may even break down and the Executive Committees may prove a fifth wheel to the coach.

If we are to give the proposals a fair trial, the full statutory provisions referred to at the end of Mr. Masani's note will be necessary. The Executive Committees might begin work by submitting every resolution to the Corporation, and as the business transacted and the resolutions passed are found acceptable, limited powers of sanction and control might be gradually transferred to the Committees.

62. The question of how many Executive Committees there should be is a matter of detail, but the best authorities on the subject seem inclined to the view that the larger the number of Committees, the more divided will be the responsibility. I have no particular objection to ten Committees, while I would prefer concentration of power and responsibility in six or seven. All other requirements can be met by each Committee appointing a suitable number of Sub-committees from among its own members.

Provision in the Act will be necessary for co-opting on the Committees men of experience from outside and for the payment of fees both to the regular and co-opted members. Payment of fees at the outset cannot be avoided if the system is to have a fair trial. The scale of fees suggested by Mr. Masani seems suitable and may be accepted. It might be possible to dispense with this inducement after the Committees have learnt to function for some time.

It should be possible to delegate to the three administrative officers the necessary powers without giving them the designation of "Deputy Municipal Commissioner" and to raise their pay above the limit of Rs. 2,000 when necessary. This latter necessity will arise at once in regard to the appointment of a Chief Engineer.

All these matters can be satisfactorily dealt with only after the necessary statutory powers are obtained from Government.

63. The functions of the Municipal executive are now regulated and controlled by the Municipal Act. There are some twenty or more departments, many of them unco-ordinated and doing varied technical duties, and looking to one head for guidance. It is not possible under such a system for the Municipal executive to give more than bare allegiance to statutory provisions. Under such a system there is no scope or inducement for local initiative to come into play in order to improve or perfect the details of the administration. This is what the proposals we have in view aim at securing in future.

64. The chief result aimed at is a proper grading of work and decentralisation. The larger Municipal problems will be separated from the minor questions and details of administration, and the responsibility for all of them fixed according to grade or office. The Executive Committees and the administrative officers will relieve the Corporation and the Commissioner of the necessity for going into many of the details of the administration which, on account of the growing size of the City and the increasing volume of daily business, it is impossible for them to attend to in a satisfactory manner. The very fact that they are paying attention to many small details militates against their ability to deal with the

larger problems of Municipal administration with the detached attention and thoroughness demanded by the latter.

65. The question is now ripe for decision. The main principles of reforms have to be settled by the Retrenchment Committee and the Corporation in consultation with the Municipal Commissioner and the Standing Committee. They will have to decide whether they would be content with the partial or provisional remedies suggested or urge the adoption of more thorough-going changes in the Act, with a view to bringing the Executive Committee System into full working order in about three years time. When their decision is known the case can be worked up in the final form necessary for submission to Government.

M. VISVESVARAYA.

Bombay, 20th October 1924.

(ii) *Report by Mr. R. P. Masani, Deputy Municipal Commissioner, on Administrative Reforms.*

66. I have been asked by the Retrenchment Committee to submit proposals for giving effect to the proposed administrative reforms so far as it is possible to do so without any amendment of the Municipal Act and to suggest draft amendments of the Act in respect of such of the proposals as cannot be brought into operation without statutory authority.

67. The administrative reforms suggested by the Retrenchment Officer are :—

- (1) Appointment of Executive Committees,
- (2) Division of the staff into two grades (a) Administrative, and (b) Executive.

As regards (1), I find that somewhat conflicting impressions prevail as regards the constitution and functions of the proposed Committees. It will, therefore, be necessary to define clearly the nature of the Committees. Are they merely to decide what is to be done, and is the execution of their decrees to be left to the Commissioner, as at present, or is it proposed to delegate to them the administrative powers of the Corporation as well as the administrative and

executive powers of the Commissioner? Sir Visvesvaraya recommends in his preliminary report that "the English system of Executive Committees should be brought into effect almost in its entirety." If this recommendation is accepted the Committees should act in an administrative as well as an executive or operative capacity. Such an arrangement would be incompatible with the retention of the Office of the Municipal Commissioner as the Chief Executive Officer of the Municipality. Sir Visvesvaraya has therefore placed the Municipal Commissioner in the proposed administrative grade of Officers, but I gather from a discussion of the proposed arrangement with him that he recognises that there should be a period of transition during which the executive functions should be shared by the Committees with the Commissioner.

68. The existing position as regards committees of the Corporation is as follows :—

Section 38 of the Act provides for the appointment of merely consultative committees for special purposes.

The Bill which is now on the *tapis* and which, it is understood, will be introduced in the Council during the next session, embodies a new Section 38A authorizing the Corporation to appoint special committees and to delegate at their discretion any of their powers and duties to such committees.

Sir Visvesvaraya goes a step further and recommends that instead of giving only partial effect to the scheme of executive committees the Corporation should bring the scheme into operation in its entirety.

69. The questions for consideration are :—

(1) Without legislation or pending legislation can the proposals be carried out, and if so to what extent and how?

(2) What amendments of the existing provisions of the Act are necessary to give effect to the proposals?

The new Section 38A provides for the delegation of the Corporation's functions to the special committees. It will, therefore, be competent to the Corporation, when the Bill is passed, to bring the scheme of executive committees into operation to a certain extent, but not until the Act is further amended can the function of the Standing Committee and the Municipal Commissioner be delegated to such committees. It will, however, be open to the

Corporation to ask the Standing Committee and the Municipal Commissioner not to exercise any of their powers in respect of certain matters which, in their opinion, should, in the first instance be referred to the special committees and to take their opinion or decision into consideration before taking action in such matters. Such a procedure was once adopted by the Corporation in connection with questions relating to the Tramways. The Tramways Act vested certain powers in the Commissioner. The Corporation considered it desirable that the Commissioner should consult them before taking action in regard to certain important matters and therefore asked the Municipal Commissioner by a special resolution to refer such matters to them (*vide* C. R. No. 2110 of 23rd July, 1906). This requisition, though not binding on the Commissioner, was always complied with by him. I would, therefore, suggest that as soon as the aforesaid Bill is passed special committees may be appointed and powers delegated to them at the discretion of the Corporation.

70. At the meeting of the Retrenchment Committee, held on 5th August 1924, it was agreed that the following executive committees should be constituted:—

1. The Standing (or Finance) Committee.
2. The Schools Committee.
3. The Public Health Committee.
4. The Water Works & Drainage Committee.
5. The Roads and Buildings Committee.
6. The General Purposes Committee.

I am afraid such a classification will entail somewhat excessive work on some of the committees, especially on the last named committee. It is proposed to pay fees to members of committees to compensate them to a certain extent for their work, but until the Act is amended to admit of the payment of fees as proposed, and even after it is amended, it would perhaps be desirable to increase the number of committees from six to nine as follows:—

1. The Standing (or Finance) Committee,
2. The Schools Committee
3. The Water Works Committee,
4. The Drainage Committee,
5. The Roads and Buildings Committee,
6. The Public Health Committee,

7. The Medical Relief Committee,
8. The Stores and Contract Committee,
9. The Legal and General Purposes Committee.

71. The executive functions of the Commissioner will remain the same, but, as suggested above, the Corporation may ask him, by special resolution, to consult certain committees in connection with certain matters before exercising his powers in regard thereto. It will also be open to the Commissioner to refer to the committees other matters concerning which he would prefer to have their opinion before taking action. In this way there will be devolution of the executive powers vested in the Municipal Commissioner by the Act, and the delay involved in the present procedure in the reference of questions to the Corporation and the committees and their disposal will be obviated. The Corporation will have an effective control on the executive work of the Municipality through their committees and the harmonious co-operation of the deliberative and executive branches of the Municipal organisation will be ensured.

72. After the committees have had sufficient time, say three years, to acquire sufficient knowledge and experience of the executive machinery, the question of wholesale amendments of the Act so as to obtain for the Corporation all administrative and executive powers with authority to delegate them to committees, may be considered. If, however, it is desired to bring the scheme of executive committees into operation without any limitation, statutory authority will be necessary to distribute amongst the committees the functions now vested in the existing Municipal Authorities. So radical a change in the constitution of the Corporation will necessitate a new Act or the wholesale amendment of the existing Act. The Standing Committee and the Municipal Commissioner, the two co-ordinate authorities charged with the carrying out of the provisions of the Municipal Act, in conjunction with the Corporation, will have to be abolished and all the Sections dealing with the functions of these two authorities will have to be recast.

73. As, however, it is not the intention to dispense immediately with the Office of the Commissioner,—Sir Visvesvaraya retains the Office and suggests the appointment of three additional deputies—it seems desirable to retain the existing provisions of the Act and

to obtain for the Corporation general powers to make such amendments as they think fit for the appointment of executive committees and the delegation of specific duties and powers to them so as to admit of the executive committees functioning without delay. If this view is accepted, all that is necessary is to amend Section 38 so as to provide more definitely for the appointment of the executive committees than contemplated by the proposed new Section 38 A and to amend Section 64 so as to authorize the Corporation to determine by whom and in what manner the respective functions of the several Municipal authorities should be exercised.

74. The amendments I would suggest are as follows:—

(A) For the existing Section 38 (and the new Section 38A if already enacted) the following Section shall be substituted:

“(1) The Corporation may from time to time appoint out of their own body such and so many committees, either of a general or special nature, and consisting of such number of persons as they think fit, for any purposes which, in the opinion of the Corporation, would be better regulated and managed by means of such committees (cf. Municipal Corporation Act, 1885, Section 22).

(2) The Corporation may delegate to a committee, with or without regulations and conditions any of their powers and duties and any of the powers vested by this Act in the Standing Committee and the Commissioner, except the power of levying taxes or raising money, and direct that all matters and questions included in any such sphere shall, in the first instance, be placed before the appropriate committee. (cf. Local Government Act, 1888, Sections 28 (2) and (3) and Section 81 (3).)

(3) Every committee shall conform to any instructions that may from time to time be given to them by the Corporation. (See subclause (2) of proposed Section 38A)

- (4) Proceedings of every committee shall be subject to confirmation by the Corporation.

Provided that any committee by a special resolution supported by at least one half of the whole number of members on the committee may direct that action be taken in accordance with the decision of the committee without waiting for confirmation of their other proceedings by the Corporation if they consider that serious inconvenience would result from delay in taking such action ; but if the Corporation do not confirm the proceedings of the committee, such steps shall be taken to carry out any orders passed by the Corporation as may still be practicable.

Provided also that if in delegating any of their powers or duties to a committee, under Sub-section (2), the Corporation direct that the decision of the committee shall be final, then so much of the proceedings of the committee as relate to such powers or duties shall not be subject to confirmation by the Corporation, provided that such decision shall be supported by at least one half of the whole number of members on the committee (see Sub-clause (6) of proposed Section 38A.)

- (5) The Corporation may at any time dissolve or subject to any rules made by them in this behalf alter the constitution of any committee (See Sub-clause (3) of Section 38A).
- (6) The Corporation may make rules for regulating the constitution of committees and the conduct of business at meetings of such committees, and for the keeping of the minutes and the submission of reports."

N.B.—For the rules to be framed under this Sub-clause there are excellent models, viz. Standing orders of the London County Council and of other Corporations in Great Britain.

(B) For Section 50 of the Act, the following Section shall be substituted :

“ Every member of the Standing Committee or of an Executive Committee shall be entitled to receive a fee of Rs. 15 for each meeting of the said committee at which a quorum is present and business is transacted and which he attends from the beginning to the end thereof; Provided that the aggregate amount of fees payable to any member of the committee in respect of meetings held during any month shall not exceed Rs. 60 or such sum as may be fixed by any bye-law from time to time made in this behalf.” (This is in accordance with the decision of the committee).

(C) After Sub-Section (1) of Section 64 the following Clause shall be inserted :—

“Provided that the functions assigned to the Standing Committee and the Municipal Commissioner shall be subject to such restrictions, limitations and conditions as may be involved in the orders passed by the Corporation under Sub-section (2) of Section 38 of this Act.”

(D) After Sub-clause (2) of Section 64 the following clause shall be inserted :—

“ and they shall have the authority to determine by whom and in what manner the duties and powers vested by this Act in the several Municipal authorities shall be exercised.”

75. If it is held that the proposed amendments do not adequately provide for the object in view or that they are repugnant to the fundamental principles of the existing Act, the only alternative will be to recast the Act. After the Committee has considered the alternative proposals as suggested by me, further amendments and the rules prescribing the constitution of committees and regulating the conduct of business at meetings of such committees will be drafted if necessary.

76. As regards the division of the staff into administrative and executive branches, as proposed by Sir Visvesvaraya, no amendments of the Act appear to be necessary. Sir Visvesvaraya has recommended the creation of three new appointments, namely, the Chief Engineer, the City Health Officer, and the Controller of Accounts, and has suggested that for the purpose of the Municipal Act these three technical officers may be designated Deputy Municipal Commissioners to enable the Municipal Commissioner to delegate, if need be, some of his authority to them.

Section 55 of the Municipal Act provides for the appointment of a Deputy Municipal Commissioner at any time and from time to time. The singular, in this case, includes the plural, so that under this Section it will be competent to the Corporation to create the three new officers. Last year, two special Deputy Commissioners were appointed to hear election complaints under the authority of the same Section.

As regards the powers to be delegated to them, there would be no difficulty if they are appointed as Deputies. Even if they are not made Deputies, they can, under the administrative orders of the Commissioner, relieve him of much of the work that the Health, Engineering and Accounts Departments now refer to him. If at any time it is proposed to transfer to them other functions which the Commissioner cannot delegate to them under the authority given to him by Section 68 of the Act, it will be open to the Corporation to do so under the amended Subclause (2) of Section 64 as suggested by me. With such facilities to lighten the burden of the Commissioner as and when required, it is, in my opinion, not quite necessary to appoint three more Deputy Commissioners. Although the wording of Section 55 admits of more than one Deputy being appointed, the intention of the Legislature was to provide for one Deputy only. Apart from that consideration, it seems illogical to appoint so many deputies when, as the natural corollary to the proposed reforms, the heads of departments will have to work directly under the control of the executive committees, and the office of the Municipal Commissioner will have to be abolished or converted into that of a Town-clerk, as in Great Britain, or a City Manager, as in America, as may be considered desirable in the light of the experience gained during the period of transition.

15th September 1924.

R. P. MASANI.

CHAPTER X.

REORGANIZATION OF ENGINEERING DEPARTMENTS.

77. When the City was given its first instalment of self-government in 1865, an Executive Engineer was placed in supreme charge of all the municipal engineering works. Water works and drainage also came in this category although there was a separate Deputy Executive Engineer in immediate charge of each.

Previous History and Growth.

In the middle of 1907 a proposal was put forward to relieve the Executive Engineer of the supervision and control of the Water Works Department and to place that department in sole charge of an expert Water Engineer under the direct orders of the Commissioner. This proposal was eventually approved by the Corporation and the Government, and embodied in Bombay Act II of 1911; and a Hydraulic Engineer, independent of the Executive Engineer, was duly appointed in July 1911.

In 1908, the Assistant Engineer in charge of the Mechanical Branch of the Executive Engineer's Department was raised to the status of a Deputy Executive Engineer. In 1919 to relieve the Executive Engineer of some more of the burden of routine work, the Corporation approved of the appointment of a separate Senior Assistant Engineer to supervise the whole of the road works in the City. This Senior Assistant Engineer has two other senior assistant engineers working under him.

78. The past five years have seen a great extension in the road construction and maintenance programme of the Corporation, and at the present time this branch alone is, in point of size of staff and value of work executed, almost as large as the whole of the Executive Engineer's Department in 1914. When in 1919, after the rigid war-time economy, the City Corporation decided to undertake on a large scale new development schemes and improvements to general city services from capital, they thought it necessary to create a special engineering division and place the bulk of such works under a senior officer. This relieved the Executive Engineer of most of the responsibility for constructing new works of large magnitude.

The expedients adopted from time to time have thus been of a hand-to-mouth order. Although the responsibilities of the Executive Engineer have been lightened in all these ways, the burden of routine work owing to the rapid growth of the City is still too heavy for him. At the present time, he cannot properly supervise the work placed under him, in addition to discharging his duties under the Act and attending to all the miscellaneous general engineering work of the City. The supervision exercised over the subordinate staff is very inadequate.

79. It may be said that in practice the Drainage and Mechanical Engineering Departments are now virtually independent of the Executive Engineer, and the day has arrived when the Roads Branch must also be given a similar status if the work in that branch is to be efficiently conducted and supervised. It is no disparagement to the able and experienced incumbent of that office to say that the old complaint, that the Executive Engineer is unable to do more than act as a 'post office' between the Drainage and Mechanical Engineering Branches and the Commissioner, is of greater force at the present time than it was ten or even five years ago.

This is chiefly due to the concentration of a large amount of executive authority and decisions in the hands of a single officer. Relief can only come by a clear division and sub-division of services, grading the duties and assigning to each senior officer a specific charge with undivided responsibility; in other words, by a proper reorganization of staff and functions suited to the existing needs of the City.

80. At the present time the Engineering Branch of the Municipal Service is made up of four distinct divisions as follows :—

- (1) The Municipal Executive Engineer, who is responsible for the following :—
- (i) Municipal Engineering Works and General and Miscellaneous duties,
 - (ii) Inspection of Buildings, in compliance with Regulations under the Act,
 - (iii) Road Works.

- (iv) Drainage and Sewerage Works, and
- (v) Mechanical Engineering Section (Workshops, Pumping Stations, etc.)
- (2) Special Engineer, Development and Architectural Works.
- (3) Special Engineer, Tansa Main Completion Works.
- (4) Hydraulic Engineer in direct charge of the City Water Works.

In practice, Departments (iv) and (v) in the first division are administered by the Deputy Executive Engineers who are in direct charge.

81. It is only within recent years, in consequence of the enormous growth of capital expenditure, that the defects of the present organization have become apparent. The provision contemplated by the Municipal Act of 1888, namely, that there should be one superior engineer officer named the Executive Engineer, with the requisite number of deputy engineers under him, is no longer operative, though the title "Executive Engineer" is still retained by the officer in charge of General Engineering Works, Buildings and Roads.

Four senior engineers are working directly under the Municipal Commissioner but independently of one another. There is no control over their technical work and in practice they approve of their own estimates.

The growth of the City and its engineering work has made it necessary that some scheme of decentralization should be attempted and the administrative duties separated from the executive.

The grouping of the engineering work of the City into regular divisions and placing each in independent executive charge of one officer, with a City or Chief Engineer over all, to control and harmonize the work of the divisions, would bring about the co-ordination and technical supervision that is now lacking.

82. In this connection it may be mentioned that in a minute written so far back as 1907 Mr. G. O. W. Dunn, a former President of the Corporation and sometime Secretary to the Government of Bombay, Public Works Department, recorded his opinion that the Water Engineer should continue to be subject to the general

control of the Executive Engineer and that the name "City Engineer" should be substituted for "Executive Engineer" in the Municipal Act. In his opinion to make the Water Engineer entirely independent and answerable only to the Commissioner was a great mistake. He went on to say :— "Work of one general kind should, I consider, be under a single head, and the condition of affairs in a city where water supply, drainage and streets have close relation to one another, requires, in my opinion, a controlling head who shall generally direct the work of the different departments and harmonise their differences."

83. It is proposed to divide the entire engineering work of the City into six well-defined separate divisions, each in charge of a Deputy City Engineer, and all of them supervised by a Chief Engineer. The Chief Engineer, while responsible to the Corporation that each of the six executive divisions is functioning properly, will see to it that due progress is made on all permanent engineering problems and day to day questions that arise in relation to the Government Departments, City Improvement Trust, Development Directorate, Port Trust, etc. In these duties he will be assisted by the Deputy City Engineers. He will keep watch over the wants of the city and bring them to the notice of the Corporation and take the necessary initiative in regard to all new questions that arise in connection with the improvement of the City from a constructional point of view.

The designation of the controlling engineer may be either "Chief Engineer," or simply "City Engineer." The former title will, it is thought, answer better for Indian conditions. The position and duties of the six Deputy City Engineers will correspond to those of Executive Engineers of the Public Works Department under the Provincial Government and to distinguish them from the latter, they may be called Deputy City Engineers.

84. The following will constitute the six Executive Divisions referred to and the main duties allocated to each :—

- (1) Deputy City Engineer, Southern Division (A, B, C, and D Wards) who will have charge of :—
 - (a) Roads and Overbridges,
 - (b) Buildings Inspection,

- (c) Drainage (subsidiary),
 - (d) Upkeep of Municipal Head Office, and
 - (e) Repairs to Municipal Buildings.
- (2) Deputy City Engineer, Northern Division (E. F. and G. Wards) :—
- (a) Roads and Overbridges, including—
 - (1) Asphalt Plant,
 - (2) Sewri Quarry,
 - (3) Nowroji Hill Crusher, and
 - (4) Love Grove Tar Macadam Plants.
 - (b) Buildings Inspection,
 - (c) Drainage (subsidiary),
 - (d) Kurla-Deonar Railway and
 - (e) Repairs to Municipal Buildings.
- (3) Deputy City Engineer, Water Works :—
Entire charge of the City Water Supply system.
- (4) Deputy City Engineer, Drainage :—
- (a) Main Drainage, Sewerage and Sewage disposal works, other than the minor drains entrusted, along with roads, to District Engineers, North and South Bombay,
 - (b) Pumping and Compressor Stations,
 - (c) Ejector Stations,
 - (d) Flood and Sluice Gates, and
 - (e) Outfall Works.
- (5) Deputy City Engineer, Mechanical Engineering Works :—
- (a) Workshops,
 - (b) Mechanical Transport,
 - (c) Inspection of Factories and Workshops,
 - (d) Electrical Installations,
 - (e) Periodical Inspection of all plant and machinery belonging to the Corporation, and
 - (f) Technical advice on all mechanical and electrical matters.
- (6) Deputy City Engineer, City Planning and Improvements Division :—
- (a) Architectural Buildings and Works—Preparing designs and undertaking constructional work in special cases.

- (b) Designing and planning schemes for—
- (1) Opening up of congested areas,
 - (2) Developing large unoccupied or partly-occupied areas, and
 - (3) Future development of isolated pieces of vacant ground.
- (c) Preparing projects and designs for large engineering works not entrusted to the regular divisions, and
- (d) Supervising large constructional works, with the aid of competent Resident Engineers and temporary staff, if and when necessary.

85. Statements are attached (Apps. I (d) and II) showing the expenditure, revenue and capital respectively, incurred in the engineering departments since 1913—14. The following table gives the average annual expenditure in the existing divisions or sub-divisions of the Engineering Branch for the four years ending 1924-25. The estimated figures for 1925-26, as revised in consequence of the retrenchment proposals, are also given :—

Departments and Branches.	Average.	Estimated for 1925-26
	Rs.	Rs.
Executive Engineer	5,28,642	5,27,690
Roads Branch	36,11,686	28,33,642
Drainage Department	6,87,956	6,88,600
Mechanical Department (excluding Workshops)	7,09,180	6,69,586
Water Works	7,52,240	10,71,884
	62,89,704	57,91,402

The same estimated expenditure for 1925-26, *viz.*, Rs. 57,91,402, distributed among the new Engineering

Divisions proposed, would be approximately as under :—

	Rs.
Chief Engineer	70,000
Deputy City Engineer, Northern District ..	15,44,000
" Southern	19,48,000
" Drainage Division ..	11,50,000
" Water Works Division	10,74,000
Mechanical Engineer- ing Division (ex- cluding Workshops and Transport) ..	8,000
Total ..	57,92,000

The City Planning and Improvements Division is at present concerned with loan works expenditure only.

86. These figures give a rough idea of the amount of work in each division. The bulk of the expenditure in the Mechanical Engineering Division is also large, but as it pertains to workshops and other subsidiary services, is debited to the other divisions and services.

The capital expenditure has varied very considerably from year to year in the past, as may be seen from Table II. The normal total capital expenditure, on all the general services, controlled by the Engineering Departments in future, will probably be between Rs. 25 to 50 lakhs per annum.

87. The permanent superior Engineering staff has a strength of 55 officers, of whom 37 are employed on engineering works, etc., primarily connected with maintenance and repairs, and 18 on capital account works. The detailed distribution is shown in the statement appended (Tab. III). The present scheduled annual cost of the technical and clerical establishment of the Engineering Departments employed on revenue accounts works is about Rs. 10.92 lakhs, and that on capital account works about Rs. 6.62 lakhs. Any attempt to deal with the question of regrading or revising salaries of this staff in the present

report would complicate issues. That question will form the subject of a separate report. A preliminary investigation by Mr. N. D. Mehta, Retrenchment Officer, has brought into prominence the fact that the present scale of salaries was based on a scheme temporarily approved by Government in the Public Works Department in 1919. Although Government corrected themselves and lowered their scale soon after, the Municipal scale has remained unaltered. In the suggested redistribution of the staff no reduction of strength is shown, although substantial reduction will, in due course, be possible as a result of the regrouping of duties and responsibilities. The main savings will, however, accrue from the closer supervision and the more efficient manner in which works and repairs will be carried out in future.

88. The staff shown under the City Planning and Improvements Division in the suggested re-organization scheme is the existing staff now engaged on special works and the various schemes of development in progress. When these schemes are completed or curtailed, a corresponding reduction of staff will be possible. The City Planning and Improvements Division, should *normally* consist of one deputy city engineer, one architect, one senior assistant, and two assistant or sub-engineers. Any staff required for future large works of development or construction will be an addition to this and will naturally be of a temporary character.

The suggested redistribution of the staff is provisional and reductions and readjustments should be effected at the time of putting the scheme into operation.

The whole of the Engineering staff employed on the Tansa Completion Works is held to be temporary and is therefore not dealt with in this redistribution.

Some principal features discussed

89. In future the Chief Engineer will exercise supervision over the various Divisions in the same way that a Superintending Engineer does in the Public Works Department of the Provincial Government. He will scrutinize estimates for all large works and when he requires expert help and advice, he will obtain the same from Consulting

Engineers of acknowledged repute or Engineers in practice.. He will see that the surveys and projects for schemes in the various departments are making good progress and that the expenditure on them is kept within reasonable bounds. He will be responsible for guarding the interests of the Corporation in respect of all building and engineering work carried out by the Government, Port Trust, City Improvement Trust, Railway Companies, etc., and also by the public utility companies operating within the City.

The Chief Engineer will need two technical assistants, who should be picked men taken from the ranks of Assistant Engineers, to assist him in new schemes and designs to keep the engineering work of the City up to date and at a high level of efficiency.

9c. For the purposes of Roads and Buildings, both construction and maintenance, the City will be divided into two districts, North and South, each in charge of a Deputy City Engineer. The Northern District will comprise 3 Wards, viz., E, F, & G, and the Southern will consist of 4 Wards viz., A,B, C & D. It is necessary that the work of these two Deputy City Engineers should be made as nearly equal as practicable.

These two Roads and Buildings divisions will, in future, have charge of the construction and maintenance of all subsidiary drains and sewers of and below a certain size to be determined at the time of constituting the new division.

9r. The following particulars will give an approximate idea of the size and amount of work in each District—

Particulars.	Northern District.	Southern District.
Area Acres..	10,899	4,167
Population	620,709	561,400
No. of houses	22,659	30,115
Road mileage Miles..	76.16	105.83
New buildings constructed, average for 12 years No.	761	409
Alterations to Buildings carried out, average for 12 years No.	240	414

The Northern District is larger in area, has a large number of houses under construction and is more industrial. The Southern

District contains business houses and better classes of residential premises. The Deputy City Engineer, Northern District, will have less road work, and as a set-off, he will be given the charge of the Sewri Quarry and Crusher, the Nowroji Hill Crusher, the Love Grove Tarmacadam Plant and the Asphalt Plant. The Kurla-Deonar Railway will also be included in this District.

One advantage of dividing the City into two executive districts will be that the engineer officers concerned will be enabled to get into closer touch with the citizens' works in their charge and exercise closer supervision over the subordinate staff. Another advantage of having two districts operating side by side under separate agencies would be that each would profit by the improved methods introduced by the other. There would be emulation between the agencies employed and the Corporation will have opportunities of comparing methods and costs.

92. Some readjustment of work and responsibilities, as specified below, will be necessary when the six Engineering Divisions are created.

Re-distribution of Certain Specific Ser- vices.	Engineering Divisions are created.
-------------------------------------------------------	------------------------------------

As already explained, all subsidiary drains and sewers will, in future, be maintained by the Roads and Buildings divisions to prevent irregularities in the opening up of asphalt and tarred roads.

The working of the Worli Pumping Station and the control of the Shone System of Drainage, including the Compressor Stations, properly belong to the Drainage Department and should be transferred to the Deputy City Engineer, Drainage. Rules may be framed by the Chief Engineer, under the orders of the Commissioner for the technical advice and supervision of the engines and plant by the Deputy City Engineer, Mechanical Branch. He should give his advice in writing after inspection and it should be left to the discretion of the Deputy City Engineer, Drainage, to take such action as may be necessary.

An assistant mechanical engineer will be in direct charge of the Worli Pumping Engines and Compressor Stations, under the supervision of the Deputy City Engineer, Drainage.

The whole of the mechanical transport of the Municipality should be transferred to the control of the Deputy City Engineer,

Mechanical Branch with the exception of the Water Department lorries, which mainly operate outside Bombay. Such a concentration would enable the motor fleet to be properly supervised, facilitate overhauling and repairs, reduce unprofitable empty running, and make a comparison of running costs possible and valuable.

The maintenance and repairs of the several Municipal Buildings may be left respectively to the Engineers of the Northern and Southern Districts, within whose spheres the buildings may lie, unless for any special reason, it is proposed to entrust one or more buildings to the Architectural Engineer, who will be attached to the City Planning and Improvements Division.

The Architectural Engineer will ordinarily prepare all plans and estimates for new municipal buildings but their execution as in the case of repairs to existing buildings, will rest with the two District Engineers concerned.

93. Since 1922, as already explained, two special Engineering Divisions have been created, one for Development Works and the other for the Tansa Main Completion Works.

How to deal with existing special divisions :
Future City Planning and Improvements Division.

The Tansa Main Completion Works are for the construction of new mains from the Tansa lake to the City. These works, which are estimated to cost Rs. 5.28 crores, were commenced in 1922 and are in charge of Mr. H. J. T. Smith, formerly Hydraulic Engineer to the City. It is understood that this special division will be abolished, on completion of the works in progress, about the end of 1925-26. Thereafter, with some small additions to the staff for the maintenance of the new mains, the Deputy City Engineer, Water Works, should be able to administer the entire water supply system of the City.

The municipal development works are under the supervision of the Senior Special Engineer, Mr. J. W. Mackison, C.I.E. The expenditure in this division has increased enormously within the past two or three years. This division will have to be maintained as a special division at least for a year or two more, till the development schemes now in hand are completed or are placed in a satisfactory position. As soon as it is found possible to reduce the yearly capital expenditure of new works to below Rs. 50 lakhs, it is desirable that the special division, *qua* special division, should be

abolished, and converted into a regular City Planning and Improvements Division and brought under the control of the City Engineer,

94. The Chief Engineer should work in close association with the City Planning and Improvements Division, since that division will be dealing with all new works, all matters requiring initiative in the engineering line, including the preparation and execution of new schemes and works of unusual importance which do not legitimately fall under any of the other divisions. The normal loan works expenditure, after all the urgent new works already sanctioned are carried out, will probably vary from Rs. 25 to 50 lakhs per annum. A large portion of these works should be executed by the other five regular departments concerned, only specially selected works being entrusted to the City Planning and Improvements Division.

It is understood that the question of the transfer of the City Improvement Trust to the control of the Corporation is under discussion. If and when the transfer comes about, it should be possible, or may be convenient, to entrust all large new works, which are beyond the capacity of the staff of the regular divisions, including the City Planning and Improvements Division, to the agency of the City Improvement Trust.

A new drainage and sewerage outfall scheme is under consideration. Whether a special drainage construction division is necessary or whether the life of the present Development Works Division should be prolonged for the purpose, will depend on the rate at which it is proposed to proceed with the scheme, in other words, on the extent of yearly outlay proposed. After the recent heavy expenditure on various development works, the Corporation would be well advised to proceed at a slower pace till there is a revival in trade or a perceptible increase in the City's revenue.

Other Connected Reforms.

95. The Corporation have had in contemplation, from time to time, various improvements in the administration of the ward services, and recently have been considering the desirability of creating Ward Committees

Improvements in Ward Administration.

or Municipalities, it is presumed, as consultative bodies. The first necessity of a ward at the present time is to provide a central building and to locate in it all or as many of the Municipal Ward Offices as possible. In most of the wards a building can be easily constructed on land belonging to the Corporation, or the existing buildings may be enlarged and improved for the purpose. There are a number of buildings owned by the Municipality in the several wards which may be disposed of. The sale proceeds of such buildings would provide part of the money needed for the central building. Where buildings are rented, they would be no longer required and the rents saved would meet an appreciable portion of the loan charges on the capital outlay involved. A central office would further result in indirect savings by reason of the reduction of repair costs, the closer supervision over the clerical staff, better co-operation of the different offices and more efficient administration generally. The probable net cost of providing Central Ward Offices, by utilising existing properties and facilities, may not exceed Rs. 10 lakhs. Where the area of municipal land available is small, it might be economical to erect a new building four or five storeys high. It is suggested that provision be made, thus early, for the outlay needed and an endeavour made to bring into existence all the Central Ward Offices required before the end of 1926.

96. The departments which should be represented in the Central Ward Offices are :—

- (1) Roads and Buildings,
- (2) Sanitation (including Malaria),
- (3) Water,
- (4) Drainage,
- (5) Lighting,
- (6) Licenses, and
- (7) Assessment.

The Senior Medical Officer in the ward, who is also the Registrar of Births and Deaths, should have a representative in the Central Office, although for administrative reasons the Conservancy Department Stables and the Dispensaries may be located in separate buildings.

A common telephone should be provided for each ward and the officials should be able to communicate direct with all the principal municipal offices and institutions. There should be direct communication also between ward and ward. It may be stated in passing that in some of the western cities, notably Berlin, the major portion of the daily work and administration is transacted through the aid of the telephone, thereby avoiding delays and considerably minimising correspondence.

A consultation may be held between all the Ward Officers and Inspectors, once a week, to ensure co-operation and harmony and to promote the interests of all classes of local municipal work in the ward.

A Check Inspector may be employed in each ward, whose main business should be to note down all complaints and irregularities which may come to his notice and transmit the same to the local officer concerned as well as to the departmental head at the municipal headquarters. This Inspector should have no sort of authority over any of the officials. He would be merely a collector of information and grievances and he would submit his weekly journals to, and take his orders from, the Municipal Commissioner or his Deputy direct. I am suggesting this system of check inspection and reporting from a personal experience of its efficacy in stopping irregularities and corruption on a large engineering work.

97. The present system of departmental accounts is defective in that the departmental heads have no means of ascertaining day by day the progress of expenditure on works in their charge.

Systems of Accounts,
etc.

A tabulation book is maintained in most departments. This records only actual payments and does not give a complete idea of the liabilities incurred and not paid. The check of the Accounts Departments upon expenditure is limited to seeing that proper sanction exists, that the bills and vouchers are arithmetically correct and that the budget provision is not exceeded. Within the limits of the budget grant a department can spend what it likes, and there is no effective means of ensuring that the expenditure is being incurred in a useful and economical manner.

In the case of road repairs, it is stated that the members of the Corporation and the public utility companies largely influence

expenditure. Repairs are not executed on regular estimates previously sanctioned according to the actual needs of the roads.

98. The question of Account Reforms will be elaborated in a later report, but the essential points which have to be borne in view, are the following :—

- (1) Detailed appropriation and contract ledgers should be maintained in each department recording all liabilities from the moment of their inception and not merely when a bill is received.
- (2) These detailed ledgers should be audited by the Accounts Department monthly and a statement showing the progress of expenditure against each grant maintained.
- (3) Any audit objections of a technical or administrative character should be dealt with by the Chief Engineer or the Municipal Commissioner.
- (4) All works of maintenance and repairs should as a rule be carried out on the authority of detailed estimates prepared in advance by the assistant engineers or sub-divisional officers and sanctioned by the various sanctioning authorities, such as Deputy City Engineers, Chief Engineer, Municipal Commissioner, the Standing Committee or the Corporation, according to the amount and character of the estimates. The mere sanction of the Budget should not, of itself, be held to be sufficient authority for expenditure on works and repairs.
- (5) When proposals are being submitted to the Corporation for works to be executed out of loan monies, the procedure adopted in England when a local authority is applying to the Ministry of Health for sanction to borrow money, might be followed, as closely as possible. Proper plans, reports and *detailed* estimates, signed by the officers responsible, should be submitted, and accompanying should be a statement, signed and certified by the responsible Engineer Officer and the Chief Accountant, giving brief particulars of the nature and cost of the work, an estimate of the additional cost per annum of the maintenance of the works proposed to be carried out, existing debt and sinking fund

charges, the additional debt and sinking fund charges on the proposed expenditure, the outstanding loan debt, the assessable value of the City, the present percentage of the general and other taxes, the additional percentage which the proposed outlay will involve and any other particulars that may be deemed desirable. The full financial liability involved and the estimated ultimate loss or gain should be clearly given. Any changes of design which may involve a substantial increase of liability or excess over estimate, should be approved by the Corporation before they are given effect to.

- (6) Once in every six months at least the accounts sections of the Engineering Departments should be inspected by the Chief Accountant or his Deputy, so as to ensure that the work is being carried out in an efficient manner.
- (7) The departments should know, from week to week, what the various items in each of their estimates are costing them and, from month to month, how expenditure is progressing against each such estimate as a whole.

99. While the subject of office equipment and efficiency is one of general applicability to the entire municipal administration, there are one or two points of special interest which require notice in connection with the technical work of the engineering departments. There are at present in each office separate staffs for surveying, drawing and tracing. It would be more economical and it would result in increased efficiency, if all these several staffs were combined and centralised. That is to say, for all the engineering departments there should be :-

Office Equipment and Efficiency.

- (a) A common surveying staff,
- (b) A centralised drawing office,
- (c) A centralised tracing and blue-copying office,
- (d) A central typing section, and
- (e) A central correspondence records, and despatching section.

A fuller description of these suggestions will be compiled at a later stage of the enquiry.

100. Owing to the recent rush of expenditure, perhaps, the amount of time and attention bestowed on the preparation of estimates before the works are actually put in hand, has been inadequate. In a multiplicity of counsellors there is wisdom. In the case of the larger engineering projects it would be a safer practice for the Corporation not to place too much reliance on the opinion of a single expert, however eminent, but to obtain criticism and advice from several before deciding to proceed with their construction.

An Engineering Advisory Council consisting of five members, two of whom may be from the municipal staff and three from engineers in practice, including Government Engineers, would, if brought into existence, be a useful advisory body. The Council might meet ordinarily twice a quarter and be paid their travelling expenses, if any, and a fee for attendance. Such a Council will keep track of large schemes in preparation, or under construction, and help the Corporation to maintain a correct sense of proportion in their engineering enterprises and to frame programmes of construction in consonance with the City's needs and resources.

It should be possible for the senior engineers of the Corporation to meet at regular intervals to study each other's larger problems and supply material for the decisions of the proposed Engineering Advisory Council.

There should be a common library for all the engineering departments located in a separate room specially set apart for the purpose with a clerk in charge. An assistant engineer in one of the engineering departments might be entrusted with the general supervision of its working.

Summary:

101. My conclusions may be briefly summarized as follows :—

- (1) The public works of the City should be divided into six executive divisions, each in charge of an officer bearing the designation "Deputy City Engineer." The six divisions will be supervised by a Chief Engineer who will be in administrative charge of the entire engineering work of the City.

- (2) Works, under both capital and revenue accounts, should be executed ordinarily by the six executive divisions mentioned.
- (3) The special division for Tansa Main Completion Works will, it is understood, cease to exist on completion of those works by about the end of 1925-26.
- (4) The work of the Special Engineer, Development Works, will be correspondingly reduced when the six new divisions are constituted, and many of the works connected with the general services, now under the Special Engineer, are transferred to them.
- (5) This Special Engineer's division may continue to exist as a separate division so long as the yearly expenditure after the transfer of the works to the regular divisions, is maintained at or above Rs. 25 lakhs. When the outlay falls below this limit, it may be converted into a City Planning and Improvements Division. Till that time arrives, the special division will be performing also the duties expected of the City Planning and Improvements Division described in this report.
- (6) In the case of all large project estimates, special provision should be made for *independent* check of design and estimates and scrutiny of technical work.
- (7) Special works which, for technical or other reasons, cannot be entrusted to any of the regular divisions, may be executed by the City Planning and Improvements division with the aid of a Resident Engineer in charge.
- (8) In the course of redistribution of the engineering staff a further reduction of numbers and cost may be found feasible. The position in this respect will have to be reviewed once every six months for two or three years to come. Special steps will be necessary also to strengthen the staff by improving the quality of the recruits.
- (9) The details of the scheme and the various reforms suggested, including the redistribution of subordinate staff, require careful elaboration before effect is given to these proposals.

- (10) The new Chief Engineer, when appointed, should be entrusted with the responsibility of giving effect to these proposals in consultation with the Retrenchment Office and with the approval of a Special Committee of the Corporation on which Engineers should be adequately represented.

102. This report being connected with reforms deals, from its very nature, with the defects of the City engineering organization rather than with its good points. It is but fair to add that despite these defects, engineering works of great magnitude and importance have been projected or are under construction and they are being pushed forward with ability and energy by the engineers now in control of those works. It is not necessary to approve of every feature of the recent engineering development to recognise the fact that these works will bring benefits of enduring value to the health and amenities of the City.

103. The Engineering departments control an expenditure of over Rs. 60 lakhs a year on ordinary Municipal Public Works. The loan charges, which amount to Rs. 124 lakhs, are directly due to the works constructed by them. The departments are thus in a manner responsible for nearly 60 per cent of the Municipal expenditure, and a reorganization of these departments on up-to-date business lines cannot but be a matter of special concern to the Corporation.

104. I have discussed these proposals with the Municipal Commissioner and more than once with the senior officers of the engineering services and I desire to acknowledge the courtesy and help received from them and their staffs. The intimate knowledge possessed by Mr. T. H. Bird, Secretary to the Retrenchment Enquiry, of the inner working of the engineering departments, has been of special value in framing these proposals.

BOMBAY,

M. VISVESVARAYA.

23rd December, 1924.

CHAPTER XI

CONTROL OF LOAN WORKS EXPENDITURE.

105. The gross Municipal Debt at the beginning of the current official year stood at Rs. 14.43 crores and Debt and debt charges at present time. it is estimated that the loan charges for the year, debit to revenue, will be about Rs. 1.11 crores. On 1st April, 1925, the position as near as can be foreseen at present, will be :—

	Rs.	
Gross debt	18.57	Crores
Net debt, after deducting Sinking Fund accumulation	15.62	..
Loan Charges	1.24	..
Rateable value of property	11.38	..
General Tax (1925-26)	1.30	..
Total Municipal Income (1925-26)	3.26	..

The gross debt has grown from Rs. 6.49 crores in 1913-14, to Rs. 8.09 crores in 1919-20 and to Rs. 18.57 crores in 1924-25. In 1913-14, the year before the war, the loan charges amounted to Rs. 34.34 lakhs and the proceeds of the general tax to Rs. 46.41 lakhs. In 1919-20, the first year after the war, the corresponding amounts were Rs. 43.05 lakhs and Rs. 74.65 lakhs respectively. The loan charges have since risen so rapidly that within a year or two they will absorb the entire proceeds of the general tax.

The limit of borrowing powers permitted by the Municipal Act is double the assessed rateable value of property. By 1st April next, this limit will have risen to about Rs. 22.76 crores and the gross debt to Rs. 18.57 crores. The margin of borrowing powers then left will be the difference namely, Rs. 4.19 crores, and this margin is being rapidly trampled upon.

106. Various new works and developments have been sanctioned by the Corporation during the past four years, the aggregate value of which amounted to Rs. 6.68 crores. Some of these were necessary to make good the accumulated requirements of the war period. A liberal expenditure was encouraged by the short-lived trade boom between the years 1920 and 1922. The boom period has passed away and a trade depression, perhaps the worst known for half a century, has taken its place. The expenditure on loan works is steadily growing, while the value of taxable property

shows no striking increase. To quote the Municipal Commissioner:—"We are faced with conditions very different from those which prevailed when the Corporation accorded their sanction to the various development schemes." The Chief Accountant in his Administration Report for 1923-24 has remarked: "The rate at which the expansion in expenditure is taking place obviously demands a close scrutiny with a view to economising our revenue expenditure and placing the financial condition on a satisfactory basis."

107. It is admitted on all hands that the Corporation have been sanctioning new works a little too freely within the past three or four years and that the time has arrived for a survey of the City's financial position and a readjustment of its activities to the altered conditions of the present day. What is the precise extent of the Corporation's commitments in respect of loan works? How does the City's indebtedness compare with its assets and income? Whether, viewed in a proper perspective, the increased conveniences and amenities which are being provided correctly represent the most pressing needs, or whether there are also other demands for loan money? What restrictions are necessary in order that the expenditure may be kept within reasonable bounds and what safeguards should be provided to protect the City's permanent interests in this respect in future? These questions represent a problem to which a solution is attempted in the present report.

108. The works for which loan money is being applied are connected with the development of the City and the improvement of its services. They are being carried on by three main agencies under the control of the Municipal Commissioner:—(1) Development Schemes and various improvements to city services, by the Special Engineer, Development Works; (2) Water Works extensions, by the Special Engineer, Tansa Completion Works; (3) Improvements and new works of small size connected with the city services, by the Municipal Executive Engineer and the Hydraulic Engineer.

109. The works entrusted to the Special Engineer, Development Works, are : clearance and reconstruction work in Fort South, including the Hornby Road—Ballard Pier Scheme; development of the Mahim area; construction of overbridges in

the northern part of the City and filling in the Storm Water Reservoir at Mahaluxmi; and construction of architectural buildings for the city services, and new drains and sewers in various parts of the City.

The clearance and reconstruction works in Fort South, with the exception of the Hornby Road—Ballard Pier Scheme, are practically completed, only a small portion of road construction now remaining. The acquisition of the land for the Hornby Road—Ballard Pier Scheme is nearly complete, but the question of demolition of the existing buildings is under the consideration of the Corporation. The development of the Mahim area is now being delayed for want of funds. Nearly all the land required has been notified for acquisition and some of the roads and sewers have been completed. The filling in of the Storm-Water Reservoir is still in progress.

Three large overbridges at Dadar, Parel and Victoria Road are being constructed and one more at Clerk Road is under consideration. A large amount of building work is under way, the principal items being the extension of the Municipal Offices, a new school at DeLisle Road, extension at Arthur Road Hospital, quarters for the labour staffs of the Conservancy, Pumping Station, and Fire Brigade Departments, underground convenience at Bhatia Bagh and two new fire stations. A number of sewers and drains in various parts of the City are in course of construction, mostly in the northern area. Several are a part of the Mahim Development Schemes. The Special Engineer, Development Works, is also having prepared, under expert advice, plans and estimates for a new main drainage outfall scheme.

110. Extensive additions to the water works of the City are in progress in the shape of new steel water mains intended for bringing into the City about double the quantity of water now supplied. The total estimated cost of the new works is Rs. 5.69 crores, of which Rs. 97 lakhs will remain unexpended on 1st April, 1925.

111. The Executive Engineer's Department is chiefly concerned with the maintenance and repairs of existing works, the only important new works undertaken being the resurfacing and improvement of roads. Extensive operations in this connection have been in progress for the past two or three years.

112. For the purpose of appraising their distinctive character, and value to the City in relation to the outlay, all loan works may be classed under three distinctive groups, viz:—
 Loan Works of three classes.
 Self-supporting Works,
 General Services, and
 Development Schemes.

Self-supporting Works are those which, like "Water Works" and "Markets and Slaughter-houses" produce at least enough income or profit to pay for the original cost as well as for maintenance.

Development Schemes are connected with the opening up of congested areas in the City, and the extension of roads, drainage, water supply, etc., to unoccupied areas, with a view to enabling new houses and property to spring up in those areas. In the case of the schemes at present in progress, it is expected that the cost of development will be met, in great part, from the proceeds of land offered for sale.

Under General Services may be classed all works calculated to facilitate the work of Municipal Administration, and promote the health, convenience and amenities of the population, such as: office buildings, school houses, fire service stations, ward offices, roads, parks and parkways, water mains, drains and sewers, etc.

EXPENDITURE FOR THE NEXT SIX YEARS

113. Table IV appended, gives the estimated cost of works Estimate of the City's already sanctioned and the expenditure requirements. expected against these up to 1st April, 1925. The same table shows, separately, the estimated cost of works proposed by the Engineering Department, but not sanctioned. The following figures are abstracted from the table:—

(Figures in rupees : crores)

Heads.	Unspent balance on works already sanctioned.	New works proposed but not sanctioned	Total requirements on 1-4-1925.
1. Self-supporting Works	1.95	.47	3.42
2. General Services	1.65	7.94	9.9
3. Development Works	1.19	....	1.19
Total	4.79	9.41	14.20

Although the total ultimate expenditure is expected to be Rs. 14.20 crores, it is proposed to spend only Rs. 9 crores in the first six years commencing from 1st April, 1925.

The same table shows that the Corporation are committed to an expenditure on development works and water works, taken together, to the extent of Rs. 3.11 crores. The next most important works are (1) the new drainage and sewerage scheme and (2) roads and overbridges, on which an outlay of Rs. 3.40 and Rs. 1.27 crores respectively, is proposed in the six-year period referred to.

114. After discussion with the Retrenchment Officer, Mr. C. M. Correa, and myself, the Special Engineer, Development Works, has accepted the view that an outlay of Rs. 9 crores (Table II Col. 11) should suffice during the next six years, distributed as under :—

1925-26	Rs. 3.10 Crores.
1926-27	„ 1.60 „
1927-28	„ 1.55 „
1928-29	„ 1.30 „
1929-30	„ 1.00 „
1930-31	„ 0.45 „

Total Rs. 9.00 crores.

Provision made on the above scale will meet with the approval of the Engineering Departments and may therefore be regarded as being on a *liberal scale*.

It will, however, be seen by reference to Table III (A), that were such a proposal sanctioned, the legal debt limit would have to be slightly extended in order to raise the requisite funds, and the heavy loan charges entailed would lead almost from the commencement to deficit budgets necessitating additional taxation.

Table III (B) provides for an outlay of Rs. 6 crores only during the six-year period in question, distributed as under :—

1925-26	.. ..Rs. 1.50 Crores.
1926-27	.. .. „ 1.00 „
1927-28	.. .. „ 1.00 „
1928-29	.. .. „ 1.00 „
1929-30	.. .. „ 0.75 „
1930-31	.. .. „ 0.75 „

Total Rs. 6.00 crores.

Under this proposal the debt limit will not be exceeded. Although the loan charges will be comparatively heavy, there will be equilibrium between the revenue receipts and expenditure from year to year. This alternative may be termed a "*moderate scale of expenditure.*"

Yet a third alternative on a *restricted scale* of expenditure is also proposed. It provides for an outlay of Rs. 4 crores only during the six-year period, distributed as follows :—

1925-26	..	..	Rs.	1.50	crores.
1926-27	..	..	"	0.50	"
1927-28	..	..	"	0.50	"
1928-29	..	..	"	0.50	"
1929-30	..	..	"	0.50	"
1930-31	..	..	"	0.50	"

Total Rs. 4.00 crores

This provision will, if accepted, lead to actual reduction of taxation besides leaving ample margin in respect of borrowing powers at the end of the six-year period. Under this restricted scale the financial position will be, as far as can be foreseen, absolutely safe in every respect.

115. In constructing Tables III-(A), III-(B) and III-(C), the assumption is made that the assessed rateable value of property will increase every year by Rs. 30 lakhs. Last year, responsible officers of the Municipality estimated this increase at Rs. 75 lakhs. No liabilities on account of development schemes are included in these tables because, up to the end of 1925-26, it is proposed to meet the interest charges on Development Capital from the Land and Buildings Fund and thereafter from the sale proceeds of land due to the schemes themselves. These latter will be credited to the Development Fund after the money borrowed from the Land and Buildings Fund is first repaid. The Land and Buildings Fund is being utilised in this way in order to give relief to the tax-payer as long as possible or till the Development Fund is able to meet all further charges on account of the schemes.

It is assumed that from 1926-27 recoupments from the Development Schemes would not be less than Rs. 20 lakhs per

annum and that they would not only pay interest charges on the capital but also help rapidly to redeem the loans.

It must be remembered that buildings will begin to spring up, and properties to develop, in the areas newly laid out, and when this happens and the work of the development schemes begins to bear fruit, the rateable value of property will increase rapidly and bring appreciable additions to the general tax. This may be held as a set off against the ultimate losses from the development schemes, which may amount to anything from Rs. 30 lakhs to Rs. 1 crore. The losses will be small in proportion to the improvement that may take place in trade conditions and in the capacity of the citizens to invest in land and buildings in the immediate future.

116. It may be interesting in this connection to compare the present debt position in Bombay with that of sister cities in India and other parts of the world.

The yearly revenue expenditure of Calcutta and Bombay is roughly Rs. 25 and Rs. 26 respectively per head of population. The per capita debt, including water supply, is Rs. 67 and Rs. 128 respectively, showing that, although the total expenditure of the two cities is about the same, Bombay has nearly twice the debt of Calcutta.

Leaving out the debt contracted for trading services, in which water supply is included, the debt per capita in Bombay compares with those of other English and Foreign Cities, as under:-

	Rs.
Birmingham (England) 1922-23	79
Liverpool (") 1919-20	74
Manchester (") 1919-20	124
Tokyo (Japan) 1922	33
Bombay (Estimated) 1924-25	83

Having regard to the low economic status of the average citizen and the character of the works on which borrowed money is being spent, it is impossible to escape the conviction that the debt of Bombay is already as high as it should be.

117. It has been assumed above that the net loss on the development schemes may amount to Rs. 30 lakhs to Rs. 1 crore when the works are all completed in three to four years time. Loss Security behind debt.

or no loss, the Corporation have put their hand to the schemes and they have to see them through. The capital invested in development schemes is likely to be released early. For our present purposes, the expenditure on these might be left out of consideration. The loans standing against Water Supply and Markets do not impose any direct burden on the taxpayer, and it is usual to exclude such loans from the regular Municipal Debt. If, from the total debt of Rs. 18.57 crores on 1st April, 1925, Rs. 2.50 crores and Rs. 8.47 crores spent on these two classes of works, respectively, are deducted, the net debt against the city services will be only Rs. 7.60 crores. In this calculation no allowance is made for the Sinking Fund accumulation.

Against this, we have Municipal properties comprising buildings, public conveniences, bathing places etc., which have a marketable value, estimated by the Municipal Executive Engineer at Rs. 2.83 crores. There is Municipal land besides, valued by the same officers at Rs. 7.80 crores, making a total marketable property valued at not less than Rs. 10.63 crores. No account is taken of the road works, drainage works, pavements, set-backs, etc., which form other intangible assets.

The main security for the debt is the power of the Corporation to tax property in the City, the assessed rateable value of which at present is Rs. 11.82 crores. It is estimated that this will go on increasing at the rate of Rs. 30 lakhs per annum. The Corporation are now levying a rate of 11 per cent on the rateable value and they have committed themselves, although they did so in more prosperous times, to an increase, if necessary, of the rate to 17 per cent. This reserve of 6 per cent will mean an addition to the general tax of about Rs. 71 lakhs, sufficient to meet interest and sinking fund charges on a debt of about Rs. 9 crores more if necessary. It is evident that the City possesses abundant security for the funded debt at present outstanding.

118. Enquiries show that correct "assets and liabilities account" of Municipal properties is not kept, no periodical stock-taking is attempted and but little attention is paid to the commercial side of loan works transactions generally.

Commercial aspect
of loan works.

If an improvement in this respect is to be looked for, for the future, certain new commercial procedure and practice commonly observed in Foreign Municipalities should be introduced. The accounts of remunerative schemes should be separated from those of non-remunerative ones. A separate fund should be maintained for each self-supporting scheme like the Water Works and Markets, with separate capital and revenue accounts, and a balance sheet.

The commercial aspect of every scheme put forward for execution should be investigated and proper forecasts of financial results, *i.e.*, of expenditure, receipts, net profit or loss, permanent increases of revenue, maintenance charges, etc., should be given. In the case of non-remunerative schemes, in addition to such of the above information as applies to them, a full description of the benefits likely to accrue should be given, for comparison with actual results after the works are completed.

119. A programme of loan works, together with financial forecasts, should be maintained for five or six years in advance. These may be revised once every year and adjusted to changing conditions.

The interest and sinking fund charges on loans contracted for the City services should be debited to the respective heads concerned, both in the budget and in the final accounts. This is the practice in British Municipalities and it will help to bring forcibly to the notice of the Corporation what amount each service head is costing them.

Every item of expenditure sanctioned should have a definite relation to the service head concerned and every sanction a correct bearing on the resources of the City. Only thus can the expenditure and the liabilities of the Corporation be kept under control, and provision made for the City's needs from time to time, according to the capacity of the people to pay for them.

120. We have already seen that the borrowing powers of the City amount to about Rs. 24 crores. Other uses for loan money. Not all these are intended for works in brick and mortar. Loan money is needed for developments of various kinds in other directions, for welfare work and multifarious health and wealth-producing activities.

We have seen that the present loan charges amount to nearly 40 per cent of the total revenues of the City. A mortgage of the yearly revenues to this extent leaves very little to provide for the current needs of the population. If a saving can be effected, it might be profitably utilized for the reduction of town duties, with an eye to diminishing the cost of living.

There are various ways in which the Municipality can help housing schemes with loan money. Money might be laid out on more school buildings with necessary equipment, on technical schools and workshops for training workmen for industrial occupations, and on allied institutions for equipping persons for other employments. Money is required for public libraries. Hotels and lodging houses might be provided or subsidized. Capital might be utilized on Municipal-owned public utilities and trading concerns and in laying out new industrial suburbs. City Municipalities in the West do this and issue attractive pamphlets to advertise the facilities they are prepared to offer to persons who intend to start new industries. In Bombay such facilities seem to exist in an exceptional degree just at present, on account of its prospective water supply, and its electric supply resources. Money might be spent in organizing exhibitions. Exhibitions which are frequently held in Western Cities often pay their own way. Some capital might be spent in subsidizing cheap transportation. More parks and recreation grounds might be added in localities easily accessible to the children of the poorer classes.

These considerations are urged to show that there are other uses besides public works, which loan money, and the savings from loan charges, when they accrue, might be put to and which should receive the serious attention of the City authorities.

One cannot take too critical a view, however, of the recent expenditure when one knows that if the development and engineering schemes referred to had not been put through, no alternative undertaking would have taken their place. The Corporation have got something done for the City, something accomplished, and that is a great consideration by itself.

121. The Corporation have to examine their income, their assets and liabilities and the immediate and future needs of the City in all spheres of Municipal activity and prepare a programme

A Loan Works Programme.

of expenditure for the future. They have now before them three alternative proposals of expenditure on Engineering Works and they have to choose one of them and adhere to it at least for one year at a time. The five year programme may be reviewed and revised once a year at Budget time but once revised, it should be adhered to at least till the next revision.

122. In the Preliminary Report on Municipal Retrenchment and Reforms, six points were raised as requiring consideration in working out a Loan Works Programme and these will be briefly referred to here :—

(i) *Programme of Works not considered as urgent.*— If the moderate scale of expenditure involving Rs. 6 crores in the 6 years ending 1930-31 referred to above be accepted all reasonable demands for the 3 classes of works will have been provided for. The expenditure on Development Works and Tansa Completion Works is inevitable. As regards other items, the Engineering Departments may be requested to prepare detailed statements of works and a review of the City's requirements in consonance with the scale of expenditure decided upon.

(ii) *Incomplete estimates and plans to be completed.*— This is a matter for the Engineering Department to take up. For every important project a full report, description, an abstract of estimate, and specifications should be prepared and these should be checked independently from the technical and accounts point of view. All important estimates should be dealt with in this way.

(iii) *Grouping and Classifications of Capital Accounts Works.*— It may be found convenient to maintain the classifications under the 3 heads given in paragraph 112 above and in Table II. The estimates for individual development schemes should include all subsidiary works, such as drainage and water supply and should give a clear forecast of receipts and expenditure so that the Corporation may get a connected idea of the size and scope of each scheme, its costs and benefits to the City as compared to the outlay involved.

(iv) *Preparing a financial forecast for each scheme.*— A forecast of financial results should be attached to each scheme, signed by the Engineer and the Chief Accountant, showing the recoupment and returns expected and the increased revenues which the scheme may be expected to bring in in due course.

(v) *Programme of Capital expenditure and forecast of financial results for five years.*—This programme and forecast are given in the present report. It is recommended that a similar review be prepared every year so that the Corporation may always have a general programme before them into which they would be able to fit in their sanctions from month to month without risks of over expenditure.

If a work is not remunerative, very full explanation should be demanded before the Corporation are satisfied as to its necessity.

(vi) *Fixing the legal limit of debt.*—It is said that once a debt is created it constitutes a general mortgage on the City's assets.

123. The expenditure on Municipal Public Works has been going on at a very rapid rate and the loan charges have grown enormously within the past 4 years. The Corporation, whether under the advice of the executive or of their own initiative, have been sanctioning loan works so rapidly that no clear statements of aggregate sanctions and commitments were available in respect of these works until they were prepared in connection with Retrenchment Enquiry.

Although the city authorities have been raising loans at an unusually rapid rate, the municipal credit is still good. A substantial portion of the debt is on account of the water works, which is in a sense a self-supporting work.

The following is a concise statement of points on which action is necessary :—

(1) A Loan Works Programme should be prepared and maintained for 5 years in advance. It should be revised and brought up-to-date once every year at the time of passing the Budget, but no changes should be made in the programme, except for grave reasons, in the interval between any two revisions.

The actual value of every proposed new work to the City, as a whole, should have careful consideration before undertaking new commitments.

New works should not be brought in as urgent business for sanction, unless they are absolutely necessary.

(2) In regard to future expenditure on Loan Works, three alternative proposals are suggested for the six years commencing from 1925-26 ; (1) on a liberal scale involving an outlay of Rs. 9 crores, (2) on a moderate scale, with an outlay of Rs. 6 crores and (3) on a restricted scale, requiring only Rs. 4 crores. The adoption of one or the other of the two latter is recommended. A smaller outlay than Rs. 4 crores has to be ruled out, if losses likely to result from interference with past commitments of the Corporation are to be prevented.

(3) The Loan Works estimates or Budget should be approved after a discussion of the needs of the City, the capital programme, the debt charges and the bond issues, and their relation to the financial position of the City kept in view. A separate report on the loan fund and the sinking fund should be issued at the close of each official year.

(4) The Engineering and Accounts Departments should be held jointly responsible for maintaining correct statements of sanctioned works, revised from quarter to quarter, and signed by the Chief Accountant and the Heads of the Engineering Departments concerned.

(5) In the interests of sound design, no less than of efficiency and economy of execution, projects should be prepared in greater detail than they are at present, on the lines on which Government schemes are prepared. In substance, the code rules of the Government Public Works Department, might, with necessary changes, be adopted here with great advantage. The projects should be printed, and made available to the Councillors and the public, an interval of at least three months being allowed to lapse between submission of complete schemes and actual sanction by the Corporation, to give every opportunity for healthy criticism.

(6) A forecast of financial results should accompany every new scheme, or if the work is not of a remunerative character, a full description of the benefits likely to accrue, so that the utility of the scheme in relation to the expenditure proposed may be considered and weighed before the scheme is sanctioned. It is not sufficient to include such description in the application asking for sanction.

(7) The internal audit should be rendered efficient and effective, which it is not at present, by prescribing suitable rules or standing orders for the purpose. The annual report on loan fund and sinking fund referred to in clause (3) above should contain a review of the financial position of the Corporation in relation to its assets and the security offered by the revenues.

(8) A small staff may be permanently maintained in the Accounts Department which, working in co-operation with the Engineering Departments, should undertake the responsibility of reviewing every new scheme from a commercial point of view before it is sanctioned, watch the steady growth of the Municipal assets and property and safeguard the commercial interests of Municipal undertakings generally.

(9) In any programme of Loan Works Expenditure the requirements of Primary Education should not be lost sight of. If education is to be extended as rapidly as the circumstances demand, large sums of loan money will be needed for school buildings and the cost of maintenance of the educational institutions will swell the revenue expenditure. It might soon become necessary to earmark a portion of the general tax for this purpose, or levy a separate educational cess.

Attention is also invited to the following subsidiary suggestions :—

(1) Correct complete statements of lands acquired under the Development Schemes should be maintained.

(2) The recoupments from sales of land, etc., derived from the Development Schemes should be utilized for pushing forward to completion the more promising ones among them so that the schemes may be completed one by one, without throwing any further appreciable burdens on the tax-payer on their account.

(3) In future, schemes of development of new areas should include the cost of all works connected with them,

such as water supply, drainage, etc. The total estimated liabilities of each scheme should be known before it is sanctioned and the accounts maintained during execution should also show all such liabilities.

(4) Repayment of loans raised for self-supporting works like the water supply, might be spread over a longer period than 30 years to reduce the burdens on the present generation. In this case the depreciation charges should be regularly debited to the revenue account.

(5) The practice of making provision in the Loan Works Budget for works in excess of the sanctioned estimates, without the Corporation's previous sanction, should be discontinued. It is understood that action has been taken already in this matter.

(6) When an excess over a sanctioned estimate is apprehended, the circumstances should be brought to the notice of the Commissioner and immediate steps taken to submit a revised estimate and obtain sanction of the proper authority.

The Officer concerned should not delay the submission of revised estimates until, as has often been the case, the sanctioned amount is expended.

(7) The practice of transferring loan funds obtained for one service or purpose to another leads to loose methods of financing and to considerable confusion and complication in calculating the interest and sinking fund charges, and should be avoided as far as possible.

(8) The execution of loan works under general city services should ordinarily be entrusted to the departments concerned and not to a special staff.

(9) When works are constructed or carried out by direct labour, cost accounts should be maintained, and proper records kept of all plant and machinery used on the works.

124. I am indebted to Mr. J. W. Mackison, C.I.E., Special Engineer, Development Works, for much useful information regarding the requirements of the City for which capital expenditure would be needed in the near future. Mr. T. H. Bird has made various constructive suggestions and, through the courtesy of the Commissioner, I have had valuable assistance from Mr. V. V. Shaligram of the Accounts Departments, in the compilation of the Tables and the scrutiny of the various recommendations from an accounts point of view.

ECMBAY.

9th January 1925.

M. VISVESVARAYA.

PART III



APPENDICES



APPENDIX I.
Complete Programme of Work.

Serial No.	Particulars.	Remarks.
I		
Retrenchment and Reform in 6 groups of Departments.		
1	Administrative	In progress
2	Financial	"
3	Engineering	Complete.
4	Public Health	Complete
5	Education	In progress.
6	Special and Miscellaneous	Complete.
II		
Restricting Loan Charges.		
7	Postponement of works not considered urgent	} Complete.
8	Completion of all estimates and plans still incomplete	
9	Grouping and classification of all Capital Account Works under the main heads— ..	
	(i) Development Schemes	
	(ii) City Services	
10	Preparation of financial forecasts for large schemes	
11	Programme of Capital Expenditure and forecast of financial results for 5 years ..	
12	Fixing limits of Municipal Debt and Loan Charges for immediate future	
III		
Administrative Reforms.		
13	Classification of Officers into grades— ..	} Complete.
	(i) Administrative	
	(ii) Executive	
14	Correct classification of Municipal Departments	
15	Introducing new system of control by Executive Committees	
16	Improving Ward Organization	
17	.. Office Accommodation	In progress.

Serial No.	Particulars.	Remarks.
18	Time-saving appliances and methods for office work	In progress
19	Central Board of Appointments	To be undertaken.
20	Periodical checks for efficient working of Municipal Departments	"
21	Preparation of a Municipal Year Book	In progress.
IV Accounts Reforms.		
22	Appointment of a new Controller of Accounts	Complete.
23	Re-organization of the Accounting System of the Municipality	In progress.
24	Valuation statement of Municipal properties, lands, buildings, etc.	Report prepared.
25	Valuation statements of machinery and plant, tools, stores, dead stock, etc. (by Departments)	"
26	List of Revenue-yielding properties and amount of annual revenue derived	"
27	Statement of assets and liabilities of the City Corporation	"
28	Separate accounts of trade undertakings like Water Works and Markets	"
29	Preparation of an Accounts Manual	To be undertaken.
30	Opening a Statistical Section in the Accounts Department	"
31	Additional recommendations suggested as a result of the further investigations in progress Among others—	
	(i) Remodelling form of Budget	In progress.
	(ii) " " Annual Accounts	"
	(iii) Codes and Manuals for Engineering and Public Health Departments.. .. .	To be undertaken.
V		
32	Final Report	Complete, so far as relates to progress up to 31st January, 1925.

APPENDIX II.

Subject: Retrenchments in the Executive Engineer's Department (General Branch).

1. The cost and number of employees of this Branch, excluding the Executive Engineer, compares as under :—

			Number	Cost Rs.
1913-14	..	..	48	63,164
1920-21	..	..	61	64,243
1924-25	..	..	30	44,652

The figures for 1913-14 and 1920-21 include the Mechanical Engineer, and the Architectural Section. In the middle of 1920-21 the Architectural Section was transferred to the Special Engineer's Department, and from 1921-22 the salary of the Mechanical Engineer has been charged to the Pumping and Compressor Stations. Excluding these items, and five clerks who were engaged on the clerical work of the Architectural Section, the correct comparison would be, approximately, as follows :—

			Number.	Cost. Rs.
1913-14	..	..	21	17,650
1920-21	..	..	25	20,000
1924-25	..	..	30	44,652

These figures show that, whereas in the past four years the number of employees has increased by 20 per cent, the cost has increased by 123 per cent.

2. An investigation of the work actually done by each member of the staff shows that several of the clerks are really employed on work which relates solely to the Special Engineer's Department, and at least three clerks should be transferred from the General Branch to the Special Engineer's Staff. To this the Executive Engineer agrees.

It is presumed that if the Loan Works programme be curtailed, the staff of the Special Engineer's Department will be correspondingly reduced, and it is therefore necessary that such staff should be kept entirely separate and distinct from the permanent revenue staff.

3. One clerk is employed solely to take charge of the stationery, and the work he has to do does not take more than

two hours per day. It is suggested that this post be abolished, and the charge of the stationery given to either the Head Clerk, or the Senior Record Clerk. The Executive Engineer has approved of this suggestion.

4. The post of Assistant to the Personal Assistant was created in 1923-24, and is held by a Sub-Engineer on a salary of Rs. 300 per mensem. The Executive Engineer agrees to the abolition of this post.

5. To summarise, the retrenchments agreed upon by the Executive Engineer are :—

- I Sub-Engineer.
- I Clerk.
- I Lascar.

and a transfer to Loan Works of 3 clerks, which, with some other minor cuts, show a saving on the 1924-25 Budget of Rs. 9,195 and on the 1925-26 tentative Budget of Rs. 8,850.

T. H. BIRD

Secretary,

Retrenchment Enquiry.

APPENDIX III.

Subject:—Retrenchments in the Executive Engineer's Department (Buildings Inspection Branch).

1. Comparative figures of the employees in this Branch, and the cost, are as under:—

POSTS.	*1913-14		1920-21		1924-25	
	No.	Cost.	No.	Cost.	No.	Cost.
Supervising staff ..	5	19,800	5	17,760	14	80,000
Inspectorial ..	50	75,480	28	37,435	24	49,620
Surveying ..	10	4,260	11	6,925	13	15,420
Clerical ..	90	41,700	31	21,842	32	42,720
Menial ..	81	12,240	53	8,967	61	11,436
Subordinate ..	84	17,892	26	5,558	29	8,004
Allowances ..		17,520		12,432		21,912
	320	184,632	154	110,919	173	220,112

* Includes Establishment for Roads and Lighting.

From these figures it will be seen that, as compared with 1920-21, the number of employees has increased by 19, and the cost by Rs. 1,18,183, the percentage increase being 12 per cent and 106 per cent respectively. No comparison with 1913-14 is possible, as the Roads Branch was then combined with the Buildings Inspection Branch.

2. The main work of this Branch is the carrying out and enforcing of the provisions of the Municipal Act and the Building Regulations in respect of the construction of new buildings and the alteration of existing buildings. Statistics showing the number of plans examined, buildings inspected, and prosecutions undertaken during the past 15 years are given in Statement "A" attached. These statistics show clearly that the work of building inspection is, at the present time, not any heavier than it was 10 to 15 years ago; in fact, the number of buildings dealt with in 1923-24 was the lowest in the past 15 years, 1918-19 excepted.

3. As against this, the Executive Engineer points out that the Building Branch has now, by orders of the Corporation, to

enforce the provision of fire-proof staircases, and to assist the Health Department in connection with houses unfit for human habitation.

4. Reference to the Table in para. 1 above will show that the main cause of the large increase of cost since 1921 is the increase in the number and the emoluments of the supervising staff. When the engineering staff was regraded and the scales of pay revised in 1921, the 5 Building Superintendents were re-named "Senior Assistant Engineers" and the scale of pay altered from Rs. 250-10-300 (one was on Rs. 350-10-400) to Rs. 650-50-1200. From 1st April, 1925, four of these engineers will be drawing Rs. 850 per month, and the remaining one would normally rise to that pay on the 1st September, 1925. In 1921, before the revision, the average rate of pay per month was Rs. 296, so that in four years they have had an increase of 185 per cent.

5. In addition to the above, a new grade of sub-engineer was created, there now being 9 of these employees where in 1921 there were none. The number of Inspectors has been decreased by four, but this has been counteracted by the increases in the Surveying and Menial staffs.

6. The Executive Engineer has agreed to reduce the number of employees in all the grades as shewn below, though he desires to emphasise the point that he will not be able to proceed with the work of inspection in connection with staircases and unfit houses as rapidly as the Corporation desire :—

- 1 Senior Assistant Engineer
- 3 Sub-Engineers
- 1 Inspector
- 1 Draftsman
- 3 Tracers
- 4 Clerks
- 5 Mukadams
- 14 Lascars
- 7 Boys.

The Sub-Overseers have been increased by one, from 11 to 12.

7. The question of the revision of the grades and pay of the staff will be dealt with, later, when this question, as affecting the

entire engineering staff of the Corporation, has been thoroughly explored.

8. The retrenchments agreed to give savings as follows :—

On the 1924-25 Budget .. 45,032

On the tentative 1925-26 Budget .. 54,146

T. H. BIRD

24th November 1924.

Secretary,

Retrenchment Enquiry.

STATEMENT "A" REFERRED TO ABOVE.

Statistics relating to Buildings Inspection Work.

Year.	No. of Buildings. Plans received.	No. of Buildings dealt with.	Prosecutions.	Remarks.
1	2	3	4	5
1909-10	3,198	Not available.	1,360	The difference between the figures in Cols. 2 & 3 arises because revised plans have to be submitted for most buildings. Plans are also submitted for buildings not proceeded with.
1910-11	3,237	"	1,664	
1911-12	3,404	"	1,608	
1912-13	3,618	2,211	1,314	
1913-14	3,528	2,122	944	
1914-15	3,558	1,948	711	
1915-16	3,461	2,054	674	
1916-17	3,286	2,129	602	
1917-18	3,105	2,037	832	
1918-19	2,668	1,289	1,019	
1919-20	3,556	1,747	1,098	
1920-21	3,287	1,622	1,283	
1921-22	3,211	1,527	1,110	
1922-23	3,294	1,488	1,516	
1923-24	3,184	1,393	1,306	

APPENDIX IV.

**Subject :—Retrenchments in the Executive Engineer's
Department (Kurla-Deonar Railway Section).**

1. The figures relating to this Section are as under :—

	Total		Establishment.	
	Cost.		No. of	Cost.
	Rs.		Employees	Rs.
1913-14	86,398	.. ..	281	42,678
1920-21	1,69,707	.. ..	278	46,212
1924-25	1,89,401	.. ..	279	85,296

The increased cost under the head of "Establishment" is, it will be seen, wholly due to the increase in the pay of the labour and other staff.

2. The only other big item of expense is the Transport Charges which in the 1924-25 Budget are shewn as Rs. 81,300, as compared with Rs. 71,307 in 1920-21, and Rs. 33,853 in 1913-14. These charges being based upon contracts, no saving appears possible.

3. Though there does not appear to be a case for retrenchment on general grounds, the Executive Engineer has agreed to abolish the post of 1 Sub-Overseer and to reduce the number of women and boys, which reductions give a saving of Rs. 5,864 on the 1924-25 Budget, and of Rs. 7,200 on the tentative Budget for 1925-26.

T. H. BIRD

Secretary,

Retrenchment Enquiry.

24-11-24.

APPENDIX V.

Subject : Retrenchments in the Executive Engineer's Department (Repairs Section).

1. Prior to 1921, the work of supervising the repairs to Municipal buildings was carried out by the Architectural Section of the Executive Engineer's Department. In 1921, that Section was transferred to the Special Engineer's Department, and the Repairs Section was then formed.

2. The comparative figures available are :—

1921-22	..	..	Rs.	27,801
1922-23	..	..	..	35,058
1923-24	..	..	..	34,174
1924-25	..	..	..	36,213

The increase of 1924-25 over 1921-22 is almost wholly due to the annual increases of pay.

3. The present staff comprises :

- 1 Senior Assistant Engineer
- 1 Sub-Engineer
- 16 Subordinates.

4. The works executed under the supervision of this Section amount, approximately, to Rs. 2 lakhs per annum, practically the whole being carried out by the Petty Works Contractors.

5. As the present holder of the post of Senior Assistant Engineer is due for retirement next year, the Executive Engineer is of opinion that a lower grade Engineer on, say, a salary of Rs. 500-50-1000 would be capable of exercising efficient supervision over the repair works.

6. The inspecting and measuring up of the numerous works entails a large amount of detailed checking and calculations, and the Executive Engineer suggests that this work could be better executed by abolishing the post of Sub-Engineer, and increasing the Overseers, Mukadams, and Mistries from 3 each to 4 each.

7. This suggested reorganization will result in a saving of Rs. 4,331 over the 1924-25 Budget and Rs. 5,442 over the 1925-26 tentative Budget.

T. H. BIRD

Secretary,

Retrenchment Enquiry.

25-11-25.

APPENDIX VI.

Subject :—Retrenchment in the Executive Engineer's Department (Upkeep of Municipal Head Office).

1. For the size of the Municipal Head Offices, the expenditure on upkeep does not appear to be excessive and in fact is lower than the similar expenditure of the Calcutta Corporation.

2. The tentative Budget for 1925-26 shows a proposed expenditure of Rs. 48,108, of which Rs. 18,100 is for electric supply. It may be possible to effect a saving on this item if stricter supervision is exercised over the use of the electric lights and fans, and it is suggested that fresh orders should be issued to Departments to this effect.

25-11-24

T. H. BIRD

Secretary,

Retrenchment Enquiry.

APPENDIX VII.

Subject :—Retrenchments in the Roads Department.

1. This service cost in 1913-14 (exclusive of supervision, establishment and office charges) Rs. 10,28,291. In 1920-21 it was (inclusive of all charges) Rs. 22,48,676 and in 1924-25 Rs. 23,91,456.

2. The increase over 1920-21 appears to be only Rs. 1,50,000, but the true increase is considerably greater, for the Corporation have in the past two years embarked on a programme of road reconstruction financed out of loan moneys, which should mean a corresponding reduction in the ordinary maintenance charges. This is an important fact which must be borne in mind when considering the present cost of this Department.

3. The chief items of expenditure are compared below :—

	1920-21	1924-25.
	Rs.	Rs.
Establishment	1,52,182	2,87,812
Oiling and tarring	3,75,824	4,90,000
Repairs and Maintenance	12,10,330	10,50,000
Depreciation	32,272	1,45,000
Port Trust Roads	87,019	1,29,919

4. In 1920-21, the Supervisory staff consisted of 1 Assistant Engineer and 1 Superintendent, at a total yearly cost of Rs. 10,270.

Now there are three Senior Assistant Engineers at a total yearly cost of Rs. 34,800.

5. In the same period of 4 years the clerical staff has increased by	Rs.	13,286
the menial staff by .. .. .	..	100
and the allowances have increased by		<u>4,072</u>

A total increase of Rs. 17,458

6. In 1920-21 the out-door inspection work was carried out by

8 Inspectors.

6 Overseers.

39 Sub-Overseers.

at a total cost of Rs. 50,286. This year the same work requires

- 7 Sub-Engineers,
- 7 Overseers,
- 27 Sub-Overseers,
- 1 Checker, and
- 1 Inspector for trees,

whose total salaries amount to Rs. 82,620.

7. The remaining out-door staff compares as follows :—

	1920-21		1924-25	
	No.	Cost.	No.	Cost.
Ward Clerks	21	13,382	21	23,220
Mistries	7	2,520	5	3,900
Veterinary Inspector	1	900	1	1,420
Chowkidars	7	1,176	7	1,428
Mukadams	28	6,108	28	7,788
Lascars	9	1,884	10	2,004
Steam roller staff	71	24,900	103	53,160
*Stone breaker	3	1,260		
*Motor wagon	24	9,432		
*Stone crusher	2	690		
*Tar mixer	2	690		
Allowances		12,552		25,260
		75,494		1,18,180

8. The Retrenchment Adviser has given this Department his personal attention, and after considerable discussion with the Executive Engineer, and the Senior Assistant Engineer, Roads, retrenchments have been agreed upon which show a saving of Rs. 4,59,894 on the 1924-25 Budget, and Rs. 3,58,324 on the 1925-26 tentative Budget.

9. To these retrenchments I agree but suggest that, in addition, the Ward Clerks should be reduced to 14 in all. The work done in the Ward Offices has recently been thoroughly test audited, and I am convinced that there is a duplication of work in the Ward and Head Offices which can be obviated by a reorganization of

* These plants are now charged through Advance Accounts and the cost of the staff is hidden in the inclusive charge for the materials supplied.

duties. I must, however, state that the maximum of the salary now paid to the Ward Clerks, (Rs. 60-10-100) is insufficient to attract a good class of men and I would suggest that this point should be taken into consideration when the re-grading of the staff is undertaken.

26-11-24

T. H. BIRD
Secretary,
Retrenchment Enquiry-

APPENDIX VIII

Subject :—Retrenchments in the Drainage Department.

1. The comparative cost figures of this department are :—

1913-14	.. ..	Rs. 3,40,653
1920-21	.. ..	„ 5,49,348
1924-25	.. ..	„ 7,66,026

The main items are :—

Particulars.	1913-14	1920-21	1924-25
General Supervision	42,460	62,436	1,07,208
Out-door Establishment	20,190	52,387	95,004
Labour	96,726	1,44,284	1,80,000
Hire of carts	26,900	48,457	45,000
Repairs	46,203	59,122	83,980
Cleaning Drains	5,107	17,745	24,500
Open main drain and low level channel	2,981	5,939	8,000
Depreciation .. .. .	..	..	4,513
New Works	75,555	1,22,000	1,65,898
Sluices	2,434	4,149	7,380

2. The numbers of the general supervisory staff were :—

1913-14	.. ..	49
1920-21	.. ..	50
1924-25	.. ..	54

The increased cost of this item is almost solely due to the increased rates of pay of the staff.

3. The out-door establishment has increased in number as follows :—

1913-14	.. ..	57
1920-21	.. ..	67
1924-25	.. ..	67

In this case also, the increased cost is due to the increase of pay.

4. Labour has increased as under :—

1913-14	..	..	370
1920-21	..	..	593
1924-25	..	..	642

The increasing cost of this item is due both to increase in number and the rates of pay.

5. Statistics showing the main works done by the Department are given in the statement attached.

6. The increased staff and labour since 1914 is not out of proportion to the increased length of sewers and drains which have to be cleaned and maintained, but after consideration of the detailed duties of the staff, the Drainage Engineer has consented to the reduction of the following :—

2 Sub-Overseers	..	..	..(Office Surveying staff)
1 Lascar	..	..	.. do.
1 Inspector	..	..	..(Ward Inspection staff).
1 Assistant Inspector	..	..	.. do.
1 House Drain Inspector	..	..	.. (New Works Staff).
1 Plumber	..	..	.. do.

7. In view of the fact that an additional silt motor wagon will be operating next year, the hire of bullock carts is being reduced by Rs. 5,000. In addition to this the Drainage Engineer has consented to reduce the provisions for cleaning and maintaining the open main drain and low level channel by a total of Rs. 9,000.

8. The Head Office Clerical Staff consists of two Head Clerks and 20 Clerks, the largest of any of the Engineering Departments. A few months ago the posts of two clerks were abolished, and a new post of an additional Head Clerk created. I am not convinced that such a large staff is actually required, and suggest that the Drainage Engineer be requested to re-organise the work so as to reduce the staff to one Chief or Head Clerk and 19 Clerks, a total of 20 altogether, as against the present 22.

9. The reductions agreed upon, exclusive of any reduction in the clerical staff, give a saving of Rs. 18,528 over the 1924-25 Budget and Rs. 25,220 over the tentative 1925-26 Budget.

T. H. BIRD

Secretary,

Retrenchment Enquiry.

27-11-24

STATISTICS OF WORK CARRIED OUT BY THE
DRAINAGE DEPARTMENT

Year.	Pipe Sewers.			Ovoid Sewers.		
	Length Miles.	Cleaned Miles.	Silt removed. Tons.	Length Miles.	Cleaned Miles.	Silt removed Tons.
1913-14		Figures	not	available		
1915-16	115.70	38.24	1,762	10.57	15.86	328
1920-21	120.00	32.53	1,771	14.07	17.03	247
1922-23	122.35	44.94	2,189	14.70	13.36	457
1923-24	124.90	47.61	2,126	14.25	14.08	571

Year.	S. W. Drains.			Catchpits.		
	Length Miles.	Cleaned Miles.	Silt removed. Tons.	No.	Silt removed. Tons.	Total silt removed.
1915-16	148.62	33.69	11,465	39	4,112	17,667
1920-21	155.00	31.29	8,989	41	1,775	12,782
1922-23	160.32	21.73	7,508	41	1,607	11,761
1923-24	163.18	27.47	9,259	41	1,835	13,791

Year.	Sullage Connections.			S. W. Connections.		
	No.	Total cost. Rs.	Unit. cost. Rs.	No.	Total cost. Rs.	Unit cost. Rs.
1915-16	340	16,215	47.69	133	4,569	34.35
1920-21	309	19,839	64.20	129	6,234	48.32
1922-23	285	22,247	78.06	115	6,999	60.86
1923-24	404	23,232	57.50	105	6,919	65.89

APPENDIX IX

Subject :—Retrenchments in the Water Works Department.

1. The operating and maintenance costs compare as under :—

1913-14	..	..	..	Rs. 3,56,901
1920-21	..	..	..	„ 8,11,645
1924-25	..	..	..	„ 8,54,222

Over 1913-14 expenditure, 1920-21 shows an increase of 127 per cent, and 1924-25 an increase of 139 per cent.

2. The average daily quantity of water delivered into the City and suburbs was :

1913-14	..	..	32.15	Million Gallons.
1920-21	..	..	44.32	„ „
1923-24	..	..	49.00	„ „

3. The mileage of supply and distributing mains was :

1913-14	..	..	..	263	Miles.
1920-21	..	..	..	319 $\frac{1}{2}$	„
1923-24	..	..	..	342 $\frac{1}{2}$	„

4. Allowing for the depreciation of money since 1914, the present expenditure does not seem out of proportion to the increased quantity of water brought into the City and the increase in the number of connections.

5. All the items of expenditure have been thoroughly discussed with the Hydraulic Engineer, and it is really difficult substantially to reduce the expenditure without seriously affecting efficiency. However, after prolonged consideration, the Hydraulic Engineer has now agreed to abolish the posts of two Inspectors, two Ramo-shies and to reduce considerably the temporary labour.

6. Further, the Hydraulic Engineer has agreed to endeavour to keep down the expenditure on meters, the filter plants and certain other items.

7. The attention of the Corporation must, however, be drawn to the fact that the reductions in the establishment and temporary labour are wholly dependent upon the Department being relieved of the responsibility for defects in the internal fittings of private houses, a liability which is not borne by any other water undertaking.

8. The reductions suggested amount to Rs. 14,610 on 1924-25 Budget, and Rs. 53,464 on the tentative 1925-26 Budget, excluding the new provision for chlorinating the water supply.

28—11—24.

T. H. BIRD
Secretary,
Retrenchment Enquiry.

APPENDIX X

Subject :—Retrenchments in the Mechanical Engineer's Branch (Pumping and Compressor Stations).

1. The comparison of expenditure is as follows :—

	Rs.
1913-14	3,02,386
1920-21	4,76,640
1924-25	7,61,871

2. Prior to 1922 the salary of the Mechanical Engineer was charged to the establishment of the Executive Engineer. Now his salary, Rs. 16,200, and upkeep of motor car, Rs. 2,630, total Rs. 18,830, is wholly charged to this service. This is hardly correct, for the Mechanical Engineer does not give his whole time to this service ; the greater portion of his time is taken up by the Workshops and miscellaneous work, and I therefore suggest that only one-half of his salary and motor car upkeep be charged to this service in future, the other half being charged to Workshops. This suggestion cannot be given effect to until sanctioned by the Standing Committee.

Colaba Compressor Station.

3. The cost of running this station has increased from

Rs. 34,360	in 1913-14 to
.. 37,565	.. 1920-21 and to
.. 57,657	.. 1924-25

This increase is mainly due to the repairs and maintenance, which now costs Rs. 17,000 as against Rs. 5,492 in 1920-21.

Stores have increased from Rs. 1,714 in 1920-21 to Rs. 3,000, this year.

Pumping Station Love Grove.

4. The expenditure at this station has increased as follows :—

1913-14	Rs. 1,76,564
1920-21	.. 2,76,988
1924-25	.. 4,18,294

The main causes of the increase are :—

	1920-21	1924-25
	Rs.	Rs.
Establishment and		
Labour	50,000	74,000
Fuel	1,36,000	2,00,000
Repairs	62,000	86,000
Stores	26,000	45,000
Tools and Plant		9,500

As this station is being converted from steam power to electric power, savings will automatically be effected.

Compressor Station Love Grove.

5. The expenditure on this station was

in 1913-14	Rs.	89,296
.. 1920-21	..	1,56,172
.. 1924-25	..	2,03,299

Labour now costs Rs. 6,000 more than four years ago, and fuel Rs. 58,000. The other expense items either show a decrease, or only a very slight increase, but I am inclined to the belief that some proportion of the increased charges debited to the pumping station should really be charged to this station.

6. The Mechanical Engineer, after consultation with the Retrenchment Adviser, agreed to submit proposals for retrenchment. These proposals have been accepted, and show a saving of Rs. 1,00,000 on the 1924-25 Budget, and Rs. 83,194 on the 1925-26 tentative Budget.

T. H. BIRD

Secretary,

Retrenchment Enquiry.

APPENDIX XI.

Subject:—Retrenchments in the Public Health Department.

The expenditure under the administrative control of the Executive Health Officer falls under two Budget Heads and is as under :—

	Budget 1924-25 Rs.
V. Public Health Department	9,18,259
VI. Hospitals & Medical Relief :—	
A Hospitals & Dispensaries :—	
(b) Maternity Homes.. ..	94,112
(c) Dispensaries for out-patients	58,558
B Medical and Nursing assistance to poor people in their houses	41,220
E Anti-Tuberculosis League	68,218
	11,80,367

The corresponding figures for 1913-14 and 1920-21 are as follows :—

Year.	Gross amount. Rs.
1913-14	5,29,728
1920-21	6,95,841

The current year's budget figures show an excess of Rs. 6,50,639 over that for 1913-14, and of Rs. 4,84,526 over that for 1920-21. A careful examination of the figures shows that the following heads of expenditure did not exist in 1913-14 :—

(a) Epidemic Charges	Rs. 38,746
(b) Malaria Charges (connected with rent, tools, medicines, plant and contingencies)	6,700
(c) Maternity Homes	94,112
(d) Anti-Tuberculosis League	68,218
	Rs. 2,07,776

If we eliminate these new items of expenditure, the excess over the figures for 1913-14 comes down to Rs. 4,42,863, nearly to the same level as the excess over the figures for 1920-21, Rs. 4,84,526.

2. The Executive Health Officer has gone into the question of retrenchment very carefully and has met the general wishes of the Corporation for economy. His proposals, summarised in his report dated 25th September 1924, result in an aggregate saving of Rs. 1,26,968 under the following budget heads :—

	Rs.
V. Public Health Department ..	1,08,506
VI. Hospitals and Medical Relief ..	18,462
	1,26,968

But some of the reductions proposed were given effect to when passing the current year's budget and consequently they cannot be taken into consideration when submitting proposals which are meant for further reductions from the allotments made for 1924-25. Besides, the retrenchments were calculated by the Health Officer on the current salary of the present incumbents, whereas we should base our proposals on maxima standards when a general policy of retrenchment is adopted. With these two modifications, I have worked out the retrenchment proposals in detail in the succeeding paragraphs.

3. The first kind of expenditure to be investigated is "Fixed Recurring Charges" and the following table classifies the same under Major and Minor Heads :—

Statement showing growth of expenditure in the fixed recurring items of expenditure of the Public Health Department

Major Head.	Minor Head.	Sub-Head.	1913-14	1920-21	1924-25	Excess over 1913-14	Excess over 1920-21
V. Public Health	A. General Supervision... ..	Establishment	1,93,676	3,09,224	5,07,948	3,10,272	2,01,314
	B. Supervision of City Milk Supply	Establishment	1,642	4,407	17,988	16,346	13,581
	C. Epidemics	Temporary Staff .. .. .	..	4,587	5,000	5,000	413
		Labour .. .. .	..	4,231	10,000	10,000	5,769
	D. Vaccination	Establishment	18,318	26,352	40,452	22,134	14,100
	E. Malaria	Establishment	45,426	18,737	73,220	27,794	54,483
	F. Miscellaneous	(a) Cemeteries Estbt.	4,722	5,753	11,484	6,762	5,731
	(b) Laboratory Estbt.	10,145	10,172	18,600	8,455	8,428	
	(c) Mahaluxmi Dhobiwada Estbt.,..	970	1,191	2,028	1,058	837	
	(d) Dharamshala Estbt.	165	172	300	135	128	
	(e) Destruction of Dogs Establish-ment .. .. .	..	1,273	4,644	4,644	3,371	
VI. Hospitals & Medical Relief.	A. Hospitals and Dispensaries. ..	(a) Maternity Homes Establishment	..	18,180	28,752	28,752	10,572
		(b) New Maternity Home at Mahim.	..	..	25,000	25,000	25,000
		(c) Dispensaries for out-patients Estbt.	5,533	9,854	38,988	33,455	29,134
	B. Medical and Nursing Assistance to poor people ..	Establishment .. .. .	..	..	24,720	24,720	24,720
	E. Anti-Tuberculosis League ..	Establishment .. .. .	..	..	40,308	40,308	40,308
	Total		2,84,597	4,14,133	8,49,432	5,64,835	4,35,299

4. It will be seen that the Fixed Recurring Charges, *i.e.*, Establishment Charges, of 1924-25, exceed those for 1913-14 by Rs. 5,64,835 and those for 1920-21 by Rs. 4,35,299. The Corporation have sanctioned new services of the following nature subsequent to 1920-21 :—

	New Establish- ment Charges.
	Rs.
(a) New Maternity Home at Mahim ..	25,000
(b) Medical and Nursing assistance to the poor	24,720
(c) Anti- Tuberculosis League.. ..	40,308
	90,028

The elimination of these new charges from the excess over 1920-21 reduces the growth of expenditure to Rs. 3,45,271, *i.e.*, the expenditure for 1924-25, even under the same recurring heads, exceeds by 84 per cent the expenditure for 1920-21. There may be normal increments in time scale of pay to the permanent incumbents which may be taken at about 10 per cent per annum. Still there will remain 44 per cent increase after completion of four years from 1920-21, which requires to be pruned off by careful scrutiny.

5. Included in the head " General Supervision, Establishment" are the two Senior Assistants to the Health Officer. The Health Officer proposes to abolish one post, and to entrust the Malaria supervision work to the remaining Assistant Health Officer. It is also proposed that this Assistant shall supervise the work of the King George V Anti-Tuberculosis League, and the League for combating Venereal Diseases, recently transferred to the Municipality. The Health Officer proposes a pay of Rs. 1000-100-1200 with the allowances hitherto paid to the First Senior Assistant. The effect of this arrangement will bring a net saving of Rs. 16,800 on the maximum basis.

6. The Assistant and Deputy Health Officers next come under review. The Executive Health Officer proposes the reduction of the two posts of Deputy Health Officers (Rs. 350-15-500), and the distribution of their work among the five Assistant Health Officers. The proposal is a sound one and may be accepted. It gives a reduction of Rs. 14,040 per annum on the maximum basis.

7. While considering this proposal, I have two suggestions to make. Firstly, the present holders of the two posts of Senior Assistants to the Health Officer are already due for superannuation, and are under extension. One of these posts is proposed to be abolished; the other, which will carry the pay of Rs. 1000-100-1200 (revised), will possibly be secured by one of the present three Assistant Health Officers (Rs. 600-30-750) first grade. The vacancy in the first grade of Assistant Health Officers need not be filled up and the strength of this grade should be reduced to two, while that of the second grade should be raised from two to three. As a rule, all graded services show very few posts in the highest grade, while the lower grades comprise a larger number of posts. In the sanitary service of this Corporation this distinction is not observed, for the posts are now as under :—

Designation.	Strength.
Senior Assistants to the Health Officer ..	2
Assistant Health Officers :—	
First Grade	3
Second	2
Total	7

My proposal is that the cadre should be arranged as under

Senior Assistant to the Health Officer ..	1
Assistant Health Officers :—	
First Grade	2
Second	3
Total	6

8. Secondly, the minimum pay of the posts of the second grade of Assistant Health Officers should be reduced from Rs. 500 to Rs. 400. This will affect new recruits only, and will not adversely affect the vested rights of the present incumbents. My reasons for this alteration are briefly as follows :—

The Sanitary Service of Municipal towns (except the Presidency town) has been determined by Government under Resolution No. 2815 dated 14th February 1923. The scale of pay of First Class Health Officers, possessing British qualifications is fixed at

Rs. 400-25-750 ; while that of First Class Health Officers, possessing Indian qualifications, is fixed at Rs. 300-20-600. The Corporation have dispensed with the difference in the two kinds of qualifications in the municipal service and have fixed the scale of pay for the first and second grades at Rs. 600-30-750 and Rs. 500-20-600 respectively. It appears that possessors of British Diplomas of Health are available even for the posts of Deputy Health Officers carrying pay of Rs. 350-15-500. There is, therefore, no reason why the Corporation should not revise the scale of pay of the Assistant Health Officers with due regard to efficiency. A medical graduate with a British Diploma of Health can fairly start in the Municipal Service with Rs. 400 as against Rs. 300 in a mofussil first class town, and expect to rise normally to Rs. 600 in ten years and Rs. 750 in a further period of five years. When we compare the prospect of the Provincial services, either in the Executive or in the Judicial line, with those of Assistant Health Officers, we find that the latter officers, commencing with Rs. 400 and rising to Rs. 750 within 15 years, cannot be considered to be unhappy in the selection of their career. Again, just as Provincial Service men have a chance of rising to the select grade of Rs. 1000-100-1200, these Assistant Health Officers have a goal of one select grade of Rs. 1000-100-1200.

9. The reduction of one post of Assistant Health Officer in the first grade and the addition of one post to the second grade, coupled with the abolition of two posts of Deputy Health Officers, will effect a recurring saving of Rs. 16,440, as against Rs. 14,040, which is the saving shown by the Health Officer's proposal for the abolition of the posts of two Deputy Health Officers only.

10. The reduction of the Deputy Health Officers' posts will lead to a reduction of 9 persons in the strength of the clerical and menial staff. This is agreed to by the Health Officer, and will result in a net recurring saving of Rs. 11,776.

11. The Health Officer and the Municipal Commissioner have agreed to reduce the strength of Medical Assistants in charge of sections from 50 (exclusive of leave reserve of 11) to 40. The present leave reserve is 11. It should proportionately be reduced to 9. There will thus be a reduction of 12 posts with a recurring

saving of Rs. 39,720 on the maximum scale, in-as-much as the present extra allowance of Rs. 10 to each of 61 Medical Assistants will merge in the maximum scale of pay of Rs. 225.

12. There is no possibility of Retrenchment under minor heads.

B. Supervision of City Milk Supply.

C. Epidemics and

D. Vaccination.

Under "Vaccination" a reduction of Rs. 13,200 has already been effected in 1923-24 by discontinuing the manufacture of lymph by departmental arrangement, and the substituting therefor of the system of purchase of lymph from the Bombay Government. Under "E. Malaria," however, there is scope for the reduction of the Junior Overseers from 38 to 15 and the coolies from 76 to 30. The Health Officer proposes this reduction, and consequently, the wisdom of retrenchment is administratively certified. The Health Officer adds one mukadam. It is a minor change. The financial effect of these changes will be a net saving of Rs. 27,564.

13. The Health Officer's last proposal is a reduction of ten nurses in the service of "Medical & Nursing Assistance to Poor People in their homes." It is stated "that the staff of Municipal nurses (qualified midwives) has been recently increased from ten to twenty. The numbers of cases of confinement attended by the ten nurses newly appointed continues to be small and disappointing. This work overlaps with that of the Infant Welfare Society, to which the Municipality contributes Rs. 15,000 annually, or the equivalent of the salaries of fifteen nurses at Rs. 80 per mensem. In 1923 the nurses of the Society conducted 328 cases of confinement and this probably accounts for the difficulty which the Municipal nurses experience in finding cases." The reduction proposed is, therefore, sound both from the administrative and economic points of view. The financial effect of the proposal will be a net recurring saving of Rs. 16,800.

14. The results of the investigation are briefly as under :—

Head.	Budget figures for 1924-25	Retrenchment.
V. Public Health :—		
(A) General Supervision :—	Rs.	Rs.
(b) Central Office	57,216	16,800
(c) Assistant and Deputy Health Officer	1,32,594	16,440 11,776
(d) Medical and Sanitary staff in- cluding registration of births and deaths	2,94,138	39,720
(e) Malaria	73,220	27,564
	<u>5,57,168</u>	<u>1,12,300</u>
VI. Hospitals & Medical Relief:—		
(B) Medical & Nursing assistance to the poor	24,720	15,480
Grand Total	<u>5,81,888</u>	<u>1,27,780</u>

N. D. MEHTA,
Retrenchment Officer.

4-11-24.

PUBLIC HEALTH.

Reconciliation of Mr. Mehta's proposals with actual savings
on the tentative Budget for 1925-26.

	Rs.
Total of Mr. Mehta's proposals for Public Health purposes as given above	1,12,300
Less	
Difference between maxima and actual rates of pay ..	36,676
	<u>75,624</u>
Add	
Error in calculation	2,160
Retrenchments in fluctuating but recurr- ing charges not allowed for by Mr. Mehta	12,550
	<u>14,710</u>
	<u>90,334</u>

APPENDIX XII

Subject :—Retrenchments in the Hospitals and Medical Relief Services.

Medical Relief within the Municipal Area falls under the following heads :—

	Rs.
A. (a) Hospitals of Infectious Diseases	2,12,295
(b) Maternity Homes	94,112
(c) Dispensaries to outdoor patients	58,558
B. Medical and Nursing Assistance to the poor people in their houses	41,220
C. Statutory Contribution	4,14,500
D. Grants in aid to public medical institutions	88,700
E. Anti-Tuberculosis League	68,218
Total ..	<u>9,77,603</u>

Out of these A (a) (Rs. 2,12,295) head falls under the direct control of the Medical Superintendent ; while the subsequent heads (Rs. 7,65,308) are directly controlled by the Executive Health Officer. Items A.(b) and A. (c), B and E have been included in the gross item of Rs. 11,80,367 investigated in Appendix XI. Items C and D are fixed statutory and contractual obligations and cannot be curtailed. The only items which require investigation in this note, therefore, fall under the budget head A (a) and the general medical and disinfectant charges falling under the remaining heads.

2. There are at present two Hospitals—Arthur Road Hospital for infectious diseases, and the Maratha Hospital for plague. These Hospitals are fully staffed, with a resident Medical Officer in charge and the necessary Medical Assistants, and in addition there is a Medical Superintendent in executive charge. This latter appointment was originally intended to be one in the cadre of Assistant Health Officers as the following extracts will show. In the Note of the Municipal Commissioner, dated 29th October 1919, Mr. Monie observed as under :—

“ The appointment of the Assistant Health Officer at the Head Office, which I proposed to abolish, should be continued. The maximum

pay of this Assistant should, like that of the Senior Assistant at present, be fixed at Rs. 1,200 and of the two Senior Assistants, one should be employed on general administrative duties, and the other on Special Enquiries and Research....."

The Medical Relief Committee, in para. 9 of their Report, dated 17th December 1919, also summarized the results of the proposals as under :—

" There will be two Senior Assistant Health Officers. One will assist the Executive Health Officer in the General administration of the Health Department, and in supervising the work of the five Assistant Health Officers in charge or the five divisions of the City, and the work of the Conservancy Assistant. The other Senior Assistant Health Officer will be employed as specified above on Special Enquiries and Research."

The Corporation, in para 2 of their Resolution No. 13364 dated 1st March 1920, modified the proposal and decided as under:—

" That there should be only one Senior Assistant Health Officer to assist the Health Officers in supervising the work of the Assistant Health Officers. The other proposed Senior Health Officer should be replaced by (a) a Medical Superintendent, Municipal Hospitals, on Rs. 1,000 per month at the maximum, who should be a trained Bacteriologist and a Medical Officer of first rate knowledge and experience in infectious diseases, and who should be responsible to the Health Officer, and (b) a Bacteriologist on Rs. 600 per month at the maximum, who should work under the direction of the Medical Superintendent."

3. In pursuance of this resolution creating the new post applications were invited by the Municipal Commissioner. The notice inviting applications, dated 30th September 1920, states inter alia "that the appointment will be for five years and renewable at the end of that time."

The present incumbent, Dr. P. T. Patel, was recommended by the Medical Relief Committee; and the Corporation, in their resolution No. 1425, dated 12th May 1921, approved and adopted the proposal. Again under C. R. No. 796, dated 27th April 1922, an allowance of Rs. 200 per mensem was attached to the post with effect from 1st August 1921, for the services to be rendered by him as Surgeon of the Fire Brigade. His duty as the Surgeon of the Fire Brigade, is "to attend all sick or injured members of the Fire Brigade at their residence and to furnish the Commissioner with such certificates and reports as may be called for."

4. This is the genesis of this appointment of Rs. 1,000 +200 per mensem. Let us now see the work of supervision and research which he has to do.

The sub-joined table shows the average number of patients treated daily at both the Hospitals :—

Name of the Hospital	Average daily number of patients.		Average weekly cost per patient.		Average number of post mortem cases per year.	Average number of Bacteriological Examinations
	1922-23	1923-24	1922-23 R. a. p.	1923-24 R. a. p.		
Arthur Road Hospital	11.6	41.1	25-5-3	16-7-8	6	253 (760 in 3 years).
Maratha Plague Hospital ..	17.65	16.75	14-10-10	19-3-3	6	603 (1811 in 3 years.)

5. The maximum number of patients from 1904 to 1923 in both the Hospitals was 4631 in 1918, while the minimum number of patients in both the Hospitals was 964 in 1922. The average number of patients per year suffering from infectious diseases based on the actuals of 10 years (1914-23) comes to 2142. The number of visits paid to the Fire Brigade men at their own places was only 24 in one year.

6. There is a proposal to increase the accommodation for in-door patients' beds from 322 to 412, i.e. by 90 beds (*Vide* item No. 192 of October 1924 Agenda of the Corporation). But there is no reason why the retrenchment axe should not be applied to existing conditions where there are definite proofs of extravagance.

7. As these Hospitals are for infectious diseases only, and as the normal number of patients cannot be determined as in the ordinary hospitals, it is desirable that the permanent staff should be restricted to the minimum number of patients admitted—(964 in 1922) and the rest should be relegated to the temporary schedule. The requisite provision should be for the average number of beds occupied during the last ten years. This arrangement will reduce the Provident Fund and Pension Charges on the present surplus permanent staff.

8. At the Arthur Road Hospital there are one Resident Medical Officer, two Medical Assistants, and one Matron ; while at the Maratha Hospital there are two Medical Assistants, and one Sister-in-Charge. As the Medical Superintendent is not fully occupied with the work of supervising, for he is at present doing the

duty of the Resident Medical Officer at the Arthur Road Hospital, (Dr. Chokshi having resigned the post), this latter post of Rs. 300-25-500 per mensem may safely be abolished and one of the Medical Assistants may be promoted as Senior Assistant on Rs. 225-25-300. Similarly, there is a vacancy of one nurse out of seven. That post, too, need not be filled up, and may be abolished.

9. The result of these changes will be a net saving of Rs.7,380 on the maximum rates of pay.

Motor Ambulances for Infectious Diseases Removal.

10. Seven ambulances are maintained for the removal to the Hospitals for treatment of persons suffering from infectious diseases. I append a statement showing particulars of the working of these ambulances :—

Serial No.	Particulars.	1921-22 full year.	1922-23 full year.	1923-24 full year.	1924-25 8 months
1	Number of Motor Ambulances	5	6	7	7
2	Total cases removed ..	976	774	1,160	1,011
3	Establishment Charges ..	10,951	12,163	13,059	10,183
4	Maintenance Charges ..	9,421	9,883	16,670	8,969
5	Other Stores (Petrol excluded)	1,122	869	1,358	1,138
6	Cost of Petrol	4,341	2,954	3,698	2,760
	Total of item Nos. 3—6..	25,835	25,869	34,785	23,050
7	Add Depreciation	4,431	4,431	4,431	4,431
	Rs.	30,266	30,300	39,216	27,481
8	Total Petrol consumed (gls.)	2,097	1,417	2,042½	1,687
9	Total mileage run	12,583	8,584	11,470	9,241
10	Average mileage run per gallon of petrol	6.1	6	5.1	5.4
11	Maximum number of cases removed in one day ..	..	..	17 29-3-23	16 25-3-24
12	Average number of cases removed per day	2.6	2.1	3.1	4.1
13	Cost per mile run	2-2-9	3-3-9	3-3-9	2-11-0
14	„ „ case removed ..	28-0-11	35-11-9	31-14-9	24-6-6

11. In 1923 seven ambulances were maintained throughout the year at an aggregate cost of Rs. 34,785. The average mileage run per gallon was 5.1 as against the normal standard run of 15 miles per gallon for a Ford ton van. These ambulances are not heavy motor conveyances. If a comparison is made with the running costs of the infectious disease ambulances maintained by the Spensborough Urban District Council, England, determined by test over a period of 43 weeks, the position will be made lucid :—

Particulars	Spensborough.	Bombay.
Average mileage run per gallon of petrol	9.06	5.1
Cost per case removed	Rs. 19-5-6	Rs. 31-14-3
Cost per mile	1-0-6	3-3-9

12. It is thus evident that the Bombay Corporation Hospital Ambulances are extravagant in cost. Again, the maximum number of cases removed in any one day is 17, *i. e.*, 2.42 per ambulance. On no day has the call gone up to a number requiring the maintenance of 7 ambulances throughout the year. Each ambulance should be capable of removing six patients daily inside the City. On the whole, I am convinced that there is no necessity to maintain seven ambulances. At the most three may be retained which can cope with a maximum call of 18 per day by doing six trips each. The reduction of four ambulances would result in a saving of Rs. 20,102 on the maximum cost as under :—

Establishment Charges	Rs. 5,180
Maintenance Charges	9,492
Petrol	2,112
Stores	786

17,570

Depreciation on 4 ambulances 2,532

20,102

The motor ambulance overseer should be retained, but he should act as a driver in addition.

Medicines and Disinfectants.

13. These are normally recurring charges falling under various minor heads under V. Public Health and VI. Hospitals and Medical Relief.

The aggregate charges amount to Rs. 59,170 or say Rs. 60,000 per annum. In my opinion if an arrangement is made with Government for supply of medicine and disinfectants from Government Medical Stores, as in the case of Vaccination, I think the Corporation will get the same quantity of drugs and nearly of equal quality, if not better, at Rs. 45,000 making a net saving of about Rs. 10,200.

14. As suggested in para 7 above, the Medical Superintendent has submitted his proposals for re-adjustment of his staff into (a) Permanent and (b) Temporary. They are as under :—

Present permanent	Proposed permanent.	Proposed temporary.
Arthur Road Hospital.		
2. Medical Assistants at 100-25/5-225.	1 Medical Assistant.	1 Medical Assistant.
3 Nurses at 100-5-150	1 Nurse	2 Nurses.
12 Ward Attendants at 25-1-30	6 Ward Attendants.	6 Ward Attendants
11 Sweepers at 23.	7 Sweepers.	4 Sweepers.
Maratha Hospital		
1. Compounder at 45-5-100		1 Compounder.
2. Ambulance bearers at Rs. 18.		2 Ambulance bearers.
1. Masal. at Rs. 17		1 Masal.

This arrangement will not lead to immediate economy, but in the long run it will, for it will save the annual contribution from the Municipal Fund to the Provident Fund of Rs. 882 per annum, and running interest on the accumulated balance which will be growing.

15. The Medical Superintendent further proposes at my suggestion that in other normal charges there should be differentiation between *permanent* and *temporary*. He would like to relegate the following amounts to temporary heading :—

	Amount to be relegated to temporary Head.
	Rs.
<i>Arthur Road Hospital.</i>	
II. Medicine	2,000
IV. Clothing	1,000
XII. Printing and Stationery	
(a) Printing	500
XIV. Laboratory	500
<i>Maratha Hospital.</i>	
II. Medicine	1,000
VII Contingencies	
(b) Books & Dead Stock	1,000
Total	6,000

16. The result of these investigations may be summarized as under :—

Retrenchment in fixed recurring establishment charges of the Arthur Road Hospital (para 9)	7,380
Retrenchment in the fixed recurring charges of the Ambulance Staff (para 12)	5,180
Retrenchment in the maintenance charges and depreciation relating to four ambulances to be reduced (para 12)	9,492
	2,112
	786
	2,532
	14,922
Reduction in medical charges without reducing the quantity and quality of drugs (para 13)	10,200
Total	37,682

17—II—24.

N. D. MEHTA
Retrenchment Officer.

HOSPITALS AND MEDICAL RELIEF.

Reconciliation of Mr. Mehta's proposals with actual savings
on the tentative Budget for 1925-26.

Total of Mr. Mehta's proposals				
as given in Appendix XI	..	..	15,480	
" " above	..	..	37,682	
<i>Less</i>				53,162
Difference between maxima and actual pay			7,388	
Cost of retaining one Infectious disease ambulance, M. C. agreeing to reduction of 3 only	..	..	5,722	
				<u>13,110</u>
<i>Add</i>				40,052
Retrenchments in fluctuating but recurring charges in excess of Mr. Mehta's suggestions	..	..	..	4,650
				<u>44,702</u>

APPENDIX XIII.

**Subject :—Retrenchments in the Conservancy and
Halalkhore Branches.**

Administrative Arrangement.

1. The Road Conservancy and Halalkhore Branches are under the *general* control of the Executive Health Officer, and *special* control of an Officer designated as "Conservancy Assistant." The total departmental expenditure falls under the following major and minor heads of the Budget :

Statement showing growth of expenditure under Conservancy, including Halalkhore Branch.

Major Head.	Minor Head	1913-14	1920-21	Average 1921-22 to 1923-24	Budget 1924-25	Excess over		
						1913-14	1920-21	Average
VII. A. Street Cleansing and Conservancy.	(a) Superintendence & Ins- pection	1,30,765	1,75,904	2,33,496	2,65,006	1,34,241	89,102	31,510
	(b) Veterinary	10,089	13,612	30,963	41,888	30,799	28,276	10,925
	(c) Street Cleansing & Sanita- tion	4,73,402	7,25,298	12,24,413	13,82,952	9,09,550	6,57,654	1,58,509
	(d) Gully Flushing	58,860	86,590	1,18,988	1,41,910	83,050	55,320	22,922
	(e) Removal of town refuse ..	4,62,858	10,17,475	12,41,700	13,52,496	8,80,638	3,35,031	1,10,796
	(f) Miscellaneous	34,620	63,844	67,107	67,255	32,635	3,411	148
	Total VII. A. ..	11,70,594	20,82,723	29,16,697	32,51,507	20,80,913	11,68,784	3,34,810
Xc. Halalkhore Branch ..	(a) Superintendence & Ins- pection .. .. .	..	..	Included in (a)	above	..	..	..
	(b) Cleansing and Sanitation ..	4,21,969	4,72,872	6,27,104	6,37,734	2,15,765	1,64,862	10,630
	(c) Bullock Traction	64,051	1,01,162	1,61,498	2,20,003	1,55,952	58,841	58,505
	(d) Veterinary .. .. .	..	..	..	..	..	..	..
	(e) Miscellaneous	32,163	40,333	46,158	60,700	28,537	20,367	14,542
	Total Xc. ..	5,18,183	6,74,367	8,34,760	9,18,437	4,00,254	2,44,070	83,677
Grand Total VII. A. and Xc.		16,88,777	27,57,090	37,51,457	41,69,944	24,81,167	14,12,854	4,18,487

2. The administrative relation of the "Conservancy Assistant" with the Sanitary Staff under the Executive Health Officer seems to be defective. The rules of 1920 provide that "the Conservancy Assistant will be responsible for conservancy work under the direction of the Executive Health Officer and the Assistant Health Officers who will supervise it generally, and will inspect the work of the Conservancy Supervisors and Assistant Supervisors of the division. These Officers will be continuously in touch with the Assistant Health Officers. The Assistant Health Officers will, accordingly, be responsible for seeing that all conservancy work in their Wards is properly carried out. They will at once inform the Supervisors of any failure on the part of the Conservancy subordinate staff that may come to their notice, and where effective action does not follow, they will require the Conservancy Assistant to take such steps as may be necessary to secure the remedy of the conditions complained of."

3. The subordination of the Conservancy Assistant to the Executive Health Officer has a meaning. The Health Officer is the executive head of the Public Health Department, which includes Conservancy, and he must control the Conservancy Assistant. But the relations of the Assistant Health Officers with the Conservancy Assistant should not have been those of controllers and controlled. The history of this responsible post of Conservancy Assistant is interesting. The pay of the post was Rs. 350-500 before 1919. Mr. Monie in his scheme for re-organization of the Health Department staff in the medical, sanitary and Conservancy Branches stated that he would drop the proposal for the appointment of a Chief Superintendent of Cleansing on Rs. 1000 if the proposal for the revision of the pay of the Conservancy Assistant was accepted. In paragraph 11 of his note, prepared in consultation with the Health Officer, the Municipal Commissioner proposed revision of the pay of the post from Rs. 350-500 to Rs. 450-30-600, and recommended that the incumbent of the post (Mr. Higgins) should be put on the stage of Rs. 510 in the revised grade. He has "to deal with the payment of Bills, live stock, food and other stores, transport of refuse, etc., and to be responsible under the direction of the Health Officer and his Assistants for the supervision and control of the whole of the conservancy of the City, including town-cleansing, street-sweeping, refuse collection, super-

vision and control of halalkhore work, the control of bullock transport, and subject to certain powers reserved to the Deputy Executive Engineer, Mechanical Branch, of the motor wagons allotted to the Health Department."

4. This proposal was accepted by the Corporation under their resolution No. 13364, dated 1st March, 1920. On 3rd January 1923, a proposal for the revision of the pay of the appointment from Rs. 450-30-600 to Rs. 500-50-750 was submitted by the Municipal Commissioner, who also recommended that Mr. Higgins should be put on the stage of Rs. 650 with effect from 1st April 1923. This was also accepted by C. R. No. 9606 dated 5th February 1923.

5. It is evident that there have been two revisions of the pay of the post within three years, chiefly on account of *personal* merits of Mr. Higgins. He has risen from the rank and file in Municipal service through, "tact, patience, courage, and knowledge of local conditions." When he was declared fit to hold the post of Rs. 500-50-750 he should not have been made subordinate to the Assistant Health Officers whose grades are of Rs. 600-30-750 and Rs. 500-20-600 respectively. With reference to the sphere of conservancy, the Assistant Health Officers have to work on a tangent line and have no internal influence. It is power without responsibility in the Assistant Health Officers. The dual control over the conservancy staff, should, therefore, be brought to an end. The Conservancy Assistant should have the status of an Assistant Health Officer (Conservancy Branch) or Conservancy Superintendent under the direct subordination of the Health Officer. The scheme would fit in with the alternative method of combining the service of the Sanitary Inspectors (Medical Assistants in charge of Sections) with that of Conservancy Supervisors and Assistant Supervisors, in case the Corporation desires to adopt it. On the co-ordination and combination of the Sanitary and Conservancy service in the supervising branch, I intend to express my own views after examining the working of the Public Health Department.

6. It is true that the Conservancy Assistant does not require technical qualifications, but the pay of the post is now raised to such a pitch that a suitable candidate possessing British qualifications

for a First Class Health Officer could be secured on Rs. 500-50-750 on the retirement of Mr. Higgins. A second grade Health Officer in the Municipal service on Rs. 500-20-600 can safely expect to rise to the rank of Conservancy Superintendent on Rs. 500-50-750.

Classification of Charges.

7. The administrative charges fall under three main categories:
- (i) Fixed and recurring charges, e. g., Establishment, labour, etc.
 - (ii) Fluctuating but normally recurring charges, e. g. Feed of bullocks, maintenance of mechanical plant, etc.
 - (iii) Fluctuating and non-recurring charges, e.g., New minor works executed from revenue and not from Loan Funds.

A business body or local authority must watch, while sanctioning expenditure, under what head the item falls. Special care is needed while sanctioning the first kind of expenditure. It involves permanent commitments and imposes a permanent burden on the general revenue. It entails not only a recurring payment in the form of salary and wages, but adds a recurring prospective burden of Provident Fund contributions or pension on the employer's exchequer. The subjoined table shows the growth of expenditure falling under class (i) under the conservancy and halalkhore departments only :—

Minor Head.	Sub-Head.	1913-14	1920-21	Average of three years preceding 1924-25.	1924-25 (Budget)	Excess over average.
		Street Cleansing and Conservancy.				
(a) Superintendence & Inspection.	I. Establishment	1,30,765	1,73,604	2,24,894	2,54,156	29,262
(b) Veterinary ..	"	10,089	9,932	24,405	32,088	7,683
(a) Scavenging.	I. Labour	4,36,128	6,91,323	10,53,963	11,50,000	96,037

Minor Head	Sub-Head	1913-14	1920-21	Average of three years preceding 1924-25	1924-25 (Budget)	Excess over average
Street Cleansing and Conservancy						
(b) Road Scraping.	Bullock Traction. I. Labour			91,724	1,11,000	19,276
(c) Road Scraping	Motor Traction. Estbt.			4,943	10,224	5,281
(d) Gully Flushing.	I. Establishment.	37,991	50,209	69,483	86,000	16,517
(e) Removal of town refuse	I. Motor Traction Estbt.	24,079	58,095	86,884	97,160	10,276
	II. Bullock Traction Labour.		1,21,470	1,93,682	2,89,134	95,452
	III. Incinerator Estbt.	682	1,059	1,335	552	— 783
	IV. Loading sidings.					
	A. Mahaluxmi					
	II. Labour.	18,514	29,182	42,444	45,000	2,556
	B. Colaba.					
	II Labour	5,470	7,330	9,579	11,280	1,701
	Total VIIA	6,53,718	11,42,404	18,03,336	20,86,594	2,83,258
Halalkhore Branch.						
Cleansing & Sanitation.	I. Labour	4,05,030	4,34,737	6,11,177	6,20,000	8,823
Bullock Traction	"		26,741	40,705	64,458	23,753
	Total Xc.	4,05,030	4,61,478	6,51,882	6,84,458	32,576
	Grand Total	10,58,748	16,03,882	24,55,218	29,71,052	3,15,834

8. The total expenditure on Establishment and Labour Charges under VII. A. Street Cleansing and Conservancy in 1913-14 was Rs. 6,53,718; the average of the last three years was Rs. 18,03,336; while in the current year the Budget figure has gone up to Rs. 20,86,594. Similarly, the Labour Bill of the Halalkhore Branch was Rs. 4,05,030 in 1913-14; the average of the last three preceding years was Rs. 6,51,882; while the budget figure for the current year has risen to Rs. 6,84,458. It will be evident that the mere Establishment Charges and labour bills show an increase of Rs. 3,15,834 over the last three years' average.

*Investigation of Expenditure under (a)
Superintendence and Inspection.*

9. There was a general re-organization in this Department in 1919-20. The Conservancy Assistant has now approved certain minor reductions in the clerical staff, which I have accepted in *toto* . With regard to the supervising and inspecting staff, I am of opinion that there is no necessity to retain 15 highly paid Assistant Supervisors (Rs. 150-10-250) between the Overseers and the Supervisors. In 1919-20, Mr. Monie stated that he required a total strength of 71 in the Supervising and Inspecting staff, consisting of 5 Supervisors, 12 Assistant Supervisors, and 54 Overseers. He added 12 extra men as leave reserve, bringing the total to 83 (exclusive of the Conservancy Assistant). This strength has now gone up to 92. I think the Senior Overseers can safely look after the 15 sections of the City, and the sectional distribution can be made as under :—

Ward.	Super- visors.	Sectional Senior Overseers.	Junior Overseers.		
			Sections.	Special.	Total.
A & B (North and South) ..	1	3	10	*3	13
C & D. ..	1	4	15	..	15
E (East & West) ..	1	3	14	†2	16
F ..	1	2	7	..	7
G (South & North) ..	1	3	9	..	9
	5	15	55	5	60
20 Grand Total 80					

*Motor loading.

†Tardeo Flats.

The leave reserve of 12 persons is too much. A scale of 5 per cent will require an extra strength of five, and this I have included in the sectional arrangement, for there are in all 50 sections, while the distribution under Junior Overseers is of 55 persons. These extra five men should be a supernumerary staff of "apprentices" expecting to be absorbed in the regular staff of 50 Junior Overseers, whose pay is fixed on the time scale. These apprentices may be kept on the minimum pay of Rs. 55 and may have leave concessions. When any one of them is absorbed in the regular service, his previous service may be taken into consideration when fixing his initial pay, ranging from Rs. 55 to Rs. 100, while his place may be filled up by a new recruit on Rs. 55 only.

10. Again, the extra allowance to all officers and servants drawing Rs. 60 and above should cease, and to prevent hardships, deserving cases of the present incumbents should be given one extra increment in their progressive salaries.

11. The reduction of Assistant Supervisors (Rs. 150-10-250) may cause hardship in the case of the permanent incumbents, but I am of opinion that these men, who have all passed the Sanitary Surveyors' Examination, should be absorbed in the cadre of Junior Medical Inspectors (Rs. 200-10-300), and Medical Assistants in Charge of Sections (Rs. 100-25/5-225) under Budget Head V., P. H. D. No medical qualification is needed for general sanitary supervision in sections, for Mr. Monie in his re-organization scheme, observed in paragraph 8 thereof:—"The reservation of all posts in the Sanitary Branch for medical men should be regarded as experimental. It has not been the experience of other countries that medical men make the best Sanitary Inspectors. In the present conditions in Bombay, the arrangement I have proposed seems advisable, but it will not improbably be expedient, a few years hence, to recruit for this branch largely from men who have been trained in sanitary work in such institutions as the Victoria Technical Institute."

12. When a general retrenchment policy is adopted this class of old servants of good experience in the Conservancy Department and with Sanitary Diplomas, should be preferred to mere medical novices on the sanitary staff, so as to prevent hardship.

13. The result of this retrenchment in "VII, A. Street Cleansing (a) Superintendence and Inspection, I. Establishment" (Rs. 2,54,156) is a recurring saving in Fixed Charges of Rs. 65,640 based on the maximum pay of the grades.

Fixed Recurring Charges under VII, A. (b) Veterinary.

(1). Establishment.

14. In 1913-14 the establishment charges amounted to Rs. 10,089; in 1920-21 they stood at a low figure of Rs. 9,932; in the subsequent three years, the average expenditure stood at Rs. 24,405; while in the current year the figure stands at Rs. 32,088. It appears that the increase is partly due to normal increments in pay, and partly to the increase in establishment in 1921-22 to 1923-24. The following additions are traceable:—

	Maximum Cost. Rs.
1 Clerk @ Rs. 60-5-150 for clerical work at the Bullock Hospital 150 × 12	1,800
1 Veterinary Overseer @ 75-5/2-100+10 E. A. for the newly built stables at Parbhadevi (100+10) × 12..	1,320
1 Assistant to the Senior Veterinary Inspector @ 150-5-200+10 E. A. (200+10) × 12	2,520
1 Mukadam @ 21+5 E. A. 26 × 12.. .. .	312
3 Bigarries @ 18+5 (men) 23 × 3 × 12	828
2 Bigarries @ 14+5 (women) 19 × 2 × 12	456
1 Ramoshi @ 16+5 E. A. 21 × 12	252
2 Cart Drivers @ 19+5 E. A. 24 × 2 × 12	576
Total Rs.	8,064

The staff enumerated in the last six entries was added in 1923-24 for the segregation hospital for animals at Tardeo flats, which has been recognized by Government as an infirmary under the Prevention of Cruelty to Animals Act. Taking into consideration the average number per day, 1.5, of animals admitted under the Magistrate's orders, I am of opinion that a full time Assistant to the Senior Inspector is not needed. A duty allowance of Rs. 25 may be

attached to the post of one of the three Inspectors for this additional duty. This arrangement will bring a net recurring saving of Rs. 2,220 per year as under:—

Maximum emoluments of one Assistant to the Senior Inspector to be <i>reduced</i>	Rs. 2,520
Maximum duty allowance to one of the Inspectors at Rs. 25 × 12 to be <i>added</i>	300
	— 2,220

The Municipal Executive should, at the same time, see that all fine proceeds under the Special Act, and the cost of feeding and treating of animals neglected by the owners, are duly recovered from Government and owners respectively.

15. The opening and maintaining an Infirmary for the reception and treatment of animals sent by Magistrates under the Prevention of Cruelty to Animals Act, 1890, is not an obligatory duty imposed upon the Corporation under section 61 of the City of Bombay Municipal Act, 1888. As the local Government declared the Municipal Veterinary Hospital at Tardeo flats as an infirmary by a notification under section 6 (2) of the Prevention of Cruelty to Animals Act, as amended by Bombay Act XIII of 1922, the Corporation sanctioned the requisite staff mentioned above. But the whole "cost of transport to the infirmary and the treatment, feeding and watering of the animals in the infirmary shall be payable by the owner of the animal according to such scale of rates as the Commissioner of Police (in a Presidency Town) may from time to time prescribe. If the owner refuses or neglects to pay such cost and to remove the animal within such time as a Magistrate may prescribe, the Magistrate may direct that the animal be sold, and that the proceeds of the sale be applied to the payment of such cost." (Vide sub-sections (5) and (6) of section 6 of the Act as amended).

26. It will thus be seen that the cost of transport, treatment, feeding, and watering of animals admitted is not to fall on the general rate-payers of Bombay, but on the owners who neglect their animals. Besides under the principles laid down in G. R. No. 144, dated 24th April, 1894 C. D., fines levied under the Prevention of Cruelty to Animals Act for offences within Municipal limits are to be credited to the Municipal Fund. Enquiry may

therefore be made whether the cost is recovered from the owners of animals and whether fine-proceeds are recovered from the judiciary by the Municipal Treasury. If these sources of revenue are secured, the cost of maintaining an infirmary will not fall on the general revenues of the Corporation.

Fixed and Recurring Charges under VII. A. (c) Street Cleansing and Sanitation.

17. This minor head has three sub-heads :—

- (A) Scavengering
- (B) Road Scraping—Bullock Traction
- (C) „ „ Motor „

The labour Bill under scavengering was Rs. 4,36,128 in 1913-14 ; it rose to Rs. 6,91,323 in 1920-21 ; the average bill per year in the succeeding three years was Rs. 10,53,963 and the current Bill has gone up to Rs. 11,50,000 (exclusive of past year's savings). I have examined carefully the facts and figures relating to the strength of the scavengering staff, and have come to the conclusion that the strength of labour is disproportionately high. The investigation has been made from the following standpoints :—

- (i) Comparison of labour strength with other Presidency towns of India.
- (ii) The standard of work per scavenger determined in other countries.
- (iii) The actual working of the Department.

The total strength of labour under (A) Scavengering, consists of 4,683 persons of various designations (vide p. 33 of the Establishment Schedule. The City of Madras (population 5,26,911) has a strength of 1,059; while the City of Calcutta (population 11,32,256) has a strength of 4,038 (exclusive of the staff of bhisties and 66 allowance holders). It is true that Madras cannot be compared with Bombay, but Calcutta is nearly equal to Bombay both in population and importance. Both the cities have a large population of similar habits. In proportion to population (which in Bombay is 11,75,914) the strength of scavengers in Bombay should be 4,193 as against 4,683. There is thus an excess staff of 490 persons.

18. Secondly, a reference to page 169 of the Administrative Survey of the Government of the City of New Orleans (U.S.A.) submitted by the Municipal Survey Commission, in January 1922,

will show that in the congested business districts of that city, patrolmen should be held responsible for cleaning about 5,000 sq. yards or roughly an acre (4,840 sq. yards). The working principles laid down are :—

- (1) In the congested business districts, patrolmen should be held responsible for about 5,000 square yards.
- (2) In the residential districts, patrolmen should be held responsible for about 20,000 square yards.
- (3) In outlying residential districts having comparatively little traffic, streets need to be gone over only every other day or even less frequently.
- (4) In mixed districts, or on streets where unusual conditions exist, the area allotted should be adjusted between the two limits as conditions demand.

19. Thirdly, the examination of the actual working of the scavenging staff also shows that the strength is more than necessary. The Municipal roads of various kinds are as under :—

	Miles.
Setstone	4.87
Asphalt	10.75
Concrete	0.50
Tarred	49.87
	65.99
Ordinary Macadam	116.00
	Total .. 181.99

It is evident that out of these 181.99 miles, 65.99 miles are such as require very little scavenging work. Taking the mean width of nearly 66 miles of road at 50 feet, the aggregate square area of the said roads comes to about 19,36,000 sq. yds. It follows, therefore, that out of 65,52,522 sq. yds. of road surface to be cleaned 19,36,000 sq. yds. are meant for flushing rather than for sweeping. The actual number of scavengers employed on road cleaning is 3,296 which implies that each scavenger on an average looks after only 1,988 sq. yds. of road surface during the eight hours of a working day.

Assuming that our scavenging staff is inefficient as compared with Western Countries, we can expect them to do the cleansing of at least 2,500 sq. yds. of road surface—men sweeping and women collecting the refuse for depositing in the dust bin carts. The real position stands as under:—

Total sq. area of roads & gullies to be swept.	Sanctioned strength scavengers.			Actual strength employed on road & gully cleansing.			Average area per head of sanctioned strength.	Average area per head of actual strength.	Average number of scavengers required on 2,500 sq. yd. basis.
	Men.	Women.	Total.	Men.	Women.	Total.			
Sq. Yds.							Sq. Yds.	Sq. Yds.	
65,52,222	2332	1561	3893	1804	1492	3296	1,684	1,988	2,620
Add Scavengers employed on Other duty.				445	50	495			
				2249	1542	3791			
Vacancies. ..				83	19	102			
Sanctioned strength ..				2332	1561	3893			

20. It will thus be seen that the proper strength required for road cleansing on the basis of 2,500 square yards is 2,620; the actual strength employed on the said work is 3,296; while the sanctioned strength is 3,893. It appears from the detailed statements supplied by the Department that a considerable number of scavenging men and women are employed on stables, and not on road conservancy work. But even on the actual strength (3,296) employed on road conservancy we find that each scavenger looks after only 1,988 sq. yds. On the standard of 2,500 sq. yds.—the suggested minimum—we find that there is an excess staff of 676 persons (men and women).

21. If the ideal is kept for reaching the minimum work of 3,000 square yards per scavenger, a further reduction of 436 in the strength of scavengers would be possible in future. The accom-

panying table gives an idea of the Ward areas to be cleaned and the present distribution of scavengers therein :—

Ward No. 1	Area in square yards.				Number of scavengers employed.		
	Old Roads 2	New Roads 3	Gullies. 4	Total. 5	Men. 6	Wo- men. 7	Total 8
A.	13,79,361	115,302	30,682	15,25,345	318	176	494
B (South)	2,79,462	..	15,193	2,94,655	160	96	256
B (North)	3,23,105	8,019	21,822	3,52,946	183	118	301
C.	5,90,481	666	53,199	6,44,346	360	276	636
D.	7,51,396	17,208	34,168	8,02,772	286	212	498
E (East)	9,33,488	55,848	27,539	10,16,875	302	198	500
E (West)	3,10,969	7,036	25,266	343,271	153	100	253
F.	3,87,998	1,33,674	9,782	5,31,454	206	154	360
G (North)	303,556	..	8,319	3,11,875	98	77	175
G (Centre)	214,656	1,21,264	14,131	3,50,051	107	80	187
G (South)	370,018	..	8,914	3,78,932	76	55	131
Total ..	58,44,490	459,017	249,015	65,52,522	2249	1542	3791
Deduct staff employed on other work, stables etc.					445	50	495
Net staff actually employed on road conservancy only.					1,804	1,492	3,296

22. The reduction in the scavenging staff necessitates a reduction in the number of Mukadams. The Conservancy Superintendent himself proposes to reduce the staff of mukadams from 180 to 140. This is quite reasonable, and may be accepted. He also proposes a reduction of 16 Patels. As a matter of fact, only 15 Patels are employed. The reduction is, therefore, in conformity with the actual needs of the Department. The remaining labour staff under A. Scavenging, is adequate.

The financial effect of the retrenchments recommended under sub-head A., Scavenging, is an annual recurring, saving of Rs. 1,90,976.

23. Expenditure on Road scraping was originally controlled by the Engineering Department, but in 1921-22, this work was transferred to the Conservancy Department. Though road scraping is more of an engineering work than conservancy work the Corporation has decided, in view of local conditions, that it should be done by the Conservancy Department. It is a question of policy to be determined by the Municipal Corporation. From a fiscal point of view, there should be no dual control over the motors, and any increase in the cost of maintaining motor lorries should be met from corresponding saving in Bullock Traction cost. The last principle has not been observed, for I find that, even after the bodily transfer of the bullock traction staff in 1922-23 from the Road Department to the Conservancy Dept, new Laffley Motor sweeping machines have been purchased, and 8 motor drivers and 8 cleaners have been added without any reduction in the Bullock Traction Staff. The following reduction in this section is therefore needed :—

	Rs.
2 Mukadams at Rs. 19 each per month	600
21 Bigarries (men) at Rs. 23 each p. m.	5,796
21 „ (women) at Rs. 19 each p. m.	4,788
	<hr/>
	11,184
	<hr/>

The cost of the Motor Traction Staff is as under :—

8 Motor Drivers at 70-3-85 + 10 E. A.— $95 \times 8 \times 12$..	9,120
8 Motor Cleaners at 17 + 5 E. A.— $22 \times 8 \times 12$..	2,112
	<hr/>
Total Rs.	11,232
	<hr/>

Thus the reduction in Bullock Traction Staff under sub-head (b) will be nearly equal to the cost of staff on motor lorries under sub-head (c).

24. The extra cost of Labour under sub-head (d) Gully Flushing is unavoidable. An additional staff of 1 Mukadam, 1 Engine Driver and 20 Bigarries was sanctioned this year for the gully-flushing engine proposed to be purchased for G Ward (North). The staff is not yet employed, and there will be this year a saving for re-appropriation.

Fixed recurring charges under VII (e) Removal of town refuse, (2) Bullock Traction and under X (C) Halalkhore Branch (c) Bullock Traction.

25. I am taking together the Bullock Traction recurring expenditure under the minor heads VII (A) and X (c), because both the staff and the equipment are interchangeable. A careful examination of the distribution of live-stock and cart-drivers reveals some astounding facts. The Corporation have sanctioned a permanent staff of 890 cart-drivers—679 under VII. A. (e), and 211 under X C (c). They have also made provision for employing, if necessary, 170 cart-drivers as a *temporary* measure (Vide footnote(a) on page 46 of the 1924-25 Budget). The total sanctioned strength of cart-drivers is thus of 1,060 servants.

26. Now the actual numbers of pairs of bullocks which are on the working list and on the reserve list is 896 and 24½ respectively. The maximum number of drivers required is therefore 921; whereas the actual number of drivers employed is 1012, that is to say, 91 drivers are paid their monthly wages without any specific work. Each driver's monthly pay is Rs. 19+5=24. It follows, therefore, that a sum of Rs. 26,208 per year is wasted on drivers (24×91×12=Rs. 26,208).

Summary	pairs.
(1) Sanctioned Strength of Bullocks	1,162
(2) No. of bullocks actually at work	896
(3) No. of bullocks sick in stables and hospitals	236½
(4) No. of spare bullocks	24½
Total	<u>1,157</u>
(5) Percentage of sickness	24.71
(6) Sanctioned strength of cart-drivers	<u>1,060</u>
(7) Cart-drivers employed on scavenging carts	555
(8) Cart-drivers employed on Iron carts	121
(9) Cart-drivers employed on road scraping carts	154
(10) Cart-drivers employed on Cesspool carts	178
(11) Cart-drivers employed on dog carts	4
Total	<u><u>1,012</u></u>
(12) Excess of cart-drivers employed over working and spare pairs of bullocks (2+4) say	91
(13) Unnecessary extra expenditure thereon	Rs. 26,208

27. Again, the proportion of the sick animals to the live stock maintained is 24.71 per cent. Such a high ratio of sickness leads to the following conclusions:—

- (1) That no proper care is taken at the initial stage of purchasing animals especially with regard to their breed, soundness and age.
- (2) That although the Municipality are spending Rs. 34-6-0 per pair of bullocks per month in feeding them according to standard rations, animals are either not properly fed or otherwise neglected.
- (3) That the animals are roughly handled in the Wards by drivers.

28. The matter requires proper investigation, for the municipal stables should not be turned into pinjrapoles. If about 236 pairs remain sick out of 1157 pairs, it implies that the Municipality is pending Rs. 96,288 per year on sick and inefficient animals, $236 \times 34 \times 12 = 96,288$, as if it were a Society for Prevention of Cruelty to Animals working on humanitarian lines. The Municipality employs a highly paid veterinary staff, and it is necessary that the ratio of sickness among bullocks should be reduced on economical grounds.

29. Under the existing conditions the maximum number of drivers required is 940, *i.e.*, for 896 working pairs of bullocks *plus* 24½ or say 24 spare pairs *plus* 20 extra strength. The permanent schedule authorises the employment of 890 permanent drivers. The temporary strength of 170 should, therefore, be reduced to 50. The normal strength will thus be:—

679 permanent drivers under Conservancy,	
211 " " " Halalkhore Branch,	
50 temporary " " Conservancy.	
940 Total.	

30. The reduction proposed will result in a net recurring saving of Rs. 34,560 per annum as under:—

Present cost of 1060 drivers at Rs. 19+5=24 p.m.	.. .. .	3,05,280
Proposed cost of 940 drivers at Rs. 19+5=24 p.m.	.. .. .	2,70,720
		Net saving Rs. 34,560

Fixed Recurring Charges Under x c (b) Clearing and Sanitation.

31. There are 50 Mukadams and 2,224 Halalkhores (including vacant ground cleaners) on the sanctioned schedule. The actual strength employed is as under :—

	Actual.	Vacancies.
Mukadams	49	1
Basket Halalkhores ..	1,379	30
Vacant ground cleaners	228	
Latrines and Urinal cleaners	256	
Bungalow Halakhores ..	179	
Depot men.	33	
Cesspool cart fillers ..	111	
Special Halalkhores ..	8	
	2,194	31

The Conservancy Superintendent in his report dated 24th April, 1924, states: "There are at present 2199 halalkhores at work. After considering careful directions in which economies can be made a redistribution has been devised, by which this number can be reduced by 100 to 2099". As a matter of fact, the latest distribution list, dated 14th October 1924, shows that the total strength employed is 2194, showing only vacancies of 30 men. There is possibility of further reduction of seventy men in the strength of halalkhores. There are 228 halalkhores employed as "vacant ground cleaners" on 1614 acres. The whole of the area is not used to answer the call of nature. Similarly, the strength of 256 halalkhores on 877 water closets (full flushing seats) and 637 urinal seats, total 1514, indicates that these halalkhores have not got full time work, in as much as each halalkhore has to look after only 6 seats per day. The real hard worked halalkhore in this branch is the one who works in "basket cleaning." There are 21,545 traps on which 1379 halalkhores are employed, giving a ratio of 15 baskets per halalkhore. It is for the head of the Department to see which section of service is hard worked and which is light worked. My proposal is that if a careful distribution of work is made the Conservancy Superintendent should be able to

reduce three mukadams and one hundred halalkhores. The financial effect of this retrenchment will be a saving of Rs. 29,136.

32. The following is the summary of retrenchment under "Fixed Recurring Charges" discussed in this note :—

			<i>Major Heads</i>	<i>Minor Heads</i>	<i>Total.</i>
Para 13	..	.. VII A.	(a)	Superintendence & Inspection	65,640
" 14	..	.. "	(b)	Veterinary ..	2,220
		"	(c)	Street Cleansing & Sanitation.	.
" 22	..	..	A.	Scavengering	1,90,976*
" 23	..	..	B.	Bullock traction.	11,184
" 30	..	..	(e)	Removal of town refuse. Bullock traction	34,560
" 31	..	.. XC.	(a)	" "	
		"	(b)	Cleansing and Sanitation ..	29,136
			Total	..	<u>3,33,716</u>

N. D. MEHTA,

Retrenchment Officer.

30—10—24.

*If the staff of scavengers to be employed on road conservancy is kept on the basis of 3,000 square yards per bhangi (as against 2,500 proposed in para 19), there is further scope for retrenchment to the extent of Rs. 1,10,928 as under :—

Total square yards to be swept	..	..	..	65,52,522
Total strength required at 3,000 per head of scavenger	..	..	..	2,184
Strength actually employed on Road Conservancy only..	..	..	..	3,296
Excess strength	..	..	..	1,112
Deduct strength already proposed for reduction..	..	..	..	676
Further strength to be reduced	..	..	..	436

At the ratio of 55 males to 45 females, the strength of males to be reduced would be 240; and of females 196. The annual cost which would be saved in addition to the figures given above, would be :—

240 × 28 × 12	..	..	66,240
196 × 19 × 12	..	..	44,688
			<u>1,10,928</u>
Total	..	..	<u>1,10,928</u>

MODIFICATIONS of the above proposals made by the Retrenchment Adviser after conferences with the Municipal Commissioner, Health Officer and Conservancy Superintendent.

Para 9. The Retrenchment Officer's proposals to abolish 15 posts of the Assistant Supervisors, and to create 3 plus 12 posts of Senior Overseers were not accepted. The Municipal Commissioner, however, agreed to reduce the strength of Supervisors from 5 to 3 ; of Assistant Supervisors from 15 to 10 ; and of Overseer from 72 to 66. The Retrenchment Adviser accepted these alternative proposals.

Para 14. In the Veterinary staff, instead of abolishing the post of the Assistant to the Senior Veterinary Officer (Rs. 2,520) and attaching a duty allowance of Rs. 25 p. m. (Rs. 300 per annum) to one of the Inspectors, the Retrenchment Adviser agreed to abolish the post of one clerk of Rs. 60-5/2-150 (Rs. 1,800 maximum only).

Para 21 and Note at the end of the Summary. The proposal to reduce further the strength of Scavengers by 436 on the minimum standard of 3,000 square yards per bhangi was found to be too drastic a step for the present. The further retrenchment of Rs. 1,10,028 pointed out at the end on that *alternative* basis of work was, therefore, not accepted.

Para 31. The proposal to reduce the strength of Mukadams by three was not accepted, but the strength of Halalkhores was reduced from 2,224 to 2,100.

APPENDIX XIV.

Subject :—Transport charges in the Conservancy and Markets Departments.

Appendices XI and XIII deal with the retrenchment of "Fixed Recurring Charges" of the Public Health and Conservancy Departments. This note deals with the possible retrenchments in the second class of expenditure referred to in para 7 of appendix XIII *viz.*, "Fluctuating, but normally recurring charges." Since the completion of my investigations into the expenditure of the Conservancy and Public Health Departments, the Retrenchment Adviser has asked me to examine the expenditure of a few minor departments. The department of Markets and Slaughter-houses (Gross expenditure—Rs. 5,10,852) has an analogous recurring charge of motor traction for meat conveyance, and for offal removal. It appears that the original traction service by bullocks in the various departments has been gradually replaced by motor service which is under dual control. The technical supervision of the motor equipment of all departments is under the control of the Mechanical Engineer but the responsibility of reducing departmental service charges through that agency rests with various departmental heads working under different controlling officers. The expenditure on motor traction or motor service is debited to the following budget heads :—

	Departmental Head.	Controlling Officers.
VI Hospitals and Medical Relief.	Medical Superintendent.	Executive Health Officer.
VII Street Cleansing and Conservancy.	Conservancy Assistant	do.
XIV. Markets and Slaughter houses.	Markets Superintendent.	Deputy Municipal Commissioner.

There are also many departments, e. g. Water Works, Roads and Overbridges, and Fire Brigade in which there is a motor service. But as these departments are not under my investigation, I have not scrutinized the figures of expenditure. There is a kind of dual and sometimes triple control over the working of motors. The departmental officers merely certify expenditure, and the Mechanical Engineer debits the expenditure to various Budget allotments. With regard to the Ambulance service under VI

Hospitals and Medical Relief, there is in fact triple control. The ambulance motors are under the control of the Mechanical Engineer, the stores etc., are certified by the Conservancy Supervisors or Assistant Supervisors; while the expenditure is debited to VI Hospitals and Medical Relief, under the Medical Superintendent, who does not know whether the expenditure is properly incurred.

2. This question of the control of the Mechanical Transport will, I understand, be dealt with by the Retrenchment Adviser in his report on the re-organization of the engineering departments.

Motor Traction in Minor Departments.

3. In appendices XII and XV, I have shown to what extent expenditure on motor service can be reduced in minor departments. The following is the summary of suggested retrenchments in these departments :—

VI. Hospitals and Medical Relief.		
Ambulance service	.. ..	20,102
XIV. Markets and Slaughter-houses		
Meat carriage motor traction	.. ..	21,984
		42,086
Total	.. ..	42,086

Motor Traction in Conservancy Department.

4. The administrative charges in 1924-25 connected with motor service in the Conservancy Department amount to Rs. 3,48,291 as against the average of Rs. 3,04,143 in the preceding three years, showing an excess of Rs. 44,148. If we take into consideration the numbers of motors employed in the preceding three years, we find that there is no appreciable increase in the cost of motor traction, *as such*. The subjoined table shows the particulars about the numbers of motors employed on transport of town refuse :—

Year.	No. of motor lorries employed.	Average recurring cost per ton. mile.
1921-22	17	0 11 0
1922-23	18	0 6 8
1923-24	20	0 5 9
1924-25	20	0 4 7

The average number of motor lorries employed in the last preceding three years was 18½ at an average cost of Rs. 3,04,143 per year. As against that we now employ 20 motor lorries at an estimated cost of Rs. 3,48,291. The proportionate cost should be Rs. 3,42,700 as against Rs. 3,48,291. showing an excess of Rs. 5,591 which is accounted for by the normal rise in the wages of time scale employees. Thus motor traction itself appears to be working satisfactorily but when its working is examined in connection with Bullock Traction there is scope for reduction of 4 motors as will be shown at a later stage.

Bullock Traction.

5. But the anomalous position is with reference to the cost on bullock traction which not only does not show any reduction, but shows a steady rise in spite of the increase in the motor equipment as shown above. The following table shows the growth of expenditure on bullock traction and motor traction separately :

Growth of Expenditure under Bullock and Motor Traction in the Conservancy Department.

Budget Head.	1920-21			Average of the preceding three years (1921-22 to 1923-24)			1924-25			Excess over average.		
	Motor.	Bullock.	Total.	Motor.	Bullock.	Total.	Motor.	Bullock.	Total.	Motor.	Bullock.	Total.
VII. Street Cleaning and Conservancy..	1,65,450	7,38,409	9,03,859	3,04,143	9,40,812	12,44,955	3,48,291	10,56,634	14,04,925	44,148	1,15,822	1,59,970
X c. Halalkhore Branch..	..	1,61,162	1,61,162	..	1,61,498	1,61,498	..	2,20,003	2,20,003	..	58,505	58,505
Total	1,65,450	8,99,571	10,65,021	3,04,143	11,02,310	14,06,453	3,48,291	12,76,637	16,24,928	44,148	1,74,327	2,18,475

6. In Road Conservancy the bullock traction cost amounts to Rs. 10,56,634 as against Rs. 9,40,812, the average of the preceding three years, showing an excess of Rs. 1,15,822; in the Halalkhore Branch, where there is no motor traction service, the cost of bullock traction amounts to Rs. 2,20,003, as against Rs. 1,61,498, showing an increase of Rs. 58,505. The total excess in bullock traction under the control of the Conservancy Superintendent amounts to Rs. 1,74,327.

7. In order to ascertain the requirements under bullock traction, the first factor to be ascertained is the approximate quantity of refuse to be removed daily. In large English Towns the production of refuse is calculated at 1.52 lbs. per head per day or .25 ton per head per annum. The population of Bombay is 11,75,914 and on the English formula the maximum quantity of refuse produced would be $11,75,914 \times .25 = 293,978$ tons per year or 805 tons per day. It may be noted that the whole of this quantity is not removed from the city and the Conservancy Superintendent's report dated 17th July 1924 shows that about 500 cartloads remain inside the city, *i.e.*, 500×9 cwts. = 4500 cwts. or 225 tons. The tables supplied by the Conservancy Department from time to time are so conflicting that no proper inference can be drawn therefrom. The lowest figure is 682 tons per day according to the administrative Report of 1923-24; while the highest is 1,166 tons per day according to the latest reports, dated 18th November 1924 and 25th November 1924. If we take 2 lbs of refuse per head as a basis, the quantity produced per day would go up to 1,050 tons. I think, however, that Bombay refuse consists more of garbage than of ashes etc., that the most reliable figure is 900 tons per day *produced*; and that the quantity actually *removed* per day varies from 700 to 800 tons. The maximum transport equipment should therefore be for 900 tons a day.

8. Dr. Turner has actually worked out the cost of removal of one ton of kachra by bullock traction on page 84 of his book on "Sanitation in India" (second edition 1917). This was worked out on the basis of the actuals for the five years preceding his investigations.

9. I append a comparative table of the old and present rates from which it will be seen that the old cost was Re. 1-10 per ton, and that it should now be Rs. 2-7 per ton according to rise in prices and wages:—

Table showing cost of haulage of household and street refuse by bullocks.

	1913-14	1924-25
(a) Cost of a pair bullocks	160	225
(b) Feed of a pair of bullocks at Rs. 23 (1913-14) and at Rs. 34 (1924-25) per mensem for 5 years.	1380	2040
(c) Shoeing and Veterinary treatment for a pair at Rs. 3 per month $3 \times 12 \times 5$	180	180
(d) A cart cost Rs. 260, in 1913-14 and Rs. 350 in 1924-25 and by taking the total number of carts, scavenging and drain, it works out to that each pair of bullocks has 2 carts, hence	520	700
(e) Repairs to (d) for 5 years	300	500
(f) Stabling accommodation for (a) and (b) 15 p.c. of 300 (1913-14) 15 p. c. of 500 (1924-25) ..	45	75
(g) A cart-driver's pay in 1913-14 was Rs. 13 p.m. and now is Rs. 24 p. m. but deducting absentees will make the average	780	1440
(h) Accommodation for cart drivers at 10 p.c.	78	144
	3443	5304
5 years ..		

Rise 154 p.c.

A pair of bullocks during a period of 5 years removes 2190 tons; the cost of removal in 1913-14 being therefore Rs. 1-9-2 per ton or say Rs. 1-10, and in 1924-25 Rs. 2-6-9 or say Rs. 2-7-0.

10. The cost for removing 900 tons per day at Rs. 2-7-0 would be Rs. 2194 per day or Rs. 8,00,810 per year. Now let us compare the actual cost:—

Budget head.	Average per year on actuals for 1921-22 to 1923-24	Budget for 1924-25	Budget for 1925-26. (Draft.)
VII (c) (B. I.) Bullock traction ..	1,00,274	1,51,500	1,31,500
VII (e) (4) Bullock traction ..	8,40,538	9,05,134	8,39,380
	9,40,812	10,56,634	9,70,880

The reduction of Rs. 85,754 proposed in the draft budget for 1925-26 is on account of the introduction of two new electric lorries to be purchased next year. It is not the result of general economy in Bullock Traction. As a matter of fact the cost of bullock trac-

tion should come down to the total of Rs. 8,00,810 as against Rs. 9,70,880, giving a reduction of Rs. 1,70,070. It may be noted that the above figure is for the cost of bullock traction only for 900 tons of refuse per day, irrespective of the motor and electric traction service, which is a supplementary equipment.

11. It is for the departmental head to suggest how the object aimed at, viz ; reduction of cost to the extent of Rs. 1,70,000, can be secured by redistribution of work. As an outsider I cannot hazard an opinion as to how the ward arrangements should be made. But I have no hesitation in putting my own outline of retrenchment, even on the existing arrangements of removal of town refuse. The sub-joined table gives a birds' eye view how reduction to the extent of Rs. 1,81,332 can be effected in the combined motor and bullock traction service in the Conservancy Department irrespective of the combined service connected with Road Scraping Branch :—

(i) *Bullock Traction Excess*

	Tons per day.
1. Total quantity of refuse to be removed per day according to the European standard of .25 ton per head per year.	
$1,17,594 \times .25 = 2,93,978$ tons per year or 805 tons per day.	805
2. Total quantity of refuse to be removed per day according to the Bombay standard of 2 lbs. per head as laid down by Dr. Turner, late Health Officer.	1050
3. Total refuse as per administration report 1923-24. Daily cartloads of all kinds—6,61,461 in a year i.e. 1812 cartloads per day. 1812×9 cwts = 16,308 cwts i.e., 815 tons.	815
NOTE : The daily number of cart loads of Municipal refuse is 553,913, in a year i.e. 1,518 cartloads per day i.e. $1518 \times 9 = 13,662$ cwts = 682 tons only	
4. Total quantity of refuse removed according to the Conservancy Superintendent's report dated 17th July 1924. 2000 cartloads $\times 9$ cwts = 1800 cwts.	900
5. Total maximum quantity of refuse which can be removed by frequent trips. 2500 cart loads $\times 9 = 22,500$ cwts.	1125

			Tons per day.
6.	Real quantity which is taken for ascertaining the normal equipment		900
7.	Maximum quantity of kachra which can be removed by our present equipment as per the Conservancy Superintendent's notes of 18-11-24 and 25-11-24		
	No. of carts.	No. of trips.	Total tons at 9 cwts. per cart.
(a)	166	487	219 To motor loading stations.
(b)	796	2027	914 To places other than motor loading stations.
	<hr/>	<hr/>	<hr/>
	962	2514	1133
	Motor loads direct from wards.		
(c)	8.38	<hr/>	33.52 Tons at 4 tons per load
	Total	<hr/>	<hr/> 1166.52 <hr/>
8.	Actual trips made as per Conservancy Superintendent's report of 26th November 1924. $1957 \times 9 = 17613$ cwts. =		880 tons
9.	Estimated extent of surplus cart equipment :—		
(a)	Total maximum kachra which can be removed by carts is		1133 tons.
	Deduct refuse to be removed		<hr/> 900 ..
			Excess tonnage .. 233 ..
	or 4660 cwts.		
(b)	Now each cart can convey in one trip 9 cwts. and it makes 2 trips per day on an average. Therefore 4660 divided by 18 cwts. shows that 259 carts can be reduced.		
(c)	<i>Savings.</i>		
(i)	259 pairs of bullocks	\times Rs. 34 per pair,	Rs. Rs.
	per mensem	$\times 12 =$	1,05,672
(ii)	259 Drivers	\times Rs. 24 per mensem	$\times 12 =$ 74,592
			<hr/> 1,80,264
10.	Deduct $\frac{1}{4}$ th surplus required to meet breakdowns		<hr/> 45,066
11.	Net retrenchment possible		<hr/> 1,35,198

(ii) Motor Traction excess.

1. Maximum quantity of refuse which is taken to the two loading stations of Palton Road and Bapty Road according to the Conservancy Superintendent's reports dated 18th November 1924 and 25th November 1924.	
37.37 Pathan Road.	
21.87 Bapty Road.	
<hr/>	
59.24 Motor Loads.	
4	
<hr/>	
236.96 Tons per day, or say.	Tons. 237
2. Refuse removed by motors direct from wards.	
8.38 motor loads, i.e. 33.52 tons or in round figures	34
3. Total refuse available for removal by motors ..	271
4. Present equipment 20 motors \times 75 tons \times 4.5 trips (Vide Mechanical Engineer's report of 7th November 1924) = 337.50 or say	338
5. Excess equipment of motors. i. e. 4 motors \times 4 tons \times 4 trips = 64 tons are in excess.	67
6. Total cost of 20 motors Rs. 3,17,560 (Vide page 47 of the Budget) for 1925-26, i. e. Rs. 15,378 per motor	Rs.
15,378 \times 4 motors to be reduced=	61,512
7. Deduct $\frac{1}{4}$ th or 25 per cent reserve to meet breakdown	15,378
8. Net retrenchment possible	46,134
Total scope of retrenchment in Bullock Traction ..	1,35,198
Total scope of retrenchment in Motor Traction ..	46,134
	<hr/>
	Rs. .. 1,81,332

N. D. MEHTA

Retrenchment Officer.

MODIFICATIONS of the above proposals made by the Retrenchment Adviser after conferences with the Municipal Commissioner, Health Officer, and Conservancy Superintendent.

The Executive pointed out the following difficulties :—

- (1) That the Corporation has prescribed clearance of certain areas twice or thrice a day,
- (2) That moveable carts are substituted for standing dust bins, which lead to surplus trips of carts not fully loaded,
- (3) That although the tonnage capacity of motors is nominally 4 tons, the maximum refuse which they can carry is $3\frac{1}{2}$ tons or so, and
- (4) That although the number of refuse motors is 20, only 15 are working on an *average*. No reduction in the number of motors was therefore possible.

The Conservancy Assistant was then requested to work out his own proposals for retrenchment in bullock traction. He produced at the next meeting a memorandum of possible cuts, which, coupled with the cuts in the strength of drivers set out in Appendix XIII, made up a saving of Rs. 92,504, as against the suggested retrenchment of Rs. 1,35,198.

APPENDIX XV

Subject:—Retrenchments in the Markets and Slaughter Houses Department.

This Department is a revenue producing undertaking, and it appears that under the present Markets Superintendent, (Mr. C. M. Flanders) the revenue has materially increased from an average per year of Rs. 10,14,671 of Rs. 11,55,000. The subjoined table shows comparative figures of income and expenditure. In 1913-14 the expenditure was 32 p. c. of revenue; in 1920-21 it was 50 p. c. of revenue; the average expenditure of the succeeding three years was 43 of the average revenue; while in the current year the average is 44 p. c. of income. In 1913-14 the meat traction was by bullock carts only and cost Rs. 40,863; since that year it has been conveyed by motor traction which now costs Rs. 1,43,422. In addition the Corporation has introduced a new service in the form of a Refrigerator which involves an expenditure of Rs. 27,302. If we eliminate these special features from the current year's expenditure, the normal expenditure which can be compared with pre-war times would be as under :—

	Rs.
Budget Grant for 1924-25	5,10,852.
<i>Deduct</i>	
(i) Refrigerator	27,302
(ii) Difference between motor traction and bullock traction.	
(1,43,422—40,863) = 1,02,559	
	1,29,861
	3,80,991 Net.

This expenditure bears a ratio of 33.85 to revenue as against 32.42 of 1913-14.

Comparative Table referred to above.

1913-14.			1920-21.			Average of 3 years. 1921-22—1923-24.			1924-25.		
Revenue.	Expenditure.	Ratio of Ex- penditure to Revenue.	Revenue.	Expenditure.	Ratio of Ex- penditure to Revenue.	Revenue.	Expenditure.	Ratio of Ex- penditure to Revenue.	Revenue.	Expenditure.	Ratio of Ex- penditure to Revenue.
5,98,240	1,93,935	32.42	8,43,097	4,25,224	50.43	10,14,671	4,49,693	43.43	11,55,000	5,19,852	44.05

2. I discussed this growth of expenditure with the Markets Superintendent and he has submitted proposals for reduction of the staff to the minimum requirements. In the 1925-26 Budget one post of Head Clerk is added, and I see no justification for this addition. The detailed proposals for the reduction of the unnecessary staff have been worked out on the *maximum* basis and give a net saving of Rs. 17,064, as under:—

(a) Central Office.	..	..	..	5,160
(b) Municipal Markets	..	..	..	6,228
(c) Slaughter-Houses	..	..	..	2,676
(d) Refrigerator	..	..	..	3,000
Total Rs.	..			<u>17,064</u>

Meat Traction by Motors.

3. The most important sub-head under "(c) Slaughter-Houses," which requires retrenchment is "(f) Meat Carriage," Rs. 1,43,422 (1924-25) and Rs. 1,50,906 (1925-26). In 1913-14 meat used to be conveyed by bullock traction at a cost of Rs. 40,863. Gradually, "Motor Traction" was substituted for "Bullock Traction." The latter kind of service lingered on up to 1923-24. but in the current year has ceased altogether. The average of the last three years of the combined service of motor traction and bullock traction is Rs. 1,35,542; while in 1924-25 the expenditure

on Motor Traction has gone up to Rs. 1,43,422. The fleet of motor lorries consists of 9 lorries—2 Albions and 7 Leylands. There is also one Leyland exclusively used for offal removal, though once or twice in case of breakdowns it has been used for meat conveyance after cleaning. I have had an interview with the Mechanical Engineer and the Market Superintendent, and it has been settled that the department can do its work properly by maintaining 7 lorries only, making three trips each per day. It is gathered that the average quantity of meat to be conveyed per day is 46 tons. Now if 4 Leyland 4 ton lorries and 3 Albion 3 ton lorries, are employed, with a provision for three trips per day and one lorry is kept in reserve to meet an emergency due to breakdown, there will be no difficulty in conveying every day, meat not exceeding 46 tons in all. The Markets Superintendent states that although the carrying capacity of a Leyland is 4 tons and of an Albion, 3 tons, the real quantity which they can convey is 3.5ths and $\frac{3}{4}$ ths of their apparent tonnage capacity respectively, owing to the bulky nature of the loads. Even this reduced total tonnage capacity of 16 tons with three trips will cope with conveying 48 tons. The Mechanical Engineer agreed that he would run seven motor lorries at a gross cost of Rs. 16,000 per lorry per year making three trips per day, with an addition of Rs. 27,000 as depreciation. The aggregate cost would, therefore, be

16,000 × 7 = 1,02,000	Running cost
27,358	Depreciation
Total Rs. 1,29,358	

4. The reduction in the Establishment Charges on the maximum scale should be of Rs. 5,760, which makes provision for the working of 8 lorries, one of which will be kept as reserve and seven will make three trips each per day. The offal Lorry is not touched, as its expenditure falls under sub-head "Disposal of Offal" and not under "(f) Meat Carriage." There is no necessity for adding one new lorry for meat conveyance, and the extra staff provided, therefore, in the draft budget for 1925-26, should be deleted. A gross cut for Rs. 15,000 in the current year's budget (Rs. 1,43,422) or of Rs. 21,984 in the ensuing draft budget (Rs. 1,50,416) should be the goal.

5. The retrenchments proposed may be summarized as under :—

	Rs.
(a) Markets Establishment (para. 2)	17,664
(b) Meat Carriage-Running Expenses (para. 3.)	16,224
(c) Meat Carriage-Establishment (para. 4)	5,760
	<u>21,984</u>
Total Rs. ..	<u>39,048</u>

21—11—1924.

N. D. MEHTA
Retrenchment Officer.

APPENDIX XVI.

Subject:—Retrenchments in the Fire Brigade Department.

This Department has a special revenue for its maintenance. Under Section 140(c) of the City of Bombay Municipal Act, 1888, the Corporation can levy a rate varying from $\frac{1}{4}$ th to $\frac{3}{4}$ th per cent of the rateable value of properties. In 1913-14 the rate was $\frac{1}{4}$ per cent; during 1914-15 to 1919-20 the rate was 3-8th%; and since 1920-21 up to now the rate levied is $\frac{1}{2}$ per cent. In addition to this revenue from the Fire Brigade rate, the Department obtains miscellaneous receipts from the hire of accident ambulances of about Rs. 7,000.

2. The subjoined table gives the revenue and expenditure for 1913-14, 1920-21 and 1924-25 :—

Year.	Revenue	Expenditure including new works.	Surplus.	Remarks.
1913-14	2,44,283	1,66,103	78,180	Miscellaneous revenue is excluded from consideration.
1920-21	4,75,603	3,20,709	1,54,894	
1924-25	5,68,000	4,47,025	1,20,975	

If debt charges and new works are eliminated, the expenditure figures for 1913-14, 1920-21 and 1924-25 stand as under :—

Year.	Normal Administrative charges.	Strength of establishment.
1913-14	1,34,349	274
1920-21	2,80,974	263
1924-25	3,92,398	321

As the Department is of the nature of an insurance, and as the City is growing on all sides, there is no possibility of reducing the Administrative Charges without giving a rebate in the Fire Brigade rate. The staff is quite within proportion of the growth of normal expenditure.

3. The Department has a programme of Capital Works amounting to Rs. 17,50,000 and consequently any surplus of revenue from the Fire Brigade rate will be absorbed in meeting the recurring Loan Charges. I, therefore, do not think it advisable to apply the retrenchment Axe to this Department which is working on a fair economical basis.

4. But there is an allowance of Rs. 200 per mensem given to the Medical Superintendent for the purpose of actually visiting at their residences any members of the Fire Brigade who may be ill. It appears that during 1923-24, only 24 such visits were made, which meant that the Doctor's fee amounted to Rs. 100 per visit. The treatment at the Arthur Road Hospital of Fire Brigade patients, either as indoor or outdoor patients, is free. There is therefore no reason for the continuance of the allowance of Rs. 200 per mensem; I think it may safely be reduced to Rs. 50 per mensem, which will be a fair remuneration for the extra trouble and travelling expenses Dr. Patel may have to incur. The adoption of this proposal will give a saving of Rs. 1,800 per annum.

N. D. MEHTA

Retrenchment Officer.

Dated 7th November 1924.

* This proposal was not accepted, the Commissioner stating that Dr. Patel had to medically examine candidates for admission to the Fire Brigade, and also men unfit for further service.

APPENDIX XVII

**Subject :—Retrenchments in the Victoria and Albert
Museum.**

This small Municipal institution falling under Budget Head "IV Education Secondary" is of an insignificant nature from a fiscal point of view, although its educative value is of an high order. The expenditure on the Victoria and Albert Museum is Rs. 24,655. There is no important fluctuation in the figures of expenditure. The immediate head of the Institution is a Curator on Rs. 200 per month ; and the general control vests in the Deputy Municipal Commissioner. The establishment charges amount to Rs. 14,952 only. The opinion of the head of the Institution that no retrenchment in fixed charges is possible may be accepted.

Dated 7th November, 1924.

N. D. MEHTA
Retrenchment Officer.

PART IV



TABLES



TABLE I (a)
REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.
ABSTRACT.

(The figures are in Thousand Rupees).

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Administrative Depts.	2,98	2,89	3,12	3,24	3,26	3,69	4,56	4,20	5,13	5,61	5,76	5,81
Revenue Departments.	3,13	3,27	3,36	3,68	3,63	3,59	3,60	4,46	5,24	5,96	6,32	6,47
Engineering Depts. ..	29,80	30,38	30,51	32,19	33,06	40,54	44,16	50,77	60,62	70,91	59,22	63,39
Public Health Depts. .	22,40	22,51	23,25	24,37	24,41	28,10	32,06	35,38	47,45	48,60	50,93	55,63
Education	4,70	4,85	5,27	5,63	7,14	9,10	12,44	16,71	19,71	22,07	24,88	25,25
Special Departments. .	4,25	4,41	4,43	4,81	5,23	6,95	8,70	8,36	9,22	10,44	10,53	11,24
Fixed and Special Charges	15,12	15,46	15,80	16,73	17,16	18,12	21,40	21,85	22,04	24,13	26,63	29,69
Debt Charges ..	34,65	38,00	39,70	44,46	42,22	44,65	43,49	46,45	49,66	65,92	1,01,27	1,10,23
Miscellaneous ..	3,45	3,11	2,60	7,03	6,50	15,53	12,68	13,84	5,58	7,97	3,96	3,21
Total ..	1,20,48	1,24,88	1,28,04	1,42,14	1,42,61	1,70,27	1,83,09	2,02,02	2,24,65	2,61,61	2,89,50	3,10,92

(See Chapter I, para 3.)

TABLE I (b)
REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.
ADMINISTRATIVE DEPARTMENTS.

(The figures are in Thousand Rupees).

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Corporation and Standing Committee Secretarial.	80	80	84	86	89	88	119	102	114	122	145	133
Municipal Commissioner's Personal and General Office	93	82	100	93	89	114	159	104	149	170	142	146
Accounts and Audit ..	90	90	90	105	104	120	132	152	174	189	203	215
General Stores	35	37	38	40	44	47	46	62	76	80	86	87
Total..	298	289	312	324	326	369	456	420	513	561	576	581

TABLE I (c)

REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924 25

REVENUE DEPARTMENTS.

(The figures are in Thousand Rupees).

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	191
Assessment and Collection	215	222	219	242	244	257	251	312	368	421	449	459	
Licensing	23	29	28	29	28	29	36	39	46	53	54	56	
Town Duty Refund ..	75	76	89	97	91	73	73	95	110	122	129	132	
Total ..	313	327	336	368	363	359	360	446	524	596	632	647	

TABLE I (d.)
REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25

Engineering Departments.
(The figures are in Thousand Rupees.)

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Executive Engineer :—												
(a) General Branch ..	76*	84*	80*	83*	84*	86*	100*	88	63	67	68	79
(b) Building Inspection	118	121	124	175	143	158	167	140	172	220	227	239
(c) Kurla Deonar Rly.	86	87	89	93	102	89	135	170	170	155	162	189
(d) Upkeep of Municipal buildings ..	27	27	27	26	25	30	30	27	81	70	76	75
	307	319	320	377	354	363	432	425	486	512	533	582
New Works ..	75	76	100	64	62	78	72	119	59	64	79	57
	382	395	420	441	416	441	504	544	545	576	612	639

TABLE I (d)—continued.

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
2. Roads Division :—												
(a) Roads, Overbridges and footpaths	7,53	8,01	8,62	8,99	8,63	12,00	11,94	18,32	23,12	31,69	21,03	20,26
(b) Road watering	1,23	1,30	81	96	1,26	1,48	1,76	1,75	2,13	1,78	1,62	1,66
(c) Street Improvements	1,35	1,24	1,33	1,54	1,82	1,69	1,80	1,50	2,44	1,48	74	70
(d) Port Trust	40	43	43	43	49	2,84	1,74	87	87	1,73	1,30	1,30
(e) New Works	46	50	34	11	24	36	37	5	2	..	9	..
	10,98	11,48	11,53	12,03	12,44	18,37	17,61	22,49	28,58	36,68	24,78	23,92
3. Public Lighting	4,24	4,45	4,30	4,80	5,00	4,97	4,38	4,31	5,71	7,53	8,10	9,17
4. Drainage Division :—												
(a) Maintenance	2,65	2,40	2,76	2,79	2,68	3,06	3,63	4,27	5,00	5,08	5,69	6,09
(b) New Works	76	66	68	64	73	1,04	1,44	1,22	1,03	2,19	85	1,57
	3,41	3,06	3,44	3,43	3,41	4,10	5,07	5,49	6,03	7,27	6,54	7,66

TABLE I (d)—continued.

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
5. Mechanical Division :—												
(a) Pumping and Compressor Stations. ..	317	307	321	354	339	441	399	489	674	689	679	762
(b) Supervision of Factories .. ..	..	..	..	..	..	..	4	4	7	8	9	9
	317	307	321	354	339	441	403	493	681	697	688	771
6. Water Works :—												
(a) Maintenance	357	418	353	359	431	394	772	802	791	666	676	842
(b) New Works	61	19	30	39	36	34	31	9	14	3	4	12
	418	437	383	398	467	428	803	811	805	669	680	854
Grand Total.	29,80	30,38	30,51	32,19	33,07	40,54	44,16	50,77	60,63	70,90	59,22	63,39

*Includes expenditure of Architectural Branch.
(See Chapter X para 85.)

TABLE
REVENUE EXPENDITURE FOR 12 YEARS
HEALTH
 (The figures are in

	1913-14	1914-15	1915-16	1916-17	1917-18
Health Department.					
1 Public Health.					
(a) General Supervision .. ..	..	..	..	..	..
(b) Registration of Births and Deaths	320	329	324	334	349
(c) Cemeteries	14	12	11	11	12
(d) Laboratory	16	14	12	16	16
(e) Dhobiwada	14	18	18	18	20
(f) Supervision of Milk Supply	6	6	7	12	11
(g) Dispensaries	14	14	15	17	19
(h) Dharamsala	1	1	1	..	..
(i) Infectious Diseases .. ..	..	..	..	16	14
(j) Vaccination	32	30	32	32	33
(k) Malaria	57	48	45	44	46
(l) Plague .. ..	..	..	..	..	..
(m) Destruction of Dogs. .. ..	..	..	1	1	1
(n) Maternity Homes .. ..	..	1	9	10	11
(o) Medical and Nursing Assistance .. ..	..	1	1	1	1
Anti Tuberculosis League					
Total	474	474	476	512	533
Hospitals					
Arthur Road Hospital	54	61	58	63	48
Maratha Hospital	23	23	21	29	29
Total	77	84	79	92	77
Conservancy Branch.					
Street Cleansing & Conservancy	1,171	1,168	1,230	1,307	1,306
Halalkhore Service	518	525	540	526	525
Total	1,689	1,693	1,770	1,833	1,831
Grand Total	2,240	2,251	2,325	2,437	2,441

(See Appendices XI,

I (e)

ENDING 1924-25.

DEPARTMENT.

Thousand Rupees.)

1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
..
356	421	431	569	589	603	636
15	24	16	23	19	24	30
18	14	12	23	18	18	24
16	18	20	18	20	22	24
5	5	5	7	18	19	21
20	20	26	55	53	56	59
..	1	2	1	1	1	2
124	48	30	51	21	43	39
35	37	44	56	55	49	51
32	18	22	38	47	70	82
..
2	2	2	3	4	5	9
22	..	46	60	68	56	94
1	..	13	26	36	36	41
..	..	..	..	..	42	68
646	608	669	930	949	1,042	1,180
71	82	86	107	118	153	163
20	39	26	44	48	51	50
91	121	112	151	166	204	213
1,513	1,891	2,083	2,849	2,895	2,982	3,252
560	586	674	815	850	865	918
2,073	2,477	2,757	3,664	3,745	3,847	4,170
2,810	3,206	3,538	4,745	4,860	5,093	5,563

XII, XIII, and XVI.)

TABLE I. (f)

REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.

EDUCATION.

(The figures are in Thousand Rupees.)

	1931-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Schools Committee ..	417	432	474	510	658	854	1,188	1,615	1,914	2,149	2,432	2,468
Aided Institutions ..	5	5	5	5	8	8	8	8	9	10	8	9
Secondary Education (Including V. & A. Museum).	48	48	48	48	48	48	48	48	48	48	48	48
Total	470	485	527	563	714	910	1,244	1,671	1,971	2,207	2,488	2,525

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TABLE I (g)
REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.
SPECIAL DEPARTMENTS.
 (The figures are in Thousand Rupees).

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Fire Brigade ..	134	146	153	156	185	223	283	281	337	353	372	392
Street Ambulance ..	..	..	..	..	..	..	..	1	4	9	9	15
Markets & Slaughter Houses ..	194	192	192	227	244	370	473	425	404	521	493	511
Gardens ..	81	85	82	82	77	85	97	112	153	138	158	181
Museum ..	16	18	16	16	17	17	17	17	24	23	21	25
Total ..	425	441	443	481	523	695	870	836	922	1,044	1,053	1,124

(See Appendices XV, XVI and XVII.)

TABLE I (h)

REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.

.FIXED AND SPECIAL CHARGES.

(The figures are in Thousand Rupees)

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Hospital Contributions.	452	479	448	446	447	489	461	473	487	505	495	503
Contribution to C. I. Trust ..	932	977	1,017	1,101	1,098	1,153	1,520	1,571	1,577	17,85	1,907	2,228
Contribution to Pro. Fund ..	..	..	..	..	..	..	..	..	..	..	150	100
Town Duty Collection	128	90	115	126	171	170	159	141	140	123	111	138
	1,512	1,546	1,580	1,673	1,716	1,812	2,140	2,185	2,204	2,413	2,663	2,969

TABLE I (1)

REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.

DEBT CHARGES

(The figures are in Thousand Rupees)

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Fire Brigade	31	38	35	35	36	35	44	36	42	40	45	53
General	3,434	3,762	3,935	4,411	4,186	4,430	4,305	4,609	4,924	6,552	10,082	10,970
	3,465	3,800	3,970	4,446	4,222	4,465	4,349	4,645	4,966	6,592	10,127	11,023

(See Chapter XI)

TABLE I (j)

REVENUE EXPENDITURE FOR 12 YEARS ENDING 1924-25.

MISCELLANEOUS.

(The figures are in Thousand Rupees.)

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25
Pensions	108	111	115	147	176	165	189	214	200	216	212	220
Discretionary Contingencies	3	5	3	5	5	6	6	4	5	2	3	7
Auditors' Allowance ..	10	10	10	10	10	10	10	10	10	24	15	15
Fire Accident Fund ..	10	10	10	10	10	10	10	10	15	15	15	15
Law Charges	22	34	19	21	50	32	26	20	18	25	36	24
War allowance .. .. .	..	..	..	..	72	427	813	..	..	..	..	..
Local Allowance	73	73	71	37	26	17	10	..	..	..	..	..
Extraordinary Allowances	..	..	..	..	..	..	..	856	..	..	..	..
Grain Compensation ..	..	..	..	..	184	189	189	..	..	..	..	..
Census .. .. .	..	..	..	..	..	..	..	26	..	..	..	..
Investments .. .. .	..	..	..	418	41	642	10	159	253	319	70	..
Miscellaneous	119	68	32	55	74	55	5	85	57	196	45	40
	345	311	260	703	650	1,553	1,268	1,384	558	797	396	321

TABLE II.
STATEMENT SHOWING TOTAL CAPITAL EXPENDITURE YEAR BY YEAR FOR 13 YEARS ENDING 1925-26.
(In Lakhs of Rupees.)

	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25 Budget.	1925-26 Budget.
I	2	3	4	5	6	7	8	9	10	11	12	13	14
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Revenue Producing Works													
Water Works (Ordinary)	2.28	Cr. .67	.11	.92	Cr. .25	.25	2.15	5.02	9.49	11.42	9.87	19.07	14.62
" " (T. C. W.)	13.82	50.54	8.88	Cr. .01	..	.17	..	1.00	21.40	54.65	199.21	196.37	51.62
Worn out Water Mains Renewal Fund .. .. .	.20	.08	.06	..	..	..	..	..	..	..	..	5.51	..
Total	16.30	49.95	9.05	.91	Cr. .25	.42	2.15	6.02	30.89	66.07	209.08	220.95	66.24
Markets and Slaughter houses..	..	..	..	..	.01	.01	Cr. 22	.84	2.37	17.53	9.66	13.07	6.80
II. General Services.													
General Supervision and Collec- tion of Revenue	1.31	1.26	1.13	2.65	.32	.17	Cr.1.30	.12	.33	3.41	Cr. .21	2.34	12.25
Education .. .. .	.41	.34	.39	.60	.37	.03	.02	.69	.93	5.03	2.88	3.30	..
Public Health .. .. .	.14	.31	..	.10	.10	.55	.20	.46	.66	.24	2.16	2.39	1.35
Hospital and Medical Relief ..	..	..	..	..	..	3.16	2.71	3.09	7.90	6.06	3.64	24.28	19.79
Street Cleansing and Sanitation ..	1.31	.32	.26	.68	.12	1.01	.73	2.73	3.51	1.65	2.95	3.66	4.67
Roads and Overbridges	8.18	5.95	7.49	1.85	6.04	9.41	2.89	9.07	12.02	22.72	24.62	57.11	30.15

C/1

Drainage and Sewerage including Halalkore Branch	14.95	15.37	9.12	6.32	5.80	7.73	6.91	15.38	6.31	7.28	13.87	29.47	24.16
Fire Brigade .. ..	..	..	.96	..	..	..	..	..	.01	.38	.59	2.60	3.16
Building Regulations and other Measures for securing public safety .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..
Gardens and Open Spaces ..	1.47	..	.23	.04	..	..	.52	3.60	8.49	6.46	5.77	7.16	5.46
Total	27.77	23.55	19.58	12.24	12.75	22.06	12.68	35.14	40.16	53.23	56.27	132.31	100.99
III. Development Works.													
Golanji Hill Road .. ..	..	..	..	..	..	..	..	..	.09	8.54	.90	.75	..
Hornby Road to Ballard Pier Road .. ..	..	..	..	..	..	..	..	..	..	29.89	31.12	58.00	25.90
Dalal Street .. ..	..	..	..	..	..	..	..	1.99	Cr. 3.55	..	.48	2.60	..
Mahim Park .. ..	..	..	..	..	..	..	..	..	..	21.41	8.02	19.70	8.70
Mahaluxmi Overbridge .. ..	..	..	..	..	..	..	..	..	..	..	..	11.51	..
Plant and Machinery .. ..	..	..	..	..	..	..	..	..	..	..	.08	1.17	..
Mahim Development Scheme ..	..	..	..	..	..	..	..	Cr. 4.47	5.35	31.84	4.77	15.68	9.90
Total .. ..	..	..	..	..	..	..	..	1.52	1.89	91.68	45.37	109.41	44.59
										Add— Interest on Capital		17.50	14.50

(See Chapter X, paras, 85 and 86.)

TABLE III.
DISTRIBUTION OF THE PERMANENT SUPERIOR
ENGINEERING STAFF.
PRESENT DISTRIBUTION.

Designations.	REVENUE.						CAPITAL.		
	Executive Engineer.	Roads.	Drainage.	Water.	Mechanical.	Total.	Water.	Development	Total.
Engineer, Special ..	..	..	..	..	..	..	..	1	1
" Executive	1	..	..	..	..	1	..	..	..
" Hydraulic	..	..	..	1	..	1	..	..	..
" Deputy Executive	..	..	1	..	1	2	..	1	1
Architect ..	..	..	..	..	..	..	..	1	1
Engineers, Senior Asst.	5	2	1	1	..	9	..	4	4
" Assistant	1	..	1	3	..	5	1	..	1
" Sub.	6	8	2	2	1	19	..	10	10
	13	10	5	7	2	37	1	17	18

SUGGESTED RE-DISTRIBUTION.

Designations.	REVENUE.							CAPITAL.		
	City Engineer	E. E. North.	E. E. South.	Drainage.	Water.	Mechanical.	Total.	Water.	City Planning	Total.
City Engineer ..	1	..	..	..	..	..	1	..	..	..
Special ..	..	..	..	..	..	..	..	..	1	1
Deputy City Engineers	..	1	1	1	1	1	5	..	1	1
Architect ..	..	..	..	..	..	..	..	..	1	1
Engineers Senior Asstt.	1	3	3	1	1	..	9	..	4	4
" Assistant	..	..	..	1	3	..	4	1	..	1
" Sub. ..	1	6	6	2	2	1	18	..	10	10
	3	10	10	5	7	2	37	1	17	18

(See Chapter X, para 87.)

TABLE .
STATEMENT SHOWING DISTRIBUTION OF EXPENDI-
FROM 1924-25 TO 1930-31, AS PROPOSED BY THE
(Figures are in

Main Heads of Capital Expenditure	Total of Estimates	Expenditure up to 1-4-24	Proposed	
			1924-25	1925-26
I	2	3	4	5
I.—Self-Supporting Works—Special Main Heads.				
1. Water works, Ordinary	7,730 *6,812	2,902 ..	1,000 ..	1,000 ..
2. " " Tansa Completion Works ..	56,916	27,639	14,583	12,150
3. Markets and Slaughter-Houses ..	4,245 *7,891	2,270 ..	1,010 ..	300 ..
Totals of Sanctioned Works	68,891	32,811	16,593	13,450
Totals of Unsanctioned	*14,703	..	..	..
Total	83,594	32,811	16,593	13,450
II.—General Services.				
1. General Supervision and Collection of Revenue, etc	1,437 *6,381	330 ..	124..	....
2. Education	1,231 *824	84 ..	200 25	200 300
3. Public Health	1,551 *80	193 ..	100 ..	100 ..
4. Hospitals and Medical Relief	7,765 *479	3,460 ..	2,114 ..	2,180 ..
5. Street Cleansing and sanitation ..	1,584 *5,348	580 ..	200 ..	100 ..
6. Roads and Overbridges	15,598 *21,894	6,771 ..	3,308 216	1,520 1,655
7. Drainage and Sewerage including Halalkhore Branch	6,374 *42,935	914 ..	1,208 ..	1,233 2,300
8. Fire Brigade	484 *1,480	59 ..	143 ..	44 ..
9. Gardens and Open Parks	4,015 *13	2,370 ..	600..	....
10. Miscellaneous .. ..	..	..	794	94
Totals of Sanctioned Works	40,039	14,761	8,791	5,480
Totals Unsanctioned Works	*79,434	..	241	4,255
Total	1,19,473	14,761	9,032	9,735
III.—Development Works				
1. Golanji Hill Road	1,028	922	100	..
2. Hornby Road to Ballard Pier Road ..	19,644	6,101	5,800	2,595
3. Dalal Street	1,252	48	153	..
4. Mahim Park	6,385	2,960	1,370	800
5. Mahaluxmi Overbridge	1,151	..	1,338	..
6. Mahim Development Schemes	7,542	4,731	1,527	1,426
7. For discharge of loan (provisional) ..	..	..	..	3,100
Totals of Sanctioned Works	37,002	14,762	10,288	7,921
Grand Totals of Sanctioned Works ..	1,45,932	62,334	35,672	26,857
Grand Totals of Unsanctioned Works ..	*94,137	..	241	4,255
Total	2,40,069	62,334	35,913	31,112

(See Chapter XI,

IV
TURE, ETC., UNDER LOAN WORKS FOR 7 YEARS
SPECIAL ENGINEER, DEVELOPMENT WORKS.

Thousand Rupees.)

Expenditure					Total of columns 5 to 10	Remarks.
1926-27	1927-28	1928-29	1929-30	1930-31		
	7	8	9	10	11	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1,000	1,000	515	..	..	3,515	
..	..	485	1,000	1,000	2,485	
..	..	..	..	..	12,150	
325	306	..	..	..	931	
..	19	325	325	325	994	
1,325	1,300	515	..	..	16,602	
..	19	810	1,325	1,325	3,479	
1,325	1,325	1,325	1,325	1,325	20,081	
..	
..	
250	250	133	..	..	833	
..	..	117	250	250	917	
50	50	50	50	50	350	
..	
..	..	..	..	..	2,180	
25	25	25	25	25	125	
50	50	50	50	50	350	
50	50	50	50	50	250	
1,078	1,000	1,000	519	500	5,617	
660	1,192	1,238	1,398	985	7,128	
800	800	819	331	200	4,183	
6,700	7,525	7,250	5,424	750	29,949	
..	..	..	..	..	44	Note:—Figures marked with asterisks indicate the Estimated cost of new works proposed but not yet sanctioned.
..	
..	
..	
346	308	273	271	260	1,552	
2,574	2,458	2,325	1,221	1,000	15,118	
7,435	8,792	8,680	7,147	2,060	38,369	
10,009	11,250	11,005	8,368	3,120	53,487	
..	75	75	74	..	224	
2,595	2,019	..	..	..	7,209	
..	
772	100	100	71	..	1,843	
..	
1,428	736	514	19	..	4,123	
..	..	..	..	..	3,100	
4,795	2,930	680	164	..	10,499	
8,694	6,694	3,529	1,385	1,060	48,219	
7,435	8,811	9,490	8,472	3,385	41,848	
16,120	15,505	13,010	9,857	4,445	90,067	

para. 113.)

TABLE V (A).
FUTURE CAPITAL EXPENDITURE ON A LIBERAL SCALE.

Statement showing Loan Charges (Col. 6) corresponding to yearly additions to Capital Expenditure and Debt at the rate shown in Column 2.

(The figures are in Crores of Rupees.)

Year	Additions to Debt during year.	Debt at beginning of year.	Credits. Repayment of Capital.	Debt at end of year.	Corresponding Loan Charges.	Rateable Value.	Borrowing powers double the Rateable Value.	Estimated Income.	Estimated Expenditure.
1	2	3	4	5	6	7	8	9	10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1924—25.. .. .	4.16	14.43	.02	18.57	1.11	11.38	22.76	3.13	3.11
1925—26.. .. .	3.10	18.57	.37	21.30	1.35	11.38	22.76	3.26	3.34
1926—27.. .. .	1.60	21.30	.06	22.84	1.45	11.60	23.20	3.29	3.44
1927—28.. .. .	1.55	22.84	.21	24.18	1.57	11.90	23.80	3.36	3.50
1928—29.. .. .	1.30	24.18	.10	25.38	1.67	12.20	24.40	3.42	3.66
1929—30.. .. .	1.00	25.38	.02	26.36	1.74	12.50	25.00	3.48	3.73
1930—31.. .. .	.45	26.36	.35	26.46	1.77	12.80	25.60	3.54	3.70
Total for 6 years only ..	0.00	..	..	..	..	..	..	..	..

- Notes—1. Increase in rateable value is estimated at Rs. 30 lakhs per annum.
 2. It is assumed that recouplements from Development Schemes would not be less than Rs. 20 lakhs per annum from 1926-27. No liabilities on account of Development schemes are included in this statement. If recouplements come in faster, they will go towards reducing capital but will not give immediate relief to the taxpayer.
 3. The last two columns show that from 1926-27, there would be budget deficits which may have to be met by increased taxation.
 4. The figures in the table include full interest and Sinking Fund Charges on yearly additions to debt.

(See Chapter XI, para 114.)

**TABLE V (B.)
FUTURE CAPITAL EXPENDITURE ON A MODERATE SCALE.**

Statement showing Loan Charges (column 6) corresponding to yearly additions to Capital Expenditure and Debt at the rate shown in column 2.
(The figures are in Crores of Rupees.)

Year.	Additions to debt during year.	Debt at beginning of year.	Credits Repayment of Capital.	Debt at end of year.	Corresponding Loan Charges.	Rateable value.	Borrowing Powers double the rateable value.	Estimated income.	Estimated expenditure.
1	2	3	4	5	6	7	8	9	10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1924-25	4.16	14.43	.02	18.57	1.11	11.38	.22	3.13	3.11
1925-26	1.50	18.57	.37	19.70	1.24	11.38	22.76	3.26	3.23
1926-27	1.00	19.70	.06	20.64	1.30	11.60	23.20	3.29	3.29
1927-28	1.00	20.64	.21	21.43	1.37	11.90	23.80	3.36	3.36
1928-29	1.00	21.43	.10	22.33	1.43	12.20	24.40	3.42	3.42
1929-30 .. .. .	.75	22.33	.02	23.06	1.49	12.50	25.00	3.48	3.48
1930-31 .. .. .	.75	23.06	.35	23.46	1.54	12.80	25.60	3.54	3.53
Total for 6 years only	6.00								

- Notes—1. Increase in rateable value is estimated at Rs. 30 lakhs per annum.
2. It is assumed that recoupments from Development Schemes would not be less than Rs. 20 lakhs per annum from 1926-27. No liabilities on account of Development Schemes are included in this statement.
3. The increase in Loan Charges in the six years will be met by a corresponding increase in revenue due to increase in rateable value. There will be no need for increasing the rate of the general tax.
4. The rateable value ought to increase rapidly after about 5 years as a result of the Development Schemes nearing completion.
5. The figures in the table include full interest and Sinking Fund Charges on yearly additions to debt.

(See Chapter XI, para 114.)

TABLE V (C).

FUTURE CAPITAL EXPENDITURE ON A RESTRICTED SCALE.

Statement showing Loan Charges (column 6) corresponding to yearly additions to Capital Expenditure and Debt at the rate shown in column 2.

(The figures are in Crores of Rupees)

Year.	Additions to debt during year.	Debt at beginning of year.	Credits Repayment of Capital.	Debt at end of year.	Corresponding Loan Charges.	Rateable value.	Borrowing powers double the rateable value.	Estimated income.	Estimated expenditure.
1	2	3	4	5	6	7	8	9	10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1924-25	4.16	14.43	.02	18.57	1.11	11.38	22.76	3.13	3.11
1925-26	1.50	18.57	.37	19.70	1.24	11.38	22.76	3.26	3.23
1926-27 .. .. .	.50	19.70	.06	20.14	1.27	11.60	23.20	3.29	3.26
1927-28 .. .. .	.50	20.14	.21	20.43	1.30	11.90	23.80	3.36	3.29
1928-29 .. .. .	.50	20.43	.10	20.83	1.33	12.20	24.40	3.42	3.32
1929-30 .. .. .	.50	20.83	.02	21.31	1.36	12.50	25.00	3.48	3.35
1930-31 .. .. .	.50	21.31	.35	21.46	1.39	12.80	25.60	3.54	3.38
Total for 6 years only	4.00								

- Notes—1. Increase in rateable value is estimated at Rs. 30 lakhs per annum.
 2. It is assumed that recoupments from Development Schemes would not be less than Rs. 20 lakhs per annum from 1926-27, so no liabilities on account of Development Schemes are included in this statement.
 3. By restricting Loan Charges in the manner indicated a reduction in tax rate may be possible under this alternative.
 4. The figures in the table include full interest and Sinking Fund Charges on yearly additions to debt.

(See Chapter XI, para 114.)

TABLE
LOAN CHARGES IN RELATION TO INCOME, DEBT
(The figures given are

1	Results of the past						
	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20
	2	3	4	5	6	7	8
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Income :—							
1) General Tax at 9½ per cent till 1921-22 and 11 per cent thereafter.	46.41	48.49	52.31	52.16	54.75	72.19	74.65
2) Income from other sources	82.35	75.64	86.00	88.33	93.54	101.55	108.52
Total Income	128.76	124.13	138.31	140.49	148.29	173.74	183.17
Loan Charges	34.34	37.62	39.35	44.11	41.86	44.30	43.05
Rateable value of property	521.63	538.67	570.84	588.82	612.35	746.88	772.47
Limit of borrowing power (Double the rateable value.)	1043.26	1077.34	1141.68	1177.64	1224.70	1493.76	1544.94
Outstanding net debt at the close of the year.	511.02	537.65	578.96	561.56	544.18	554.68	576.70
Unexhausted borrowing powers at the close of the year.	532.24	539.69	562.72	616.08	680.52	938.83	968.24
Net debt per capita	Rs. 52	Rs. 55	Rs. 59	Rs. 57	Rs. 56	Rs. 56	Rs. 59
Net debt per Rs. 1,000 of rateable value of property.	.. 950	.. 998	.. 1014	.. 954	.. 889	.. 743	.. 747

(See Chapter

ITION TO BORROWING POWERS, ETC.

(Lakhs of Rupees.)

Twelve years.					Forecast of the next six years.					
1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31
9	10	11	12	13	14	15	16	17	18	19
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4.89	84.79	104.91	111.11	128.00	130.37	133.67	136.97	140.27	143.57	146.87
6.54	146.68	162.62	168.11	185.00	196.21	195.33	199.03	201.73	204.43	207.13
1.43	231.47	267.53	279.22	313.00	326.58	329.00	336.00	342.00	348.00	354.00
5.27	49.26	65.53	101.27	111.00	124.00	130.00	137.00	143.00	149.00	154.00
9.22	934.04	1012.69	1138.14	1138.14	1138.14	1160.00	1190.00	1220.00	1250.00	1280.00
3.44	1868.08	2025.38	2276.28	2276.28	2276.28	2320.00	2380.00	2440.00	2500.00	2560.00
7.79	697.76	876.13	1182.04	1561.09	1676.00	1782.00	1886.00	1973.00	2046.00	2106.00
5.65	1170.30	1149.25	1094.24	715.19	600.28	538.00	494.00	467.00	454.00	454.00
53	Rs. 59	Rs. 73	Rs. 97	Rs. 128	Rs. 137	Rs. 146	Rs. 154	Rs. 161	Rs. 167	Rs. 172
736	.. 747	.. 865	.. 1039	.. 1372	.. 1472	.. 1536	.. 1585	.. 1687	.. 1636	.. 1646

TABLE VII (A.)
DETAILS OF BUDGET ESTIMATES FOR 1925-26 SHOWING RETRENCHMENTS EFFECTED
AND FINAL APPROVED GRANTS.

(See Chapter VIII, para 52).

Budget Grant No.	Title of Grant.	Officer responsible for administering Grant.	Commissioner's Tentative Budget for 1925-26	Retrenchments recommended by retrenchment Adviser.	Budget as approved by the Corporation.	Remarks. A=Not yet investigated for retrenchment. B=Retrenchment proposals submitted. C=No retrenchment possible.
	I General Supervision, Collection of Revenue					
I A (a)	Corporation and Standing Committee's Establishment	Municipal Secretary ..	1,53,999	..	1,53,999	A.
(b)	M. C.'s Personal and General Office ..	Municipal Commissioner.	2,08,626	..	2,19,126	A. Rs. 10,500 added by S. C. to meet the allowances of Dy. M. C.
(c)	Audit and Accounts Establishment	Chief Accountant ..	2,23,721	..	2,23,721	A.
I B (a)	Property and Wheel Tax Est.	Assessors and Collector	4,73,113	..	4,73,113	A.
(b)	Town Duty Collection		1,19,200	..	1,19,200	Commission paid to Rly. and Port Trust
(c)	Town Duty Refund Branch	T. D. R. Officer ..	1,30,588	..	1,30,588	A.
I C (a)	Upkeep of Municipal Head Office ..	Executive Engineer ..	48,108	..	48,108	B.
(b)	Establishment for upkeep of Municipal Buildings.	do.	37,324	5,442	31,882	C.

I D	General Stores	Store-keeper	86,118	..	86,118	A.
I F	Miscellaneous Charges .. ..	.. ..	3,55,400	..	3,55,400	B
I G	Election Expenses	M. C. .. ..	..	..	10,000	Added by Standing Committee.
I H	New Works	Ex. Engr.	500	..	500	B.
	Debt Charges (general) .. ..	.. ..	61,68,922	..	61,68,927	Separate Report submitted.
	II Water Works					
II	Water Works	Hydraulic Engineer	11,25,348	53,464	10,66,934	B. Rs. 4,950 deducted by Standing Committee.
	Debt Charges	C. A.	58,17,853	..	58,17,853	C.
	III Education					
III A	Schools Committee	Secy. Schools Comt.	26,02,652	..	26,02,652	A.
III B	Aided Institutions (Primary Education). .. ..	.. ..	16,400	..	16,400	C.
	IV Education Secondary					
IV A	Victoria Albert Museum	Curator V. A. M.	24,140	..	24,140	C.
B	Aided Institutions. (Secondary Education) .. ..	.. ..	74,700	..	81,700	C. Rs. 7,000 added by Standing Committee.
	New Works (V. A. Museum)	M. E.	3,500	..	3,500	C.

Budget Grant No.	Title of Grant.	Officer responsible for administering Grant.	Commissioner's Tentative Budget for 1925-25.	Retrenchments recommended by retrenchment Adviser.	Budget as approved by the Corporation.	Remarks. A=Not yet investigated for retrenchment. B=Retrenchment proposals submitted. C=No retrenchment possible.
V Public Health						
V. A.	Public Health—General Supervision	Health Officer	6,52,067	55,060	5,97,007	B.
B	Supervision of City Milk Supply	do.	21,258	..	21,258	C.
V. C.	Epidemics	do.	38,638	600	38,038	B.
D.	Vaccination	do.	54,473	..	54,473	C.
E.	Malaria	do.	82,346	31,474	82,346	Retrenchment restored by Corporation.
V. F (a)	Cemeteries	do.	32,191	..	32,191	C.
(b)	Laboratory	do.	25,264	2,700	22,564	B.
(c)	Dhobiwada	do.	24,377	..	24,377	C.
(d)	Dharamshala	do.	2,337	..	2,337	C.
(e)	Destruction of Dogs	do.	6,704	500	6,204	B.
VI. Hospitals and Medical Relief						
VI A (a)	Infectious Diseases Hospitals	Medical Supdt.	2,10,863	23,442	1,87,421	B.
(b)	Maternity Home	Health Officer	91,079	300	90,779	B.
(c)	Dispensaries for out patients	do.	69,050	1,000	68,050	B.
VI D	Medical and Nursing Assistance to poor patients	do.	41,000	18,960	22,040	B.
C	Statutory contribution to Government Medical Institutions	..	4,14,500	..	4,14,500	C.

D	Grants in aid to Public Medical Institutions						
E	Anti-Tuberculosis Dispensary	Health Officer	73,400	..	73,400	C.	
F	Venereal Diseases	do.	70,408	500	69,908	B.	
G	King Edward Memorial Hospital		26,318	500	25,818	B.	
H.	Gordhudas Sunderdas Medical College .. .. .		..	..	2,43,230	New Provision.	
					1,22,200	do.	
	VII Street Cleansing and Conservancy Including Road Watering						
VII A	Street Cleansing and Conservancy	C. S.	32,65,492	3,06,118	29,59,374	B.	
B	Transport of Refuse etc. to Deonar	Ex. Engr.	1,90,827	7,200	1,83,627	B.	
C	Road Watering	Road Engineer	1,41,000	..	1,41,000	A.	
	New works for Conservancy Branch	M. E.	9,670	..	9,670	C.	
	Do.	E. F.	2,000	..	2,000	C.	
	VIII. Roads & Overbridges						
VIII A	Roads, Overbridges & Footpaths	Road Engineer	19,14,067	3,23,324	15,90,743	B.	
B	Street Improvements	do.	70,000	35,000	35,000	B.	
C	Cleansing and Repairing Port Trust roads and wharves	do.	1,29,919	..	1,29,919	A.	
	New Works for Road Department	Road Engineer	2,900	..	2,900	C.	
	do.	M. E.	7,000	..	7,000	C.	
	IX. Public Lighting						
IX	Public Lighting	Road Engineer	9,27,080	..	9,27,080	C.	
	X. Drainage and Sewerage Including the Halalkhore Branch.						
X A	Drainage & Sewerage	Drainage Engineer	6,10,299	21,020	5,89,279	B.	
B.	Pumping and Compressor Stations and Floodgates	M. E.	7,45,065	83,104	6,61,871	B.	
C	Halalkhore Branch	C. S.	9,08,863	50,494	8,58,369	B.	
	New Works Drainage	D. E.	1,03,521	4,200	99,321	B.	
	do. P. & C. Stns.	M. E.	15,000	..	15,000	C.	
	do. Hal. Bch.	E. E.	11,575	..	11,575	C.	

Budget Ward No.	Title of Grant.	Officer responsible for administering Grant	Commissioner's Tentative Budget for 1925-26	Retrenchments recommended by Retrenchment Adviser.	Budget as approved by the Corporation.	A=Not yet investigated for retrenchment. B=Retrenchment proposals submitted C=No retrenchment possible.
	XI. Fire Brigads.					
XI	Fire Brigade	C. O. F. B. ..	3,93,574	..	3,93,574	C.
	Debt charges	C. A. ..	54,824	..	54,824	C.
	XII. Building Regulations and other measures for Securing the Public Safety.					
XII A	Ex. Engr. Central Office	Ex. Engr. ..	78,690	8,850	69,840	B.
B	Inspection and Supervision of Private buildings.	do. ..	2,48,379	54,146	1,94,233	B.
C	Supervision of Factories, Workshops and Work places	M. E. ..	7,715	..	7,715	A.
D	Licensing Estbt.	Supdt. of License ..	57,875	..	57,875	A.
E	Street Ambulance	C. & B. ..	15,000	..	15,000	C.
	XIII. Gardens and Open Spaces.					
XIII	Gardens and Open Spaces	Supdt. of Gardens ..	1,79,028	..	1,79,028	A.
	New works	E. F. ..	20,000	..	20,000	A.
	XIV. Markets & Slaughter Houses.					
XIV	Markets & Slaughter-houses	S. M. ..	5,45,167	35,398	5,13,169	B. Rs. 3,500 added by Standing Committee.
XV	Contribution to C. I. Trust		22,55,000	..	22,55,000	C.
XVII	Provident Fund		1,50,000	..	1,50,000	C.
XIX	Retrenchment Enquiry .. .. .		..	..	30,000	New Provision.
			3,26,66,015	11,22,880	3,19,95,983	

TABLE VII (B)
SUMMARY OF RETRENCHMENTS AND BUDGET ESTIMATES UNDER MAIN SERVICE HEADS
(See Chapter VIII Para 52).

Budget Head No.	Title of Grant.	Commissioner's tentative Budget for 1925-26.	Retrenchments recommended by retrenchment Adviser.	Budget as approved by Standing Committee	Budget as approved by Corporation.	Remarks.
I	General Supervision Collection of Revenue etc.	18,36,697	5,442	18,51,755	18,51,755	Rs. 3,65,430 added for K. E. M. Hospital, etc.
I A	Debt General	61,68,922	..	61,68,922	61,68,922	
II	Water Works	69,43,201	53,464	68,84,787	68,84,787	
III	Education—Primary	26,19,052	..	26,19,052	26,19,052	
IV	—Secondary	1,02,340	..	1,09,340	1,09,340	
V	Public Health Department	9,39,655	90,334	8,49,321	8,80,795	
VI	Hospitals and Medical Relief	9,96,618	44,702	13,17,346	13,17,346	
VII	Street Cleansing and Conservancy including road watering	36,08,989	3,13,318	32,95,671	32,95,671	
VIII	Roads and overbridges	21,23,886	3,58,324	17,65,562	17,65,562	
IX	Public Lighting	9,27,080	..	9,27,080	9,27,080	
X	Drainage and Sewerage, including the Halalkhore Branch	23,94,323	1,58,908	22,35,415	22,35,415	
XI	Fire Brigade	4,48,398	..	4,48,398	4,48,398	
XII	Building Regulations and other measures for securing the public safety	4,07,659	62,996	3,44,663	3,44,663	
XIII	Gardens and Open Spaces	1,99,028	..	1,99,028	1,99,028	
XIV	Markets and Slaughterhouses	5,45,167	35,398	5,13,169	5,13,169	
XV	Contribution to the City Improvement Trust	22,55,000	..	22,55,000	22,55,000	
XVI	Contribution to Provident Fund by the Municipal Corporation	1,50,000	..	1,50,000	1,50,000	
XVII	Retrenchment Enquiry . . . . .	..	..	30,000	30,000
		3,26,66,015	11,22,886	3,19,64,509	3,19,95,083	

TABLE VII (C)
SUMMARY OF RETRENCHMENTS AND BUDGET
ESTIMATES BY DEPARTMENTS.

(See Chapter VIII Para 52).

	Departments.	Commis- sioner's tentative Budget 1925-26	Retrench- ments re- commended by Re- trenchment Adviser.	Budget as approved by the Cor- poration.
1	Secretarial Office	1,53,999	..	1,53,999
2	Municipal Commissioner's Office	2,08,626	..	2,19,126
3	Audit and Accounts	2,23,721	..	2,23,721
4	General Stores	86,118	..	86,118
5	Assessment and Collection	4,73,113	..	4,73,113
6	Licensing	57,875	..	57,875
7	Town Duty Refund	1,30,588	..	1,30,588
8	Executive Engineer	6,37,403	75,638	5,61,765
9	do. Roads	31,84,966	3,58,324	28,26,642
10	do. Drainage	7,13,820	25,220	6,88,600
11	Mechanical	7,87,950	83,194	7,04,756
12	Water Works	11,25,348	53,464	10,66,934
13	Public Health General	12,37,510	1,11,594	11,57,390
14	Conservancy	41,74,355	3,56,612	38,17,743
15	Hospitals	2,10,863	23,442	1,87,421
16	Schools Committee	26,02,652	..	26,02,652
17	Fire Brigade	4,08,574	..	4,08,574
18	Markets and Slaughter houses.. ..	5,45,167	35,398	5,13,169
19	Gardens	1,79,028	..	1,79,028
20	Museum	24,140	..	24,140
	Total of Departments	1,71,65,816	11,22,886	1,60,83,354
	Town Duty Collection	1,19,200	..	1,19,200
	Debt charges	1,20,41,599	..	1,20,41,599
	Statutory contributions to Government M. Institutions.. ..	4,14,500	..	4,14,500
	Grants in aid to Public Medical Institutions	73,400	..	73,400
	do. Aided Institutions Pri- mary Education	16,400	..	16,400
	do. Secondary Educa- tion	74,700	..	81,700
	King Edward Memorial Hos- pital .. ..	..	..	2,43,230
	Gordbandas S. M. College .. ..	..	..	1,22,200
	Contribution to C. I. Trust	22,55,000	..	22,55,000
	Contribution to Provident Fund Govt. Medical Retrenchment Enquiry	1,50,000	..	1,50,000
	Miscellaneous charges .. ..	..	..	30,000
	Election expenses	3,55,400	..	3,55,400
		..	..	10,000
		3,26,66,015	11,22,886	3,19,95,983

ACCOMPANIMENTS TO THE JANUARY AGENDA OF THE CORPORATION.

Item No. 8.—Letter from the Commissioner, No. L/82/E., dated the 23rd November 1927:—

“ I have the honour to say that there has in recent years been an enormous increase in the number of dangerous, offensive and other trades controlled by Municipal licenses and that the amount of outdoor inspection work demanded of the Superintendent and the Assistant Superintendent of Licenses has, in consequence, very greatly increased. The conveyance allowance attached to the post of Superintendent of Licenses which was fixed at Rs. 50 per month in 1890, when the Department was created, and increased to Rs. 90 in 1892, has received no addition since the latter year. The number of licenses issued by the Department under Section 394 of the Municipal Act was 5,912 and the revenue therefrom Rs. 63,682 in 1900-01. Since then the number of licensable trades has very considerably increased. The control of advertisements under Sections 328 and 328-A since 1923-24 and of hawkers and squatters transferred to the License Department since 1926-27 have greatly added to the outdoor work of the Superintendent of Licenses, as will be seen from the following figures for 1926-27 :—

	Number of Licenses issued.	Amount of Revenue realised. Rs.
(1) Under Section 394	... 13,555	1,27,739
(2) „ „ 328 & 228A	521	21,636
(3) „ „ 313 & 313A	20,806	79,078
	31,882	2,28,453

As the Superintendent of Licenses is responsible for the licensing work of all the wards of the City, the conveyance allowance of Rs. 90 per month at present drawn by him is far from commensurate with the amount of outdoor inspection work he is called upon to do and the amount of travelling it entails ; nor is it possible to cope with the work satisfactorily without the use of a motor car. I, therefore, recommend that, like other Municipal Officers who are in charge of more than one Ward, the Superintendent of Licenses be granted a motor allowance of Rs. 200 per month provided he maintains a motor car for his work. Mr. N. S. Kowshik, the Superintendent of Licenses, has actually been keeping a motor car since April 1927, the Corporation having granted him an advance on usual conditions for the purchase of the car (*vide* Corporation Resolution No. 10509 of 13th January 1927). If this proposal is sanctioned, I shall apply for a transfer of funds to meet the increased cost for the four months this year from November 1927 to February 1928 and would request that the necessary alterations may be made in the Budget proposals for 1928-29 now before the Standing Committee."

Item No. 9.—Letter from the Commissioner, No. A. E. 1128-C., dated the 18th November 1927 :—

“Re : *Grant-in-aid.*”

“I have the honour to refer to Corporation Resolution No. 7008 of 10th October 1927, approving of the Medical Relief Committee's Resolution No. 78 of 16th August 1927, regarding the grant of Rs. 150 per month to the Free Ayurvedic Dispensary at 1st Kamatipura and to request the sanction of the Standing Committee and the Corporation under Section 131 (1) of the Municipal Act to an additional grant of Rs. 1,800 from the Surplus Cash Balance to meet the payment of the grant-in-aid to the Institution for the year 1927-28. I have made no provision for this Institution in the next year's Revenue Budget and it will be necessary for the Standing Committee to make the necessary * provision while considering the Budget.”

Item No. 10.—Letter from the Commissioner, No. A. E. 222-C/45-A., dated the 25th November 1927 :—

“I have the honour to state that under Corporation Resolution No. 5137 of 15th August 1927 Rules Nos. 10 and 11 of the

* A provision for this has already been made by the Standing Committee for the year 1928-29 at their meeting held on the 26th November 1927.

Provident Fund Regulations were amended so as to bring down the limit of qualifying service to 5 years, because it was found that the minimum period of 15 years originally fixed under the Municipal Rules was not consistent with Section 6 of the Provident Fund Act of 1925, the provisions of which were extended to the Municipal Provident Fund by the Government of Bombay under their General Department Resolution No. 865 of 10th July 1926. Our Provident Fund Regulations have legally since the date of that Resolution been subject to the provisions of the Provident Fund Act and it seems necessary to give retrospective effect to the amended rules as from that date and not from the date of the Corporation Resolution. This I propose to do and I report the matter for information of the Standing Committee and the Corporation."

Item No. 11.—Letter from the Commissioner, No. A. & C/3944-D., dated the 25th November 1927 :—

"I have the honour to state that Mr. K. G. Robottom, Assessor and Collector, has applied to me for as much leave as is due to him from 4th January 1928 or such subsequent date as he may avail himself of it. He will attain the age of 55 years on 12th July 1928 and considers that his health will not allow him to remain in active service after that date, even if the Corporation were kind enough to suggest that he should do so. It would, however, be very inconvenient to relieve Mr. Robottom before the end of the official year, and I therefore propose that the leave applied for by him should be granted from 1st April 1928. The Chief Accountant reports that if Mr. Robottom be allowed to proceed on leave from the latter date, the following leave will be due to him :—

2 months and 4 days' privilege leave from 1st April 1928 to 14th June 1928 ;

4 months' furlough on full average salary from 5th June 1928 to 4th October 1928 ; and

5 days' furlough on half average salary.

If Mr. Robottom were allowed to proceed on leave from 4th January 1928, he would be able to enjoy all the leave due to him on that date. As it is proposed to defer his departure in the public interests, it is proper to extend his service to enable him to enjoy a similar period of leave. I, therefore, request the sanction of the Standing Committee to the abovementioned leave being granted to Mr. Robottom from 1st April 1928 and that of the Corporation to his services being extended up to 9th October 1928. I also request the sanction of the Standing Committee under

Section 85 of the Municipal Act to the appointment of Mr. H. Wald, Town Duty Refund Officer, as acting Assessor and Collector during the leave vacancy of Mr. Robottom. Mr. Wald has so acted on a previous occasion."

Item No. 12.—Letter from the Commissioner, No. S.E./229/A., dated the 1st December 1927 :—

"I have the honour to state that in response to the invitation by public advertisement of tenders for removing a portion of the existing Fort Market and reconstructing shops, stalls, &c., with the old materials on the vacant land fronting the new road to the west of the market, two tenders have been received from the following contractors :—

	Rs.	s.	p.
1. Messrs. Vartak & Bhat	13,721	14	11
2. Mr. Jiwa Deoshi	30,386	3	3

I propose to accept the lower tender of Messrs. Vartak and Bhat subject to the sanction of the Standing Committee under Section 69 (c) of the Municipal Act, to the necessary contract being entered into with them. The total cost of the work at the rates of the lower tenderer amounts to Rs. 14,456 as detailed below :—

	Rs.	s.	p.
Cost of the work at the rates of the lower tenderer	13,721	14	11
Deduct cost of the Municipal establishment	580	0	0
	<hr/>		
	13,141	14	11
<i>Add.</i> —5% for establishment	657	0	0
<i>Add.</i> —5 % for contingency	657	0	0
	<hr/>		
Total Rs.	14,455	14	11
	<i>Say, Rs. 14,456.</i>		

As the quotation of the lower tenderer exceeds the estimated cost indicated in my letter No. S.E-1671-D of 5th August 1927, approved by the Roads and Development Committee under their Resolution No. 133 of 6th September 1927 by about Rs. 1,669,

a report may be made to the Corporation on the Standing Committee accepting the lower tender. As the work of adjusting the market should keep pace with the work of constructing S. W. drains, sewers and roads for which the tender of Mr. K. G. Kermani has been accepted by the Standing Committee under their Resolution No. 8179 of 9th November 1927, I propose to take this work in hand immediately, the cost being met out of the provision made in the Loan Works Budget for Hornby Road to Ballard Pier Road Scheme."

Item No. 13.—Letter from the Commissioner, No. E.G./1/BE, dated the 30th November 1927 :—

"I have the honour to refer to Corporation Resolution No. 13193 of 7th March 1927, sanctioning six months' combined leave to the Executive Engineer, Mr. T. K. Roddan, and the subsequent arrangement for carrying out the duties of the Executive Engineer during his absence on leave and to state that Mr. Roddan availed himself of the leave from 12th May 1927 and was due here on 11th November 1927 ; but owing to some difficulties he was unable to return until the 14th November 1927. While on leave he has however at the request of the Corporation represented the Corporation on two occasions, first at the 38th Congress of the Royal Sanitary Institute held in Hastings from 11th to 18th July 1927, and, secondly, at the 3rd Imperial Social Hygiene Congress held at Caxton Hall, Westminster, from 3rd to 7th October 1927 (*vide* Corporation Resolutions Nos. 13907 of 25th March 1927 and 2911 of 5th July 1927). The Chief Accountant has certified that four days' extension of leave on full average salary is due to him and I request the Standing Committee's sanction to his leave being extended to the 14th November 1927 and to the continuation of the acting arrangements during this period."

Item No. 14.—Letter from the Commissioner, No. Estt. 163, dated the 3rd December 1927 :—

"I have the honour to refer to Standing Committee Resolution No. 5585 of 24th August 1927, sanctioning privilege leave to Mr. T. C. F. Greenway, Sub-protem Senior Assistant Engineer of the Water Department for 2 months with effect from the 15th August 1927. During his absence Mr. Nadirshaw Pestonji was appointed to act for him on Rs. 600 *plus* 50 A. A., *plus* 30 C. A. per month. As Mr. Nadirshaw neither maintained a motor car nor any other definite form of conveyance as required under Corporation Resolution No. 15697 of 29th March 1926 he was allowed to draw Rs. 30 in accordance with the scale laid down therein. Mr. Nadirshaw's duties as Senior Assistant Engineer extended

over the whole Island of Bombay and Salsette. The Conveyance Allowance of Rs. 30 allowed to him is, therefore, clearly inadequate and I accordingly request the sanction of the Standing Committee and the Corporation to an increased allowance of Rs. 50 per month being granted to him and to the condition of maintaining a motor cycle as required under the aforesaid Corporation Resolution being dispensed with in his case. Mr. Nadirshaw was allowed to draw the Conveyance Allowance of Rs. 50 per month when he was acting in a similar capacity in 1923."

Item No. 15.—Letter from the Commissioner, No. A. E. 148/C-25/LL., dated the 28th November 1927 :—

"Re: *Loan of Rs. 25 lakhs, 1927-28.*

"I have the honour to refer to Corporation Resolution No. 6308 of 19th September 1927, regarding the raising of the Municipal Loan of Rs. 25 lakhs and to send herewith for the information of the Standing Committee and the Corporation a copy of Government Resolution No. F. D. 2470 of 28th October 1927, containing the orders of the Government of Bombay in the matter."

Government Resolution No. F. D. 2470, dated the 28th October 1927, above referred to :—

Letter from the Municipal Commissioner for the City of Bombay, No. A.E.-148/C-25/LL (1927-28), dated 30th September 1927 :—

"I have the honour, by desire of the Municipal Corporation, to request that Government will be pleased to authorise this Municipality to raise a sum of Rs. 25,00,000 (twenty-five lakhs only) to meet part of the cost of the works enumerated in the annexed statement A.

"2. The particulars required by the rules for the raising of loans prescribed by the Government of India are herewith submitted. Statements showing the income and expenditure of the Municipality for the three years ending 1926-27 and the gross loan liabilities budgetted for during 1927-28 are sent herewith.

"3. Out of the sum of Rs. 25,00,000 proposed to be raised Rs. 17,50,000 are required for ordinary loan works and Rs. 7,50,000 for water works which are of a permanent nature and chargeable to loan funds.

"4. The annual charges for redeeming the loan at the end of 30 years' currency on the usual method of repayment by sinking fund will be Rs. 1,73,428 (*i.e.*, Rs. 1,25,000 for interest at 5 per cent. per annum and Rs. 48,428 for sinking fund on a 3½ per cent. basis).

"5. Calculated on the budget estimates for 1927-28, the margin of borrowing powers for purposes other than water works and fire brigade stands as under :—

	Rs.
Income as per budget for 1927-28	3,30,42,108
<i>Less—</i>	
Rs.	
Fire tax	6,13,527
Water tax	70,15,200
	76,28,727
	2,54,13,381
<i>Add—</i>	
Difference between General Tax at 11 per cent. and maximum at 17 per cent. leviable under the Municipal Act ..	71,82,819
	3,25,96,200
Expenditure as per budget for 1927-28	3,25,92,754
<i>Less—</i>	
Fire brigade	4,22,652
Water works	69,90,080
	74,12,732
	2,51,80,022
<i>Deduct—</i>	
Debt charges in respect of 30 lakhs Loan as per budget for 1927-28	1,00,892
	2,50,79,130
<i>Add—</i>	
Instalment on the basis of equated payment for 30 years on the portion of 30 lakhs for general purposes out of 40 lakhs sanctioned to be raised in 1927-28 (150 lakhs loan)	45,154
	2,51,24,284
	74,71,916
Balance of taxation against which loans can be raised for purposes other than water works, and fire brigade	74,71,916

Against this balance of Rs. 74,71,916 loans can be raised to the extent of Rs. 10,77,09,500 assuming that interest is calculated at 5 per cent. and sinking fund on a 3½ per cent. basis. I propose to borrow only Rs. 17,50,000 excluding Rs. 7,50,000 for water works ordinary. The annual charges for interest and sinking fund on Rs. 17,50,000 will amount to Rs. 1,21,400 per annum.

“6. The expenditure on water works is met by a special tax and the extra liability on account of interest and sinking fund charges on the proposed portion of Rs. 7,50,000 of the new loan will be Rs. 52,028 per annum which can easily be met out of the realizations from the existing rates of taxation.

“7. The margin of borrowing powers under section 109 (b) of the Municipal Act is double; the ratable value of the premises in the City liable to general tax and the same is also ample as shown below:—

	Rs.
Ratable value on 1st April 1927	12,43 lakhs.
Double this	24,86 ..
<i>Less—</i>	
	Rs.
Outstanding loan liabilities on 1st April 1927	18,40 lakhs.
Loan sanctioned to be raised in 1927-28	40 ..
Loan proposed to be raised as per this application	25 ..
	19,05 lakhs.
<i>Deduct—</i>	
Loans becoming due for repayment before 31st March 1928	32 ..
	18,73 ..
Margin of borrowing power	6,13 lakhs.

“8. The loan is proposed to be reserved for purposes of sinking fund investments and it is not intended to raise it from the public. The amount of interest and instalments due for investment between 1st October 1927 and 31st March 1928 is approximately 13 lakhs and the balance of 12 lakhs will be available on the same account in the first half of the next year.

“9. The present condition of the money market is not considered suitable for a public loan. Besides, the amount required is not large and can be made available from the sinking fund without detriment to the repayment of loans that are to be redeemed in the near future and as the sum can be made available as and

when required this method is both convenient and economical. I am therefore desired to request that the Government of Bombay may be pleased to sanction the loan of Rs. 25 lakhs with a currency of 30 years interest assumed being at 5 per cent. and sinking fund on a $3\frac{1}{2}$ per cent. basis, the loan to be wholly reserved for sinking fund investments and absorbed in our sinking fund in the manner described above in paragraph 8."

Memorandum from the General Department, No. 3063-A/13519, dated 3rd October 1927.

RESOLUTION.—Sanction is accorded to the raising by the Bombay Municipality of a loan of Rs. 25 lakhs on the terms and conditions mentioned in the letter from the Municipal Commissioner for the City of Bombay, No. A.E./148 C/25-LL. (1927-28), dated 30th September 1927.

Accompaniment to Government Resolution, Finance Department, No. 2470, dated 28th October 1927.

Statement showing particulars pursuant to rule 4 of the Local Authorities Loan Rules 1923, prescribed by the Government of India for the raising of loans under the Local Authorities Loans Act, 1914, as amended by the Devolution Act, 1920.

(1) The loan is required for the construction of water works (ordinary), roads and overbridges and development works.

(2) The amount proposed to be raised is Rs. 25 lakhs.

(3) The said sum is to be borrowed on the security of the general revenues of the Bombay Municipality aggregating to Rs. 3,09,60,725 on an average of 3 years ending 31st March 1927.

(4) The laws under which funds, duties, taxes, rates, cess, etc., are levied, received or held are Act IV of 1857, Bombay Act VI of 1863, V of 1878 and III of 1888.

(5) The loan is to be wholly reserved for sinking fund investments and absorbed in the sinking fund.

(6) The loan of Rs. 25 lakhs is required for a period of not more than 30 years. Interest will be payable half yearly each year on January and July at a rate not exceeding 5 per cent. per annum and Rs. 48,428 will be set aside every year as sinking fund on a $3\frac{1}{2}$ per cent. basis.

(7) The statement marked B* showing the yearly proceeds of each separate source of income for the three years ending 31st March 1927 is attached herewith.

(8) The statement marked C* showing all expenditure incurred by the Municipality for the three years ending 31st March 1927 is attached herewith.

(9) All existing prior charges upon the funds of the Municipality are shown in statement marked D* hereto attached.

Statement A referred to in the Commissioner's letter No. A. E./148-C/25 LL. (1927-28), dated the 30th September 1927.

Statement showing works to be included in New Loan.

Name of Work.	Amount of Estimate for the work.	Amount to be provided by New Loan.
WATER WORKS.		
	Rs.	Rs.
Laying down 9" main along Hornby Velard and Love Grove Road, between Clerk Road and Love Grove Pumping Station	1,06,250	61,500
Laying down 15" main along Chakla St.	51,000	51,000
Laying down 15" main in Victoria Road.	62,800	59,000
Laying 12" main in Tardeo Road (between Clerk Road and Junction of Arthur Road and Falkland Road)	58,150	50,500
Laying 9" water main in either footpath of Kingsway (Vincent Road between Elphinstone Road and Mahim Chord Railway)	1,39,555	1,25,000
Laying 6" main in the new west footpath of the Road between Fergusson Road and Old Purbhadevi Road	50,800	50,000
Providing mains in Estate Area to the East of Grain Depot	93,500	93,000
Chlorinating the Tansa Water Supply ..	1,73,379	1,11,000
Laying 12" water main in the east footpath at Parel Road from Kalachowki Road to Byculla Bridge	69,360	69,000
Laying 24" main in Haines Road between Tulsi Pipe Road and Fergusson Road	81,495	80,000
	Total ..	7,50,000
ROADS AND OVERBRIDGES.		
	Rs.	Rs.
Street Improvements in different places setbacks .. .. .	..	4,50,000
Remaking roads in accordance with demands of heavy traffic	38,79,757	6,31,031
	Total	13,50,000
Mahim Development Schemes		4,00,000
	Grand Total	25,00,000

Item No. 16—Letter from the Commissioner, No. T/32/91, dated the 1st December 1927 :—

“ I have the honour to forward herewith Progress Report of the Tansa Completion Works for the quarter ending 30th September 1927 for the information of the Standing Committee and the Corporation.”

Progress Report for the quarter ending 30th September 1927.

Land a
K a s h e
Sluice A
chor Blocks

During the period under review the position was as follows :—

The Acquiring Authorities have not made any advance towards acquiring the private lands occupied for the Kasheli Sluice Anchor Blocks as they have not been notified for acquisition under the Land Acquisition Act; they have been asked to expedite the matter.

The Final Government Resolution vesting in the Government the area of lands required for P.W.D. Road at the approaches to Kasheli Bridges, the draft of which was jointly settled by the Government and the Municipal Officers does not appear to have been issued.

The lands occupied by ramp approaches to overbridges constructed across the New Tansa Pipe Lines for giving access having been measured by Revenue Surveyors will shortly be notified for acquisition under the Land Acquisition Act.

No reply has been received from Mr. L. R. Tairsee in response to our offer to sell him the lands formerly owned by him and acquired by us for the Mulund Tram Line between Bombay Agra Road and the Pipe Factory at Mulund.

Land f
Mulund Tr
line.

A legal document necessary to convey the lands acquired for the pipe factory and staff quarters at Mulund is proposed to be executed after the completion of the maintenance period of the pipe laying works and as advised by the Municipal Solicitors a sum of money adequate to cover costs, legal and other charges and expenses incurred and to be incurred by the Municipality has been recovered from the retention money which has become due in respect of the pipe lines outside the Bombay Island.

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and staff
ters.

The Government Assessment of these lands as demanded have been paid under protest to Government excepting for the year 1922-23, Braithwaite & Co. being requested to make direct payment to Government of the assessment for the year 1922-23 and to make their representation to the Collector for reduction of the assessment which they think should be conceded as they are the actual users of the lands and will be legal owners of the lands in due course.

The Collector has not pressed us for the execution of the Sanad of the lands which the Municipal Solicitors opine Messrs. Braithwaite & Co. may be allowed to execute if the Collector has no objection.

High Court
cal.

The appeal filed in the High Court by one Anna Damodar, a claimant in respect of lands acquired for the pipe line in Panchpakhadi claiming Rs. 5,500 against the decree (which was passed by the joint judge at Thana in reference No. I of 1924-25, dated 12th November 1924, and confirmed the award of the Land Acquisition Officer), has not yet reached hearing.

Owing to the Monsoon no progress could be made with the construction of an overbridge which it was decided should be provided across the 60" pipe Line at Asalphe in pursuance of the requisition from the Acquiring Officer.

Chaling
Tram-

Awards in respect of lands occupied by the Khaling Lap Tramway not having been received though the necessary deposit on account of estimated cost of acquisition has been paid to the Collector and the lands have already been notified for acquisition and remeasured long ago, the Acquiring Authorities have been requested to expedite the matter.

aff Quar-
and
e yard
Kole-kal-

The private land occupied by the Municipal quarters and store yard at Kole-kalyan, Santa Cruz, for which an application has been made to Government in pursuance of the Standing Committee's Resolution is about to be notified for acquisition under section 6 of the Land Acquisition Act.

a n d r a
lge.

The necessary draft conveyance, for the transfer of title to the Municipality of Government lands occupied by the approaches to the pipe bridge carrying the new Tansa Pipes across Bandra Creek which the Corporation have agreed to purchase at certain rates, has not been received from the Municipal Solicitors.

Maneckji
t Mills
s suit.

The suit filed by Messrs. Maneckji Petit Mills Co., Ltd., against the Municipality in the Small Causes Court claiming certain compensation for damages alleged to have been caused to their land under which the New Tansa Pipe Lines have been laid in their mill compound has not yet come up for hearing.

The matter of verification of accounts forwarded by the Government in respect of the 11 per cent. Departmental charges claimed by them on the disbursements made by them on account of lands acquired at the Municipal expense has not yet reached finality.

Eight references filed in Thana Court against the awards of the Acquiring Officer by previous owners in respect of lands acquired from the villages of Bhandup, Nahur and Mulund for the New Tansa Pipe Lines have been dismissed with costs. Reference case filed Thana Court

Negotiations are proceeding in respect of the terms and conditions under which the use and occupation of the Government forest lands with Municipal buildings at Bombay Agra Road, Vadpa, etc., are to be continued.

The question as to the advisability of retaining the Municipal bungalows at Jambivli is under discussion with the Forest department. Jambivli Bungalow.

It is learnt that 7 references against the awards of the Acquiring Officer in respect of their lands acquired for the 60" Tansa Pipe Line have been filed and information as to the claims and dates fixed for hearing is being obtained.

There has been no appreciable subsidence of any of the banks of the south bridge. Kasheli Bridges.

The position as regards asphaltting the road surface of the Kasheli Bridges is much the same as was reported in my last report. Mr. Lloyd Jones' report in the matter of the Ballast Walls and my report on the action taken to give effect to his recommendation to insert bracings between the girders supporting the ballast walls has been under the consideration of the Water Committee.

The position is much the same as previously reported. The East main has again been put under test after several defective joints were cut out and remade by the contractors. Work on the West main is now in progress. Bombay Section E excavation at steel pipes.

The contractors for this plant have now removed the defective pumps with a view to replacing them. Chlorination plant at Powai.

The total amount spent on Tansa Completion Works during the quarter under review was Rs. 1,03,400 approximately. The total expenditure incurred from the commencement of the works to 30th September 1927 amounts to Rs. 5,07,74,300 approximately. Financial.

1-12-1927.

W. A. NIVEN,
Hydraulic Engineer.

Item No. 17—Letter from the Commissioner, No. IL S./2852-D., dated the 1st December 1927 :—

“ I have honour to say that Bhamboo Hiroo, who was formerly working as a scavenger in the Health Department and retired from service on account of old age and debility, has been allowed to continue to stay in the room occupied by his son, Bhagia Bhamboo, cart-driver in the Health Department in the Municipal Chawl, at Goa Street. According to the rules, Bhamboo Hiroo is liable to pay rent of Rs. 2 per month. As he has no means of support and is solely dependant on his son, I request the sanction of the Standing Committee and the Corporation to his being allowed to stay in the Municipal chawl free of rent. As this is the second case of this kind which has occurred recently, I request the general sanction of the Corporation to deal with similar cases in a similar manner.”

Item No. 18—List of letters from the Municipal Auditors pending disposal by the Standing Committee for the month of November 1927 (*vide* Corporation Resolution No. 6669, dated the 24th September 1925):—

Sl	Date.	Subject.	Reference to Standing Committee Resolution.	Remarks.
	1st July 1927	Reporting the result of the examination of the ledgers of the respective Wards of the Assessment and Collection Department.	No. 2944 of 6th July 1927.	Commissioner's remarks on the subject are awaited.
	7th July 1927	Regarding the internal audit of all Departments of the Municipality.	No. 3188 of 13th July 1927.	Do.

Item No. 19 (a)—Letter from the Commissioner, No. L./87-E., dated the 31st October 1927.

“ I have the honour to refer to my letter No. M-663 of the 26th April 1922, in which I explained the necessity of reserving certain areas in the City for the Squatter-hawkers, in order to mitigate the general nuisance of perambulating hawkers and squatters. The proposal was sanctioned by the Corporation under their Resolution No. 6999, dated the 9th November 1922.

A special post of the Encroachment Removal Officer with one lorry and a small staff was subsequently created and the work of removing encroachments under Section 314 (b) is being carried on systematically with accounts kept according to audit requirements. The same staff is being utilized for the work of issuing licenses to the hawkers and to squatters in the reserved areas, under Sections 313A and 313, and collecting from them the license fees which for the year 1926-1927 amounted to Rs. 84,670. The staff responsible for this work consists of one Chief Supervisor and seven Supervisors, one for each ward. This staff is certainly inadequate as already reported in my letter No. E. R. 384C., dated 3rd February 1927. The habit of utilizing public streets is so ingrained in the shop keepers and hawkers that the task of reducing the nuisance to reasonable proportion is beyond the power of the present staff of the Chief Supervisor working under the Superintendent of Licenses and the Executive Engineer, Roads Department, who is responsible for the work of removing heavy encroachments such as stones, timber, iron beams, etc.

Further the present system of dual control by the Executive Engineer, Roads Department, and the Superintendent of Licenses is far from desirable. It is, therefore, proposed to entrust the Superintendent of Licenses with the whole work of removing from the streets encroachments of all sorts excepting fixtures to buildings, which in some cases can only be removed after accurate measurements have been taken and plans consulted and to supplement the staff by a few extra hands and an additional lorry.

The city will be divided into two divisions, South and North. The Southern division will cover A, B and C Wards and the present office of Chief Supervisor at Chimna-Butcher Street will continue to be the central office of this division. D, E, F and G Wards will come under the Northern division and will be given the additional lorry and an office at the Water Department Inspector's Office at Sankli Street. If the scheme proves a success, a separate shed will

be constructed in the same compound for the Deputy Chief Supervisor's office and store.

A small hand-cart with five coolies will supplement the work of the two lorries specially in the most congested areas such as Bhendy Bazar, Null-Bazar, Sandhurst Road, Thakurdwar Road, Bhuleshwar, etc. This hand-cart will be taken from the Road Department and if its use proves successful, similar hand-carts with the necessary number of coolies will be supplied to each ward.

It is not proposed at present to purchase an additional lorry but one of the Road Department lorries with the menial staff, *viz.*, Havildar and coolies will be transferred from that Department to the License Department. The services of seven Havildars of the Road Department at present engaged for the work of detecting and removing encroachments will be dispensed with.

The Chief Supervisor and his proposed Deputy, in addition to this work, will continue to supervise, as at present, the work of the Supervisors in charge of the respective wards, check the squatters' reserved areas, issue licenses to the hawkers while moving on the lorries and dispose of correspondence pertaining to their respective divisions. The system of accounts will be the same in both the divisional offices.

Weighing Machines :—I would also refer to Corporation Resolution No. 2574, dated 12th June 1924, under which the staff for the encroachment department was sanctioned and to state that a sort of rough schedule of removal charges under Section 490 of the Municipal Act was laid down for the guidance of the Encroachment Removal Officer as shown in the schedule attached (Statement A). It will be seen that the charges varied according to the size of the goods removed. The scheme was newly started and the schedule was experimental. From experience it has been observed that articles seized as encroachments all over Bombay, are of such innumerable variety, as to make it impossible to prepare a schedule under which each and every article can be correctly described and charged. To grant absolute discretion to the Chief Supervisor and to his proposed Deputy in this matter is not desirable. It is, therefore, essential to prescribe a sure and uniform method of levying the removal charges without contravening the provisions of Section 490 of the Act. Heavy and deterrent fines would, no doubt, prevent repeated transgressions of law but they would give rise to public discontent and would be considered arbitrary. Generally it is the weight of an article that increases or otherwise, the cost, time and energy, involved in its removal as an encroachment. If, therefore,

removal charges are based on the weight of each article removed, it will not only avoid constant disputes between the claimants and the Encroachment Removal Officer but will greatly facilitate audit check. It is, therefore, proposed to purchase two weighing machines costing Rs. 621 each, to be installed in the two divisional offices of Chief Supervisor and Deputy Chief Supervisor with two clerks and two peons for taking the weighments of the articles removed and noting them in a separate register with the necessary calculations of fees, etc. A copy of the proposed scale (Statement B) of fees fixed on a basis of weight is attached herewith. The charges are sufficiently deterrent and approximately tally with the expenditure involved in effecting removal, as required by Section 490 of the Act.

These proposals will entail an additional expenditure for four months up to 29th February 1928, as detailed below :—

Staff for the Additional Lorry :—

- 1 Dy. Chief Supervisor at Rs. 150-5-200.
- 1 Clerk at Rs. 60-5-100.
- 1 Havildar at Rs. 30 + 5 E. A = 35.
- 13 Coolies at Rs. 22 + 5 E. A. each = 351.
- 1 Driver at Rs. 70-3-85.
- 1 Cleaner at Rs. 17 + 5 E. A. = 22.

Rs.
688
× 4

2,752

Running Expenses of the Additional Lorry :— Rs.

Stores and Contingencies	35
Clothing (This is required for giving uniform and badges to the coolies working on the encroachment removal lorry to minimize resistance from the offenders under Section 313 of the Municipal Act.)	200
Running Expenses	675
Repairs and Maintenance	600
	1,510

Weighing Machines :—

	Rs.	Rs.
2 Weighing Machines each cost	621	1,242
2 Clerks @ Rs. 60-5-100 each =	120	
2 Peons @ Rs. 19-6 H. R. each =	50	
	<hr/>	
	170 × 4 = 680	

Havaldar for Chowpatty Squatters Reserved Area :—

1 Havaldar @ Rs. 30 + 5 H. R. = 35 × 4 = .. 140

This Havaldar will work in the morning at Sandhurst Road and will keep order at Chowpatty from 3 p.m. to 8 p.m. B. T.

Alterations to the existing office of the Water Inspector's E Ward Office at Sankli Street to accommodate temporarily the Office of the Deputy Chief Supervisor and his staff. 500

Printing and Stationery 150

Rs. 6,974

I now request the sanction of the Standing Committee and the Corporation to an additional grant of Rs. 5,664 for the purpose, from the Surplus Cash Balance, the balance of Rs. 1,310 being met from anticipated savings in the grant under Motor Traction. It is expected that the additional recoveries from fines levied according to the revised schedule will amply cover the total costs of removal and that the present condition of the streets and footpaths will be greatly improved. ”

Standing Order.

A.

The Superintendent of Licenses is requested to observe the following procedure with regard to the seizure and disposal of goods removed under Section 314 of the Act by Officers and Servants of the Hawkers' Branch (Temporary) of the Market Department:—

1. A register in Form A attached shall be maintained by the Encroachment Removal Officer. It shall be signed every day by the clerk entrusted with its maintenance. The Encroachment Removal Officer shall check entries of this Register every week, and the Superintendent of Licenses shall make occasional inspection and verification.

2. The following schedule of removal charges is laid down for the guidance of the Encroachment Removal Officer under Section 490 of the Act:—

Classification of articles removed.	Normal removal charges.	Demurrage charges to be levied in case articles are not claimed before the expiry of one day following the day of seizure.
	Rs. a. p.	Rs. a. p.
Loaded hand cart	1 0 0 per cart ..	1 0 0 per day after 1 day of grace.
Empty hand cart	0 8 0 do. ..	0 8 0 do.
Baskets of fruits, pans, etc.	0 6 0 basket	0 6 0 do.
Materials of Mochis, Cobblers, Barbers, etc.	0 6 0 basket, bag, &c..	0 6 0 do.
Bags of Grain	2 0 0 bag	1 0 0 do.
Any other article which is unwieldy on account of its size, form, weight, etc.	Any amount in excess of Rs. 2 but not exceeding Rs. 4 per article as the Encroachment Removal Officer may determine. Any charge in excess of Rs. 4 shall be subject to the Superintendent of Markets' approval.	2 0 0 do.

N.B.—A box or article which a man cannot lift single handed may be classed as unwieldy. Motor Car, scrap iron, etc., fall under this category.

3. A receipt shall invariably be passed by the Encroachment Removal Officer for the removal charges levied under Section 490 of the Act. The receipt book shall be stamped by the Superintendent of Licenses and each page shall be machine numbered. A register of receipt books issued shall be maintained in the Superintendent's Office. No new book shall be issued unless the Superintendent of Licenses is satisfied that the stock already issued is exhausted.

4. All receipt books shall be got printed and issued by the Chief Accountant's Office which will keep a stock register.

B.

PROPOSED REVISED SCALE OF REMOVAL CHARGES FOR THE GOODS SEIZED AS ENCROACHMENTS ON THE BASIS OF WEIGHMENT.

Any article seized.	Normal removal charges.	Demurrage charges recoverable after two days from the date of seizure of goods.
For one Seer or any fraction thereof upto 20 Seers (Bengal)	As. 12	Demurrage chargeable at half of the rate mentioned in Col. 2 per day.
For over 20 Seers and upto 40 Seers (Bengal).	Additional charge of As. 8.	Do.
For over 40 Seers (Bengal)	As. 4 for every additional 20 Seers or a part of 20 Seers.	Do.
For ordinary Cycle	Rs. 1	Do.
For Motor Cycle or Motor Car or Lorry or any other vehicle other than hand cart.	Rs. 5	Do.
For hand-cart loaded	Rs. 2	Do.
Do. do. empty	Rs. 1	Do.

(6)—FOURTEENTH REPORT OF THE ESTABLISHMENTS SUB-COMMITTEE OF THE STANDING COMMITTEE REGARDING ADDITIONAL TEMPORARY STAFF TO COPE WITH THE WORK OF THE ENCROACHMENT DEPARTMENT OF THE MUNICIPALITY.

BOMBAY, 24th November 1927.

The Establishments Sub-Committee appointed by Standing Committee Resolution No. 741, dated the 27th April 1927, beg to submit the following report with reference to Standing Committee Resolution No. 8189, dated the 9th November 1927, under which they have been asked to report on the Commissioner's letter No. L/87-E, dated the 31st October 1927, regarding additional temporary staff to cope with the work of the Encroachment Department of the Municipality.

2. It will be remembered that the Corporation under their Resolution No. 6999, dated the 9th November 1922, approved the 11th report of the Roads Committee regarding a proposal to permit hawkers of vegetables, etc., to squat or hawk in certain portions of public streets on payment of certain fees. A special post of the Encroachment Removal Officer with one lorry and a small staff was subsequently created to carry on the work of removing encroachments. The same staff is also being utilised for the work of issuing licenses to the hawkers and squatters in the reserved areas and collecting from them the license fees. The staff responsible for this work consists of one Chief Supervisor and seven Supervisors one for each Ward. The Commissioner observes that he had already reported in his letter No. E. R. 384-C., dated the 3rd February 1927, that this staff was inadequate. (*Vide* Roads and Development Committee Resolution No. 53, dated the 10th May 1927, and Corporation Resolution No. 3341, dated the 18th July 1927.) He now proposes to entrust the Superintendent of Licenses with the whole work of removing from the streets encroachments of all sorts excepting fixtures to buildings instead of the present system of dual control by the Executive Engineer, Roads Department, and the Superintendent of Licenses and to provide an additional lorry, 2 weighing machines at Rs. 621 each and the following additional staff for the purpose :—

- 1 Deputy Chief Supervisor at Rs. 150-5-200.
- 3 Clerks at Rs. 60-5-100 each.
- 2 Havildars at Rs. 30 + 5 E. A. each.
- 13 Coolies at Rs. 22 + 5 E. A. each.
- 1 Driver at Rs. 70-3-85.
- 1 Cleaner at Rs. 17 + 5 E. A.
- 2 Peons at Rs. 19 + 6 H. R. each.

3. The Commissioner also proposes to divide the City into two divisions, South and North. The former comprising A, B and C Wards will be in charge of the Chief Supervisor and the latter comprising D, E, F and G Wards will be given in charge of the Deputy Chief Supervisor. He further proposes to transfer one of the Roads Department lorries with the menial staff, viz., Havildar and Coolies to the License Department and to dispense with the services of seven Havildars of the Roads Department at present engaged for the work of detecting and removing encroachments. He estimates that the additional expenditure will be Rs. 6,974 for four months upto 29th February 1928, and requests the sanction of the Standing Committee and the Corporation to an additional grant of Rs. 5,664 from Surplus Cash Balance, the balance of Rs. 1,310 being met from anticipated savings in the grant under Motor Traction. The Commissioner expects that the additional recoveries from fines levied according to the revised schedule will amply cover the total cost of removal and that the present condition of the streets and footpaths will be greatly improved.

4. The Sub-Committee have carefully considered the question, in consultation with the Commissioner, and the Superintendent of Licenses, and beg to recommend that the Schedule of Establishments be so varied as to admit of the additional staff mentioned in the foregoing paragraph being appointed and that the Corporation be recommended to sanction a grant of Rs. 4,606 from Surplus Cash Balance to meet the expenses for the remaining 3 months of the current year.

HOOSENALLY M. RAHIMTOOLA (*Chairman*).

AVANTIKA GOKHALAY.

R. M. MISTRY.

J. V. VORA.

P. J. MARZBAN.

H. J. DAVIS.

Seen.

FAZAL I. RAHIMTOOLA.

* Mr. D. Healy having resigned has not seen the report.

Item No. 20—TWENTY-THIRD REPORT OF THE FINANCE AND BANKING SUB-COMMITTEE OF THE STANDING COMMITTEE REGARDING THE REPORT OF THE SECRETARY, RETRENCHMENT ENQUIRY, UPON THE REFORM AND REORGANIZATION OF ACCOUNTANCY SYSTEM OF THE BOMBAY MUNICIPALITY.

BOMBAY, 17th November 1927.

The Finance and Banking Sub-Committee appointed by Standing Committee Resolution No. 741, dated the 27th April 1927, beg to submit the following report with reference to Standing Committee Resolution No. 8086, dated the 4th March 1925, under which they have been asked to report on the letter from the Secretary, Retrenchment Enquiry, No. R. E. 27, dated the 2nd July 1925, upon the reform and reorganization of Accountancy system of the Bombay Municipality.

2. It will be remembered that the Corporation under their Resolution No. 4042, dated the 17th July 1924, approved of the third report, dated the 5th July 1924, of the Retrenchments Committee reconstituted by Corporation Resolution No. 2034, dated the 7th July 1923, regarding the Preliminary report of the Retrenchment Adviser and forwarded a copy to the Commissioner and the Standing Committee for information and necessary action for giving effect to the Committee's recommendations. Paragraphs 46 to 48 of the report dealt with the question of preparing an Accounts Code or Manual. The Standing Committee under their Resolution No. 4194, dated the 23rd July 1924, referred the question to a Sub-Committee. On 2nd July 1925 the Secretary, Retrenchment Enquiry, submitted to the Standing Committee a report (appended hereto) upon the Reform and Reorganization of the Accounting system of the Municipality. This was also referred to the Sub-Committee by Standing Committee Resolution No. 8086, dated the 4th November 1925. In this connection the Commissioner under his memorandum No. M. C. 38-A of 8th February 1926, forwarded copy of a letter, dated 29th January 1926 (appended hereto), addressed to him by Sir M. Visvesvaraya recommending that Mr. Bird's report be examined by a Committee of Accountants. Accordingly at their meeting held on the 24th February 1926, the Sub-Committee requested the Commissioner to obtain and place before them the opinion of Mr. S. D. Billimoria, Chartered Accountant, on the report and also to ascertain if Government were agreeable to lend the Corporation the services of one of their Accounts Officers to criticise the report.

3. In the meantime Khan Sahab H. S. Katrak, Municipal Auditor, addressed the accompanying letter, dated the 24th April 1926, forwarding therewith a letter, dated the 4th December 1924, addressed by him to Sir M. Visvesvaraya on the subject. The Commissioner with his letter No. R. E. 27, dated the 19th May 1926, forwarded Mr. S. B. Billimoria's opinion (also appended) on Mr. Bird's report, and stated that he had requested the Accountant-General to consult the Auditor-General as to the services of one of the Government Account Officers being lent to the Corporation to criticise the report. In his further letter, No. R. E. 27, dated the 5th August 1926 (appended hereto), the Commissioner informed the Sub-Committee that the Auditor-General had permitted Mr. Correa to take up the work of commenting upon the report, but the Commissioner stated that he had consulted the Chief Accountant, Mr. Tambe and Mr. Bird and that they were of opinion, and he agreed with them, that no useful purpose would be served by obtaining further comments from that officer as his views on the Municipal accounts and Finance were already recorded when he acted as a special officer to assist Sir M. Visvesvaraya.

4. The Sub-Committee have carefully considered the various suggestions made by Mr. Bird which are summarised in para. 124, chapter XIV of the report, in consultation with the Commissioner, the Chief Accountant, the Test Audit Officer and the Municipal Auditors and they beg to make the following recommendations:—

(a) As regards the question of giving full effect to Standing Committee Resolution No. 9150, dated the 29th October 1919, regarding the keeping of accounts of the Municipality on the basis of "Income and Expenditure" the Commissioner informed the Sub-Committee that it was practicable to put the scheme into force but he was doubtful whether it could be done in view of Sections 132 and 133 of the Municipal Act. The Commissioner has therefore been requested to consider whether it is necessary to amend the Municipal Act to give effect to the scheme and if so to submit necessary draft amendments.

(b) With regard to the question of preparation of an Accounts Code and Manual the Sub-Committee are informed that a draft Manual prepared by Khan Sahab Katrak is under the consideration of the Revenue and General Purposes Committee and therefore nothing further remains to be done by the Standing Committee.

(c) & (d) As regards the question of keeping primary records, registers and subsidiary ledgers, etc., Mr. Bird informed the Sub-Committee that since writing his report certain changes

had taken place and hence he would like to reconsider his recommendations in that direction. The Commissioner has therefore been requested to obtain and place before the Sub-Committee Mr. Bird's further report in the matter.

(e) The procedure recommended in para. 36 of the report regarding the control of expenditure be approved, it being understood that that procedure would be embodied in the Accounts Manual which is under the consideration of the Revenue and General Purposes Committee and the Commissioner be requested to place this recommendation before that Committee. As to the procedure detailed in para. 37 of the report the Sub-Committee recommend that the same be approved subject to the substitution of the words 'for materials or goods' for the words 'except that of salaries and labour pay' occurring therein. They further recommend that the different recommendations made in paras 38 to 53 of the report regarding the accounting system be also approved.

(f) The procedure recommended to be followed by the Roads Branch relating to Budget Estimates, Works Estimates and costing accounts be approved, subject to any modifications that might be found necessary in practice on the understanding that such modifications would be submitted to the Standing Committee for approval.

(g) The recommendations for revising the cost records of other departments contained in para. 62 of the report be approved.

(h) As the Sub-Committee are informed that the suggestions made in para. 63 of the report regarding the revision of the system of cost accounting in the Municipal Workshops are being followed there is nothing further to be done in the matter.

(i) The recommendations contained in para. 65 of the report that the departmental stock records be verified and the transactions of these stock records be recorded in the financial accounts books be approved.

(j) The recommendation contained in para. 66 of the report that departmental statistics should be prepared by the departments and general statistics by the Accounts Department be approved in principle.

(k) The specimen of blank Revenue budget forms are under the consideration of the Chief Accountant whose report in the matter is awaited.

(l) The recommendation contained in para. 70, that the methods employed by the several departments in framing the Budget estimates be thoroughly examined and reported upon, be approved in principle and the Commissioner be requested to see that whenever departments ask for lump sum provision in the Budget, sufficient details are supplied by them to show how those figures are arrived at.

(m) The recommendation contained in para. 71 of the report that no proposal for expenditure on increased establishment or for any new class of work be included in the tentative Budget unless previous administrative sanction has been obtained to the proposals be approved in principle subject to the understanding that this is not to be made applicable in the case of very minor expenditure.

(n) The recommendation contained in para. 72 that all establishment entries in the Revenue Budget should be critically examined be approved.

(o) As regards the recommendation contained in para. 76 of the report that the provision of the Municipal Act relating to the transfer of budget grants be amended, nothing need be done in the matter in view of the fact that on the recommendation of a Sub-Committee the Standing Committee have already recommended to the Corporation under their Resolution No. 927, dated the 28th April 1926, the amendment of the Municipal Act.

(p) With regard to the recommendation contained in para. 78 of the report that the Municipal Act be amended so as to provide for the preparation of a separate Loan Works Budget, the Sub-Committee recommend that the present practice be continued and that the Commissioner be requested to arrange for both the Revenue and Loan Works Budgets being bound in one volume instead of in two as at present.

(q) The recommendation contained in para. 79 of the report that some of the entries in the Loan Works Budget be amplified be approved.

(r) The recommendation contained in para. 80 of the report that a financial forecast should accompany every estimate for capital works be approved in principle. The Sub-Committee understand that this recommendation has already been embodied in the Engineering Code.

(s) The recommendation contained in para. 81 of the report that Standing Orders or a code be framed for capital

expenditure be approved in principle and the Commissioner be requested to embody the Standing Orders in the Engineering Code.

(t) The recommendation contained in para. 82 of the report that all land should be shown under (1) land acquired for resale, (2) land acquired for permanent purposes and that a register of lands acquired be maintained be approved.

(u) With regard to the recommendation contained in para. 83 of the report that an advance be made from Loan Fund Balances for financing capital stores nothing further need be done in the matter as it is understood that this practice is already being followed by the Commissioner.

(v) The recommendation contained in para. 84 of the report that detailed estimates be prepared for all works that are to be carried out departmentally be approved.

(w) The recommendation contained in para. 85 of the report that the Engineering Department be empowered to vary details of an estimate upto 10 per cent. of any individual item be approved in principle, subject to the understanding that such variations do not increase the total estimated cost and do not exceed Rs. 5,000 in respect of each item.

(x) With regard to the recommendation contained in para. 86 of the report that transfers or re-appropriation of loan moneys be restricted to items within the same main service head of account the Sub-Committee agree with Sir M. Visvesvaraya that such transfers or re-appropriations should be avoided as far as possible and they recommend that the Commissioner be informed that such transfers or re-appropriations will be sanctioned only in most exceptional cases.

(y) With regard to the recommendation contained in Section VIII of the report that the accounts of the Water Works and the Markets should be separated from the rate accounts, the Sub-Committee find that Water Works Accounts are being shown separately in the Budget and that the Markets Accounts also were separately published for the first time in the Budget for 1927-28. As a beginning has already been made in that direction the Sub-Committee recommend that this principle be approved and that the markets be conducted on commercial lines and with this view the market properties be revalued.

(z) The recommendation contained in Section IX that valuations be made of all lands, buildings, plant, machinery,

dead stock, loose tools and other realizable assets in the possession of all departments be approved.

(*aa*) With regard to the recommendation contained in para. 100 of the report that the Revenue Audit Section be placed under the direct control of a responsible Supervising Officer, the Sub-Committee are informed that this has already been done.

(*bb*) With regard to the suggestion contained in para. 76 of Mr. Bird's report, that the Municipal Auditors to be appointed in future be qualified professional accountants and that their powers and duties be revised, the Commissioner has been requested to ascertain from Government and inform the Sub-Committee what would Government charge for carrying out the audit of the accounts of this Municipality through their Auditors.

(*cc*) With regard to the recommendation contained in para. 113 of the report that the Annual Report of the Chief Accountant be submitted in future in continuous narrative form, the Sub-Committee recommend that the present practice of submitting the statements in detail by the Chief Accountant be continued and that the literary part of the work be left to the Commissioner and the Standing Committee.

(*dd*) With regard to the suggestions regarding remodeling the appendices to the Chief Accountant's report contained in paras. 114 and 115 the Sub-Committee beg to recommend as follows :—

Appendices 1 and 2.—The present forms be continued.

Appendix 3.—The Sub-Committee are informed that the amended form has already been adopted.

Appendix 4.—The suggestion made in regard to this appendix be approved.

Appendix 5.—The Sub-Committee recommend that the suggestion made therein regarding the present form of Revenue Account Balance Sheet be given effect to after the system of keeping accounts on Income and Expenditure basis is adopted.

Appendix 5A.—The Sub-Committee understand that the suggestion in regard to this appendix has already been given effect to.

Appendix 6 (I), (III) to (IX).—The Sub-Committee are informed that the suggestions made with regard to these appendices have already been given effect to.

Appendix 6 (II).—The Sub-Committee understand that the revaluation of unbooked property is being done and they therefore recommend that the Commissioner be requested to complete it as early as possible.

Appendix 6 (X).—The recommendation made in regard to this be approved.

Appendices 6A to 20.—The Sub-Committee are informed that effect has already been given to the suggestions regarding these appendices.

The Sub-Committee also understand that the recommendations contained in para. 115 of the report have already been given effect to.

(*ee*) The suggestion contained in para. 114 (*g*) has already been dealt with by recommendations made in appendix 6.

With regard to the recommendation contained in (*ff*) that a summary of the accounts and general financial statistics be published, the Sub-Committee beg to recommend that this may be tried for a year or two and that the Commissioner be requested to entrust the work of preparing the first compilation to Mr. Bird.

As regards suggestions contained in (*gg*), (*hh*) and (*ii*) the Sub-Committee recommend that these be considered along with Mr. Bird's report on suggestions under clause (*d*).

5. The Sub-Committee have carefully gone through Mr. S. B. Billimoria's report and they are of opinion with regard to the suggestion contained in para. 3 of his report regarding the appointment of a Municipal Finance Officer that as the work prescribed for such an Officer is already being done by the Chief Accountant there is no necessity for the appointment of that Officer, and as regards the remainder of Mr. Billimoria's report the Sub-Committee are of opinion that no action is required as it is, in the main, merely a repetition and approval of the suggestions made by Mr. Bird in his report.

6. The Sub-Committee recommend that the Commissioner be requested to submit his reports called for under Clauses (*a*), (*c*), (*d*), (*f*), (*k*), (*bb*) above to the Standing Committee direct

HOUSENALLY M. RAHIMTOOLA (*Chairman*).

C. W. E. ARBUTHNOT.

H. J. DAVIS.

L. R. TAIRSEE.

A. R. DINTIMKAR.

Seen.

Y. G. PANDIT.

M. A. DABHOLKAR.

FAZAL I. RAHIMTOOLA.

APPENDICES.

(a) Letter from the Secretary, Retrenchment Enquiry No. R. E. 27, dated the 2nd July 1925 :—

“ I have the honour to forward, for favour of submission to the Standing Committee, a Report upon the Reform and Re-organization of the accounting system of the Municipality.

Sir M. Visvesvaraya regrets his inability to forward his comments upon the Report earlier than the middle of August next, owing to pressure of other important work.”

ACCOUNTS REFORMS AND RE-ORGANIZATION.

I.—PRELIMINARY.

1. The statutory provisions relating to the accounting system of this Municipality are to be found in Chapter VII of the Bombay Municipal Act, 1888. Briefly the Act provides for :—

- (a) The establishment of a “ Municipal Fund” to which all receipts shall be credited, and out of which all payments shall be made.
- (b) The preparation of an annual budget estimate of expenditure and taxation.
- (c) The preparation of a schedule of the officers and servants to be maintained, other than the statutory officers.
- (d) The prohibition of payments out of the municipal fund in excess of a current budget-grant.
- (e) The signing of all cheques by the Municipal Commissioner, one member of the Standing Committee and the Municipal Secretary.
- (f) The allocation of any portion of the municipal fund to a separate heading in the municipal accounts.
- (g) The investment of surplus moneys.
- (h) The keeping of accounts of the *receipts and expenditure* of the Corporation in such manner and in such forms as the Standing Committee shall from time to time prescribe.
- (i) The publication of an annual statement of accounts.
- (j) The publication of a weekly abstract of the receipts and expenditure.
- (k) A weekly scrutiny of the municipal accounts by the Standing Committee or under their superintendence.
- (l) The making of regulations with respect to the scrutiny of the municipal accounts.

(m) A special audit by Government at any time.

(n) The examination and audit from week to week of the municipal accounts by auditors specially appointed by the Corporation.

2. The first accounting system of the municipality was established, with the approval of the Bench of Justices, in 1866, and was based upon the then prevailing system of Government Accounts. In 1869, modifications were made on the recommendation of a Committee, of which Mr. Chapman, the then Accountant-General, was Chairman. The system was revised in 1871 by Sir Theodore Hope, and later was again revised by Sir Charles Olivant, this last revised system being approved by the Standing Committee in 1888 under Section 123 of the Municipal Act, and is, in its main outlines, still in operation though many modifications have been made in it in the endeavour to provide for the changing needs of the times. These modifications have, more often than not, only increased the complexity of the system, being made piecemeal, without proper consideration of their accumulating effect.

3. The growth of the City, the extension of the work of the Municipality and the increasing volume and complexity of the accounts to be dealt with, makes it inevitable that the accounting system must sooner or later be re-constructed root and branch. That this reconstruction is overdue is evident from the many criticisms made against the present system, which is, as stated above, more or less the same as when the City was less than half its present size.

4. The late Chief Accountant, Mr. W. E. Waite, so far back as 1907, urged a revision of the accounts and his last proposal was made in September 1919. The question was then referred by the Standing Committee to a Sub-Committee, who, on the 29th October 1919, submitted a report which was adopted in "toto." The recommendations of the Sub-Committee were to the following effect:—

(a) That the accounts and budget should be recast so as to show under fifteen main services or functions the total cost of each service, including debt charges.

(b) That the accounts system should be changed from the *Receipts and Payments* basis, to the basis of *Income and Expenditure*.

Only partial effect has been given to these recommendations.

II.—THE BASIS OF THE ACCOUNTS.

5. There are two recognized systems of municipal accounts, known in municipal finance phraseology as:—

1. The "Cash Receipts and Payments" system and
2. The "Income and Expenditure" system.

The brief history of the accounting system of this Municipality given above shows that, in 1919, the Standing Committee ordered the accounts to be kept upon the second of the systems above-mentioned.

Though the Annual Budget and the Accounts are headed with the words "Income and Expenditure," in point of fact the accounts are a mixture of the two systems and consequently contain many anomalies and complications. That the orders of the Standing Committee issued over five years ago have not yet been carried into effect, is, according to the Chief Accountant, due to the lack of adequate superior staff in his department. To bring about a change of system in so large an organization as this Municipality is a task requiring expert knowledge, and cannot be undertaken by an Officer who is burdened with a large amount of routine work. The change of system in actual fact, and not merely in the printed headings of the Accounts, is of such vital importance to sound and efficient methods of financial control, the prevention of fraud, and the correct presentation of the City's financial position, that it is deemed desirable to state a few reasons why it is necessary to instal the complete "Income and Expenditure" system without any further delay.

6. The Cash Receipts and Payment system is confined solely to recording actual cash receipts and payments during the year and does not take cognizance of the amounts owing to, or by, the authority. It has the merit of simplicity, but this is obtained at the cost of completeness, and it is impossible to produce therefrom a statement of profit and loss. Further it does not lead up to a balance sheet showing the *true* financial position, and violates in many respects the principles of "double-entry" book-keeping.

The Income and Expenditure system is a true "double entry" system and is simply an adaption of commercial and industrial accounts methods to the peculiar needs of municipal administration. It is a system whereby all incomings and outgoings pertaining to any given period, whether actually received and disbursed, or not, are included in the accounts of that period.

7. The following extracts from the Report of the Departmental Committee appointed in 1907 to inquire into the Accounts of English Local Authorities, are an excellent summary of the reasons for, and advantages of, the Income and Expenditure system:—

"29. The weakness inherent in a system of accounts confined to actual receipts and payments are fundamental and

can be obviated only by recourse to a scheme of accounts based on income and expenditure. An income and expenditure system contains a record, so far as possible, of every step in a transaction as it takes place. It thus affords protection against negligence or irregularity, recording as it does all items payable or receiveable by debits and credits which must remain on record until properly discharged. It ensures the presentation of the transactions of any given period completely and accurately and is necessary for arriving at a correct system of profit or loss and of the financial position. And, finally, it may reasonably be concluded that if the ratepayers of any particular year are to be charged with the cost of the operation of that year, the rating estimates should, as far as possible, be framed on a basis of income and expenditure.

30. The advantages of an income and expenditure system may be confirmed by more general considerations. Under the system in its fullest sense, accounts would include records of a great many things (such as materials) which are not money, though they must of course be expressed in terms of money. It would perhaps be true to say that it is the function of a complete system of accounts to record the possession, acquisition, conversion, and alienation of assets or *values* during the period to which the accounts relate. On this view the accounts of any period would include the value of the use of property or services or borrowed money; that is to say, they would include accrued proportions of such items as rents, salaries and wages, or interest on loans quite irrespective of the date on which the actual payment may be or may become due.

31. It is clear, that income and expenditure principles alone afford a proper basis for a complete and comprehensive system of accounts; and this conclusion was supported by the great mass of the evidence received.

38. The accounts of the year in which a change of the income and expenditure system from the cash system is first made will have to deal not only with the income and expenditure properly belonging to that year, but, in addition, with certain items which, according to the income and expenditure system, properly belonged to the preceding year. For purposes of comparison with the accounts of other years, the Committee consider that it will be necessary that the latter items should be distinguished in the abstracts of the accounts of this year by being shown in a separate column or otherwise, and that the accounts should be so kept that this may readily be done."

8. For rate accounts it is not necessary to carry out the full theoretical implications of the Income and Expenditure system, that is, accrued proportions need not be taken into account. In England for rate accounts, the recognized practice is to include not only the cash transactions of the period, but all the items which fall due for receipt or for payment in or at the close of the period, and taking account, not only of the materials purchased, but also of their consumption and of the amounts which remain in store unused. This is, in fact, a full "income and expenditure" system based upon principles which suffice in all cases excepting where elaboration is needed in order to present an accurate statement of profit or loss of a trading undertaking.

9. The Report of the Sub-Committee of the Standing Committee, to which reference is made in para. 4 above, contains the following remarks:—

"The attention of the Sub-Committee was specially drawn by the Commissioner to the effect which this change in the system of accounts would have on the Surplus Cash Balance. Under the present system, as practically all the income from taxes is payable in advance, credit is taken in the year for practically all the income appertaining to that year. On the other hand, the expenditure charged against each year is practically against bills received up to the end of February, as salaries and wages earned in March and bills for supplies received in March are, with few exceptions, paid in April. Similarly, the monthly contribution to the Schools Committee due for March is paid in April and large sums on account of debt charges accrued on the 31st March, would, on the new system, have to be taken into account in the year in respect of which they accrued. The amount paid in the financial year 1919-20 in respect of liabilities relating to the preceding year was stated by the Commissioner to be nearly 20 lakhs as under:—

	Lakhs.
Establishment Charges	6·28
Miscellaneous Charges	·54
Commission on Town Duty Collection ..	·07
Haulage Charges (refuse)	·03
Gas and Supplies for Road Branch ..	·29
Hay and grain for animals	·28
Pensions	·19
Schools Committee Contribution	·82
Debt Charges	11·39
	<hr/>
Total ..	19·89
	<hr/>

“ On the introduction of the new system this year the corresponding charges for March 1919-20 will be debitabie in the accounts of this year. That is, in this year, charges for 13 months, and debt charges accruing within the year, though actually paid after the close of the year, will have to be charged against Budget grants framed to cover charges for 12 months.”

“ The Sub-Committee are of opinion that those extra charges *i.e.*, the charges which under the existing system would be debited in April or later, but which under the new system would be debited in March, should be shown separately in accounts. The Sub-Committee are aware that a large special grant or grants will have to be made from Surplus Cash Balance to cover these charges, but they are decidedly of opinion that it is much better that the Surplus Cash Balance should appear to be small with no undisclosed liabilities against it, rather than that it should continue to be large, but carrying a concealed liability equal to the whole of the payments due in March but actually paid after the close of the financial year.”

10. Except in regard to the interest charges, no alteration has yet been made in the accounts, and the expenditure for March is still being debited in the following financial year. So long as this is the practice, it will be impossible to ascertain, with any degree of accuracy, the real position of the Surplus Cash Balance. So many estimated figures have now to be brought into the calculations that it is possible the real balance may vary widely from the figure reported to the Corporation.

11. Stress is laid upon the point that any extra grant or grants required to cover the charges for the month of March will not mean that any additional payment of cash will thereby be necessary. The change of system is simply a question of rendering possible the correct method of account-keeping and not of giving sanction to the payment of one anna more than has to be paid at present. Under the procedure now in force no expenditure can be *booked* against a service-head unless there is a sufficient available balance of the grant to cover the amount though the liability has actually been incurred. Grants estimated to cover the expenditure of twelve months only should normally be inadequate to cover the expenditure for thirteen months. But attention is drawn to the following figures relating to the year 1923-24 :—

	Rs.
(a) Original grants as per Budget	2,99,16,687
(b) Final sanctioned grants ..	3,16,19,512
(c) Actual expenditure for year ..	2,89,50,053
(d) Balance unexpended ..	26,69,459
(e) Grants renewed in 1924-25 ..	18,72,507
(f) Savings for year	7,96,952

A fair proportion of the amounts to be paid in April in respect of expenditure incurred in the previous financial year would be debitable against item (e) above, and to that extent no additional grants would be required. The savings on the year amount to nearly Rs. 8 lakhs. Instead of allowing these grants to lapse, they could be utilised by means of transfers to meet the March expenditure, and so reduce to a small amount the actual additional grants which would be necessary.

It is emphasised that when change has been effected, the Surplus Cash Balance will represent more accurately the true financial position, for there will be no concealed liabilities against it.

12. It is strongly urged that the Accounts Department be instructed to take the necessary steps to give full effect to the "income and expenditure" system in the accounts for 1926-27, which will allow ample time for the working out of the alterations in the forms which will be required. The accounts for 1926-27 should be so kept as to show what amounts paid in that year pertained to previous years. These items would be separately reported to the Corporation, and would be the basis of the calculation for the extra one-month's grants required.

13. In 1918 the English Government appointed a Select Committee on National Expenditure, to inquire into war expenditure generally, and among other things it critically examined the government accounting system. One of its recommendations was that, in future, both the estimates and accounts should be constructed on the following principals :—

- (1) That a separate and comprehensive account should be set up for each main object of expenditure, and that within each such account, the detailed expenditure should be grouped according to its objects.
- (2) That units of cost should be determined by which the actual expenditure on particular objects might be checked.
- (3) That expenditure should be dealt with on a commercial basis (i.e., on a basis of "income and expenditure," instead of on the old Government basis of "receipts and payments") representing the true aggregate cost of the services of the year, the increase or decrease in stores held, outstanding liabilities, etc.

The first of these principles has been accepted by the Standing Committee and the Budget Estimates and the Accounts are divided accordingly; the other two principles should now be embodied

in the accounting system of this Municipality, for they simply mean applying to Government and Municipal affairs the principles of business economy and common sense.

14. In all the proposals that follow later in this Report, it is assumed that the Corporation desires to place its accounts upon a footing as sound as that adopted in business firms, and the suggestions are framed accordingly.

III. FINANCIAL CONTROL.

15. It is an accepted axiom that the interest of the ratepayers cannot safely be left entirely to the spending departments of a Corporation. The incentive which operates in commercial affairs being absent, and human nature what it is, there is no security against extravagance and waste in public administration unless there is some supervision or control exercised outside the spending departments.

But this external control cannot, by itself, secure that the funds of the Municipality are being expended with a due and proper regard for economy and efficiency.

16. It is now generally admitted that control by the local authority and its accounts department, has not succeeded in securing economy, though it has been effective in securing regularity. The authority clearly must retain the right to say how the funds it votes shall be spent and upon what conditions. It cannot, however, effectively enter into the every day work of the municipal departments; it can only lay down rules and sanction totals.

The control of the Accounts Departments must also be restricted to those things which require audit sanction, and to securing regularity and order. It cannot be entrusted with power to interfere with the day to day administration of the other departments.

17. It follows therefore, that to secure true economy, financial control from without should be such as not to interfere with the financial responsibility of the administrative officers. By "economy" is meant something almost indistinguishable from efficiency; in other words it means getting full value for money, and is the opposite of "waste."

18. That this is being recognised by students of public finance, is confirmed by the following quotations from two experts:—

- (i) The attitude of the officer who really controls expenditure on the circumference, and what reduction he makes in it, is the central pivot of the machinery for the control of public expenditure. If you do not get that atmosphere right and that willing co-operation on the part of the officer who really handles the expenditure, if you fail to get that, you get a pure

formality of control of expenditure which is not economy at all. You get expenditure conducted strictly in accordance with regulations, and some of the things I have seen, some of the most hideous waste I have ever seen in connection with public expenditure, has been absolutely and strictly in accordance with regulations. The general idea that expenditure must be controlled by a series of inhibitions rigidly laid down and a continuous centralised stream of negations—'You shall not do this—you shall not do that, and you shall not do the other things' and so on—has a most depressing effect: it takes all the faculty of contrivance and all the desire to save out of the minds of the officers who are really conducting your expenditure. (Sir Charles Harris, before the Public Accounts Committee, 1921).

- (ii) With the growing volume, elaboration, and technicality of the work of Government, it is to the expert and semi-independent financial branches of the great departments that the public must look for its substantial protection against waste and loss. External and therefore comparatively inexpert guardians, such as the Auditor-General, the Public Accounts Committee, and the Treasury, high as the value of their work undoubtedly is, and essential in the legal scheme of appropriation, in the practical matter of enforcing economy in administration can only supplement the work done within the departments themselves." (Hilton Young, National Finance, pp. 184-5.)

19. In this Municipality the control of the Corporation over the departmental expenditure is effected by means of the annual budget. Sections 125 to 134 of the Municipal Act prescribe the procedure to be followed in framing and adopting the annual budget, and Section 115 provides that "no payment of any sum shall be made by the Commissioner out of the Municipal Fund, unless the expenditure of the same is covered by a current budget-grant, and sufficient balance of such budget-grant is still available notwithstanding any reduction or transfer thereof which may have been made under Section 133 or Section 134." The Act also contains provisions for additional budget-grants during the year.

20. The Standing Committee which is a statutory part of the Municipal constitution, is the finance committee of the Corporation, and it has considerable power of control over the municipal finances. All contracts over Rs. 5,000 must be sanctioned

by it, and every contract between Rs. 500 and Rs. 5,000 must be reported to it within 15 days after it has been made. All payments out of the municipal fund must be made by cheques, signed by the Commissioner, one member of the Standing Committee, and the Municipal Secretary, and the two latter persons must not sign a cheque without first satisfying themselves that the sum for which a cheque is drawn is either covered by a budget-grant or is an excepted item. The Standing Committee has also to conduct a weekly scrutiny of the accounts, and to publish a weekly abstract of the receipts and expenditure. The Committee has the power to frame regulations for the scrutiny of the accounts, to prescribe the form of the budget, and to prescribe the manner in which the Accounts shall be kept. A schedule setting forth the designations and grades of all officers and servants (other than statutory officers) who shall be employed, with the salaries, fees and allowances to be paid to each, has to be prepared from time to time and sanctioned by the Standing Committee. No new office or appointment exceeding in salary Rs. 200 per month can be created without the sanction of the Corporation.

The Standing Committee is also empowered to frame regulations regarding securities to be furnished; leave and leave allowances; acting allowances; period of service; pensions and retiring allowances; and provident fund contributions.

21. These statutory provisions are excellent, and it would be difficult to improve upon them. As stated above, however, no control exercised by the Corporation or the Standing Committee can ensure economical administration. Effective control over the multifarious details of the expenditure can be secured only by means of (1) a set of financial rules and regulations, and (2) a strong accounts department. To secure in addition, financial responsibility on the part of the administrative officers, an efficient accounting system is essential.

22. Rules and regulations on financial matters are necessary to secure regularity of treatment, and to co-ordinate the records of the several spending departments with the records of the Accounts Department.

There exists a Store Manual which covers all the points in connection with the keeping and audit of the Accounts of the General Stores, and there is an Assessment Manual prescribing the procedure for assessing properties and collecting taxes. These are the only Regulations which deal with financial matters, otherwise financial and accounts procedure is ruled by established practice, precedent, and numerous resolutions of the Standing Committee and the Corporation scattered in the Proceedings of these

bodies. The necessity for a complete Accounts Code and Manual has been urged on many occasions by the late Mr. Waite, and the present Chief Accountant, Mr. Tambe, is also convinced that regulations are essential if financial unity and efficiency are to be secured. All financial officers who have had experience in such a large organization as a modern municipality, with its numerous departments and ramifications, are convinced that it is necessary for the guidance of all concerned to prescribe with precision the procedure in financial and other matters. An Accounts Code and Manual should, in addition to determining the procedure in purely financial matters such as banking accounts, investments and loans, deal with :—

- (a) The framing of the annual budget estimates by the departments.
- (b) The ordering of goods and materials, and incurring liabilities or spending money.
- (c) The preparation of capital works estimates and financial forecasts.
- (d) The payment of salaries and wages.
- (e) The examination of invoices and accounts.
- (f) The keeping and audit of stores accounts.
- (g) Stock taking and inventory of properties.
- (h) The collection and audit of revenues.
- (i) The duties of all officers and other employees connected with accounting work.

23. The second necessity for effective control is a strong accounts department. The strength of the accounts department is measured by the position of the Chief Financial Officer. In paragraph 45 of the Preliminary Report of the Retrenchment Adviser, it is stated that :—

“ It is necessary to raise the status of the Chief Accountant to that of a City Controller or Comptroller of Accounts and vest in him the general supervision over, and responsibility for, the accounts of the Corporation and its internal audit. He should work in close association with a Finance Committee and deal with all financial questions, budgets, loans, large estimates, all fresh liabilities proposed and all financial programmes. For disciplinary purposes he may be under the Municipal Commissioner, but he should have the privilege of making independent representations to the Corporation, whenever in his opinion sound financial practices or procedure are

departed from. There should be a provision that his views on large schemes, involving heavy outlay, should be considered and specifically dealt with in the financial orders of the Corporation sanctioning such schemes."

This recommendation has been adopted by the Corporation, with the exception of the change of designation, and is a distinct advance in the direction of effective financial control. But if, and when, Executive Committees should come into operation, with a consequent redistribution of powers and responsibilities, the question of making the Chief Accountant directly responsible to the Standing Committee and Corporation should not be forgotten.

24. The remaining essential to effective financial control and to ensuring financial responsibility on the part of administrative officers, is an efficient accounting system. Though this is mentioned last, it is the most important feature, for only by means of accounting it is possible to ascertain if the administration is being conducted efficiently and economically. The whole activities of the Corporation must eventually be translated into terms of rupees, annas, pies and there is hardly a member of the staff whose work does not, in some form or other, have some relation to the accounts.

25. It ought to be the duty of each department to make such arrangements as will ensure that the money allocated to it is expended in the most economical manner. This securing of economy in expenditure will not, it is safe to say, be gained by imposing inhibitions alone, or by separating financial from executive responsibility. What is required is that those officials whose operations directly or indirectly lead to the imposing of taxes, should develop more, not less, of the money sense.

Sir H. N. Bunbury, K.C.B., states that in his opinion, "the solution lies in the development of a system based on such principles as the following :—

- (1) Officials who are responsible for administering services should know continuously in terms of pounds, shillings, and pence, the cost to the taxpayer of what they are doing.
- (2) Advice on the financial aspect of what they are doing, and of the things they propose to do, should be readily available to them and should be freely sought.
- (3) So much financial control (and no more) should be imposed upon them as experience shows to be profitable.

“ These principles do not need much explanation
 I believe they go to the root of the matter.
 Administrators have to be taught to think, and to go on
 thinking, in terms of pounds, shillings, and pence. They have
 to be shown that their financial critics are not enemies to be
 avoided, but friends and helpers to be used ; that in the last
 analysis the object of both is the same, *viz.*, the per-
 formance of the work of the department in such a way as is
 most in the public interest.

“ They (the principles quoted above) imply the scrupu-
 lous carrying out of the instruction contained in the Treas-
 ury Circular of March, 1920, that questions involving finance
 should be referred *at an early stage* to the Finance Branch.

“ This should mean much more than the consultation of
 financial experts on new proposals ; it implies a constant and
 close co-operation between the administrative and financial
 departments : the scrutiny in terms of money not only of
 services not yet begun but, even more important, of services
 that have been in existence for many years. It will demand
 in a Financial Officer initiative on the one hand and re-
 straint on the other : initiative, because he will sometimes
 the strength of knowledge drawn from the accounts, have to
 suggest investigation and offer criticism, without waiting to
 be asked to do so ; restraint because he will always have to
 remember that the administrator, not he, is the judge of policy ;
 that his position is fundamentally that of adviser and that his
 advice must carry conviction by its intrinsic value rather than
 by its authority

“ One general observation may, in conclusion, be added.
 Systems are useless without the right men, informed by the
 right spirit, to work them. Economy, in the last resort, can
 only be realised to the full by economically minded men and
 women, and no compulsion, control or inhibition from with-
 out can be an adequate substitute for that.”

This long quotation is given because it is an excellent summary
 of the requirements of a sound system of financial control, and has
 a special applicability to the problems of this Municipality.

26. The system of accounting, and other details of financial
 control which are recommended in this Report, have been worked
 out in accordance with the principles outlined above, that is, the aim
 has been secured, each in their proper degree, financial control from
 without, and financial responsibility within, the several depart-
 ments.

IV. ACCOUNTING PROCEDURE.

27. The Accounts Department is responsible for the whole of the Accounts of the Municipality with the exception of the detailed cost accounts of the Municipal Workshops and other departments, and the accounts of the Schools Committee. The department checks all vouchers for arithmetical accuracy and for sanction to the expenditure, and is responsible for seeing that all expenditure is within the budget-grants. It receives and banks the cash collected by all departments, pays the wages and salaries of most of the employees, maintains leave registers in respect of all employees, and keeps the ledgers of the Provident Fund. There is Revenue Audit Section which audits all cash collected and a Test Audit Officer who makes surprise test audits of outside departmental books and records. The following is an extract from a note submitted by the Chief Accountant to the Retrenchment Adviser in August, 1924 —

“ The system in vogue is far from perfect. That it requires modifications so as to be brought up to date to suit modern conditions and ideas of scientific accounting and financial control has long been urged by me, and many and voluminous notes have been written, but no consistent effort has been practicable owing to the impossibility of getting a sympathetic hearing and the indifference to all account and finance matters, coupled with lack of adequate superior staff. Improvements have now been made in some of the directions where they could be fitted in with the rest of the system without much inconvenience, but much has been done without any authority at all. It is also recognised that the statistical side has not been developed and the success of financial control in the future must depend upon the careful collection of the data gathered from past experience and its intelligent application to problems as they arise from time to time.”

28. It has been stated that the accounts organizations is too highly centralized and the suggestion has been put forward that each department should keep its own accounts. To avoid confusion, it is well to define what the term “departmental accounts” means in English municipalities. When an English municipality owns one or more trading undertakings, the whole of the accounts of such undertakings, are, in a large number of cases, maintained by an accounts staff within the department, independent of the Central Accounts Department, except possibly for audit purposes. Within recent years, however, the tendency has been to centralise all the main accounts work, leaving to the departments only the keeping of certain primary and minor account books and records. In this Municipality the only departments which compare in any

way with the Trading Undertakings of Western Municipalities are the Water and the Markets Departments. It is agreed that it is highly desirable that the accounts of these two departments should be separated from the accounts of the rate services, because they are or should be, self-supporting services, entailing no charge on the General Tax, but rather contributing something towards its reduction. But the necessity for separate accounts does not mean that the account keeping of such self-supporting services should be entirely taken away from the Accounts Department and entrusted to an accounts staff in the trading department independent of, and altogether distinct, from the Accounts Department. Separate accounts are purely a matter of book-keeping and raise no difficulties in administration.

29. The problem in this Municipality is not whether departments should keep their own main financial accounts and books but is, should the detailed accounting be further centralized, or should some steps be taken in the direction of decentralization? The Accounts Department appears to favour further centralization, but the correct answer to the question is, in the opinion of the writer, fully and decisively given in the following quotation from "Municipal Organization" (by Montagu H. Cox, the Clerk of the London County Council) :—

"We will deal first with payments, accounts, audit and financial arrangements generally. It has been seen that most Municipal Authorities are required to appoint a Finance Committee. Does it necessarily follow that a Finance Department must be set up? Or that financial operations should be entirely segregated from the services or departments of which they are an integral part? For, after all, though money (or should one say finance) is not necessarily the governing factor in all transactions, there be but few in which it is not either warp or woof of the fabric.

"The existence throughout the country of Municipal Finance Departments answers the first questions in the affirmative, and it would be so answered also on principle.

"The answer to the second question though almost equally unanimous would seem on principle to be at least open to doubt. With a municipal authority of small dimensions there is much to be said for the answer generally given in spite of principle. But complete centralization of such an integral part of management as are the common and minor financial operations, such as certifications of invoices, account keeping, payment of wages, etc., is, in regard to large and growing masses of diverse services, a matter requiring close consideration. If so applied there is little doubt but that it tends

to overlapping, over elaborations and delay, all vices from which it is one object of organization to deliver us. When therefore the extent of the services to which complete segregation of financial operations has been applied, has reached a certain point, the organizer should at least ask himself the second of the questions given above. Particularly should it be asked and answered when coming events casting their shadows before seem to indicate any considerable accretion of powers and duties, whether in quantity or scope. The fault of the centralized machine lies in its almost inevitable cumbersome-ness for the ascertainment of up-to-date detail. *Heads of executive or spending departments must or should know how they stand financially from time to time and instantly. They must be directly responsible for keeping within the estimates. Completely centralized finance cannot secure this.* Of course distribution of financial advice or of purely financial and separable matters such as the raising of a rate or the borrowing of money is not advocated. Nor would it accord with principle. These operations, however are not *integral* parts of any one service. They relate exclusively to the whole. The keeping of the main or statutory accounts of the authority if not of all accounts, and the duty of audit are properly centralized, but financial checks interposed between the departmental act and its consequences and any attempt at control of departmental expenditure by another official, lead to that divided responsibility which is the negation of the first principle of organization. The answer to the first question then is that there must be a Finance Department, but it is submitted that the answer to the second is that there should be entrusted to that department, not all financial operations which are *separable* from any other department or service, but all financial operations which are not *integral* parts of any other department or service. By this means the Finance Department would be charged with work of a highly responsible and technical character, direct responsibility would be fixed upon departments for their expenditure, and the fundamental principles of organization would be complied with."

30. The sentences italicized in the above quotation are the deciding factor in answering the question whether there ought to be further centralization or some decentralization. It is of the most vital importance to the efficient administration of a department for the head of that department to know from day to day how expenditure is progressing against each and every grant, both revenue and capital, that he is responsible for. Under the existing system he does not know, even month by month, what his expenditure is, and if further centralization should take place, he would

lose all control of, and interest in, the financial side of his administration. Of course, it would be possible to devise a centralized system which would supply the information required, but it would of necessity require the installation of modern mechanical accounting machines. That a machine such as "Hollerith Tabulating Machine" would be of immense value, even under a decentralized system, is proved by the experience of large English Municipalities, and of its vast practical utility there is no question. But these machines are new to India, and pending the obtaining of further information, the suggestions contained later in this report are based upon the assumption that ordinary clerical labour will still be relied upon. A highly centralized system does tend to cause friction between the Spending Departments and the Accounts Departments, and in fact there has been in the past a decided lack of co-ordination and co-operation between such departments in this Municipality. Friction nearly always results from an antagonistic attitude and if a proper spirit of co-operation and good-will exists, should be negligible. It is of the utmost importance that the control of the Accounts Department should be exercised in a sympathetic spirit and with an adequate knowledge of the circumstances and difficulties of the other departments.

31. All authorities on Local Government finance are now convinced of the necessity for each head of a department maintaining a strict and constant watch over the financial position of his department, and the best solution of the problem appears to be to allow all primary books and records, including the subsidiary or appropriation ledgers, to be kept in the departments, leaving to the Accounts Office the keeping of the main ledgers and the main financial accounts, and the dealing with all purely finance matters, such as rating, raising of loans, etc. If this solution is adopted, then the primary books, registers and ledgers will supply all, or most, of the information required by the head of the department, and by a proper system of reports and returns, these primary records can be made to supply all the figures required for the main financial books, without in any way rendering necessary a duplication of work. The Accounts Department could then be relieved of a large portion of the mass of detail it deals with at present, and free its energies for tackling the broader and more important financial problems which are constantly arising.

32. Those who have an intimate knowledge of the inner working of the existing accounts system and organization of this Municipality will, it is thought, admit that now the head of a spending department does not correctly know, day by day or even month by month, how expenditure is progressing against each of the

numerous grants he has to operate against. He may have an approximate idea, but this is worse than useless, for approximation may be so far from actual facts as to lead to a decision which would not have been made if reliable and up-to-the-minute figures had been available. All departments attempt to keep a record of their expenditure, in addition to the detailed ledgers maintained in the Accounts Department, so that they may have some knowledge of how a particular grant stands, without having to make frequent references to the Accounts Department. This record is kept in what are known as "Tabulation Books," which, however, only record bills which have been received and passed on to the Accounts Department for payment. There are many transactions, such as transfers and adjustments, made by the Accounts Department, which the spending departments do not learn of until they attempt to reconcile their tabulation books with the official ledgers. The result is that there is a considerable duplication, and even triplication, of records and work, some of which is inadequate and misleading, and requiring, in the aggregate, the maintenance of a large staff of so-called "accounts clerks" in the spending departments.

33. To obviate this duplication or overlapping, reduce elaboration, and abolish delay in obtaining necessary information, it is strongly urged that the procedure advocated in para. 31 above, be adopted, namely, that the keeping of all primary books, registers and ledgers, both of income and expenditure, be entrusted to account sections in the several spending departments.

34. These departmental accounts sections must, for technical matters of accounts, that is, form of books, method of checking vouchers, returns to be prepared, and the like, be under the orders of the Chief Accountant, but for pay and discipline would naturally come under the respective heads of departments. Some of the present staff of the Accounts Department would be transferred to these accounts sections, and the existing departmental accounts clerks retrenched, or redistributed or transferred to other branches of work.

35. As the control of expenditure is of such importance, a method by which the individual grants can be properly watched, and each head of department informed at any moment of the exact position of each, will now be outlined. An examination of the original budget grants with the final grants, for the past three completed years, shows that very few grants have remained intact, a large percentage having had to be supplemented, either by transfers or additional grants. There is hardly a meeting of the Standing Committee at which lists of transfers are not submitted for approval. Complaints are often made by contractors and others of delay in payment of dues because the Accounts Department states that the

grant has been exhausted, and payment cannot be made until it has been supplemented. Cases have also occurred of the pay of labourers being held up for from two to three months for this same reason.

The question of transfers is dealt with at length in the section of this Report dealing with the Budget, but the delay in paying accounts because of lack of a grant is almost wholly due to the accounts recording cash payments only and not liabilities incurred.

36. A definite procedure must be laid down for the control of expenditure, and it must provide for :—

- (a) The issuing of contracts and orders in terms so definite that no question can arise as to the quality and quantity of the goods which are to be supplied or as to services to be rendered.
- (b) The receiving and acceptance of goods and checking and approving of invoices, and for certifying on orders and invoices as to the quality and quantity of goods received. This will impose upon persons charged with these duties the responsibility for seeing that they certify only to facts of which they have personal knowledge, a procedure which will place in the hands of the Corporation evidence which will enable it to hold its employees legally responsible for false certifications resulting in payments for short deliveries or inferior quality of goods or services.
- (c) The preparation of claims for payment by assembling all the evidence pertaining to each claim, such as copy of the original order, the original invoice, etc., properly certified by persons having actual knowledge of the facts.
- (d) The audit of claims by the Accounts Department (or sections), which should include provision for an independent inspection (test audit) of goods received or services rendered, for purpose of verifying the truth or falsity of the certificates attached as provided in (b) above.
- (e) Procedure which will when properly carried out, bring to the attention of the Chief Accountant, all delays in the audit and payment of claims.

37. The starting point of all expenditure, except that of salaries and labour pay, should be in writing, on a requisition form which should bear a certificate by the person making the requisition that the articles or services are necessary, and should state the

purpose for which they are required. The budget grant to be debited must also be given. If the person who makes the requisition is not sufficiently responsible, the certificate should be signed or approved by some officer who bears a supervisory relation to him.

38. In each department or branch of a department, some officer or officers, should be definitely authorised to issue orders, and no other persons should be allowed, except under very exceptional circumstances, to be afterwards reported to the head of the department, to sign an order. Requisitions or indents should be forwarded to the authorised officers, who will satisfy themselves as to the need for the requisition. The practice of ordering goods and services through the medium of letters or memoranda should cease, and every order should be on an official printed form, which should be on the carbon-manifold system. Four copies of each order should be prepared :—

- two for the supplier ;
- one for the accounts section, and
- one for office record.

39. The copies issued to the supplier should contain the terms and conditions attached to the order. The copy supplied to the accounts section must bear endorsements giving the budget grant to be debited, the known or estimated value of the order, and a certificate to the effect that there is a sufficient balance of the budget grant to meet the amount.

40. It requires no argument to prove that the moment an order is issued or a contract accepted, a contingent liability has been incurred and it is necessary to record this as an incumbrance against the appropriate budget-grant at a definite or estimated amount, so that a sufficient amount of the grant may be reserved to meet the liability when it matures and becomes payable.

41. The subsidiary or appropriation ledgers maintained in each departmental account section should be so designed as to enable a record to be made of all the orders issued or contracts let. Other columns should be provided for the actual amount of the invoice to be entered when it is received, and for any additions to or deductions from, the estimated amounts. The entries in the invoice column, plus or minus the adjustments, would operate to, counteract or clear the related charges in the estimated amount column. The contingent liability at any time against a particular grant would therefore be the difference between the total of the estimated amount and the actual invoice charges, plus or minus the adjustments. The deduction of the invoice column total from

the original budget grant will give the unexpended balance of the grant. Take from this balance the contingent liability, and there is given the unencumbered balance, that is, the balance available for further orders and contracts.

42. The Municipal Act, Section 115 (i) prohibits the Commissioner from making any payment out of the Municipal Fund unless there is sufficient balance of a current budget-grant available. Further no cheques must be signed by a member of the Standing Committee or the Municipal Secretary without they first satisfy themselves that the sum for which a cheque is drawn is either covered by a budget-grant or is an excepted item. The accounting suggested above, would, if it is submitted, not only be a "tell-tale" giving warning of the approaching exhaustion of a budget-grant, but would go even further, and warn the executive of the danger existing before the contingent liability is actually incurred and would thus be an additional safeguard, not only to the executive, but to the Standing Committee and the Municipal Secretary as well.

43. The appropriation of subsidiary ledgers must be proveable, and in the main ledgers maintained in the Accounts Department there must be controlling accounts which will test and prove the correctness or otherwise of the entries made in the subsidiary ledgers. This is a simple matter of book-keeping.

44. Every month at least there should be abstracted from the subsidiary ledgers, in respect of each budget-grant, the following information :—

Title of budget grant.

Original grant.

Transfers, if any.

Total amount available.

Invoices passed for payment.

Unexpended balance of grant.

Contingent liabilities, in respect of orders and contracts sanctioned, but not completed.

Unencumbered balance of grant.

45. These statements should be prepared by the Accounts Department, and the attention of the head of the department concerned drawn to all cases where the danger line is being approached. In cases where the unencumbered balance is non-existent, or nearly so, and replenishment of the grant is urgently needed, the Accounts Department should, specially report thereon to the Commissioner.

46. Before the departmental accounts sections forward an invoice to the Accounts Department, they must prepare a voucher or allocation sheet, giving the grant or grants debited, and attached to the voucher must be the original order fully certified and the invoice. This voucher should contain certificates, as to the following facts :—

- (a) That the order or invoice attached bears the proper certificate of the person who was responsible for receiving the goods or inspecting the work or services.
- (b) If a contract payment, that the goods or work are in accordance with the terms of the contract.
- (c) That when the order or contract was issued there was a balance of the budget-grant sufficient to meet the estimated amount thereof.
- (d) That there is now a balance of the budget-grant sufficient to meet the amount of the voucher.
- (e) That the claim has not previously been presented for payment to the Accounts Department.
- (f) That all calculations have been verified.

47. These points should be certified to only by the persons who have actual knowledge of the facts. If such a rule be strictly enforced, it will soon be clearly understood that the persons who have signed the certificates cannot, in case of dispute or question, raise the defence that they signed as a matter of perfunctory routine. The head of the department should certify only as to the genuineness of the signatures, and approve the voucher upon the information in the certificates. With such a voucher and its supporting documents, and with occasional test audit and inspection, the Chief Accountant will be in a position intelligently to audit and certify the claim for payment.

48. The certificates may be either printed on a gummed form or stamped on the voucher, the initials or signature against each certificate fixing the responsibility. The object aimed at in this procedure is to have "goods received" or "services rendered" just as carefully checked and verified as "cash received" or "cash paid out," for losses by defalcations by treasury officials are insignificant compared to losses which may occur through laxity in accounting for goods purchased.

49. To enable contracts to be properly audited, the Accounts Department must be supplied with the original or certified copies of all contracts entered into by the Spending Departments.

50. Contract ledgers should be maintained by each departmental accounts section in respect of all constructional work, showing the expenditure under each individual item of the contract, the ledgers in the Chief Accountant's Department recording only the expenditure under the budget heads of account.

51. There now remains the accounting for the income of the Municipality. So far as the income from taxes is concerned, the procedure to be adopted is laid down in the Assessment Manual, and it is a very sound, though elaborate, procedure. The revision of this Manual with a view to simplifying the procedure and record of the Assessment Department will be separately reported upon. It is the large and extensive miscellaneous income such as licenses, fees, permits, privileges, and rents, which requires adequately safeguarding, and this can only be obtained by having records made of it from the moment of its inception. Each departmental accounts section should maintain primary income registers in respect of each class of income, recording the following information :—

- (a) Amounts due in the period,
- (b) Arrears brought forward,
- (c) Total amount to be collected,
- (d) Amounts actually collected,
- (e) Amounts irrecoverable and written off,
- (f) Arrears carried forward.

52. The accounting for actual cash collected is soundly based, and though the procedure may, in certain details, be a little elaborate, it does provide for the prompt payment to the Municipal Treasury of all departmental collections. But that all the miscellaneous revenues which the Corporation is entitled to receive, have been collected, is what the present records do not establish. To complete the control of these miscellaneous revenues it is very necessary that the income registers should record every rupee due. Most of the information to be recorded is available, all that is now required being to properly collect and collate it. So far as licenses and permits are concerned, where counterfoils are kept, the records are complete but it is in connection with rents of properties, sales of rights, recoveries for damages to municipal properties, where the records appear to be defective. There must be a complete record of all municipal lands and buildings in the charge of each department, showing to what use the property is put, and, where it is not being utilised for municipal purposes, what is happening to it. These records would be the basis for ascertaining the income which ought to be received, and they are essential to a complete audit. At present such records are incomplete, and the Audit

Section is therefore unable to state with any degree of accuracy that all sums due to the Corporation are properly and correctly accounted for. The completion of these records is a matter of urgency.

53. The Accounts Department should maintain general ledgers containing "control" accounts, that is, accounts recording periodical totals only, which would be a check on, and proof of, the accuracy of the entries in the subsidiary records and ledgers. In these general ledgers there should also be recorded the several fund revenue accounts and balance sheets. The printed annual accounts should be copied from these general summarised controlling accounts.

54. The system suggested above is given in outline only, the many minor details which will require elaboration being a matter for administrative action when the principles have been approved by the Standing Committee.

55. The following extract from the Annual Report of the London County Council for 1921-22, is quoted as being an authoritative instance of the recognition of the principles recommended above :—

"In 1921, the County Council appointed a Special Committee to examine the organization of the Council's service. In January 1922, the Committee presented a Report which was adopted by the Council. The main proposals concerned the Council's accounting work. In place of the existing highly centralized system, the Committee proposed a system of decentralization, with adequate safeguards. The Council decided that the several heads of departments should be held directly and solely responsible for (i) the certification and check of all invoices for payment; (ii) the complete preparation and check of wages sheets and teachers' salary sheets; (iii) the restriction of expenditure to the amounts voted or sanctioned for any particular purpose; and (iv) the collection of moneys due to the Council relating to the work of the department and for securing that such moneys are either paid direct to the comptroller of the Council, or if received in the department are promptly paid over to him; and also that the payment of wages should be the responsibility of the heads of the executive departments concerned, the method, time and place of payment to be determined in collaboration between the comptroller of the Council and the several heads of departments, and the arrangements to be approved by the Council. Provision was made in the department of the comptroller of the Council for the new audit duties involved, and the staff for this was obtained by modifications of existing work."

V. COSTING ACCOUNTS AND STATISTICAL RECORDS.

56. Administrative Officers, if they are to have a really efficient grasp of the financial working of their departments, must be supplied with the costs of the work they are carrying out. As previously mentioned, they must be responsible for keeping their expenditure within the limits of the budget-grants, but the accounting necessary for appropriation accounts will not supply all the detailed figures and costs that a departmental head ought to know. It is being increasingly recognised that there is no machinery for the control of expenditure except accounting, and the necessity for this control has been met in large businesses by the development of costing and statistical accounts. The lessons of the War brought home to the Governments concerned, the great benefits which accrue from scientific costing and statistical methods, and now the accounts of the English Government are, wherever possible, being recast on a costing basis.

Many of the large Municipalities of Europe and America have also recognised the value of cost accounts, and attempts are now being made by the City Corporation of New York to re-model their budget on a cost data basis.

57. In the section dealing with the Revenue Budget, mention has been made of the fact that many of the budget-grants for works and supplies are a provision of money only and not estimates in the correct sense of the word. The Retrenchment Adviser, in para. 98 (4) of the Final Report, for this reason, states that "the mere sanction of the Budget should not, of itself, be held to be sufficient authority for expenditure on works and repairs. All works of maintenance and repairs should, as a rule, be carried out on the authority of detailed estimates prepared in advance by the Assistant Engineers or Sub-divisional Officers and sanctioned by the various sanctioning authorities, such as Deputy City Engineers, Chief Engineer, Municipal Commissioner, the Standing Committee or the Corporation, according to the amount and character of the estimates."

58. It is possible for expenditure to be kept within the budget-grant, but this is no criterion that value has been obtained for such expenditure. Heads of Departments may keep a general watch over all works under their control but with so many varied duties to perform, they cannot personally supervise all the works. There must be some accounting machinery which will keep them fully informed of the progress of expenditure on each job, and enable them to see at once where proper progress is not being made, Unit cost accounts are essential to proper administration, and

wherever possible, ought to be introduced without delay, particularly in the Roads Department. This department carries out nearly all its work by direct labour, and it is one which is responsible for an expenditure of about Rs. 20 lakhs per annum on revenue account alone. It is therefore selected to illustrate the present methods of working and the methods which should be adopted if departmental heads are adequately to control their expenditure on works executed by direct labour.

ROADS BRANCH.

59. *Present Procedure.*—When preparing the figures for the annual budget, preliminary estimates are made out showing the area which it is anticipated will be taken in hand during the next financial year in respect of each of the following forms of construction :—

- (a) Tar-macadam.
- (b) Tar-painting tarred roads.
- (c) Tar-painting water bound roads.
- (d) Full metalling water bound roads.

The amount required is based on a fixed rate per unit of 100 square yards, as determined by the figures of the last completed year.

The amount thus obtained gives the estimated total requirements for the year. The splitting-up of this amount among the various budget-heads and sub-heads, is based more or less on the actuals of the previous year. For patching and other uncertain items lump sums are provided.

After the budget has been finally approved by the Corporation, the sanctioned grants are divided between the 7 wards proportionately to the area and class of roads in the wards.

In the middle of each month, each Ward Sub-Engineer submits a list of the roads he intends to take in hand in the ensuing month, so as to enable notice of the intending repairs to be given to the several municipal departments and the public utility companies who have works either on or under the roads. The lists are sanctioned, or amended, according to the replies received to the notices.

The provisional areas to be repaired are rough calculations only, so that in actual fact, all the budget provisions for repair and maintenance of the roads are lump sum provisions only.

The monthly lists submitted by the Sub-Engineers contain only the names of the roads, and the particular portions thereof which it is proposed to take in hand, no estimate of the cost is given, or the period the work is likely to last.

At the end of each month each Ward Sub-Engineer submits a statement showing the work he has actually carried out during the month, and the expenditure incurred thereon. There being no estimate or standard test in existence, no proper check or criticism of the expenditure is possible.

Every six months a statement is submitted to the Corporation showing the roads, streets and lanes metalled, repaired and tarred during the half years ended June and December. No comparative figures are given and as the repairs for each Ward are given month by month, it is not possible readily to ascertain the total cost of repairs to a road which have spread over two or more months. It is extremely doubtful if, in its present form, this half-yearly statement is of utility to the Corporation or even the department. It should be remodelled, so as to present the costs in a more intelligible form.

60. *Suggested Procedure.*—The preliminary estimate should be prepared in more detail than they now are. If correct records are maintained of the repairs executed to each length of road, showing kind of foundation, class of surface, traffic conditions, normal life of surface, date of last repair, the necessary information will be available enabling a fairly definite programme to be laid down. This programme should be adhered to as far as possible, revision being made only at stated intervals. It is stated that at present a programme cannot be settled more than a month in advance because when complaints are made by residents of a particular road and others interested, such road has to be given preference over other roads which equally (or more so) need attention. The Retrenchment Adviser in para. 97 of his Final Report says: "In the case of road repairs, it is stated that the members of the Corporation and the public utility companies largely influence expenditure. Repairs are not executed on regular estimates previously sanctioned according to the actual needs of the roads."

The preliminary estimates should be treated merely as a basis for the amounts to be provided in the Budget, and not as *carte-blanche* authority to spend the money without any further preparation or authority. As soon as the Corporation have approved the Budget, the preliminary list of roads to be repaired should be revised in the light of the Standing Committee and Corporation's sanctions, and the new contract rates for materials and cartage. This revised list should be submitted to the Commissioner for approval, and when approved communicated to the Ward Engineers, who should be instructed to take up the roads in order of urgency or necessity. Each Sub-Engineer

should then prepare, in respect of each separate work or job of re-surfacing or tarring, a detailed estimate, giving, *inter alia*, the following particulars :—

- (a) Name and portion of road.
- (b) Length, average breadth and area.
- (c) Nature of work.
- (d) If re-surfacing, whether new foundation is required; if so, depth of same, and kind of material it is proposed to use.
- (e) Quantities and values of the several kinds of materials.
- (f) Number of labourers, days they will be required, rate per day and total cost.
- (g) Hired carts required, and cost.
- (h) Steam Roller and Scarifier, number of days and cost.
- (i) Supervision, number of Overseers, Mukadams and Mistries, and cost.
- (j) Tools and plant.
- (k) Any other charges.

These estimates should be submitted in sufficient time to allow of their being considered, amended or approved, by the several sanctioning authorities (see para. 57 above) at least a fortnight before the proposed date of commencing the work.

Loose leaf cost ledgers, suitably ruled, should be maintained in the Roads Department Head Office, and entered up from the daily labour slips, diaries and other returns submitted by the Ward Sub-Engineers. The estimate figures should be shown at the head of the ledger folio, for ready comparison, and once every week, a statement should be prepared comparing the estimates with the actual expenditure. The Road Engineer, from his inspection of the Roads, would be aware of the progress of each work, and the comparative statement would enable him to see at once whether the Sub-Engineers were keeping within their estimates.

61. There is a sort of costing system now in operation but the figures are prepared in the Ward Offices, and the monthly statements prepared therefrom do not reach the Road Engineer until 3 to 4 weeks after the close of the period to which they relate. Such statements are obviously useless for the purpose of controlling expenditure, for there is no basis of comparison, and even if the cost appeared high to the Road Engineer, it would be too late for him to take effective action.

A really efficient costing system can be based on the records and returns now in use, and by adopting a distribution of the work between the Ward and Head Offices which would render unnecessary duplication of labour, the clerical staff in the Ward Offices could be reduced to two clerks per Ward, a saving altogether of seven clerks. The present system is expensive, complicated, and dilatory, with no compensating advantages.

It is in connection with costing and the preparation of "live" progress statements, that a mechanical tabulating machine (to which reference is made in para. 30) would be of the greatest use.

The whole of the cost records of the Birmingham and Glasgow Corporation are tabulated upon Hollerith machines and the Birmingham Public Works Department Accountant says, "The machines have proved beyond doubt an economical investment and also provide a more detailed analysis of costs, and what is much more important, have had the effect of 'speeding up' the returns of expenditure, thus providing items of information having an important bearing upon current expenditure, in place of returns which were obtained so late as to be of little more than historical interest."

When the necessary information has been obtained, definite suggestions will be made for the adoption of mechanical accountancy in this Municipality.

62. *Other Departments.*—The Drainage, Water Works and other Departments, which carry out constructional and repair works by direct labour, should also keep proper cost accounts of such works. The necessary accounting procedure would be on somewhat the same lines as that outlined above for the Roads Department.

The Repairs Section of the Executive Engineer's Department maintains a cost ledger of the various repair works it is responsible for, and as a result of the accurate record of the expenditure so given, the Section very rarely has an excess on any of the numerous grants it controls.

63. The Municipal Workshops system of costing is the subject of the special report, and here it is not necessary to do more than emphasise the need for an early revision of the existing methods, particularly in abolishing *open* standing orders, which are by their nature, difficult to control and may be likened to "quick-sands."

64. Correct cost accounts of the maintenance and upkeep of the large mechanical transport fleet are very necessary. If the proposal of the Retrenchment Adviser to place the whole of the

mechanical transport under the Mechanical Engineer, is adopted by the Corporation, it will be a comparatively easy matter to put into operation an efficient system which will give comparative costs and statistics of each class and type of motor vehicle in use. The present divided responsibility for the mechanical transport seriously militates against efficient and economical administration.

In due course it may be considered desirable to extend costing to such items as feeding of bullocks, cost of maintaining patients and staff in the infectious diseases hospitals, and similar items of expenditure.

65. In addition to the goods and materials stocked by the Central Stores, there is a large floating stock of consumable stores in each department, particularly the Roads, Drainage and Conservancy Departments. The purchases for these departmental stores are charged direct to budget-grants, and thus disappear from the main financial accounts. This is a defect of a serious nature, for the omission of these departmental stocks, amounting in the aggregate to several lakhs of rupees in value, from the accounts, means that no audit control exists over the use of the stores, and assets of an important character are omitted from the Balance Sheet. Steps should be taken to make the records of these departmental stores part of the financial system. Where cost accounts have to be maintained, these records are essential, for it is goods actually used that have to be charged to the several jobs, not the purchases, as is now the case in at least one department.

66. Statistics of departmental work, such as the running costs of the mechanical transport, should be prepared by the departmental accounts sections, but statistics of a general nature should be prepared by the Accounts Department.

The following is a short list of items of a statistical character which should be embodied in the annual report of Chief Accountant :—

(a) *Rating*—1. How many houses, persons, and rupees of rateable value does Bombay contain ?

2. What is the average rateable value of houses in Bombay, and in Calcutta and Madras and certain foreign towns, and the average rateable value per head of population ?

3. What increase per cent. per annum is taking place in Bombay's rateable value as compared with the increase per cent. in expenditure chargeable to rates ?

4. How much does a rate of 1 per cent. produce in cash, and how much is this below a rate of 1 per cent. on the assessable value ?

5. How much per cent. of the rates levied is lost in voids, refunds, drawbacks, and defaulters, respectively ?

6. Where is the loss in rate collection taking place in house property, business premises, manufactories, or public buildings (*e.g.*, banks) ?

7. How much per cent. of the rateable value is on Government property, City Improvement Trust property, Port Trust property, Municipal property, and private property, respectively ?

(*b*) *Loans*.—8. What is the amount of Indian National Debt, and how much is that per head of population ?

9. What is the amount of the Bombay Provincial Government's debt, and how much is that per head of the population of the Province ?

10. What is the amount of Bombay City's debt, and how much is that per Rs. 100 of assessable value, and per head of population ?

11. What percentage of Bombay's whole debt is due to productive or self-supporting undertakings, and to non-productive services, respectively ?

12. Is Bombay repaying debt more quickly than it is borrowing ?

These items are not exhaustive, but illustrative only, and are given to show the kind of statistical information which it is considered would be of value to the Corporation, and to the ratepayers generally.

VI. THE REVENUE BUDGET.

67. The New York Bureau of Municipal Research has made a long study of budget practice in America and Europe, and has adopted certain principles by which to test the soundness of the budget system of a public or a private corporation. These principles have been applied to the Bombay Revenue Budget and it may at once be said that the Revenue Budget of the City is in form and detail equal to and even in advance of that followed in most Western Cities, though in certain particulars and in the typographical set-out it is capable of improvement.

There are several points of procedure which require revision to secure better consideration of the budget proposals both by the Executive and the Corporation, and these are dealt with later.

68. The present form of the Budget is criticised in detail below, and the modifications and improvements required are shown against each note or statement. :—

- (1) *Final Note by Municipal Commissioner.*—This note appears to be of temporary interest only, and it is suggested that it be discontinued, there being substituted for it an abstract of the budget as finally approved by the Corporation, in the form set out in page 1 of the skeleton form submitted herewith.*
- (2) *Remarks by Standing Committee.*—No alteration recommended.
- (3) *Note by Municipal Commissioner on the Budget Estimates.*—This is an essential statement, and it is suggested that an attempt should be made to present it in the form of a continuous narrative. The working out of the surplus cash balance is rather complicated, and very difficult for any person not trained in the reading of accounts to follow. It is suggested that it would be simpler if this balance be set out on a form similar to that shown in the skeleton form and headed "Details of Surplus Cash Balance Account." This form would show the actual surplus on Revenue Account for the financial year ended the previous 31st March, and what proportions of such surplus were locked up in Stores, Advances, etc., the balance being the free surplus available for further appropriation or working capital. Two other columns give the same information (but estimated figures only) in respect of the current year and the next ensuing year.
- (4) *Note on Revised Estimates.*—To this note it is suggested that there should be added a summary of the Revised Estimates, so that the estimated balance at the end of the current year may be more clearly shown than at present.
- (5) *Revised Estimates of Income, and*
- (6) *Revised Estimates of Expenditure.*—These two statements show how the revised figures have been calculated. As the revised estimates are repeated in the summaries of the new estimates, it seems hardly necessary for these details to be printed separately. It is suggested that these statements be dropped in future budgets, for the cost of printing them cannot be justified unless they serve a really useful purpose,

* Will be laid on the Table.

which is doubtful in view of the fact that the comparison with the original estimates is given in the summaries referred to above.

- (7) *Statement of Plant and Machinery.*
- (8) *Statement of Items each costing more than Rs. 10,000.—*
These two statements should appear in the appendices at the end of the budget.
- (9) *Estimates of Water Works Income and Expenditure.—*
This estimate is prepared to show that the water tax proposed is sufficient to meet the estimated expenses of providing the water supply. The details of these estimate are set out in the budget. The reason for this duplication is that all expenditure must appear in the budget. However a reference to the Municipal Act, Section 125, shows that the annual budget estimate shall be prepared in such form as the Standing Committee shall from time to time approve. There is no prohibition against the budget estimates being divided into as many parts as the Standing Committee consider desirable, and the fact that the Budget is even now divided into two distinct parts, Revenue and Loan, would appear to prove that this contention is correct. The argument in favour of separating the Water Works Expenditure from General Rate Expenditure is set out in Section VIII and the skeleton budget is prepared on the assumption that this suggestion will be approved, not only for Water Works but for Markets as well.
- (10) *Introductory Statement of Income and Expenditure.*
- (11) *General Statement of Revenue, Expenditure and Balances.*
—The information given by these two forms will, it is suggested, be easier understood if given in the proposed new form "Detailed Abstract of the Sanctioned Budget Estimates." This abstract will show under the main classified heads the sanctioned expenditure, the income from sources other than taxation available to meet such expenditure, and the excess expenditure which has to be met by the raising of taxes. It shows what each service costs the taxpayer, and enables him to see at a glance how the money he pays to the Municipality is being spent. A statement of this kind is now recognised in England to be an essential part of every budget and the annual accounts.

(12) *Summary of Income.*

(13) *Summary of Expenditure.*—These two forms are unaltered, except that the number of columns of previous actuals has been reduced to two and the entries in the Income Summary curtailed as stated in (14) below.

(14) *Details of Income.*—The present “Summary of Income” (12 above) gives the details as well. It has been thought desirable to make it a true summary and to give the details in a separate statement.

(15) *Details of Expenditure.*—At present this statement is classified under 14 or more main heads which are held to represent the chief functions or services of the City. In analysing the Expenditure for various purposes in connection with the retrenchment enquiry considerable difficulty was experienced in allocating the numerous detailed budget grants to the departments actually responsible for the expenditure. The universal practice in England and America is to classify according to the Committees or Departments so as to fix the responsibility on the departmental heads concerned, and the experience gained in the course of the enquiry has led to the conviction that such practice is sound. The several heads of departments are, it is believed, strongly in favour of the recasting of the budget according to departments in preference to the present classification according to services. The following extract from “The Administration and Politics of Tokyo” by Dr. Charles A. Beard of the New York Bureau of Municipal Research is quoted as the opinion of one who has an international reputation as a municipal administrative expert:—

“Students of budget practices in America have long been divided into two schools. One favours a classification of appropriations according to the functions of the City; another according to the Departments of the City Government. The former say, with justification, that citizens wish to know what work is undertaken by the municipal administration and what the work costs. Appropriations to department heads, they urge, are meaningless to the average citizen, who does not know what functions

are entrusted to each department head in the City Government. On the other hand, the advocates of the departmental budget urge that, in final analysis each appropriation go to some department, that accounts be kept by departments, and that department heads be held responsible for preparing their work programmes and spending the funds allotted to them.

“The truth is that this old dispute is really unnecessary. It is due to the fact that there is a confusion in the minds of the disputants as to terms. They do not always distinguish between a budget and an act of appropriation. The act of appropriation is merely one element in a budget. The budget itself should contain a great deal of information which ought not to appear in the appropriation bill. No doubt, it is useful for the citizens to know what functions are undertaken by the City Government and what is the cost of each. These functions and the support given to them indicate the spirit, character and ideals of the community. Such a functional analysis of past and proposed expenditures can readily be included among the papers of a budget for the purpose of giving general information as to the City's work programme.

“But the act of appropriation itself should be a departmental act; that is each title of appropriations should be made to a specific department or division of the City Government. This facilitates book-keeping and makes department chiefs responsible for the proper expenditure of the money voted to them.

“The act of appropriation, if departmentalised, can readily be spread upon the ledgers of the treasury and spending officers can be easily held accountable. As the New York Bureau of Municipal Research stated in its survey of Newark, New Jersey; Unless every dollar appropriated is appropriated to an organization unit, and unless

some division head is clearly shown in the act of appropriation to be definitely responsible for every appropriation, responsibility will be confused.

“However, it should be borne in mind that there is a close relation between the structure of a City Government and the system of itemization by general Titles in the act of appropriation. If a City administration is properly organized, each major function (such as police, fire, health, &c.) will be assigned to a department of the City Administration. The departmental organization will be functional and the act of appropriation being divided into Titles of main heads by departments will be automatically functional. Thus the problem will be solved in an ideal way.”

The Bombay Budget is an appropriation ordinance and therefore in the recasting of the budget the classification by departments should be adopted as being more in accord with the practical requirements of this Municipality than the present classification by services.

The analysis and the classification of the details of the grant is capable of improvement, the same methods of presentation not being employed by all departments. Some of the grants are divided too minutely, and others do not give sufficient detail. In many cases the wording used is not a clear description of the expenditure. In revising the budget a uniform method of presentation should be adopted and the amount of detail closely scrutinised. Some of the descriptions should be altered so that the wording will sufficiently explain the item even to one unacquainted with the details of the administration.

Care should be taken in approving of the typographical set out, uniform styles of types should be used for all headings of a similar character, and subtotals and grand totals should be properly ruled off and distinctly shown.

(16) *Appendices—*

- (a) *New Works.*—No alteration is required.
- (b) *Schedule of Pensioners.*—No alteration is required.
- (c) *Consolidated Loan Account “A”.*—This should be headed “Debt Charges Statement” and the

number of columns greatly reduced, for only essential information regarding the Interest and Sinking Fund Charges should be given. The other information now given is repeated in the annual accounts, to where it correctly belongs.

- (d) *Consolidated Loan Account "B."*—The actual utility of this statement is not apparent, but it may be retained pending the debiting of the debt charges to each separate main head in the budget, as ordered by the Standing Committee in 1919.

(17) *Advance Account, Municipal Workshops.*—No amendment is required, but similar details should be given of all the many advance accounts. The absence of such details is a weak spot in the system of financial control.

69. Generally, the objects kept in view in this suggested revision of the Budget have been —

- (1) to cause as little disturbance as possible to the present form of the budget,
- (2) to simplify the statements wherever they appear to be complicated, and
- (3) to give all the essential information required to enable any one to understand the trend of the Corporation's financial policy and also to obtain easily any details required.

The several forms have been devised so that additional columns for comparative figures may be added if required, though in all cases three years' comparison has been given.

70. The procedure now in operation for reporting to the Commissioner all requirements for the coming financial year adequately provides for all proposals for increase of expenditure being thoroughly examined before being incorporated in the tentative budget. It does not, however, provide for any examination of the proposals where no increase is involved. In a very large number of cases the entries in the budget, for supplies, repairs, etc., are not based on detailed estimates of the probable cost of the supplies or repairs which will or may be required in the course of the year. Most of the entries are based simply on what was passed in the previous year or years, and not on actual requirements. An estimate of, say, Rs. 3,00,000 for materials for road repairs, is really only a provision of money and not an

estimate. This being so it appears desirable that a thorough examination should be made of the methods adopted by departments in framing their estimates, and wherever possible, approximate details of the work, which it is actually proposed to carry out in the ensuing year out of the grant applied for, should be placed on record.

71. It is now a practice to present to the Corporation for the first time proposals for new and additional expenditure, such as increases in establishment, and new works, through the medium of the budget. It is obviously impracticable for either the Standing Committee or the Corporation to consider in detail every item entered in the budget, and in practice their attention is directed more to the larger questions of policy rather than to the details making up the total of a demand. For this reason it seems desirable to suggest that no proposal for expenditure on increased establishment or for any *new* class of work should be included in the budget unless the proposals have previously been considered and sanctioned by the competent sanctioning authority. This would ensure that no new expenditure is incurred without a thorough examination of the necessity therefore and the effect it would have on the finances of the Municipality. In the tentative budget a reference should be given opposite all items for increase of establishment, and for new expenditure on works or supplies, to the resolution of the Corporation or Standing Committee sanctioning the inclusion of such expenditure in the budget.

72. The existing establishments should be critically examined every year, for the retrenchment enquiry has brought out the fact that certain establishments had been retained year after year at the old strengths, even although new methods of working had been sanctioned by the Corporation in expectation that savings in establishment would follow therefrom.

73. Section 131 of the Municipal Act gives power to the Corporation, on the recommendation of the Standing Committee to increase any budget-grant, or to make an additional budget-grant. Section 133 empowers the Standing Committee to reduce a budget-grant and to sanction transfers from one budget-grant to another, such reductions or transfers to be brought to the notice of the Corporation. When a reduction or a transfer exceeds Rs. 500 the Corporation may pass any order thereon as they think fit.

74. Though the budget does not come into operation until the 1st April in each year, the preparation of the estimates is commenced as early as the previous August, that is, eight months

before the commencement of the financial year to which they refer. It is difficult for officials to forecast requirements so far in advance, and they are compelled, of necessity, to frame their estimates upon insufficient data. At such an early stage of the current financial year they are unable to estimate with any degree of accuracy what progress they will make with the works included in the current year's budget, and they naturally err on the safe side. The requirements of the Municipal Act as to the dates of submission of the budget make it impracticable to delay the preparation of proposals later than the first week of September.

This early preparation of the budget estimates, and consequent liability of errors, has its reflex in the number of transfers which are put forward from time to time. Even if the estimates were prepared later, and with a greater degree of accuracy than they now are, transfers would still be required, for in a busy City like this, with the population of about a million and a quarter, many minor matters must arise which it is impossible to foresee.

The bringing of every *minor* excess in a *detailed sub-head* of a budget-grant to the attention of the Standing Committee, in time to avoid delays in payment should be possible under the revised procedure suggested in Section IV, but would to some extent, hamper the administration, in addition to burdening the Standing Committee with a large amount of comparatively unimportant detail. Neither is such meticulous control required by the Municipal Act. Section 130 of the Act defines a "budget-grant" as being any sum entered on the expenditure side of a budget-estimate which has been adopted by the Corporation. The grants are therefore, it is submitted, those amounts which are entered in the budget in the column headed "Budget Estimates for 1925-26." The figures entered in the "Particulars" column are merely details of the grant.

75. The Budget for 1925-26 is divided into eighteen main heads of divisions, viz. :—

- I. General Supervision, Collection of Revenue, etc.
- IA. Debt—General.
- II. Water Works.
- III. Education—Primary.
- IV. „ —Secondary.
- V. Public Health.
- VI. Hospitals and Medical Relief.
- VII. Street Cleansing and Conservancy, including Road Watering.

- VIII. Road and Overbridges.
- IX. Public Lighting.
- X. Drainage and Sewerage, including the Halalkhore Branch.
- XI. Fire Brigade.
- XII. Building Regulations and other measures for securing the Public Safety.
- XIII. Gardens and Open Spaces.
- XIV. Markets and Slaughter-houses.
- XV. Contribution to City Improvement Trust.
- XVI. Contribution to Provident Fund.
- XVII. Retrenchment Enquiry.

Most of these main divisions are divided into "Major heads," as shown in the Budget Summary of Expenditure. Each of these major heads is divided into a number of "Minor heads" and it is these minor heads which are the real budget-grants. The details or "Sub-heads" shewn in the "Particulars" column are for the purpose of providing the Accounts Department with information as to the details of the budget-grants.

In the Budget for 1925-26 there are about 84 Major Heads, 600 Minor Heads (budget-grants proper) and 1,000 Sub-Heads. It must be pointed out, however, that there is no uniformity in the present method of presenting the figures in the Budget, some Departments keep to the correct division of Major, Minor and Sub-Heads, but others mix up their figures to such an extent that it is at present difficult even for one well acquainted with the Budget, to pick out instantly the different classes of figures. In the revised form mentioned in the first part of this Section, care has been taken to so devise it, that the columns into which the different figures are to be entered are clearly distinguished.

76. The Corporation and Standing Committee must alone have the power to revise a budget-grant, otherwise the control given to them over the finances of the Municipality would be weakened. But there appears to be no legal or practical difficulty in giving to the Commissioner power to authorise transfers from one sub-head of a grant to another sub-head of the *same* grant, say up to Rs. 250 in amount. This power could, it is submitted, be given to the Commissioner by resolution of the Corporation, if the definition of a "budget-grant" given above is accepted. It would be necessary for the Standing Committee carefully to consider the items which should be shewn as "sub-heads" and which should be entered as "minor heads" or budget-grants proper. To further improve and facilitate financial administration it is recommended that the powers of the Standing

Committee and Corporation regarding budget transfers should be amended as follows :—

- (a) The Standing Committee to be empowered to sanction a transfer for an amount not exceeding Rs. 1,000 from one budget-grant to another one budget-grant within the same *major head*.
- (b) The Standing Committee to be further empowered to sanction a transfer of an amount not exceeding Rs. 500 from one "major head" to another "major head" within the same main service head.
- (c) Transfers in excess of the amounts mentioned above to be reported by the Standing Committee to the Corporation under Section 133, sub-section (2).
- (d) Transfers of whatever amount from one main service head to another to be within the power of the Corporation alone, subject to a recommendation of the Standing Committee.

VII.—LOAN WORKS EXPENDITURE.

77. The provisions of Sections 125 to 134 of the Municipal Act, which govern the Annual Budget Estimate, were drafted at a time when the capital expenditure of the Corporation was of negligible proportions compared with present day expenditure out of loan moneys. This may be the reason why the Act makes no specific reference to budgeting for loan works expenditure, and why the procedure laid down is applicable only to expenditure on revenue account. Most loan works, by their nature and size, must necessarily spread over one or more years, and procedure governing annual maintenance grants cannot in practice be applied to loan works expenditure without causing many complications, and forcing the executive to technical evasions of the provisions of the Municipal Act.

The whole tenor of Sections 125 to 134 implies that it is expenditure out of revenue which is referred to, and if it were not for Section 115 there would be little doubt on the matter. That section, however, prohibits payments being made out of the municipal fund unless the expenditure is covered by a budget-grant, and by Section 111 all moneys received by or on behalf of the Corporation from part of the municipal fund.

78. The Municipal Act could, with advantage, be amended so as to provide for the preparation of a Loan Works Budget or programme on the lines suggested by Sir M. Visvesvaraya in Chapter

XI of his Final Report on Municipal Retrenchment and Reform, and by adding to Section 115 (1) the following words or to like effect :—

“ Or is expenditure out of loan moneys on any purpose included in the loan works programme, in respect of which the Corporation have approved an estimate and made an allocation of funds and which is included in a loan which has been duly sanctioned under Section 106 of this Act or under the Local Authorities Loans Act, 1914, and the rules made by the Local Government under sub-section (2) of section 4 of that Act.

“ Provided that the Local Government may on the application of the Corporation and as a matter of urgency sanction expenditure as a temporary measure out of the accumulated loan fund balances of the Corporation on any purpose included in an application for sanction to the raising of a loan, pending the final decision of the Local or Central Government upon such application.”

79. The Loan Works Budget, in form, requires little alteration, but the entries should be amplified wherever possible, that is, where a work includes acquisition of land, construction of roads, sewers, and/or drains, etc., each of these major heads should be shewn. The object of repeating in the final print the original proposals of the Commissioner and the recommendations of the Standing Committee is not apparent. When the Budget is approved by the Corporation, it is only the amounts sanctioned by the Corporation which are binding, the other figures being historical only and not of practical value. It is suggested that the final print be restricted to the amounts sanctioned by the Corporation.

80. When an estimate for capital works is submitted to the Standing Committee there should accompany it a report dealing with such points as :—

- (1) Whether there is legal power to incur the expenditure proposed, and as to the power of borrowing.
- (2) The charge which will fall on the rates, and how the expenditure (where large) will fall in the current and subsequent financial years ; also the annual cost of maintenance where such is involved.
- (3) The basis of the estimate ; for example, whether in the case of building work it is based on quantities ; in the case of a tender whether the tender proposed to be accepted is the lowest, and, if not, the reasons for not accepting the lowest ; and whether the estimate includes all incidental expenses.

- (4) The cost of the proposal judged by precedents and other comparative information available.
- (5) Whether the proposal will result in recoupment on capital or income account and the data on which estimates of the financial results are based.

81. The following are some of the Standing Orders of the London County Council relating to capital expenditure, which have been found to be very effective in regulating and controlling such expenditure :—

“ 232. (a) In considering the capital estimates the Finance Committee shall have regard to the maximum amount which in their opinion the Council should seek to borrow in the year.

(c) In submitting the annual estimates to the Council the Committee shall make their recommendations accordingly, and shall accompany them with such reports as they may think fit.

236. The amounts stated under the various heads of the estimates of expenditure on capital account, when approved by the Council, shall be deemed to be appropriated to the objects specified under such heads, and shall be termed “Annual Capital Votes” and the amounts stated under the major divisions or “sub-heads” and the minor divisions or “details” of each vote shall also be deemed to be appropriated to the specific purposes stated under such “sub-heads” and “details” respectively. Expenditure under any such vote may be incurred in accordance with the provisions of Standing Orders Nos. 238 and 251. The Finance Committee shall make any adjustments in the sub-heads and details of any capital vote which are necessitated by the reduction of such vote or the approval of a supplemental estimate.

248. (a) (i) No recommendation or proposal involving expenditure on capital account shall be submitted to the Council until an estimate of the total costs, debt, or liability, under Section 80 (3) of the Local Government Act, 1888, is submitted by the Finance Committee to the Council.

- (n) Such estimate shall be submitted to the Council by the Finance Committee without delay, with any observations they may wish to make upon its financial bearings, and the report of the Finance Committee shall be considered by the Council simultaneously with the report of the Committee making the recommendations.
- (iii) Any such estimate which does not comprise the total liability involved in any proposal shall be accompanied by a statement of such total liability and of the amount (if any) of estimates previously approved.
- (b) Notwithstanding the provisions of Standing Order No. 71 no question of financial policy shall be discussed in the Council upon any estimate of costs, debt, or liability, if provision for expenditure thereunder has been made, in whole or in part, in the current annual capital votes.
- (c) Except in cases of urgency, which the Council shall determine upon a report from the Committee concerned, or where the Council is under statutory obligation to proceed, it shall not be in order to submit to the Council any proposal involving expenditure on capital account in the current financial year, or to submit an estimate in respect thereof, unless provision for such expenditure has been made, in whole or in part, in the current annual capital votes; provided that the Committee making the proposal shall be at liberty to report to the Council under the conditions laid down in Standing Order No. 258.
- (d) Any anticipated excess of costs, debt or liability over the amount of an approved estimate shall be the subject of a supplemental estimate, which shall be put forward by the Committee concerned as early as possible. The submission of the estimate shall be made and the Council's approval thereof obtained in the manner prescribed for estimates.
- (e) The approval of a capital estimate (or supplemental estimate) of costs debt or liability shall not constitute a vote. Expenditure under

any such estimate may be incurred in accordance with the provisions of Standing Orders Nos. 238 and 251.

- (f) Any Committee putting forward an estimate of capital outlay shall furnish to the Finance Committee such particulars and estimates as are available of any consequential expenditure involved on capital or on maintenance account.

251. Expenditure on capital account may be incurred provided that—

- (i) The Council has approved, in the current or any previous financial year, an estimate of costs, debt or liability submitted to the Council by the Finance Committee under Sections 80 (3) of the Local Government Act, 1888.
- (ii) The expenditure in any financial year be within the amount provided in an annual capital vote in respect of that year ; and
- (iii) The concurrence of the Finance Committee has been obtained where required under Standing Order No. 238.

252. The submission of an estimate to the Council by the Finance Committee shall, unless the Committee report to the contrary, be deemed to imply that the Committee approve the said estimate."

The adoption of similar rules by this Corporation should be seriously considered.

82. In the estimates for Land Acquisition, the land which is being acquired for purpose of re-sale must be shewn separately from the land which is being acquired for construction of roads and other permanent purposes. Until this is done, it will be impossible for Accounts Department to keep correct accounts or to exercise any supervision over the recoveries for land sold. When an estimate is being prepared the Engineering Department must know which areas are intended for re-sale and which for permanent acquisition, and when an acquisition claim is sent to the Accounts Department for payment it should bear an endorsement stating to which of these two classes it refers. A register should be maintained of all lands acquired showing, (1) authority for purchase, vendor, description of land, area, price per square yard or other unit, total amount

of claim, date paid ; (2) in respect of land re-sold, the name of the purchaser, the area re-sold, amount per square yard, total realised, and authority for sale, and (3) the area permanently acquired, and the value thereof according to price of acquisition.

83. Capital stores ought not to be financed from revenue but an advance should be made from accumulated loan balances and adjusted by periodical debits to the works on which the stores are used.

84. For all works carried out by direct labour (that is, departmentally), detailed estimates should be prepared and submitted to the Corporation for approval. Lump sum estimates, or unit rate estimates should not be accepted. By a unit-rate estimate is meant an estimate similar to that approved for the filling in of the Storm-water Reservoir, the only information regarding the work which was given in such estimates, being ;—

“ Excavation, filling wagons, hauling to bank, unloading and levelling :—

26,561,949 cubic feet at Rs. 8-12-0 per 100 c. ft.”

If the work is being executed by contract such a unit rate estimate is admissible, but is of no value whatever to the Accounts Department when the work is being executed departmentally. In this case of the Storm-water Reservoir, the estimate was held to cover erection of a workshop, purchase of machinery and plant value several lakhs of rupees, and engagement of a large staff, all of which may have been essential, but the absence of a detailed estimate gives the department, in effect, a blank cheque on which to operate.

85. Constructional works, particularly those which deal with underground works, are admittedly subject to many unforeseen contingencies, and for this reason some authority must be given to the officials in charge to deal with such contingencies. During the progress of any large work deviations from the estimated quantities are almost bound to arise, and to obviate any undue restriction upon the engineers, a rule should be adopted to the effect that variations made be in the details of an estimate, up to say 10 per cent. of any individual item, on the authority of the engineer in charge, provided such variations do not have the result of increasing the total estimated cost. When the variations are such as to increase the total cost, the sanction of the Corporation to a revised estimate should first be obtained.

86. Sir M. Visvesvaraya, on page 85 of his Final Report, makes the following comment:—

“The practice of transferring loan funds obtained for one service or purpose to another leads to loose methods of financing and to considerable confusion and complication in calculating the interest and sinking fund charges, and should be avoided as far as possible.”

When a loan is sanctioned by Government it is presumably sanctioned for the specific purpose set out in the application for permission to borrow. The sinking fund and interest charges are allocated by the Accounts Department on the basis of the application, and transfers and re-appropriations nullify all their calculations causing a great deal of labour in working-out adjustments at frequent intervals. If transfers or re-appropriations were restricted to items within the same main service head of account, these difficulties and complications would be considerably reduced.

VIII. SEPARATE ACCOUNTS FOR TRADING UNDERTAKINGS.

87. Municipal Trading Undertakings have been defined as “those enterprises of Local Authorities which are financed entirely, or primarily, out of the receipts obtained from the sale of some product or service, as contrasted with enterprises which are financed entirely, or primarily, out of the rates.”

Bombay Municipality has two departments which fall within this definition, namely:—

- (1) The Water Works Department, and
- (2) The Markets and Slaughter-houses Department.

It is a generally accepted proposition that the accounts of Trading or Productive Undertakings should be kept upon a commercial basis, and must therefore be entirely separated from the accounts relating to rate services. They must be kept upon a complete Income and Expenditure basis to show the true profit or loss for the financial period. That is to say, all income which relates to the period, whether actually received or not, must be taken into account, and all expenditure, whether actually paid or not, must be debited to the period in which it was incurred. Even propositions of charges accruing due or paid in advance must be calculated and allowed for in order to obtain correct results. Capital Expenditure, whether made out of borrowed moneys or current revenues, must be separated from the working or operating expenses, and full provision made for depreciation. The Balance Sheet should be prepared upon the Double Account System, and in every respect commercial principles and methods adopted to the fullest possible extent.

88. The first question that arises is, is it possible to separate the accounts and budget estimates of the Water Works and the Markets from the main rate accounts and budget estimates, having regard to the provisions of the Bombay Municipal Act? The relevant sections of the Act appear to be:—

- (1) *Section 123.*—Accounts of the receipts and expenditure of the Corporation shall be kept in such manner and in such forms as the Standing Committee shall from time to time prescribe.
- (2) *Section 121.*—With the approval of the Corporation, any portion of the Municipal Fund may, from time to time, be credited to a separate heading in the municipal accounts, provided that there shall be credited and debited to such special heading such sums only as shall expressly relate to the objects for which a special fund is so created.
- (3) *Section 125.*—The Commissioner shall on or before each tenth day of November have prepared and lay before the Standing Committee, in such form as the said Committee shall from time to time approve ;
 - (a) An estimate of the expenditure which must or should, in his opinion, be incurred by the Corporation in the next ensuing official year ;
 - (b) An estimate of all balances, if any, which will be available for re-appropriation or expenditure at the commencement of next ensuing official year ;
 - (c) A statement of proposals as to the taxation which it will, in his opinion, be necessary or expedient to impose under the provisions of this Act in the said year.
- (4) *Section 130.*—Any sum entered on the expenditure side of a budget-estimate which has been adopted by the Corporation shall be termed a " Budget-grant."

89. Acting under the power conferred by Section 121 the Corporation have already sanctioned the creation of several special funds, e.g., Land and Building Funds, Worn-out Water Main Renewals Fund, Fire and Accident Fund, and Net Premia Fund. These separations are mainly a question of account-keeping, and it is considered that under this Section the Corporation could order the creation of two further divisions in the accounts, namely :

- (1) Water Works Fund, and
- (2) Markets and Slaughter-houses Fund,

All the special accounts formed under Section 121 are part of the Municipal Fund, *vide* opinion of the late Mr. J. D. Inverarity quoted on page 603 of Michael's History of the Municipal Corporation, in which it is stated that "The moneys standing to the credit of such special accounts still form a portion of the Municipal Fund. The surplus moneys at any one date to the credit of the Municipal Fund is apparently composed of the balances appearing to the credit of all the special accounts and the general account kept of the Municipal Fund."

In England, Trading Undertakings form part either of the Borough Fund or the District Fund, according to the nature of the Undertaking or Act of Parliament granting the Powers, but for account purposes, each undertaking is shown separately from the rate accounts.

90. As regards the budget-estimates, Section 125 of the Municipal Act empowers the Standing Committee to settle the form of the annual budget estimate. Though no reference is made in the Act to a separate loan works budget yet it has always been the practice to show expenditure proposed to be met out of loan moneys separate and distinct from the revenue expenditure. There is no prohibition preventing the revenue budget being divided into several parts, for such division as is required to show the Water Works and Markets budget-estimates distinct from the rate-budget, is a question of form only.

It is suggested that in future the Revenue Budget should be divided into three parts:—

- (1) General (or rate) Account.
- (2) Water Works Account.
- (3) Markets and Slaughter-houses Account.

All items entered on the expenditure side of each of these three divisions would be "budget-grants" as defined by Section 130 of the Act.

The Loan Accounts for these works and the borrowing powers should be kept separate from the general account and borrowing power. In the Annual Accounts separate Revenue Accounts, Net Revenue Accounts and Balance Sheets should be given for each separate Trading Undertaking.

91. The Tenth Report of the Water Supply Committee, dated the 15th July 1924, regarding the interpretation of Section 140 (a) of the Municipal Act has been carefully considered. Counsel's opinion quoted therein does not contain any reference

to this question of keeping a separate account for the water supply revenue and expenditure, but it is clear that the Corporation has no power to levy a rate in excess of the estimated expenditure of the year. This being so no provision can be made in the water supply budget for the creation of a reserve to meet *future* replacements. But the operation of the year may result in an actual profit on water-supply, and the question then arises, should such surplus or profit automatically be credited to the general portion of the Municipal Fund or should it be carried forward and used in reduction of the water tax for the ensuing financial year? As the incidence of the water tax is not wholly the same as the incidence of the general tax, in theory the latter part of the question is the correct procedure, and to enable it to be carried into effect a separate water supply account is essential. The amendment of the Municipal Act on the lines suggested in the Report of the Water Supply Committee will place the Water Works Accounts on a legal basis free from doubt. If it should be held that Section 121 does not give the necessary power to create the separate accounts advocated above, then it will be necessary to embody in the amendments of the Municipal Act similar provisions in respect of the Markets and Slaughter-houses as the Corporation have approved for the Water Works.

IX.—VALUATION OF PROPERTY, PLANT, MACHINERY AND OTHER RELIABLE ASSETS.

92. In the Capital Fund Balance Sheet published in the Annual Accounts there will be found on the Assets side the following entry:—

“Unbooked property—Provisional Figures as per valuation of 1884 pending re-valuation now in progress Rs. 45,37,835-11-11.”

A valuation 40 years old is obviously no criterion of the present value of the property included in the valuation, also in such a lengthy period some of the property may have passed out of the possession of the Municipality. Furthermore the entry is very vague, what it represents—lands or buildings or works—is a matter of conjecture or research.

The re-valuation now in progress which is referred to in the entry quoted above, has been in progress for several years and enquiries in the Engineering Department have elicited the fact that at the same rate of progress it will take at least another three years to complete the re-valuation, by which date the earlier portion of the re-valuation will require revision. If the accounts of the Municipality are to be re-organized on a business and scientific basis, this question of the valuation of the Municipality's properties must be dealt with thoroughly as an urgent matter.

93. The Accounts of the Municipality contain no complete record of the lands, buildings, plant, machinery, loose tools and other realizable assets, which are in the possession or charge of the several departments. No one will question the necessity for keeping strict accounts of the acquisition and disbursement of cash, yet when cash has been converted into valuable property, the importance of keeping a record of the use or disposition of such property is very often forgotten. Without such a record there is no check upon the fidelity and efficiency of the officials in caring for and using property and equipment. Property of a valuable character may be lying idle in one department, while another department may be purchasing similar property.

94. Detailed records of property and equipment are essential to efficient administration. By means of such records those charged with the duty of preparing budget estimates would have before them all the information needed to show how much should be included in the Budget for "replacement" of properties. Property acquired out of loan moneys is now permanently recorded in the accounts, but each year a large amount of permanent property is acquired or constructed out of funds provided in the Revenue Budget. This expenditure is charged against the requisite budget-grants, but the acquisition of the property is not permanently recorded in the accounts. This should be done by debiting the assets accounts, and crediting an account which may be called "Revenue contributions to Capital Outlay."

Similarly in the case of gifts of land and property, the assets accounts must be debited with the market or estimated value of the property at the time of being handed over, and an account called "Gifts and Donations of Property, etc.," credited. The cost of the loose plant and tools consumed annually amounts in the aggregate to a very large sum, and the floating stock is large in quantity and value, but no accounts record of it is maintained. In respect of each department or branch there should be opened in the main ledgers a "Loose Plant and Tools" Account, to which should be debited the value of tools in use at the beginning of the year and those purchased during the year. At the end of the year, the tools then in use are re-valued, and this value credited to the account. The difference will represent the value of loose plant and tools used during the year, which would be written off either to the jobs on which used, or to a specific budget-grant.

95. Finally the necessity for the accounts to be a true and correct of all the assets and liabilities of the Municipality requires no elaboration and a balance sheet which fully and correctly sets out the real financial position must necessarily be of great value when the Municipality is issuing stock or debentures.

96. The recommendation is therefore now made that immediate action be taken by every department to make inventories of all property and equipment in its possession, viz :—

1. Land, Buildings and other permanent property.
2. Plant, Machinery, Fixtures and Accessories.
3. Furniture and Dead Stock.
4. Loose Tools.

Specimen inventory forms are attached,* on which provision is made for the following information being recorded :—

1. Description of property.
2. Date of purchase or acquisition.
3. Original cost.
4. Present condition.
5. Probable remaining life.
6. Present value.

Columns are also provided for independent appraisalment or adjustment of values reported. Each Inventory Sheet should be signed by the persons actually making the inventory and certified as correct by the departmental head concerned.

When this inventory has been completed the necessary accounts should be opened in the ledgers, and the accounting records remodelled to provide for future acquisitions and dispositions being promptly recorded.

The Accounts should be reconciled with actualities by means of periodical checks. These checks should not be made all at one period, but should be constantly taking place, one department or one class of property at a time, so arranged that every item is physically verified once at least in every three years.

X.—AUDIT OF THE ACCOUNTS.

97. The provisions of the Municipal Act relating to the scrutiny and audit of the Municipal accounts are to be found in Sections 135 to 138 inclusive. These sections provide for—

- (1) A weekly scrutiny of the accounts by the Standing Committee, or by some person under their superintendence.
- (2) The examination and audit of the accounts from week to week by auditors specially appointed in this behalf by the Corporation.
- (3) A special audit at any time by auditors appointed by the Local Government.

* Will be laid on the Table.

Under Section 49 the Standing Committee have power to make such regulations with respect to the scrutiny of the municipal accounts as they think fit.

98. In addition to these prescribed audits, an audit of the receipts of the several departments is carried out by the Accounts Department (Revenue Audit Section), and there is a special officer known as the Test Audit Officer, who makes special audits of the books and records maintained in the Ward and other outside Offices. He also examines the administrative workings of departments, points out inefficient and wasteful methods, and suggests improvements in the accounting methods, particularly with a view to the introduction of costing accounts wherever possible.

Both Revenue and Test Audits are internal audits, by which is meant an audit conducted by members of the Accounts staff, who are directly responsible to the Chief Accountant. The audit conducted by the Municipal Auditors is an "external audit," that is, such auditors are entirely independent of the Accounts Department.

An internal audit is necessarily an audit of detail, for it is on such an audit that the Commissioner relies to see to that the annas which go to make up the lakhs of rupees of income are (as far as can with all possible care and precaution be ascertained) brought into account.

99. The Revenue Audit Section is supposed to verify the books of all departments relating to income so as to ensure ;

(a) That all amounts due to the Corporation are correctly accounted for.

(b) That all cash actually received by collecting officers has been paid into the Municipal Treasury, and then into the Bank.

In actual practice the Section only does the second kind of work completely. The first duty cannot be effectively carried out, because, apart from taxes, the books do not, in most instances, correctly record the amounts due, but only the amounts actually received.

All income must be recorded from the moment of its inspection, as pointed out in para. 51, Section IV above. If the income registers record the information mentioned in that paragraph, it will then be possible for the Revenue Audit fully to verify, not only that cash shewn to be received is duly paid into the Treasury, but that all amounts which ought to be received

are duly and correctly accounted for and collected, or written off as irrecoverable under proper authority.

100. The Revenue Audit sanctioned establishment for 1925-26 is :—

- 1 Senior Assistant Accountant.
- 1 Chief Clerk.
- 1 Head Clerk.
- 9 Clerks.
- 3 Peons.

For some considerable time the Senior Assistant Accountant has not been in charge of the Section, having had to do other duty in the Accounts Department, owing to the shortage of senior officers in that Department. The Section ought to be placed without delay under the supervision of an officer who has a thorough knowledge of audit work, so that the work of the staff may be properly supervised. The work of the staff at present appears to be carried out mechanically, a set routing being followed which mitigates against the real effectiveness of the audit. Audits has a great moral value, and it loses this as soon as it degenerates into perfunctory routine, for its actions are known in advance and can thus be guarded against.

It is suggested that the Senior Assistant Accountant should be shewn in the establishment schedule under the section where he is actually employed, and that the revenue audit staff be placed under the direct control and supervision of the Deputy Accountant or the Test Audit Officer. This recommendation is made because it has been found from actual experience that the detailed audit work requires co-ordination and direction. This section ought to be strengthened by the addition of three or four more clerks, who could be obtained from other sections when the accounting system is revised.

This detailed internal audit should, to be really effective, follow closely on the heels of all accounting officers, all financial transactions being audited within a few days—often within a few hours—of the closing of the books ; it is a day-to-day audit.

101. The following is an extract from a letter from the City Treasurer of Birmingham, and shows the importance attached to internal audit work by English Municipalities :—

“ With regard to the financial control of the Rating Departments, I have a system of internal check, under which the whole of the records of each Department, with one exception, are subject to audit by my internal Audit Staff.

In fact, Professional Auditors have been dispensed with and their place has been taken by trained Professional Accountants in my Department. This provides excellent opportunities for that control and supervision over the financial operations of a Department, which is very essential in a large City. You will appreciate the full force of this when I tell you that I have on my Internal Audit Staff at the present moment six professional Accountants all engaged on this class of work."

102. Of equal importance to an efficient internal audit, is an external audit by auditors independent of the executive, and answerable only to the Corporation or some higher authority.

This external audit is in this Municipality conducted by two Auditors appointed by the Corporation annually, and who are designated the "Municipal Auditors." The powers and duties of the Municipal Auditors are defined in Sections 136 and 137 of the Municipal Act. The Local Government is authorized by Section 138 of the Act to appoint an auditor for the purpose of making a special audit of the Municipal Accounts and of reporting thereon to Government.

103. In England all the smaller Local Authorities are subject to the audit of District Auditors appointed by Government. Among the larger Local Authorities, County Councils, Education Authorities, and some fifty Town Councils are subject to Government Audit. Practically the whole of the Municipal Corporation of towns of 50,000 inhabitants and over (approximately 300), are free from government interference with their finances, except as regards education, housing, and other services towards which government subventions are given.

There are three Auditors of the Accounts of an English Municipal Corporation, two elected by the burgesses, called "Elective Auditors" and one appointed by the Mayor, called "Mayor's Auditor."

The powers and duties of the Elective Auditors are not clearly defined, but they have no power of surcharge, or means of enforcing any decision to which they may come during their examination as to the validity or propriety of any item or entry in the Accounts.

The Audit by the Mayor's Auditor is, in practice, almost a dead letter, and is not now treated seriously by anyone.

As there is no power of surcharge vested in an Elective Auditor, the remedy available in the event of a Corporation incurring illegal expenditure, is to remove the matter to the High Court of Justice, on a writ, praying for an order that the rate and other fund may not

be charged with the expense disputed. The statutory provisions are:—

- (1) The Municipal Corporation Act, 1882, Section 141, provides that “an order for payment of money out of the Borough Fund shall be signed by three members of the Council and countersigned by the town clerk. Any such order may be removed into the King’s Bench Division of the High Court by a writ of *certiorari*, and may be wholly or partly disallowed or confirmed on motion and hearing with or without costs according to the judgment and discretion of the Court.”
- (2) The Public Health Act, 1875, Section 246, enacts that where an Urban Authority are the Council of a Borough, any order of such authority for the payment of money out of the District Fund may be removed by *certiorari*, as in Section 141 of the Municipal Corporation Act, 1882.

104. Recognizing the limitations of the statutory audits most of the Municipal Corporations, and in particular the larger and more important ones, have appointed Professional Auditors to audit their accounts either in substitution for, or in addition to, the audit by the Borough Elective Auditors. These authorities have their own internal auditors for detailed checking and verification, and the professional auditors are required to give particular attention to the higher and more important problems of finance and accounting.

105. The Municipal Auditor (Khan Saheb H. S. Katrak), in a letter, dated 2nd December 1924, addressed to the Standing Committee and Corporation, suggests that he and his colleague should be given the powers of surcharge and disallowance possessed by English Government Auditors. In paragraph (3) of that letter a quotation is given from Scott and Roverson’s Commentary on the Bombay Municipal Act, in which quotation the Municipal Auditor has underlined the following words “The Auditor (in England) has the power to disallow items and certify charges and against his decision there is in many cases practically no appeal.” The latter portion of the sentence is inaccurate, for all Local Authorities subject to the government audit, as a body, and all members and officials individually and collectively, have the following rights of appeal:—

- (1) To the Ministry of Health (formerly the Local Government Board).
- (2) To the High Court of Justice.

The former mode of appeal is generally adopted, and the Ministry has the power to remit the surcharge, even though confirming the disallowance, and this it does in the great majority of cases.

The right of appeal to the High Court is only resorted to when important points of principles are involved.

The Municipal Auditor also draws attention to the Madras Municipal Act, 1919, which confers powers of surcharge and disallowance on the Municipal Auditors of that City. These Auditors are appointed by the Local Government, and are therefore Government Auditors, as are also the Auditors of the Calcutta Corporation. But in Bombay the Municipal Auditors are appointed by the Corporation, and merely act as servants of the Corporation under the immediate control of the Standing Committee.

106. The whole aim and object of the power of surcharge and disallowance is to protect the ratepayer against a mis-use of the local funds by the elected representatives, for the English Acts and the Madras Act state that the Auditors shall disallow every item *contrary to law*.

This power of surcharge and disallowance is not intended to be used in cases of technical and minor infractions of the rules and regulations of a local authority. In cases where it is within the power of a local authority to incur expenditure, but there is some defect in the sanction, or some omission or error in the facts upon which the sanction was based, the decision of the authority is binding upon the auditors, including the Government Auditors.

107. Many attempts have been made in England to bring the major Municipal Corporations under the control of the government auditor, with his power of surcharge and disallowance, but these authorities are very jealous of their ancient rights and privileges, and so far they have successfully resisted all attempts to reduce them to the status of subordinate authorities. By the appointment of Professional Auditors, and the strengthening of the internal audit staffs, the control of the finance and accounts of the large Corporations has immensely improved, and compares favourably with the methods adopted in other parts of the world.

108. Section 138 of the Municipal Act states that the auditors shall forthwith report to the Standing Committee any material impropriety or irregularity which they may at any time observe in the expenditure or in the recovery of moneys due to the Corporation or in the municipal accounts. Under this power

the Auditors have authority to report every infringement of the Act or of the Rules and Regulations in force and their reports are always given full consideration by the Standing Committee, who report to the Corporation in all cases where such a report is required. In actual practice the defects and irregularities brought to light by the Auditors are thoroughly investigated, and the orders of the Corporation taken thereon, which orders should be final and conclusive upon all servants and employees.

Further, when the proposals to appoint executive committees have received legislative sanction, the Corporation, it is submitted, will have, by framing and adopting a complete code of financial rules and regulations, full control over all the expenditure of the administrative departments, for expenditure would then be subject to the approval of the executive committee concerned. When the executive committees are functioning any power of surcharge or disallowance would naturally be directed against the executive committee which had sanctioned the expenditure, and not against the officials, who would simply be giving effect to the orders of the committee.

The Municipal Auditors of this Municipality being servants of the Corporation, it would be derogatory to the power and dignity of the Corporation for it to give any of its servants the right to call in question any of its decisions.

109. The Audit of the Municipal Auditors should not be a mere ticking or vouching audit, but should be such as to exercise a check and control over all financial transactions right from their inspection to their close. For this purpose the auditors should be qualified accountants and auditors, capable of initiating, and regulating anti-audit arrangements, *e. g.*—

- (a) The alteration and improvement of existing systems or initiating new systems ;
- (b) Initiating, altering, improving and controlling the system of internal check ; and
- (c) Initiating, altering, improving and controlling the system of internal audit.

110. In addition they should be entrusted with the powers and duties of Professional Auditors, set forth in the recommendations of the Joint Select Committee on Municipal Trading, 1903, given hereunder:—

- 17] “The Committee are of opinion that it should be made clear by statute or regulation that the duties of those entrusted with the audit of local accounts are not confined to mere certification of figures

They therefore further recommend that—

- (a) The Auditor should have the right of access to all such papers, books, accounts, vouchers, sanctions for loans, and so forth, as are necessary for his examination and certificate.
 - (b) He should also be entitled to receive from officers of the authority such information and explanation as may be necessary for the performance of his duties.
 - (c) He should certify—
 - (i) That he has found the accounts in order, or otherwise, as the case may be ;
 - (ii) That separate accounts of all trading undertakings have been kept, and that every charge which each ought to bear has been duly debited ;
 - (iii) That in his opinion the accounts issued present a true and correct view of transactions and results of trading (if any) for the period under investigation ;
 - (iv) That due provision has been made out of revenue for the repayment of loans ; that all items of receipts and expenditure and all known liabilities have been brought into account ; and that the value of all assets has in all cases been fairly stated.
18. Auditors should be required to express an opinion upon the necessity of reserve funds, of amounts set aside to meet depreciation and obsolescence of plant in addition to the statutory sinking funds, and of the adequacy of such amounts.
19. The Auditor should also be required to present a report of the local authority. Such report should include observations upon any matters as to which he has not been satisfied, or which in his judgment called for special notice, particularly with regard to the value of any assets taken into account.
20. The local authority should forward to the Local Government Board both the detailed accounts and the report of the Auditor made upon them. It should be the duty of the Auditor to report independently to the Board any case in which an authority declines to carry out any recommendations made by him.

22. After careful consideration the Committee are of opinion that, in view of the thoroughness of the proposed audit, powers of surcharge and disallowance could be altogether dispensed with in the case of the major Local Authorities."

111. These suggested powers and duties will demand a very high standard of accounting and auditing knowledge, which is not possessed by those persons whose only experience is in Government Accounts. The drawbacks and defects of subordinate Government Accountants are admirably summarised in the following extract taken from the Municipal Commissioner's letter No. M. C. 2-B, dated 11th November 1924, and printed on page 2995 of the Corporation Proceedings for 1923-24:—

" Their general education.....is not of a high standard. This defect, together with the fact that the greater part of their service has been spent in dealing with routine matters of book-keeping rather than broad questions of accounts, must tend to make their outlook very narrow. Their natural tendency, therefore, is to undertake detailed checking instead of satisfying themselves as to the existence of a really effective system of internal check, which would enable them to avoid a great deal of detailed checking as unnecessary, and thus leave them free to concentrate upon the more important questions of principle, and they are, therefore, generally no better than old fashioned auditors, who were regarded as little more than checking clerks."

112. An Auditor to-day is expected to be far more than a mere book-keeper, or ticking clerk. He should have a wide knowledge of accounting systems, office organization, statistics, and economics, and he should bring to bear on every audit the benefit of his experience on every other kind of audit. It may be stated with confidence that every member of the Corporation's Accounts staff would welcome the aid and assistance of properly qualified auditors in the complicated and arduous task of watching, controlling, recording and verifying the innumerable financial transactions of this Municipality.

XI.—ANNUAL ACCOUNTS AND ANNUAL REPORT OF CHIEF ACCOUNTANT.

113. The Annual Report of the Chief Accountant occupies some 130 pages of the Annual Administration Report, and consists of the Report proper and 20 appendices, 13 of which relate to the Accounts, the remaining 7 being statistical tables.

The Report proper is a mass of small tables, and notes explanatory of the figures given in such tables. There is very little comment on the financial position of the Corporation, as revealed by the Accounts, what there is being lost in the wilderness of figures. The form and most of the wording of the Report is practically the same now as it was twenty or more years ago, only the figures being changed from year to year.

The majority of the tables and figures quoted in the Report are merely repetitions or summaries of the figures set out in the several appendices.

It is submitted that in its present form the Report cannot be of much assistance to anyone who desires to obtain a clear-cut picture of the financial position of the City. It goes into too much detail for a summary statement—so much so that it does not help one to grasp readily significant facts which should be brought to public notice but has the effect of causing confusion in the mind of any one who attempts to read it through.

The Report should be in continuous narrative form, sparingly interspersed with figures, only those absolutely essential being quoted. The language used should be simple, and the exact effect of the various accounts and of the financial position generally should be explained.

114. Appendices I to XIII represent the Annual Statement of Accounts. There are several essential statements omitted and those that are given are not printed in the correct order nor is the typographical set-out conducive to clearness. Each appendix will be dealt with separately, and suggestions made for recasting its form and order :—

- (a) *Appendix I.*—This is a statement showing the income realised during the year, contrasted with the actuals of the previous year, the original budget estimates and the revised estimates. The value of the three comparative columns is not commensurate with the clerical labour involved in their preparation, and is of no permanent value. These columns may be dropped.
- (b) *Appendix 2.*—This statement shows the actual expenditure for the year, compared with the final sanctioned grants, and the actuals of the previous year. It is suggested that the columns of the increases and decreases over the previous year be dropped.

- (c) *Appendix 3.*—This is the Revenue Account for the year. It is not set out in the recognised form, and is an instance where prolixity has been severely restricted, so much so that the value of the statement has been seriously impaired. It is now printed after the details of income and expenditure whereas its correct position should be in front of these tables, whose correct use is as supporting details to the summary given in the Revenue Account. Prior to 1916–17 the Revenue Account was printed in the correct summarised form and appeared in its correct position in the statements. This earlier practice should be resumed.
- (d) *Appendix 4.*—There are nine statements of special funds given in this appendix. The first three and last one require no alteration, but the others are a combination of a fund account and a balance sheet and because of this incorrect method of setting-out the fund balances are shewn as the total income of the funds, and not the free balances which are available for future expenditure. These statements should be restricted to their proper sphere, that of Fund Accounts, the assets and investments of the Funds being shewn either in separate Balance Sheets or in the Revenue or Capital Balance Sheet, as the case may require.
- (e) *Appendix 5.*—The Revenue Account Balance Sheet is a most important statement, for it should be a clear and concise exposition of the financial position of the Corporation in regard to its revenue income and expenditure. The present form of the Balance Sheet is correct, the only criticisms to be made being that it includes on the liabilities side an item which does not appear in any ledger account, and that several important items are omitted altogether. This inclusion of an estimated liability; the omission of assets such as recoverable areas of taxes and rents, and liabilities such as salaries and wages due but not paid and amounts due for goods supplied, is wholly due to the defective basis of the accounts. When the basis is altered to that of "Income and Expenditure," as recommended in Section II of this Report, the defects of the Revenue Balance Sheet will automatically be corrected.
- (f) *Appendix 5A.*—Is a comparison of the face, purchase and market values of the securities in which the balances of certain special funds have been invested?

It is a necessary statement, but should appear after the purely financial statements.

- (g) *Appendix 6* which is the Capital Fund Balance Sheet contains several entries which require amplification or alteration, the assets side in particular requiring revision :—

Assets Side.

- (i) *Block Account.* This account is supposed to represent the property acquired and outlay incurred on works of varying kinds since the inception of the Corporation. The amounts shewn should agree with the figures given in *Appendix 8*, the details of the property and outlay, but there are discrepancies which, though capable of explanation, are not clearly explained on the face of the Balance Sheet.

Then there is the problem whether all the items in the detailed Block Account are really assets? Are the roads, the pavements, the street lamps, the sewers, and the drains assets in the accepted meaning of the term?

“ These may be the matters for which most of the loans have been raised, and they may therefore appear to be the chief assets, but looked at from a different point of view they may be regarded as the chief liabilities. For obvious reasons no statements of cost or of value can be attempted in regard to the public highways themselves; and, this being so, it would appear to be absurd to record the expenditure upon street widenings, great as they are in many cases. Narrow and tortuous streets, steep pitches, sea fronts which need protection, streams which need bridging, and embankments which need retaining walls are liabilities which have been bequeathed to some towns and not to others; and there is perhaps more reason to include as liabilities those works of this nature which have not been carried out than to include those which have been as assets.

When we pass to the ordinary works connected with streets—the foundations, the pavements, the sewers and the lighting plant—a problem of a different order presents itself. It is practically impossible to separate the cost of the works which remain in use from the cost of those which have been exhausted or to allocate the expenditure of each successive year as between new work and renewal.

Attempts have been made in a number of cases to include on the balance sheet works of the order referred to in the last paragraph, and also works of street improvement, of sea defence, etc.; but the results have been such as to prove the hopelessness of the task. In most cases it has been a record of the loan expenditures dating from some selected year which these balance sheets have preserved, but it is obvious that this record has no relation either to the value or to the cost of the works in being. It may show a "capital surplus" of great amount—several millions sterling perhaps but, unless a full explanatory note has been added to inform the reader from what date the record starts, and what it is designed to include, the figure has no meaning and may indeed be most delusive. It will probably include the costly strips added to the highways, while neglecting the highways themselves and the new roads and streets dedicated to the public during the period. It may very possibly include the cost of pavements or sewers which have been discarded as well as the cost of those which have taken their place.

These and other considerations lead to the conclusion, which was arrived at by the Accounts Committee, that no attempt should be made to preserve a record of the expenditures upon such matters as street improvements, paving or sewers. The only serviceable definition of the assets, apart from trading plant, of which it is ever worth while to preserve a record in the accounts of a rating authority appears to be real estate, including the original cost of fitting and furnishing buildings." (Extract from "Accounts of Local Authorities" by A. Carson Roberts, Government Auditor).

The views of the Departmental Committee upon the Accounts of Local Authorities (to which reference has been made earlier in this report) regarding this question are as follows:—

"61. We are strongly of opinion that original cost, when known, is the only satisfactory basis for the statement of the values of assets on the balance sheets; and this view is supported by the evidence given, and is in fact acted upon by almost all local authorities. Any system of periodicals valuation, apart from the question of the expense involved would in our opinion be open to serious objection: it would be more liable to variation than the usual method, while the balance sheet would lose one of its most important characteristics as a historical record of the actual cost of the assets.

62. There is, however, considerable divergency of practice in writing off wasting assets, the permanent retention of which on the balance sheets would be undesirable;

and a necessity thus exists for regulations under which an uniform method of dealing therewith may be ensured.

The Committee consider that in regard to all capital assets having an abiding or realisable value it is desirable to preserve a current historical account. For this purpose the original cost of such assets should be shewn on the balance sheets from year to year, and *per contra* the loans and the re-payments (or other provisions, if any) in respect thereof.

Only in the case of an asset passing out of possession or becoming valueless would its original cost on the one hand, and on the other the provision already made for the redemption of debt, disappear from the accounts.

In the case of expenditure out of borrowed moneys upon works such as street improvement, paving or sewers, or for such matters as the promotion of Bills in Parliament or compensations, the cost of which has to be borne by the rates over a sanctioned number of years and may therefore be described as Deferred Expenditure, it is obvious that it cannot be regarded as being in the same category with expenditure which has produced abiding or realisable assets. Consequently the indefinite retention of the original costs of such items would be misleading and without compensating advantage. The Committee consider, therefore, that under each head of such expenditure the amount shewn in the balance sheet should be that portion of the original costs which would remain after deducting the loan repayments or other provisions, and that the liability shown *per contra* should be only the outstanding unpaid amounts of the loans.

But on the other hand as regards each separate trading undertaking, the whole of the assets and capital outlays of the local authority should be shown in the balance sheet at their original cost, and *per contra* the full amounts of the loans and the provision for their repayment."

The principles embodied in these two quotations would, if it were possible to adopt them, make the Capital Balance Sheet a much more accurate presentation of the real financial position than it is at present. Whether it is now possible to abstract from the records the necessary information is problematical, but in any case, the assets should be grouped under the following heads:—

- (a) Permanent and realisable assets.
- (b) Outlay of a permanent nature but not resulting in a realisable asset.

- (c) Outlay of a character which is really in the nature of revenue expenditure, but which is spread over a period of years, in order to ease the present-day burden.

There should be included in the list of permanent assets, all those assets acquired year by year out of revenue or special funds, or by way of gifts or donations.

- (ii) *Unbooked property.*—This is stated to be a provisional figure as per a valuation of 1884, pending revaluation now in progress. What it represents is a matter of conjecture, and how it should be dealt with is fully described in Section IX of this Report.
- (iii) *Land Transferred* from the City Improvement Trust. This is presumably the value of lands handed over from time to time by the Trust to the Corporation. Particulars of it ought to be included in Appendix 8, details of the Block Account.
- (iv) *Municipal Land and Buildings Fund.*—The land and buildings acquired out of this Fund should be included in the block account, the investments being separately shewn under the head “Investments.”

The item of Rs. 1,37,446 being the amount written off as the depreciation in the value of certain securities is obviously not an asset. The correct treatment of this amount is to enter it in the Fund Account as a loss or expense, and so reduce the balance of the Fund (see remarks relating to Appendix 4).

- (v) *Investments.*—Calls for no comment.
- (vi) *Mahim Development Scheme Fund.*—Expenditure ought to be included in the first item of the Balance Sheet, the Block Account.

Liabilities Side.

- (vii) It is not understood why the advance of Rs. 31 lakhs from Government for the Mahim Development Schemes is not included in the item “Loans outstanding due to Government” but shewn separately, nor why the sum of Rs. 5 lakhs for private street works is omitted from the Balance Sheet altogether?

- (viii) The items "Municipal Land and Building Fund" and "Mahim Development Scheme Fund" should be restricted to the actual fund balances, and not include the whole of the receipts of the funds since they were formed. This defect would be remedied if proper fund accounts were kept, as stated in the remarks above regarding Appendix 4.
- (ix) As regards the item "Surplus" a clearer way to set out these items should be devised.
- (x) When assets have been discarded or alienated they should be expunged from the list of assets shewn on the credit side of the balance sheet. To show the amounts written off as a deduction from the "Surplus" gives no intimation of the particular assets which are defunct.
- (h) *Appendix 6 A.*—Is a comparison of the face, purchase and market value of the securities in which the Sinking Funds are invested. All the comparative statements of securities should be combined, and shewn after the purely financial statements.
- (i) *Appendix 7.*—Is a statement of loans raised, the expenditure thereout, and the unutilized balances. The figures given are incomplete because the Vehar Water Works debt and the Rs. 42 lakhs borrowed to repay the Government Consolidated Loan, are not included. Consideration should be given to the method of setting-out this statement. It should be possible to simplify it slightly, and to link up the figures given therein with those shewn in other loan statements.
- Column 18 of this appendix shows the unexpended balances of the several loans at the end of the year. The statement for 1923-24 shews that these unexpended balances date back as far as 1922. In those cases where all the works for which the loans were raised have been completed, the unexpended balances should be definitely re-appropriated to new works.
- (j) *Appendix 8.*—The Block Account has been dealt with in the remarks under Appendix 6.
- (k) *Appendix 9.*—Is the statement of loans outstanding, and the Sinking Funds accumulated. It is a necessary and valuable statement.

- (l) *Appendix 10.*—Gives particulars of the Sinking Funds comparing the actual condition of the Funds with the schedule amounts, and shows that proper provision is being made to meet the Corporation's legal liabilities in respect of the repayment of the loans.
- (m) *Appendix 11.*—Gives particulars of the sanctions of the various loans, the interest due and actually paid, and the amounts outstanding at the end of the year. The Vehar Water Works debt should be included, in order that the figures may be agreed with the interest column of Appendix 9.
- (n) *Appendices 12 and 13.*—Are the Revenue Account and Balance Sheet of the Water Works. These are necessary.
- (o) *Appendices 14 to 17.*—Are statistical tables relating to the Town Duties. It is a question for the Corporation whether the information given is of real value. If the tables are retained, they could possibly be considerably condensed without loss of value.
- (p) *Appendices 18 to 20.*—Are comparative statements of Income and Expenditure over a long period of years and possess considerable historical and statistical value.

115. Having now dealt in detail with all the Account Statements that are at present published, it is necessary to point out that there are several deficiencies, which should be supplied in future if the accounts are to be of real value.

It is suggested that the Published Accounts should consist of:—

- (1) *General Financial Statistics.*
- (2) *An aggregate Balance Sheet* of the whole of the Capital and Revenue Funds of the Municipality. This is necessary to give a summarised view of the whole of the financial position, and should be so framed that the would-be investor or critic, endeavouring to put his hand on the City's pulse, should, by a brief survey of this Balance Sheet, be able to ascertain at a glance all the necessary information.
- (3) *A summarised aggregate Revenue Account* of all the funds.

- (4) *Revenue Account of the Rate Fund.*—(Present appendices 1 to 3).
- (5) *Revenue Account's of all the Special Funds* affecting the Rate Fund (Part of present Appendix 4).
- (6) *Balance Sheet of the Rate Fund Accounts.*—(Present Appendix 5).
- (7) *Water Works Revenue Account, Net Revenue Account, and Balance Sheet.*—The Revenue Account should be restricted to the operating and maintenance expenses, the gross profit of the working of the Works being transferred to the net revenue account, which should be debited with the loan interest and sinking fund charges the resulting balance being either the net profit or loss for the year. If a profit, the account should show whether it has been transferred to Rate Account, or to a Reserve Fund.
- (8) *Capital Account Balance Sheet.*—(Present Appendix 6 re-constructed).
- (9) *Details of Capital Assets and Expenditure.*—(Present Appendix 8).
- (10) *Workshops Account.*—This is a new statement, though the figures are now shown in the body of the Chief Accountant's Report.
- (11) *Other Special and Advance Accounts.*—The operations upon these accounts should be correctly shewn in the form of debit and credit account rather than by setting out the figures in a running form in the midst of the Chief Accountant's Report.
- (12) *Loan Statements.*—Present Appendices 7, 9, 10 and 11 revised, and made to link up with each other and with the balance sheet.
- (13) *Sinking Funds Comparative Table* (present Appendix 10).
- (14) *Comparative Tables of Securities* in which the Sinking and other Surplus Funds have been invested (Present appendices 5a and 6a).
- (15) *Reports and Certificates of the Municipal Auditors.*
- (16) *Statistical Tables* of various kinds.

116. It will be admitted that the Annual Administration Report in its present form is a bulky document, which is read by very few persons other than those intimately connected with the Municipal Administration. For this reason most of the value of the Report and Accounts is lost. A large number of English and American Municipalities have recognised that these annual massive tomes, though essential to the town's administrators, do not interest the general public, and to overcome this defect, little booklets have been issued, giving brief summaries of the financial accounts and statistics. These summarised Accounts are generally acknowledged to be of great practical value, and it is suggested the Corporation should favourably consider the issue of a similar summary for this City.

XII.—LEAVE AND SERVICE RECORDS.

*Note submitted by Mr. C. M. Correa (Indian Audit and Accounts)
Retrenchment Officer.*

117. There are some 3,000 persons in superior service and not one of these men can get a day's regular leave or even casual leave in some cases without the report from the Chief Accountant as to title. This necessitates the maintenance in the Chief Accountant's office of service records for each of these 3,000 men even though both heads of offices and, I understand, the men themselves maintain similar records, *i.e.*, 9,000 in all where 3,000 would do. In addition to this as the entries in the Chief Accountant's records are not checked by any one when made there is an annual comparison between the Chief Accountant's service records and those maintained by heads of offices. Further all leave sanctioned has to be intimated to the Chief Accountant and is recorded in a Section Register. As the leave rules are simple the leave due can and should be calculated in the great majority of cases in the executive offices and sanctioned by competent authority without reference to the Chief Accountant, the only intimation to him being through absentee statements attached to pay bills. Only one service book need be maintained for each man. These service books should ordinarily be kept in the executive office save the service records of officers whose appointment rests with the Corporation, or of officers under special covenants which should be maintained by the Chief Accountant who should report to their title to leave, etc. When this change is introduced 4 if not 5 men will be set free for other work and the officer in charge of this work would save 2-3 hours which could be devoted to other work. But the aggregate gain would be much more because there would be so much correspondence to and fro curtailed all round. Still further he reports on orders affecting establishments in their administrative aspect, *e.g.*-

questions of promotion and supersession. He is not in a position to offer an opinion in such matter carrying more weight than that of the departmental officer. If he were not required to report on such cases there would be still further appreciable reduction of work.

C. M. CORREA.

XIII.—ORGANIZATION OF THE ACCOUNTS STAFF.

118. The Accounts Department is at present divided into six main sections, namely :—

- (1) Budget and finance and general.
- (2) Expenditure Audit.
- (3) Revenue Audit.
- (4) Cash and Provident Fund Audit.
- (5) Test Audit.
- (6) Accounts.

Section (1) Budget, finance and general, is under the direct control of the Chief Accountant, and requires no detailed explanation.

Section (2) Expenditure Audit, is sub-divided into :—

- (a) Establishment Audit Section, which deals with—
 - (1) Salary Bills.
 - (2) Labour Paysheets.
 - (3) Travelling Allowances and Overtime Bills.
 - (4) Pensions.
 - (5) Leave.
 - (6) Maintenance of Service Registers and Records.
- (b) Revenue Expenditure Audit Section, which audits and checks prior to payment, all vouchers of revenue expenditure incurred by all departments excepting the Public Health and Markets Departments.
- (c) Capital, Stores, Workshops, Health and Markets Audit Section, which audits and checks all vouchers relating to Loan Works, Stores and Workshops, and the Public Health and Markets Departments.

Section (3) Revenue Audit Section, checks all cash received with amounts due, sees that the receipts are duly entered in the books of the department concerned, and that the cash has been promptly paid into the Municipal Treasury.

Section (4) Cash and Provident Fund Section, is divided into two parts :—

- (a) The Cashier's Office or Municipal Treasury. Receipts are issued for all cash received, cash is paid daily into the Bank, the office books checked with the Bank pass books, and all such work as is incidental to a counting-house or Treasury.
- (b) The Provident Fund Section keeps the individual ledger accounts of all contributors to the Fund, including advances and the recovery thereof.

Section (5) Test Audit Section, consists of one officer only, who moves about the City, examining the accounts and working of the several departments, pointing out waste and inefficient working, and when necessary thoroughly overhauling the working and records of a department. This Officer is also the Cost Accountant, and he has to check the Cost Accounts in existence, report on their adequacy or otherwise, and revise or instal proper systems when required.

Section (6) The Accounts Section, is responsible for all main ledgers, subsidiary ledgers, cash books, journal abstract registers of deposits and advances, paymasters accounts, debt and sinking fund charges, debenture issues and registers, and the compilation of the weekly accounts abstract, the annual accounts, and the annual administration report.

This organization is the result of many years experience of the necessities of the department, and in its main outline no alteration appears necessary or desirable.

119. In each of the other Departments, there are a number of clerks varying according to the size of the department employed upon ordering materials, checking bills, keeping tabulation books, preparing establishment records and pay-sheets, and other work bearing upon the accounts and budget.

A full statement of the staff employed upon accounting duties is given in appendix "A" attached hereto, which shews the total number to be 186, costing in the current year Rs. 3,27,300.

120. The placing of the responsibility for maintaining the primary records and subsidiary ledgers of income and expenditure upon the departmental heads (see paras. 31 to 34 above) will free

at least six clerks in the Accounts Department. It would be desirable, in view of the knowledge of accounts which these clerks possess to transfer them to the departmental accounts sections, and to reduce the existing departmental accounts staffs accordingly.

In the Health, Conservancy, Roads, Drainage, Water and Markets Departments the clerk in charge of the accounts section should have an accounts qualification and be given the status of a Chief or Head Clerk.

121. If the leave records maintained by Departments are accepted as the official records (see para. 119 above) then the Establishment Section of the Accounts Office can be reduced by four clerks.

122. A re-organization of the accounts work in the Roads Department should lead to a reduction of seven clerks, one in each ward office (see Appendix VII, page 98 of the Retrenchment Adviser's Final Report).

123. These reductions would result in a saving on the maximum rates of pay, as under :—

	Rs.
6 Clerks from departmental accounts sections at Rs. 150 p.m. × 12 =	10,800
4 Clerks from Chief Accountant's Office at Rs. 150 p.m. × 12 =	7,200
7 Ward Clerks, Road Department, at Rs. 100 p.m. × 12	8,400
Total ..	26,400

124. It may be that when details of the revised organisation are fully worked out, and efficient and economical methods of working introduced, a further reduction in the strength of the clerical staff may be found possible, but as a large re-distribution of duties is involved, which may necessitate the strengthening of some sections, such as audit, it would be inadvisable to make any definite pronouncement at the present stage. The main savings will undoubtedly accrue from the control of expenditure before the liability is actually incurred, and when incurred, the control of the departmental heads by appropriation and costing records, which should ensure the obtaining of full value for the money spent.

XIV.—SUMMARY AND CONCLUSION.

The suggestions made in this Report may be summarised as follows :—

- (a) That the Resolution of the Standing Committee, No. 9150 of 29th October 1919, ordering that the Accounts of the Municipality be kept upon the basis of "Income and Expenditure" be given full effect to in the accounts for the financial year 1926-27. (Para. 12).
- (b) That an Accounts Code and Manual be prepared at an early date. (Para. 22).
- (c) That all primary records, registers and subsidiary ledgers be entrusted to account sections in the several departmental offices. (Para. 31).
- (d) That such departmental accounts sections be under the orders of the Chief Accountant in regard to technical matters of accounts, but under the departmental officers for pay and discipline. (Para. 34).
- (e) That the accounting system outlined in paras. 36 to 53 be adopted in principle.
- (f) That the procedure of the Roads Branch relating to Budget Estimates, Works Estimates and Costing Accounts be revised. (Para. 60).
- (g) That the cost records of other departments be also revised. (Para. 62).
- (h) That the system of cost accounting in the Municipal Workshops be revised on the lines suggested in the Test Audit Officer's Report, dated 5th March 1924. (Para. 63).
- (i) That the departmental stock records be verified, and the transactions of these stock accounts be recorded in the main financial account books. (Para. 65).
- (j) That departmental statistics be prepared by the departments, and general statistics by the Accounts Department. (Para. 66).
- (k) That the Revenue Budget be revised on the lines outlined in para. 68 and the specimen blank budget to be submitted to the Standing Committee.
- (l) That the methods adopted by the several departments in framing the budget estimates be thoroughly examined and reported upon. (Para. 70).

- (m) That no proposal for expenditure on increased establishment or for any new class of work be included in the tentative budget unless previous administrative sanction has been obtained to the proposals. (Para. 71).
- (n) That all establishment entries in the Revenue Budget be critically examined. (Para. 72).
- (o) That the provisions of the Municipal Act relating to the transfer of budget grants be amended. (Para. 76).
- (p) That the Municipal Act be amended so as to provide for the preparation of a separate Loan Works Budget. (Para. 78).
- (q) That some of the entries in the Loan Works Budget relating to major works be amplified. (Para. 79).
- (r) That a financial forecast accompany every estimate for capital works. (Para. 80).
- (s) That Standing Orders or a Code be framed for capital expenditure. (Para. 81).
- (t) That all land acquired should be shewn under (1) land acquired for re-sale, (2) land acquired for permanent purposes; and that a register of lands acquired be maintained. (Para. 82).
- (u) That an advance be made from Loan Fund Balances for financing capital stores. (Para. 83).
- (v) That detailed estimates be prepared for all works it is proposed to carry out departmentally. (Para. 84).
- (w) That the Engineering Department be empowered to vary details of an estimate up to 10 per cent. of any individual item. (Para. 85).
- (x) That transfers or re-appropriation of loan moneys be restricted to items within the same main service head of account. (Para. 86).
- (y) That the Accounts of the Water Works and the Markets be separated from the rate accounts. (Section VIII).
- (z) That valuations be made of all lands, buildings, plant, machinery, dead stock, loose tools and other realisable assets in the possession of all departments. (Section IX).

- (aa) That the Revenue Audit Section be placed under the direct control of a responsible supervising Officer. (Para. 100).
- (bb) That the Municipal Auditors to be appointed in future be qualified professional accountants and that their powers and duties be revised. (Paras. 110, 111 & 112).
- (cc) That the Annual Report of the Chief Accountant be submitted in future in continuous narrative form. (Para. 113).
- (dd) That the appendices to the Chief Accountant's Report be remodelled. (Paras. 114 and 115).
- (ee) That the capital balance sheet in particular be revised so as to show the assets of the Municipality divided into (1) Permanent and Realizable Assets, (2) Permanent but Unrealizable Assets, and (3) Capital outlay not resulting in the acquisition of a permanent asset. (Para. 114) (g).
- (ff) That a summary of the accounts and general financial statistics be published. (Para. 116).
- (gg) That the leave and service records of all employees drawing Rs. 500 or less per mensem be maintained in the departmental offices only, and that the duplicate leave and service records maintained in the Accounts Department be discontinued so far as they relate to such employees.
- (hh) That the staff of the accounts department and the clerks of other departments who are employed on accounts work be reduced by not less than 17 clerks. (Para. 123).
- (ii) That the remaining accounts staff be re-distributed among the Accounts Department and the departmental accounts sections in such manner as will best secure efficiency and economy. (Para. 124).

125. The Chief Accountant and the Accounts Department have, for many years, been aware of the many defects in the existing system and methods, but for various reasons, the chief one being lack of adequate superior staff, little could be done to improve matters.

The following extract from a Note to the Retrenchment Adviser written by the late Mr. W. E. Waite in June last is quoted in support of the above statement :—

“ I have for years asked for a revaluation of our assets and our liabilities in order to be satisfied that all the property

we are supposed to have is really there, and to add any property that we have acquired by gift or exchange.

For years the Engineering Department have had a special staff engaged for the purpose and I am as far of the end as when I made my suggestion 12 years ago. I have wanted to write off unproductive assets on certain well recognised principles; I have desired to bring assets paid for from revenue on our books; I have desired to bring on to my balance sheet engineering stores and tools and plant, recorded nowhere; I have wanted a continuous verification of stores, furniture, tools, plant, etc., and all that has been done so far in years is to appoint an outside accountant knowing nothing of the main accounts to make suggestions as to how the subsidiary accounts have to be kept! Needless to say his work is wasted, as his proposals do not fit in with our main accounts or principles already accepted by us."

That somewhat similar conditions prevail in other fast growing cities to what prevails in Bombay is evident from the documents gathered by the Retrenchment Adviser in the course of his enquiry, and the following extract from the Report of the Toronto Civic Survey Committee summarises so lucidly the difficulties of administrative officers in effecting changes in organization and methods of working that the infliction of another quotation will, the writer hopes, be forgiven. The word "Bombay" has been substituted for the word "Toronto" throughout the extract:—

"In pointing to some of the obvious defects in methods of reporting of the treasury department, officers of this department are not charged with incompetence or neglect. (Bombay) officials are in the same situation as are the officials of other fast-growing cities. The current work increases rapidly, the daily routine demands on official attention are such that persons in responsible positions have little time or opportunity left to study the business system as a whole, much less to take the time needed to work out constructive plans and obtain the co-operation essential to a successful installation of new methods and procedures. Each day's work must be done or the business will stop. Each day is a full day. The larger the City the more difficult it becomes to make a change (1) by reason of the increasing demands on the responsible officers; (2) by reason of the large number of institutional adjustments which must be brought about to make any change effective. The working out of some systematic method of doing business and the installation of new procedure must necessarily be performed by persons who are relatively free from the grinding

details of administration. The only solution is either in a temporary or permanent staff which is not charged with making the decisions essential to direction and control. As a matter of organization, (Bombay), like most public Corporations, has its full quota of "line" officers and men but is lacking on the "staff" side. So long as matters of this kind are left to men who must keep the wheels of business moving, those in command must find themselves at an increasing disadvantage. Changes may be made, and frequently as a matter of adaption, but unless the whole subject of institutional needs is taken up systematically, change after change in method will be made under circumstances such that while they may be adapted to getting better results, each change may increase the cost and red tape of doing business.

(Bombay) has been peculiarly fortunate in having had many years of continuous service of the principal officers in its departments. But the best thing that these officers can do for (Bombay) and for themselves is to focus public attention on the difficulties of the problem before them in order that they may have support of public opinion in bringing about the adaption of organization and methods to service requirements."

T. H. BIRD,

1st May 1925.

Secretary, Retrenchment Enquiry.

ACCOUNTS REFORMS AND REORGANIZATION.
APPENDIX "A."

Department.	Designation.	No.	No.	Annual cost.	Total amount.	
				Rs.	Rs.	
Secretarial Office ..	Chief Clerk	1		1,800		
	Clerk	1		1,260		
			2		3,060	
Municipal Commis- sioner's Office ..	Clerks		2		2,760	
Audit and Accounts	Chief Accountant ..	1		18,000		
	Deputy Accountants	2		18,000		
	Test Audit Officer ..	1		12,000		
	Senior Asst. Acctts. ..	4		19,780		
	Cashier	1		3,190		
	Assistant Cashier ..	1				
	Senior Paymaster ..	1		6,300		
	Senior Receiving Clerk	1				
	Chief Clerks	4		11,940		
	Head Clerks	10		20,555		
	Clerks	78		1,02,000		
	Shorthand Typist ..	1		1,200		
	<i>Temporary Staff.</i>					
		Chief Clerk	1		3,000	
		Paymaster	1			
		Senior Clerks	2		7,860	
		Clerks	3			
			112		2,23,825	
General Stores ..	Clerks		7		5,940	
Assessment and Col- lection	Clerk		1		1,320	
Licensing	Head Clerk		1		1,980	
Town Duty Refund ..	Head Clerk	1		2,040		
	Clerk	1		1,620		
			2		3,660	

Department.	Designation.	No.	No.	Annual cost.	Total amount.
				Rs.	Rs.
Executive Engineer, General Branch ..	Clerks	1	5	1,800	8,580
Road Branch ..	Head Clerk	10		14,280	
	Clerks		11		16,080
Executive Engineer, Building Branch ..	Clerks		2		3,060
Drainage Department	Head Clerk	1		1,800	
	Clerks	4		6,540	
			5		8,340
Workshops	Clerks		7		8,220
Water Works Depart- ment	Clerks		3		4,560
Public Health, General	Clerks		5		6,960
Conservancy	Head Clerk	1		2,040	
	Clerks	5		7,896	
			6		9,936
Hospitals (Maratha and Arthur Road) ..	Clerk		1		780
	Clerk		1		960
Fire Brigade Estbt. ..	Clerks		4		5,280
Markets and Slaughter- houses	Head Clerk	1		1,860	
	Clerks	7	8	8,700	
					10,560
Gardens	Clerk		1		1,440
	Total		186		3,27,301

(b) Memorandum from the Commissioner, No. M. C. 38/A., dated the 8th February 1926—Forwarding copy, as follows of a letter to his address, dated the 29th January 1926, from Sir M. Visvesvaraya, K.C.I.E., for the information of the Sub-Committee appointed by Standing Committee Resolution No. 4194 of 23rd July 1924 :—

“ In submitting my Final Report on Municipal Retrenchment and Reform on 31st January 1925 I gave a promise, which you welcomed at the time, that I would be addressing you again on the subject of Municipal Accounts. In pursuance of that promise I have the honour to invite attention to the report on “Accounts Reforms and Reorganization” submitted by Mr. T. H. Bird, Secretary to the Retrenchment Enquiry, on 1st May 1925, and to bespeak the favourable consideration of the Municipal Corporation to his proposals.

2. The more important of the Accounts Reforms suggested by me are epitomized in Appendix I of my Final Report, referred to above, from which I take the following :—

Appointment of a new Controller of Accounts.

Re-organization of the Accounting System of the Municipality.

Valuation statement of Municipal properties, lands, buildings, etc.

Valuation Statement of machinery and plant, tools, stores, dead stock, etc.

List of Revenue-yielding properties and amount of annual revenue derived.

Statement of assets and liabilities of the City Corporation.
Separate accounts of trade undertakings like Water Works and Markets.

Preparation of an Accounts Manual.

Opening a Statistical Section in the Accounts Department.

Additional recommendations suggested as a result of the further investigations in progress.

Among others :—

(i) Remodelling form of Budget.

(ii) „ „ Annual Accounts.

(iii) Codes and Manuals for Engineering and Public Health Departments.

3. Mr. T. H. Bird has pursued the subject further and prepared a very comprehensive and valuable report on the reforms needed. He traces the origin of the present system of

accounts, its development through various stages and the numerous anomalies and deficiencies which have crept in from time to time through lack of a connected system, and ends by making a number of definite recommendations.

4. I would suggest that Mr. Bird's report be examined by a Committee of experts consisting of, say, (1) the Accountant General, Bombay, (2) a representative of one of the firms of Chartered Accountants in the City and (3) the Chief Accountant of the Bombay Municipal Corporation. The Committee may be asked to recommend which of the proposals in Mr. Bird's report may be given effect to at once and in what directions the remaining suggestion should be improved so that they may be acceptable. The former set of proposals may be sanctioned by the Corporation and brought into operation at once and the letter referred to Mr. Bird or the Chief Accountant for further revision in the light of the suggestions made by the Committee.

5. The members of the Committee may be paid a fee with the permission of the Government, if necessary, so that they may be able to give adequate time and early attention to the work. Since the yearly savings resulting from these measures may be counted in lakhs of rupees, the expenditure on such a Committee will repay itself many times over. Even if its work should result in nothing more than the adoption of a few of the self-evident suggestions in Mr. Bird's report, the Committee will have done substantial service to the Municipality. I therefore venture to suggest that the subject be brought to the notice of the Municipal Corporation with a view to obtaining their decision at a very early date."

Letter from Khan Sahab H. S. Katrak, Municipal Auditor, dated the 24th April 1926 :—

" May I request you to kindly place the accompanying letter before the Sub-Committee of the Standing Committee appointed to consider the report by the Retrenchment Officer in connection with the reform and reorganisation on the accounting system of this Municipality."

Letter to the Chairman of the Sub-Committee of the Standing Committee appointed to consider the report on the Accountancy System of this Municipality, dated the 24th April 1926, from Khan Sahab H. S. Katrak, Municipal Auditor:—

" I take leave to forward to you a copy of my letter of 4th December 1924 to Sir M. Visvesvaraya on the subject of the system of accounts of this Municipality, from which it will be seen that the subject-matter was taken up by me as far back as

1904-05 and was then fully discussed by a Sub-Committee of the Standing Committee in consultation with the Commissioner and the Chief Accountant and the Auditors. The report of the Sub-Committee which was in favour of the "Receipt and Disbursement" system was adopted by the Standing Committee (*vide* Standing Committee Resolution No. 157, dated 10th April 1907) and all papers underlying it. The subject-matter was again taken up by Mr. Monie and his proposals for the introduction of the Income and Expenditure system were adopted by the Standing Committee in their Resolution No. 9150, dated 29th October 1919. Under Corporation Resolution No. 4404, dated 6th August 1920, the Standing Committee were requested to ask the Municipal Auditors to express their views with regard to the new system, *viz.* 'The Income and Expenditure System.' Their report of the 1st September 1920 with Commissioner's remarks thereon was recorded, *vide* Corporation Resolution No. 9997, dated the 13th January 1921, and papers underlying it. Though the Standing Committee had finally approved of the introduction of the new system effect was not given to it (*vide* Standing Committee Resolution No. 13956, dated 10th March 1920, and No. 4371 of 17th March 1920). In this connection attention of the Sub-Committee is further invited to Commissioner's letter No. C/48-D, dated 26th September 1921, underlying Corporation Resolution No. 7284, dated 10th November 1921, which deals with the difficulty in giving effect to the 'system' at once.

2. From the 14th report of the Retrenchment Committee of the Corporation (Item No. 111 of the April Agenda) I notice from page 3 of the report (last para.) that the Sub-Committee have called for the opinions of experts on the system advocated by the Reform Officer. I therefore humbly request that the Sub-Committee will be pleased to favour me with copies of the views of these experts for perusal before laying down any fixed ruling in the matter. The accounts of the City Improvement Trust will sooner or later have to be amalgamated with our accounts and it is advisable to give this question a very careful consideration."

Letter to Sir M. Visvesvaraya, K.C.S.I., dated the 4th December 1924, from Khan Saheb H. S. Katrak, Municipal Auditor, above referred to:—

"In continuation of my letter of 18th November 1924, may I most respectfully submit to you one more point for your consideration. I humbly request you to kindly examine the present system of accounts followed by this Municipality. Sir,

you know that there are two established systems of accounts. One is the Income and Expenditure Account and the other the Receipt and Disbursement System. The former is followed by almost all Banking and Mercantile firms and the latter is followed in Government Accounts. Owing to several legal technical difficulties, it is not possible for this Municipality to follow any of the established systems of Accounts. When I was here in 1904 I had drawn the attention of the Standing Committee to several irregularities in accounts and amongst these the system of accounts was one. The then Municipal Commissioner to whom the matter was referred to for opinion and decision by the Standing Committee after holding two or three conferences with the late Mr. Waite and the Auditors advised the Standing Committee to appoint a small sub-committee and leave the whole subject to them for decision. The sub-committee after holding several meetings (in which the Chief Accountant and Auditors were asked to attend) and discussing all the points in their report (embodied in the abstract of proceedings of the Standing Committee, dated the 10th April 1907) para. 5 recommended to the Standing Committee that the Municipal Accounts should be a record of actual transactions, i. e., they should be kept on the basis of Receipts and Disbursements, stating further that once a ruling to that effect is laid down, the cause of difference in regard to one of the most fundamental principles of accounts will be removed. The late Mr. Waite also in his note on the irregularities had expressed that the system of accounts followed by this Municipality was erroneous and left the matter to the Standing Committee to decide. The report of the Sub-Committee was adopted by the Standing Committee, *vide* their Resolution No. 157, dated the 10th April 1907. It appears however that effect was not given to the orders and the present system followed is neither of the two established systems. I was not here from 1907 to 1918, but on my return here in 1918, I found that there was no change made as required by the orders of the Standing Committee. I may further point out that Mr. Monie, Mr. Clayton's predecessor in Office, formulated proposals to introduce the Income and Expenditure System of Accounts. The proposals were sanctioned by the Standing Committee and the Corporation but the system could not be given effect to for want of sufficient funds to cover the adjustments of outstanding liabilities. On an examination of the accounts for the past three years you will notice that there have been several changes in the classification of charges and owing to a want of an established system there is confusion in the accounts. I hope you will excuse me for writing to you at such length, but as I think that you are the right person to do the needful in the matter, I have approached you."

(c) Letter from the Commissioner, No. R. E. 27, dated the 19th May 1926 :—

"As desired in your memo. No. 14325, dated 1st March 1926, I have the honour to forward herewith for the information of the Sub-Committee of the Standing Committee appointed to consider the proposals contained in paras. 46 to 48 of the Preliminary Report on Municipal Retrenchment and Reform, the opinion of Mr. S. B. Billimoria, F.S.A.A., upon the Report of Mr. Bird regarding the Reform and Re-organization of the Accounting System of the Municipality.

The Accountant-General has been requested to consult the Auditor-General as to the services of one of the Government Account Officers being lent to the Corporation to criticise the Report."

Letter to the Commissioner, dated the 26th April 1926, from Mr. S. B. Billimoria :—

"I have perused with great interest the report of Mr. Bird and have had an opportunity of discussing the main features of the report with him at the Municipal Offices.

Owing to my being away from Bombay on another important professional engagement, I regret, I have not been able to submit my views at an earlier date.

I had to traverse at some length in discussing the various points arising out of such an instructive and useful report, but I have felt that a very brief expression of opinion was not called for by the Committee now considering Mr. Bird's Report when the same was referred to me. I have with that end in view attempted to discuss the main principles of accounting in the enclosed report by my firm at some length."

Report from Mr. S. B. Billimoria, F.S.A.A., above referred to :—

The note submitted to us regarding the accounts reforms and reorganization is divided into the same main heads as in the report and consequently for facility in discussion we have followed the same order in expressing our views.

(1-4) This embodies a summary of the Statutory provisions relating to the accounting system of the Municipality and a brief history of the same together with proposals for reforms as put forward in recent times.

We take it that the object and purpose of the reform and reorganization of the Municipal Accounting System is to carefully formulate, for the guidance as much of the accounting and auditing officers as for that of the several authorities in the Corporation itself which have to deal with the finances of the Municipality.

The main objects which have to be aimed at in organizing and maintaining the accounts of a public Corporation like the Bombay Municipality are twofold—(a) the maintenance of proper up-to-date accurate accounts, or record of all transactions of the Corporation, which have, or can be expressed in, a monetary form. In this, attention is confined necessarily to the accuracy of the form in which accounts are prepared and presented, hence this object will be attained by the proper devising and regular keeping and checking of suitable books of account, forms of contract, order or indent, or certification of invoices, etc.

In the pursuit of the first named of the above objectives information will have to be compiled and presented which would make not only returns of the cost per unit worked out in the case of each department of trading venture but try and give the same comparison with the corresponding cases under private management or in similar Corporations in this or other countries, with a view to ascertain the degree of economy and efficiency prevalent in the Municipal administration.

It ought, however, to help to prevent misuse of the Municipal Funds, to detect at once errors or abuses even if they are not prevented *ab initio*, to avoid undue arrears or bad debts in the collection of revenues and guard against wrongful, irregular, unauthorized or illegal payment. For this last-named purpose, specific authority of the Statutory provision, or Corporation Resolutions, of budgetary grant, must invariably be appended to every item demanding payment, and the paying officer must in each case verify the same. Besides mathematical accuracy and formal exactness, there will be little more in this connection, and the auditing authority would be satisfied if a complete tally and a satisfactory maintenance of the forms, accounts and vouchers is obtained. (b) The second, and, in our opinion, the more important, though less emphasized, object of accounting in regard to the transactions of all public corporations ought to be to see that full value is received for the moneys spent by such public bodies. This means that on the revenue side such public bodies do not obtain or exact more funds from their constituents (citizen tax-payers in the case of the Municipality) than are absolutely necessary for the discharge of the functions by law entrusted to such bodies.

This second arises from the need to secure due economy and avoid a heavier pressure of Municipal taxes or revenue upon the citizens at large than may be absolutely necessary. For if the Municipality exacts more taxation and other revenue than is necessary for the discharge of its expenses it will be admitted the citizens' private wealth and enjoyment will to that extent be reduced and restricted and it may give rise to needless waste of extravagance. We do not consider the alternative of such public bodies taking less by way of taxation than is necessary for the discharge of Municipal duties, because either that alternative does not occur, or that the deficit when it does occur is squared by borrowing. In either event the ultimate result would be undesirable. But the much greater importance of this second objective is to be found on the expenditure side of the Balance Sheet of such public bodies. It is here that the competitive and often incompatible aims of economy as well as efficiency have to be kept in view and realized wherever and as much as possible. Writing on the aims and objects of auditing, the Government of India have themselves laid down in their first despatch on the Montford Reforms (para. 77) that :—

“The audit will not only see that there is quoted authority for expenditure, but will also investigate the necessity for it. It will ask if the individual items were in furtherance of the scheme for which the Budget provided, whether the same result could have been otherwise obtained with greater economy, whether the rate and scale of expenditure were justified under the circumstances, in fact, they will ask every question that might be expected from an intelligent tax-payer bent on getting the best value for his money.”

In achieving the objective of economy and efficiency in the collection and disposal of public funds, attention, it is clear, merely to the arithmetical precision of records will not suffice. The task, however, of working out and showing the actual degree of efficiency obtained by the expenditure of public funds must devolve on some officer or authority, other than those directly dealing with the working process of keeping accounts or conducting the administration. We submit that there must be a Municipal Finance Officer. His duties must comprise besides the one already mentioned, the financial co-ordination of the several authorities in the Municipal Corporation. He must also collate and correlate the several financial provisions in resolutions of the Corporation and the various powers of the individual officers acting under the authority of the Corporation. He will have to be conversant with the needs and requirements of the various departments under the Municipality, and at the same time be expert in the general consideration of public

finances, with special reference to a body like the Municipal Corporation of Bombay. He would also be useful in helping the Corporation to make proper budgetting or estimating in advance of the revenues as well as expenditure heads, so as to avoid those variations between estimates and accounts which have been instanced by the report under review in para. 11. He will also, with the aid of the expert accounting staff under him, and with a stricter and more regular enforcement of the forms and preliminaries necessary for the making of each payment out of the public funds belonging to the Corporation, help to avoid any irregularities, illegalities or unauthorized spendings. Finally he will help to give a better and more accurate estimate for the purposes of budgetting in regard both to revenue and expenditure heads of the Corporation, and thereby contribute to the greater economy and efficiency of Municipal administration. We accordingly not only approve of, but strongly support the recommendation contained in para. 23 of the report under review, subject to the modification that, whatever be the designation of the chief controlling Finance Authority in regard to the said finances, whether he be called the City Controller as proposed by the Retrenchment Advisor or Finance Officer to the Corporation, his duties must be not merely to control and regulate the receipts and payments or income and expenditure of the Corporation, but also to take the entire finance system as a whole, and to consider measures for securing greater economy and efficiency in the Municipal administration. The real change would be the change in the view point of such an officer as also in the duties devolving upon this department.

We may add that the appointment of such an officer will as a matter of fact be no addition to the expenses of the accounting staff in the Corporation, because if anything, the savings and economy which such an officer properly recruited and having the necessary qualifications—will be able to effect, will more than repay the cost of entertaining such an officer.

We approve in general of all the proposals contained in para. 13 of the Report under review regarding separate accounts for each main object of expenditure, and that within each of such account expenditure should be grouped according to its objects. But we would suggest that the basis of classification both in the revenue and in the expenditure side be thoroughly overhauled, both as regards revenue as well as expenditure. A logical classification according to natural affinity of the several items of public revenue expenditure not only helps to a better understanding of each, but secures a far greater efficiency in administration than would otherwise be the case.

For one thing Municipal ideal or policy naturally differs in the different heads of expenditure, according as the object is to render service, or to secure a surplus of profit, and these varying aspects of Municipal ideal and policy can only be kept in view properly if classification of revenues and expenditure is natural and logical. From the other claim of securing proper control and supervision of Municipal funds come the requirements of minutely specified items so as to induce the clearest and thoroughest possible grasp of the City's finances. Accordingly we would recommend that the division of the Bombay Municipal Budget into about 15 classes on the Revenue side and about 18 classes on the Expenditure side is not enough, and that, therefore, greater more detailed itemisation would be preferable. In securing this itemisation, we would further add, regard must be had to improving the classification on the lines, *for example*, suggested in a recent work on the *Constitution, Functions and Finances of Indian Municipalities*.

II. *Basis of Accounts, paras. 5 to 14.*—In this section the points of outstanding importance relate to the change of the accounting system of the Municipality from the "Cash Receipts any Payments Basis" to the Income and Expenditure Basis, and secondly, the form and nature of the Budget and accounts presentment.

As regards the first, the report under review inclines to accept the Income and Expenditure basis which undoubtedly is preferable to the present system of Cash Receipts and Payment or rather a mixture of the two systems. Its reform is therefore as urgent as it is overdue. But in recommending the change we do not for a moment propose that the lapses of all unspent grants at the close of the financial period should not be brought to the notice of the Corporation.

The demand for the renewal of all such grants will be made on opportunity for a wholesale critical review of the activities of the departments concerned and it is from such a review that the greatest economy is possible to secure. It will be admitted that the system of cash record alone may not secure a correct view of the financial position of the Corporation inasmuch as accrued liabilities, not translated in terms of payments, or accrued income not translated in terms of receipts, will not be recorded and so will not be brought into view. But this must also be remembered that, even in the basis of accounting for income and expenditure it is very rarely that an exact account can be kept and shown of all accrued liabilities as they are accruing not fully translated in terms of receipts or payments, etc. Interest for example may be

calculated upto date, and so can insurance, even though not actually paid, but there are other liabilities of a contingent nature which cannot be regularly calculated and presented, which though decided to be incurred as a matter of settled policy are nevertheless unavoidably uncertain owing to a variety of outside factors coming into play.

The accounts of a public corporation like the Municipality of Bombay are mainly a record of the cash incomings and outgoings in each given period. But for a better, truer and more accurate understanding and appreciation of the financial position it would be necessary (1) to separate the purely revenue from the capital transactions, and (2) to enforce maintenance in all spending departments of tabular pictures showing progressively the using up of the sanctioned budget grants under such head, as suggested somewhat on the lines in para. 32 of the Report under review. Under the first of these modifications the greatest difficulty will occur in drawing the precise line of demarcation between revenue and capital transactions, as for instance, in the case of expenditure on Repairs and Renewals or Depreciation regarding Capital Works. But if such analogies as those provided by the recently adopted regulations governing the Indian State Railways accounts are accepted, with the appropriate modifications, the difficulty will not prove wholly unsurmountable. As regards the second we think it of the utmost importance that for the guidance of the financial authorities in the Municipality, some means must be found for showing what may be styled the accrued but yet undischarged liabilities, or unrealized assets. Hence the need of the tabular statements which collected and collated properly, will make a suitable and adequate presentment of the correct up-to-date financial position of the Corporation.

On paras. 9 to 12 we have no remarks to offer beyond what may be applicable to them in the observations immediate preceding.

Re para. 13, it is not quite accurate to say that the Bombay Municipal Accounts follow the principle of accounting separately for each main object of expenditure, or even of revenue. In the volume called "The Budget Estimates of the Income and Expenditure of the Bombay Municipality for 1926-27 adopted by the Municipal Corporation of the City of Bombay" the revenue side gives 14 main and 80 sub-heads of the Municipal Income, while the Expenditure side contains 19 main and about 53 sub-heads including the repeated heading of New Works in almost every instance. Such a practice necessarily involves large lump grants and implies a margin of discretion or initiative on the part of the

pending departments which can justly be described as inconsistent with the strictest demands of public economy. To appropriate or allocate each sum to each single item of expenditure betrays no want of confidence in the spending authorities. It is only the most effective, if not the only, insurance such public bodies can have against waste, extravagance, inaccuracy or even embezzlement. The right type of the departmental heads, it will be admitted, will have nothing to fear by this change.

In this connection we may add in passing that the report under review makes no reference to the power of reappropriations from one sanctioned to another item in the same group of class, or as between groups. We think it a very useful, but also very dangerous power. We would not advise that it should be altogether dispensed with, but if adopted, we think it would do more harm than good if it is not suitably hedged round by precautions. As a rule such a power should not be vested in any but the highest authority within the Corporation, such as the Standing Committee or for the matter of that the entire Corporation itself.

As regards "units of cost" (para. 13 (2)) we have already recognized the utility of this device and shall reserve further observations to Section V of the Report under review (56-66).

Para. 14 does not call for any remarks.

Paras. 15-26. Financial Control.

Agreeing with the observations in para. 15 we think it absolutely necessary to define clearly in advance the object and purpose of such control, as well as powers and authorities by which it is to be exercised. We consider the aim of financial control in public bodies to be twofold. In the first and somewhat narrower sense, it is to provide and employ a system of effective check on account keeping, so as to prevent or detect any misuse or abuse of public funds. The statutory provisions and Corporation resolutions in that behalf passed by the Bombay Municipality aims at achieving this objective. There is still room for improvement and Mr. Bird's suggestions and recommendations in the report under review generously provided for that improvement. The fault, however (such as there is) is the fault of functioning rather than one of the very design of the machinery for checks. There is for example statutory provision for audit and inspection of accounts by the government, and yet we are not aware that this provision is regularly ever given effect to in Bombay! Of course this may argue a degree of excellence in the Bombay Account keeping which renders unnecessary the employment of such extraordinary precautions or provisions or it may on the other hand mean an amount of laxity or indifference.

But it is in the attempt to achieve the second of the abovenamed aims that the greatest difficulty must be looked for and remedied. The true conception of public economy must balance, as exactly as may be, between the money spent and the value received or service rendered, between the moneys raised and the burdens imposed or sacrifices involved. This cannot certainly be accomplished by officers or departments concerned, merely with accurate account keeping. They can provide the basis, the data on which another and better qualified authority may be able to judge of the degree of economy achievable, but they themselves cannot do more. Hence we reiterate and support the suggestion in the report for setting up of some distinct, independent authority under the Corporation whose business it should be to act as the city's Chancellor of the Exchequer and consider the Municipal finances as a whole.

In view however of the existing circumstances without pronouncing upon the advisability of outside control we accept the reasonings and findings of para. 17 and would add that for the present at least there is an arguable case for the provincial government retaining a reserve of controlling powers—which, of course, must never be allowed to degenerate into undue interference—we can never lose sight of the ultimate controlling authority. That must be and can be no other than the city council as a whole and we think Mr. Bird's observations do not emphasize this point as fully as it deserves to be.

The Corporation as a whole cannot in the nature of things exercise the detailed control which is in the nature of effective checks on abuse, misuse, or embezzlements. Its control necessarily take the form of a general supervision which aims at securing economy and efficiency in the entire financial administration of the city. The control in the form of detailed security and effective checks must necessarily be entrusted to subordinate authorities. At present there are two such authorities, the Standing Committee, and the Commissioner acting by himself as well as through the other heads of departments functioning under his chief executive authority. We would, for reasons given above, suggest the replacement or reconstitution of these by (1) a Financial Committee sided and guided by a specially appointed Financial Officer with suitable designation and well defined duties—whose duties would embrace all those mentioned in para. 20, in addition to the duty of considering and advising the Corporation on all possible means of securing greater and greater economy, without in the least losing sight of the requirements of efficiency. It can be achieved from a close scrutiny and detailed consideration of the accounts and

information obtainable from the accounts. Last must be furnished by (2) a properly organized and efficiently equipped accounting staff acting in close co-operation with the chiefs of the main revenue collecting and spending departments. If we conceive the financial organization in the Municipality herein contemplated to be represented by a circle, the whole circle will be the Corporation in its entirety, while the Finance Committee and the Financial Adviser would be the centre, the spending officers, the circumference, and the accounting staff to be so many radii or connecting links. In that conception we fully concur with the logic and suggestions contained in para. 25 of the Report, further supported in para. 29 and emphasized in by concrete recommendations in 32. In fact for our part, we would lay every emphasis we can command on the need to inculcate a sense of proper public economy in the chief spending as also the collection officers of the Municipality. They have not, perhaps, sufficient experience of their own Municipality, much less of others, to help them in a proper understanding of the canons of Municipal finance, in a fuller appreciation of the task entrusted to them. They have not, it may be urged, adequate assistance in the shape of clearly defined and elaborated principles and objectives which they are to keep in view in the conduct of administration of the departments entrusted to them. But for these very reasons, it will be the task of the new officers herein suggested to compile the necessary data, furnish the required standards, to formulate the accepted objectives or principles of Municipal financing. Once these are provided it will be right and proper to judge of the service of these spending officers according as they conform to the ideals thus defined, and fulfil the test thus laid down. And when that is achieved, all the requirements of adequate effective financial control and check would be fulfilled.

In this control, the value of the itemised Budget with exhaustive details will be reinforced by the facility it will afford for effective control. A further suggestion which may with advantage be made at this stage, concerns the provision of an informative as well as critical review of the past year's financial administration by the Chief Finance Officer. This will naturally and necessarily relate to the doings of a year already past, but its value lies in the help it can give in controlling the finances of the future as also in bringing to light the channels and directions in which satisfactory control is inoperative of true economy unavailable. To be really serviceable, such a review must give not only a critical survey of the financial administration, it must also give comparisons and contrast with similar activities in other corresponding Municipalities and if possible

in circumstances alike outside India. We may add here by way of conclusion, that the Municipal finances will lose nothing from the point of view of economy, if occasionally a general audit is made by wholly independent and qualified professional auditors. Such a course is not only advisable but prudent.

Regarding paras. 21-24, of the report under review, we endorse the suggestions and recommendations of Mr. Bird regarding a complete, scientific, upto date accounts code. We cannot say with any certainty that the existing material of this *genre* is either satisfactory or scientific. The Stores Manual needs a radical revision, not only in comparison with the Stores Purchase Rules of the Government, but also and in particular with reference to the growing strength and volume of the national economic consciousness in the country. The contribution, which the purchase of stores, required for the use of Public bodies and departments makes towards the economic or industrial development of a country, cannot possibly be exaggerated. We have not sufficient authoritative or official information on the points but judging from what has leaked out from time to time in the Corporation debates, one would infer that the Stores Purchase Rules of the Bombay Municipality have got to be brought into line with those of the Government, Bombay City itself is a great, perhaps the greatest, industrial unit in the country. It naturally has a strongly marked consciousness of its own industrial possibilities. No wonder, then, if the city should expect its own local Government to contribute its quota in promoting the realization of those ambitions by means of a judicious, discriminating purchase of the Municipal stores. In making this recommendations, we are, of course, not unmindful of the supreme duty imposed on all guardians and trustees of the public funds to always insist rigorously on getting the fullest value for their money. But we do not concur with the view that this latter objective would be necessarily incompatible that a happy mean could be struck which could fully reconcile and perfectly harmonise the needs of national economy with the dictates of husbanding the City's funds.

The same remarks apply in general to the Assessment Manual, *mutatis mutandis*. It is the basis of the greatest single item of Municipal revenue. And yet we have no positive information that it is a most scientific and up-to-date compilation. In the opinion of some experts who have given any thought to the subject, the city's income from this source suffers from avoidable evasion, or alternatively the citizens perhaps thereby carry a greater nominal load of taxation than they need. The mode of valuation relating to real property within Municipal limits

may with advantage be revised and reconsidered. We think this is a fit task to be assigned to the proposed Committee which is to consider in details the forms, books, etc.

As for the suggested accounts code in the report under review, while endorsing the recommendation we must point out that the items mentioned in para. 22 as proper to be treated of in such a manual are by no means homogeneous (a) and (c) are certainly not matters of accountancy nearly, and even (b) is a matter much rather pertaining to the Stores Code or Manual. The two former must be made the special duty of the Finance Officer recommended above. For the rest, a suitable set of rules for all these matters is badly needed. Only, the drafting or compiling of these rules ought not to be left entirely to the accounting officers under the Municipality, and they are prone to take needlessly restricted review of the nature and purpose and scope of such rules and so these also may be referred to the Committee.

We need offer no more remarks on para. 23 as we have already and repeatedly supported the main recommendation contained therein, with, of course, the modifications we have thought advisable.

The recommendation implied in para. 25 recurs with greater clearness in the next section of the Report and so we need not labour it here.

IV. *Accounting Procedure, paras. 27-55.* The main problem dealt with in this long section is the dispute between centralization vs. departmentalization of accounts. The accusation against the Bombay Municipal Account keeping "that it is too highly centralized" misses altogether the understanding of the very basis of the organization of our Municipal administration. We do not approve of excessive in the sense of absolute centralization of accounts any more than we can recommend a complete decentralization by means of wholesale departmentalization of accounts. The latter would mean a negation of diminution of the central control of the entire Corporation over each department, whether spending or earning—which we cannot but hold to be fatal to Municipal economy, administrative efficiency or service sufficiency. We think Mr. Bird's review—learned and documented as it evidently is,—fails somewhat to appreciate the undeniable advantage of the centralized accountancy, in that it facilitates control and scrutiny by the supreme authority within the Municipality. While this desideratum holds the field we think centralization of some sort cannot be abandoned and must not be condemned. The report under review is perfectly justified in emphasizing the distinction almost at the very outset (28) between the Bombay and

the English or European Municipalities. In those countries the ideal of municipalizing all the essential local services,—the so called public utility departments,—is too fully accepted to leave any impatient Municipality without one or more trading undertakings of its own, whereas we in India may be said not to have even begun to appreciate the utility of Municipal enterprise of this kind. There is an arguable case for decentralization of accounts in Municipalities which have such trading ventures of their own, though even there the supreme unquestioned need of control and supervision by the central authority, the overriding demands of co-ordination of interdepartmental work and services make a final consolidation of all accounts indisputable. The guiding financial policy affecting equally all the earning as well as the spending departments emerges from a consideration of those consolidated accounts, and if only for the sake of securing the requisite degree of clearness in this main or guiding principles of financial policy, Municipal accounts have to insist on a degree of centralization, which the departmental heads may perhaps not like, but which is indispensable and even essential in the public interest of the city.

In Bombay, as already noted, there is as yet, hardly any beginning even of Municipal trading so common in Europe. We demur to the suggestion of the report that the water supply of the Bombay Municipality is of the nature of a trading enterprise, (28) since we know it to be a service supported by addition to the general tax from which there is no escape, to which there is no alternative. In saying this we would not be understood to say that there is no field for extending municipal enterprise in this the largest and the most advanced city in India, nor do we mean that in the case of the water supply there is no justification whatsoever for mistaking it to be a trading enterprise.

All we wish to point out is that essentially as well as statutorily the water works department is mainly, if not wholly, dependent on the rates and we see no reason to exclude or reduce the central control over this as over all other services. The fact that this is a function of the Municipality performed away from the centre and headquarters of the city corporation does necessitate, we recognize, some degree of decentralization and departmentalization in this as in other analogous services and departments, like the Municipal Schools, markets, workshops and the recently started college of medicine with a large hospital attached, but that recognition need not commit us to any remission or relaxation of control which we consider will be impeded, if not impossible by undue decentralisation of accounts.

On this basis, with the reservations, expressed or implied in the preceding general observations, we accept the main problem to be as formulated in para. 29 of the Report under review, as also the solution set out in the quotation from Mr. Cox's *Municipal Organization*. It is perfectly appropriate to urge that "heads of executives or spending departments must or should know how they stand financially from time to time and instantly. They must be directly responsible for keeping within the estimates. Completely centralized finance cannot secure this." Friction between the spending and the accounts of the finance departments of the Municipality resulting in a lack of co-ordination or co-operation between these integral parts of a common whole is a greatly deplorable feature as mentioned by Mr. Bird. But a far more deplorable feature even than the above would be the ignorance which spending department chiefs are alleged (para. 30) to suffer from as regards the day to day or month to month financial position of the departments under their charge. We agree it will most effectively conduce to the highest requirements of Municipal economy and efficiency, if we could, as we should, inculcate this sense of watching the progress of the departments' expenditure in the Chief's thereof. But there is something in the very nature of the spending departments, by which departmental Chiefs are made irresistibly to feel that their service will be appreciated not so much in proportion as they effect savings or at least husband the budgetted grant for their department but rather in proportion as they increase or expedite the exhaustion of their grants. This is inevitable even if inexcusable. Recognizing this peculiarity more fully we are nevertheless in hearty agreement with the suggestions for reform mentioned in para. 31 further concretised and elaborated in para. 32. Only we cannot be expected and would not be understood to approve of the exact form in which this "financial position at a glance" is to be shown for the information and guidance of the departmental head. We likewise approve of the division of accounting work suggested in paras. 33 and 34 as also of the procedure for giving effect to this watchfulness and control of expenditure by the departmental head chalked out in paras. 35-36. We are indeed not quite convinced that any adequate or satisfactory system of public bodies accounts which necessarily have a growing volume or interdepartmental exchanges of services or benefits, which either fail wholly to be recorded and accounted for or are expressed merely by book entries that rarely correspond to the actual circumstances will avoid a certain amount of duplication of accounting work as claimed in para. 33 for the procedure mapped out in paras. 35-36. But for our part we do not consider this unavoidable duplication to be an unmixed evil,

The point however which we would like the heads of spending departments to be thoroughly impressed with,—and which, we are convinced, is the only way to secure real economy and efficiency in Municipal administration—is the one not found in all the elaborate mechanism for information and guidance suggested in the report. The departmental head must know that he gets not only the full but also the best value for the money he spends. How he stands financially at any given moment, is, we submit though important, of comparatively lower significance than the knowledge of the real value received for his spending. On the former, if he is ill-informed or out of date, the central finances departments can easily post him up, always assuming, of course, that the record of transactions is complete and up-to-date. But what the central Finance Department cannot do, what no one else but the spending chiefs themselves have to and must do is the specification of their exact requirements, verification of the supplies, when received, by comparison with their requirements and certification after checking of the invoices, etc., constituting the financial liability of the Corporation. We agree that the certification, etc., must be by officers who have personal knowledge of what they certify (para. 47) and can therefore never disclaim the responsibility arising out of this certification, etc. But we would add that this unavoidable peculiarity of organization must be utilized to obtain from the spending officers wherever possible some comparative idea of the value they have received, some guide or standard to enable the supreme authority to realize the degree of economy available or possible in their administration.

We have had some opportunity to make some study of the Municipal Administration Reports with its several annexures but we regret to have to observe that rarely have we found in them the main report or any of its departmental annexures that conception of Municipal economy, that attempt at any comparative estimation of the service rendered, which is the *sine quo non* of sound administration of the Municipal affairs. Accordingly we suggest that in the returns or papers submitted by departmental chiefs something must be added by them to indicate the comparative value received.

Regarding the exact form of contract or indent (para. 37) we can offer no opinion until we see such a form. But we endorse the recommendation of Mr. Bird that the practice of ordering goods and services through the medium of letters and memoranda should cease, and every order should be on an officially printed form." (para. 38.)

Paras. 39 and 40 approved, as also para. 41, subject to the reservation that the actual form of the subsidiary ledger for departmental accounts herein envisaged remains to be devised. Paras. 41-51 approved.

In the three remaining paragraphs dealing with the accountancy of the earning side, we are obliged to note, once again, the absence of any attention to the requirements of real municipal economy considered as a whole. Emphasis is rather laid—and not unjustly—on the detailed exactness of the merely formal side of accountancy. As in the case of municipal expenditure, the points to be stressed, in our view, was adequacy of control and supervision so as to secure full value—the best value—for money spent, so on this side we would similarly urge the necessity of observing,—by some definite authority,—in the municipality, the real burden of municipal administration imposed upon the civic public, and the reduction and alleviation of the same whether by remitting or reducing taxation, or even by improving the services and increasing the specific benefits of municipal administration. We consider this most cardinal point in municipal economy is sadly neglected, and no better, stronger or more convincing evidence of this neglect can be, need be, found than the absence of even its bare mention in the elaborate and comprehensive report of Mr. Bird. Perhaps Mr. Bird considers this to be outside the province of accountancy and audit with which he is primarily concerned. If so, he would not mind our pointing out that the control and scrutiny of the Income Side Accounts is as much important as any other side, and that from such control and supervision, facilitated by the reforms in accounting as suggested by the report, must arise that idea of lightning, or at least more evenly and equitably disturbing the burdens, or apportioning them more exactly to the benefits received, which we consider to be the key-stone of real Municipal economy. The overwhelming bulk of our Municipal activities is still financed from general taxation, which makes the above named duty all the more imperative.

We have already remarked upon the need to revise and make more scientific the assessment manual of the Municipality. Here we might mention another desideratum of Municipal finance and economy the need to reconsider basically the entire revenue side of the Municipal finances. We recognise this is not strictly an accounting matter, but if we may regard proper accountancy to be nothing else than a great,—an indispensable—help in securing economy with efficiency in Municipal administration, it would be no undue strength of the scope of this report

if we include in it the abovenamed consideration for reform. The specific reforms or improvements mentioned by Mr. Bird are necessary and advisable, but at best they are but points of detail. We find, for example, in a careful study of the chief accountant's reports for some years past that there always remains a disproportionately heavy amount of arrears in revenue collections and we think no recommendation can be too stringent which is aimed at and calculated to remedy this weakness. The accountant's report is not clear about the proportion of bad debts or revenue demand which has to be written off as so much bad debt. We think it would add to the economy of Municipal financing if attention of the proper authorities were regularly and specifically drawn to this item and measures were adopted in consequence to remedy the same.

Mr. Bird's chief complaint is:—"That all the miscellaneous revenues which the Corporation is entitled to receive have been collected, *is what the present records do not establish*" (para. 52). This, if true, is a grave charge against Municipal accounting, Mr. Bird himself detracts from the sounding gravity of the charge by admitting in the very same paragraph that most of the necessary information is available, "all that is now required being to properly collect and collate it." His object, however, in insisting on the several suggestions for reform he has put forward is not, as we read them, so much to reorganise, the revenue side so as to make it more adopted for the broader purpose of revenue accounting as mentioned above, but rather that "the income registers should record every rupee due." We have no quarrel with this ideal of perfect accountancy held up by Mr. Bird. It is, we realise, of a piece with his insistence on a full record of all the accrued liabilities on the expenditure side even though such liabilities may not be yet translated into payments. But we feel it necessary to reiterate our view that however complete the merely mechanical record of assets and liabilities may be—and we have no doubt Mr. Bird's suggestions, if adopted, will induce a far higher degree of accuracy and completeness in our Municipal accounts—it will not and cannot by itself secure that wider purpose of general economy, that sound basis of financial administration of which correct accounting is after all a means as well as an expression.

We endorse the recommendation for "a complete record of all Municipal lands and buildings showing to what use the property is put for ascertaining the income which ought to be received from them." Such records are necessary for proper audit and even for securing the greater economy we have again and again insisted. For example, the Municipality of Bombay.

spends nearly 5 lacs by way of rent to private landlord of the Municipal school buildings out of a total educational expenditure of over 25 lacs. These buildings are used, we understand, only for 8 hours a day or 6 days per week at most and for 10 months in the year. The rent charged, however, goes on whether the buildings are fully or partially used. With very little modification in equipment these buildings can perhaps easily be utilised in the hours they are not wanted for school purposes for some of the other Municipal activities, which want a local habitation such as night classes, vaccination centres, libraries or ward committees' rooms. This is one example, but several more of a like nature could be addressed to show that in the absence of a complete schedule of Municipal properties of this kind, as also of the uses to which they are put we cannot secure full economy.

Paras. 53-55 approved.

Section V—paras. 56-66.

Having already insisted on the necessity and utility of comparative unit cost figures and statistics as a guide, a test, or standard, we cannot but repeat our endorsement of the main reasoning in this section. Cost Accounts, to which this section largely relates, are mainly useful in Municipalities with a varied and considerable trading enterprise on its hand. Bombay has, as already remarked, very few activities which could strictly be described as commercial ventures. Nevertheless as pointed out, quite correctly by the report under review, the utility of such aids cannot be exaggerated. The illustration of the roads department given in the report is as apt as it is instructive. Mr. Bird is perfectly justified in pointing out that "No estimate of the cost is given or (of) the period the work is likely to last," or again that "There being no estimate or standard test in the existence, no proper check or criticism of the expenditure is possible." Para. 59. But after formulating such complaints, the procedure suggested by way of remedy in the next para. 60 does not, we think, go quite to the root of the evil. The kind and nature of records demanded in para. 60 will not, we fear, obviate the main cause of the mischief, for if the Municipality relies exclusively on the information given by its own records of road repair costs, it will be no wiser as to the real efficiency of its roads and the economy in the expenditure on the same. Perhaps the present records are most defective so that the improvements suggested will amplify the record very considerably. But we are afraid this single experience will not suffice to constitute a test or a standard for the guidance of the road making officers. Besides the details suggested in para. 60, some comparative statement of

corresponding expenditure in the most efficiently administered Municipality in or outside India may prove useful. We are aware that there is no standardisation of such roads in several Municipalities which keep them. While one City computes its unit cost of road construction at the moment that the road making material is ready for laying down, another expresses that cost per lineal or square foot of roads already made. The latter includes, the former does not, the labour cost of road making which makes the greatest difference in comparison. Despite this difficulty which makes a strong argument for imparting a degree of standardisation in Municipal account keeping and records if needs be by means of Imperial Statute, we would still urge the compilation of such statistical material of a comparative character. To give another example, Bombay, we understand, is a city of nearly the same population and area as Boston. Both need to light their streets and while Boston pays about 22 per annum per gas lamp of 4,000 candle power burning for some 5,000 hours, Bombay also pays under contract to the Bombay Gas Company about Rs. 57 per lamp of nearly the same lighting power and for similar period of illumination. But when we remember that the cost of living, particularly the price of labour, is three or four times as much in Boston as in Bombay, the relative cost of our city's lighting arrangements begins to wear quite a different aspect. There are besides provisions in the contract with the Gas Company regarding the equipment and maintenance of the lighting apparatus which would, we fear, involve a heavy and unfair burden on the city's finances the moment it is decided to replace gas by electricity as a public illuminant. Subject to these remarks we approve of the procedure outlined in para. 60. The accounts of the heavy mechanical Transport Fleet need radical overhauling. The fleet does not give all the service it may legitimately be expected to yield, as found by the Retrenchment Adviser and as would be evident from a comparison of the similar costs in other cities outside India.

We have already referred in another connection to the account keeping of stores and must mention it again for considerations advanced in para. 65. Says Mr. Bird "the purchases for these departmental stores are charged directly to the budget grants, and *thus disappear from the main financial accounts*. There is a defect of a serious nature, for the omission of these departmental stocks amounting in the aggregate to several lacs of rupees in value from the accounts means that no audit control exists over the use of the stores, and assets of an important character are omitted from the Balance Sheet." Para. 65. We fully concur in the view that

this is a grave defect, graver perhaps than even Mr. Bird's censure implies. For the problem of accounting for stores in public departments crops up in a variety of forms and on a variety of occasions not all of which have been quite fully realised by the Report.

There is the question of depreciation of existing stores and their revaluation and recording accordingly, a point very strongly emphasised by Lord Inchcape's Committee on Retrenchment, and one which is engaging increasingly the attention of Government Officers and departments. Again there is the consideration of capital locked up in these stores and the consequent loss of interest which usually fails to be accounted for at all, but which is as important as any other similar item in the public budget. Finally there is the question of regular accounting for the use of the stores and their inclusion in the Balance Sheet which is raised in the above quotation from the report under review. We think all these aspects and problems must be considered and solved.

The details of a statistical character which ought to be prepared from the accounts (para. 66) are too numerous for us to mention them here. It is a subject by itself for special consideration. We shall content ourselves merely with the observation that these details are required and will be useful not merely in testing the accuracy or reliability of the account and records, but still more particularly for the guidance of authorities concerned with the financial policy and administration. Let these details be compiled as to serve this double purpose. The list in para. 66 appears to be far from "exhaustive."

Section VI.—The Revenue Budget.

The detailed consideration of the form of presenting the Revenue Budget, discussed in this section, ought, in our judgment, be left to be settled by the Committee, we understand, is shortly to be appointed to consider these reforms. In saying this we would not be understood to mean that we do not agree with or approve of the suggestions made in the report under review. All that we desire in this part is to point out that, as things stand to-day there is nothing like an intelligent and informed survey of the city's finances comparable to say the survey of the national finances made in the annual financial statement of the Government of India. Naturally the dull, complicated, confusing and uninteresting statement embodied in the several notes and remarks by the several authorities concerned with the city's finances and over-loaded with a huge

mass of unwieldy, undigested and unintelligible figures in serial columns of bewildering magnitude attracts little or no public interest either in or outside the Corporation, though the City of Bombay deals by itself with revenues perhaps greater than that of an Indian State or an Indian Province.

As already noted, the detailed suggestions in para. 68 are capable of further alteration, which may be made by a competent committee. For our part we think that if the suggestion made in the earlier part of this review about the institution of a special Finance Officer in the Municipality is adopted many of the proposals or changes suggested in the report will wear quite a different aspect. It would then be the duty of that special finance officer and department so to present the city's finances as to make that section of the administration most interesting and yet most simple. It is, accordingly, unnecessary to offer any more detailed criticism of Mr. Bird's proposals.

Paras. 70 and 71 approved.

Para. 72 particularly approved and earnestly recommended.

Para. 73. We think it would conduce to greater economy if all transfers to another account all reappropriations or reductions should be brought up to the Corporation by the Standing Committee as a special supplementary Budget, making that an occasion for an *ad-interim* discussion of the city's financial administration.

Para. 74. It is inevitable that estimates must be prepared by departmental heads and submitted some time before the commencement of the financial year, though perhaps it is not at all impossible that the date be advanced from August to November. As a consequence, the Commissioner's Budget or statement may be presented in January, the date now in vogue for the Standing Committee's Budget presentment. The Corporation may finally pass the budget on or before the 31st March and necessary date changes in the statute, will, of course, have to be made.

Para. 75 approved.

Section VII.—Loan Works Expenditure.

As para. 77 observes, the sections in the Municipal Act governing the Annual Budget were drafted at a time when the capital expenditure of the Corporation was of negligible proportions compared with the present day expenditure out of loan moneys. While the borrowing powers have been meticulously

restricted, the basis of restriction is utterly wrong and inapplicable under modern conditions. That basis is aimed at seeing that the Corporation is able to repay the loan at the stated time in each case, and to pay duly the interest and sinking fund quota in the meanwhile. There is no consideration whatsoever of the use to which the loan moneys are to be put, no thought at all to the productivity of the works undertaken from the loan. The Sinking Fund and another analogous clauses therefore constitute an unmitigated burden. The security to the creditors is only the taxable limit of Bombay City, and not the objective utility, if any, created out of the loan funds. No attention is accordingly paid to the provisions of adequate depreciation amounts while the sinking funds compulsory make an idle burden. The Corporation of Bombay has a debt over 17 Crores against which there is a Sinking Fund accumulation of nearly 3 Crores besides the additional annual contribution enforced by law. The law ties up the use or investment of this sinking fund in such a way that while the Corporation has to pay for its borrowing every year a rate of interest in conformity with that ruling in the market, its own savings and accumulations, we understand, do not fetch anything like that interest. In the absence, moreover, of proper valuation of the principal assets created out of loan funds—the actual cost of each asset is not necessarily the proper valuation to be shown in a regular Balance Sheet intended to give a true and correct view of the financial position of the city, and in the absence of any depreciation provision against these works, the statement of the assets and liabilities of the city is bound to be inaccurate and misleading. No such statement worth the name is indeed regularly, systematically, prepared, but that only makes one more glaring defect in our accounts organization.

The first reform that we would desire to be introduced in the accounts organization is the preparation of a full, detailed and duly certified statement of assets and liabilities, which would give an idea of the city corporation's wealth. In this statement the assets such as they are should be presented on a proper commercially acceptable valuation without including the vague indefinite item of the taxable limit of the City. The taxable assets for example like the Municipality consisting of all that strip of land from the Tansa Works to the City limits in which the new water pipes are laid, make a property of immense potential value for revenue purposes if suitably developed, *e.g.*, (mangoe or fruit). The taxable limit, now forming the basis for prescribing the borrowing limit of the City Corporation, will of course continue to be utilized for the same, *whenever it is a question of unproductive borrowing, e.g.*, to cover a Budget deficit, in

ordinary revenue, to carry out an essential service like compulsory and gratuitous education, or the better and wider medical and hospital facilities. But whenever it is a question of *borrowing for productive purposes*, this obsolete, inapplicable and misleading basis must be scraped altogether and the alternative basis must be created out of the estimated profit earning capacity of the proposed new asset, *e.g.*, a local transport service for both goods and passengers as a monopoly, or the purchase or institution of a light and power works. The potential strength of the city's credit is far greater than any suggested by the taxable limit, if only a policy of municipalization were actively adopted. Without disintegrating the credit of the Corporation in the least, (we believe the total obligations of the municipality must be secured collectively and not severally) we may yet introduce a distinction between productive and non-productive borrowing by the city. The assets are not and must not be hypothecated separately but the credit strength they would import to the Municipality by such means would be much greater than under the present system especially if the assets are properly valued and a regular depreciation provision maintained.

Paras. 78 and 79 approved. But our suggested amendment of the Municipal Act would go much further and is far more radical.

The presentment of the loan works estimate as we envisage it would be different from the one here outlined. There would be the separation first of works whose burden would inevitably fall on rates and taxes, *e.g.*, school buildings, roads and sewers, hospitals, water supply, milk supply, etc., and those which may justly and reasonably be expected to provide for their own maintenance and acquisition, *e.g.*, a transport service, lighting plant, insurance and banking business. In the former case, the budget estimate must show the amount of the burden calculated to fall on the rates and taxes together with the maintenance and upkeep cost. In the latter the Budget estimate must give information in much greater detail on such points as the total capital cost, the capital cost in a given year, the upkeep and maintenance cost including interest and sinking fund, depreciation and other reserves, the price to be charged the gross and net receipt, the value for inter-departmental service received in kind, the net profit, etc. The detailed basis of estimating the capital cost will have to be given in either of these cases, and unit cost figures will have to be given as well. Comparative figures should also be given regarding the experience of similar projects, works or undertakings in other cities.

With these general observations paras. 80-81 may be approved as also para. 82.

Para. 83. We are not quite clear as to the intention of this paragraph.

Para. 84 approved subject to the general observation that we think greater economy, better control and wider experience will be secured if all works of the capital kind are executed departmentally as suggested by some authority in Europe, *i.e.*, by the Municipality itself.

Para. 85. We think latitude suggested in this is likely to end in a laxity of control which might prove harmful to the interests of the city and its Municipal Corporation. The condition in the concluding sentence is absolutely necessary but we fear not sufficient by itself to guarantee due economy.

Para. 86. We entirely approve of this principle and would emphasise and enforce it in the municipal accounts with all the earnestness we can command. Its neglect is fatal to economy of any kind.

Section VIII.—Trading Enterprises. Paras. 87-89.

Accepting Mr. Bird's suggested definition of a Trading Enterprise we cannot agree that the Bombay Water Works are such an enterprise. These works have been financed exclusively from borrowed money, and they are maintained from the Municipal Fund in which the special water tax is paid. The Water Tax is raised or lowered not according to the particular and exclusive needs and considerations applying to the Water Works but rather according to the general needs of the entire Municipal Finances. Subject to this radical difference, the rest of the paragraph 87 may be accepted.

Para. 88 is a summary of the relevant sections, which, properly interpreted, could facilitate the change desired by Mr. Bird and approved of by us. It requires no comment, but, that the change suggested is so necessary and indispensable that we would rather advocate an amendment of the Act if its present provisions would not warrant a change in the right direction, than be content to go on with the *status quo*.

Para. 89 is right in holding Section 121 as giving the necessary powers to carry out the changes suggested by Mr. Bird. Lest our observations in the first paragraph in this section be misunderstood, we would like to add specifically in this place that, even though the Water Works Finance in the Bombay Municipality is not, strictly speaking, one of the trading enterprise kind, still the Water Works Account ought also to be kept separately as though these works did veritably constitute a Trading Department proper. We do not agree with Mr. Bird when he says "These separations are mainly a question of account keeping" for we believe a grave matter of fundamental prin-

ciple in Municipal financing is involved here. We believe the separation of the account will, by inviting attention to the relative burdens and benefits of Municipal Government much more vividly than is the case to-day, help to extend the scope of Municipal enterprise of a trading character, which cannot but add to the amenities, and there-through to the benefits of civic life.

Para. 90. Approved. We would even go further and say separate account should be given of even those services which, like the Lighting charges, are to-day merely a matter of contractual payments to private companies, but which are capable of being taken by the Municipality, which at stated intervals come up for revision, and in which there is room for an indefinite expansion of the civic enterprise.

Para. 91. As a rule, we think it is sound local finance to say that any surplus from a given Municipal venture of a trading character should be available for the general needs of the Municipality including the remission of Municipal taxation. Of course the surplus we are speaking of must be such as cannot be cavilled at on grounds of accountancy or commercial practice, as having been arrived at without a proper or adequate provision for depreciation, interest on borrowed moneys, Reserve against the ordinary contingencies, etc., but when once such a clear profit or surplus has been achieved, the demands of the tax-remission become almost unanswerable. In saying this we are not blind to the needs of internal improvement within the service itself, implied in the course suggested by Mr. Bird's remarks in the paragraph under notice. Every such service, its operators as well as consumers have, no doubt, a certain claim for considerate and sympathetic treatment, either for improving the lot of worker or operative engaged in the supply of the said service, by increments in wages, or improvements of an analogous character in the conditions of work, or for a reduction in the rates charged to the consumer of such services. But we assume, and we think we are right in making this assumption, that the Municipality observes and fulfils the ideal of a model employer, as every public body should do, and that there is no room in a thriving public service, like the light or water supply in a city like Bombay for workers' lot improvement. The case of the consumers is a little more difficult to decide. But if we may consider these trading charges as some sort of a relief to the local tax payers, if we may further hold that these charges are really for benefit received, and that initially they have been fixed, e.g., a tramway fare, after due consideration had been given to the value of the service received commercially considered, then the case of the consumers demanding a reduction in the charges every time an enterprise shows a clear surplus becomes weak, especially while the present tax

burdens endure. It would be different in a society when the entire income of the local governing body is derived from the property and enterprise of that body, for then a surplus will be tantamount to the levying of charges greater than required for the maintenance of the service considered so that the demand for a reduction in the charges may be more easily conceded. We may in further support of our reasoning, also cite the case of the railway accounts and railway budget under the Government of India to-day wherein the railways are required FIRST to make contribution to the public Exchequer of a given size, and thereafter only can they proceed to allocate the additional profit, if any, to the improvement of their service, the extension of their enterprise or the reduction of their rates and fares.

Section IX.—Valuation. Paras. 92-96.

Para. 92. Thoroughly endorsed. We may also invite attention to our suggestion for a radical revision of the Assessment Book. This is urgent and imperative.

Para. 93. Entirely endorsed. Attention is further invited to our remarks on stores.

Para. 94. Also approved. The suggestion here made regarding "Loose Plant and Tools" may be extended to all Municipal property and assets in special accounts to be called "Renewal and Replacement Account," against which may be special reserves, at least in departments like the Municipal Workshops, and another called Depreciation Account. It is not enough to take the balance of the loose plant and tools, etc., remaining at the end of the year, compare it to what it was at the beginning and consider the difference to represent the use during the year. That would be too crude accounting for a body like our municipality. Para. 95 approved. We have said more specifically elsewhere why a consolidated Balance Sheet, or Statement of Assets and Liabilities, is absolutely needed for proper accounting as well as for the strengthening of the city's credit. Para. 96. This is a matter of detail better suited to the special committee considering the revision, etc., of the municipal accounting.

Section X.—Paras. 97-112.

This is a section of detail the principles of which are covered in the sections preceding. In general we agree with Mr. Bird especially regarding a much wider conception of the duty and function of the auditor, Cp. 112. The details will best be arranged by the special committee. We would not reduce the powers of the Corporation and so do not agree to the right of surcharge of the auditors. But we think the outside audit ought to be made far more thoroughly than it seems to-day.

Section XI.—Paras. 113-116.

The Annual Accounts and Review of the Finance of the Municipality should be compiled and presented so as to combine

simplicity and the widest possible information in an equal degree. We think this object can be satisfactorily achieved if in the annual statement there were given three main sets of accounts: (1) The Ordinary Revenue and Expenditure Account with the reforms advocated above, (2) The Capital Account containing Receipts and Disbursements on that side, together with statements in appendix of the properties, projects, works, etc., proposed, conducted or maintained from these funds, (3) A consolidated Balance Sheet or a Statement of the Assets and Liabilities of the Municipality of Bombay which must represent in a collective consolidated form the true and proper position of the municipality financially considered. This last is to-day conspicuous by its absence, and we are not quite certain that Mr. Bird's suggestions aim at providing such a statement regularly, systematically, scientifically. For reasons of municipal credit and its strengthening, as well as for the efficiency of municipal administration, we think it of the utmost importance that such a consolidated Balance Sheet be annually placed before the ratepayers and their representatives before the creditors and the superiors of the Municipal Council or Corporation.

Going a little further into details let us consider the report of the Finance Minister, not the Chief Accountant under our proposals, must be a model of clearness and simplicity on its narrative side and must further be a model of erudition on its instructive or informative side. In so far as the Report deals with the past year's events, the reporter will have to give the estimates, original as well as revised, compare them with the Actuals, and give reasons in each case accounting for the variation. One of the advantages we confidently look forward to from the institution of a special Finance Officer under the Municipality is the smallness and insignificance of these variations between the estimates and the actuals, in the aggregate as well as in the individual items, for the simple reason that budgetting would become a fine art not unfamiliar to the financial authorities or officers of the municipality, as seems to be the case nowadays. Having given a succinct narrative for the past year, the Finance Officer will, in the second part of his report, add the review of the Capital Accounts, including a sufficient review of the works and their progress of new projects, if any, with a statement of their objects and reasons in brief with an account of their financing. Finally the Report will give a consolidated Balance Sheet or rather an abstract of such a statement in the report proper, leaving the details as in all cases, to be stated at full length in the appropriate appendices. But the Report will be useless if it stints in explanation on any item which the reporter might have the slightest ground for believing needs some explanation. Masses of statistics, unrelieved by information or explanation do

not constitute any help to those for whom such reports are compiled.

The rest of the Section deals with matters of details, which we think should best be left to the Committee already mentioned.

(d) Letter from the Commissioner, No. RE/27, dated the 5th August 1926 :—

“ With reference to your letter No. 4240 of 23rd July 1926, I have the honour to say that the Auditor-General has permitted Mr. Correa to take up the work of commenting upon the report on the Reorganization and Reform of the Municipal Accounting system, provided it can be done without detriment to his current work. The Accountant-General has now informed me that Mr. Correa is on tour and that there is no prospect of his being able to take up the work till November next.

The Standing Committee is aware of the fact that Mr. Correa acted from August to December 1924 as a special Officer to assist Sir M. Visveswaraya in the Retrenchment Enquiry, and that these views on the Municipal Accounts and Finance are already recorded in the Retrenchment Enquiry files. The Chief Accountant Mr. Tambe and Mr. Bird, the Secretary, Retrenchment Enquiry, are now of opinion that no useful purpose will be served by obtaining further comments from that Officer, and I concur in that opinion.”

Item No. 21.—Letter from the Commissioner, No. E. R. 420-C. dated the 6th December 1927 :—

“ I have the honour to refer to Corporation Resolution No. 11194 of 22nd March 1923 according sanction to the contract with the Bombay Gas Co., Ltd. for the public lighting of the City of Bombay being renewed for a period of 7 years commencing from 1st March 1923 and to say that attached to the contract is a Schedule marked B showing the different kinds of lamps to be lighted together with the rates to be paid therefor. The Schedule refers only to Hexagonal lanterns with ‘ C ’ Burners or Inverted Burners and ‘ Bombay Lamps ’ with Inverted Burners of Ordinary Pressure. Subsequently new and improved patterns of gas lamps known as ‘ Littleton,’ ‘ Rochester’ and ‘ Hexagonal’ with multiple burners have been introduced as these lamps give better illumination for the same or even in some cases less maintenance cost. I have therefore agreed to the introduction of these lamps instead of Old Hexagonal and Bombay lamps in the public streets of Bombay wherever it was found necessary and convenient.

I attach herewith a list of such new lamps with their rates of maintenance, &c., and request the sanction of the Standing Committee, under Section 69 (e) of the Municipal Act, to the Schedule B being varied so as to admit of these new lamps being incorporated therein.”

A list of new lamps and rates to be added in Schedule B attached to the Public Lighting Contract with the Bombay Gas Co.

Description of lamps.	Description of burners.	Number of burners.	Candle power. Cft. per hour.	Gas consumed per hour.	Rate per month.	Midnight extinguishing at Bombay Time (12-39 S. T.)
					Rs. a. p.	
Hexagonal	Inverted with super heater.	3	240	6	7 8 0	All night lighting.
Do.	Do.	3	240	6	3 14 5	Put out at midnight.
Do.	Do.	24	1920	48	60 0 0	All night lighting.
Littleton	Do.	2	160	4	6 6 0	Do. on post longer than 12'
Do.	Do.	2	160	4	5 0 0	Do. do. 12' and below.
Do.	Do.	3	240	6	8 8 0	Do. do. longer than 12'
Do.	Do.	3	240	6	7 8 0	Do. do. 12' and below.
Do.	Do.	4	320	8	11 0 0	Do. do. longer than 12'
Do.	Do.	4	320	8	5 11 6	Put out at midnight. Longer than 12'
Do.	Do.	4	320	8	10 0 0	All night lighting on post 12' and below
Do.	Do.	5	400	10	12 0 0	Do. (special rate for Queen's Road lamps).
Rochester	Do.	6	480	12	8 8 0	Only 3 lts. lit all night.
Do.	Do.	12	960	24	12 0 0	Only 4 lts. lit all night.
Do.	Do.	12	960	24	36 0 0	All night lighting.
Do.	Do.	18	1440	36	40 0 0	12 Lights Extinguished at midnight.

Item No. 22.—Letter from the Commissioner, No. M.C.-35-B., dated the 9th December 1927 :—

“ I have the honour to refer to Corporation Resolution No. 9109, dated the 5th December 1927, according sanction to the salary of Mr. R. P. Desai, Municipal Secretary, being raised from Rs. 700 to Rs. 1,000 per mensem with effect from the 16th January 1927. This will cause an excess of Rs. 3,600 in the Budget grant for the current year under the head I.—General Supervision, Collection of Revenue, etc., A.—General Superintendence, (a) Corporation and Standing Committee, I.—Salary of the Municipal Secretary. An excess of Rs. 454-13-0 will also be caused in the grant for the preceding year under the same head in respect of the salary for the period from 16th January to 28th February 1927. I therefore request the sanction of the Standing Committee and the Corporation to an additional Budget grant of Rs. 4,054-13-0 being made, under Section 131 of the Municipal Act, from Surplus Cash Balance to meet the aforesaid excess expenditure during the current and preceding years.”

Item No. 23.—Letter from the Commissioner, No. H-266-C., dated the 9th December 1927 :—

“ I have the honour to say that the privies at the New Bai Gourabai Dispensary Building at 8th Kamathipura Street which are on the basket system have been found to be insanitary. The cost for converting them into water-closets on the full flushing system is estimated to amount to Rs. 1,216. As it is now too late to include the amount in the Budget for 1928-29 and the work is of a very urgent nature, I request the sanction of the Standing Committee and the Corporation to an additional grant of Rs. 1,216 from the Surplus Cash balance to meet the cost thereof.”

Item No. 24.—Letter from the Commissioner, No. A. E. 1064-C., dated the 7th December 1927 :—

“ I have the honour to refer to Standing Committee Resolution No. 7886 of 27th October 1927 requesting me to indicate the source from which the cost of maintaining the library at Maistri Moholla near Pydhoni should be met and to say that the amount involved being small, the Schools Committee may be requested to meet the charges out of the Municipal contribution as the revised estimates of expenditure of the Schools Committee for the current year show considerable savings over the budget estimates. It is not necessary to place additional funds at the disposal of that body on this account.”

Item No. 25.—Letter from the Commissioner, No. A. E. 250-C., dated the 15th December 1927 :—

“I have the honour to state that out of the provision of Rs. 3,50,000 made in the current year's Budget (page 26) under 1—General Supervision Collection of Revenue, E.—Miscellaneous Charges, V—Pensions, &c., the expenditure booked during the first 8 months amounts to Rs. 2,42,098, leaving a balance of Rs. 1,07,902 which will not be sufficient to meet payments for pensions, gratuities, &c., till the close of the current official year. Against the aforesaid balance available, the expenditure for the remaining 4 months is estimated at Rs. 1,38,000 as detailed below :—

	Rs.
(1) Pensions for 4 months at Rs. 28,057 per month	1,12,228
(2) Unpaid balance of pensions	7,171
(3) Adjustment of two months' pensions remitted to pensioners in England	3,468
(4) Provision for 4 months to meet claims of gratuities and compassionate allowances ..	15,133
Total ..	<u>1,38,000</u>
<i>Less—</i>	
Balance available	1,07,902
Net excess	<u>30,098</u>
Say.. .. .	<u>30,000</u>

The above excess of Rs. 30,000 is due to the fact that after framing the Budget Estimates for 1927-28, 48 persons retired on pension upto date involving thereby an extra expenditure of Rs. 3,680 per month. To meet the above expenditure, I request the sanction of the Standing Committee and the Corporation to an additional grant of Rs. 30,000 from the Surplus Cash Balance under Section 131 (1) of the Municipal Act.”

Item No. 26.—Letter from the Commissioner, No. T. A. O./80, dated the 17th December 1927 :—

“I have the honour to state that Mr. T. H. Bird, Test Audit Officer, has applied for an advance of Rs. 2,000 for the purchase of a 7 H. P. (Baby) Austin Car to be used in connection with his official duties. Mr. Bird was granted an advance of Rs. 1,350 under Corporation Resolution No. 5541 of 25th September 1923 for the purchase of a motor cycle, which was duly paid off in December 1925. This motor cycle Mr. Bird now wishes to replace with a small car, and he agrees that the

grant of the advance shall not be a ground for any increase in his conveyance allowance of Rs. 50 per month. Mr. Bird has to traverse the whole of the City and he finds that the riding of a motor-cycle, particularly in the monsoon months, has seriously affected his health. I therefore request the sanction of the Standing Committee and the Corporation to an advance of Rs. 2,000 from Surplus Cash Balance to Mr. Bird for the purchase of a motor car, and to the advance being recovered from him in 36 monthly instalments, together with interest on the outstanding balances at the rate of 5 per cent. per annum."

Item No. 27.—(a) Letter from the Municipal Auditors, dated the 7th July 1927:—

"With due deference to the orders passed by the Standing Committee in their Resolution No. 2710, dated the 29th June 1927, we beg most respectfully to point out that the orders passed by the Standing Committee in their Resolution No. 2143, dated the 15th June 1927, related to the examination of the ledgers of the Assessment Department only. These orders have already been complied with by us and a report thereon has already been submitted to the Standing Committee under our letter of the 1st July 1927 (Item No. 19 of the Standing Committee Agenda for 6th July 1927). In our letter of the 31st May 1927, we requested definite instructions of the Standing Committee with regard to the internal audit of all Departments of the Municipality and we are still in doubt whether the Standing Committee orders (Resolution No. 2143 of 15th June 1927) should be considered by us as applying to all Departments. We beg most respectfully to point out that internal audit is at present done by the Test Audit Officer, but if it is now the intention of the Standing Committee to entrust the work to the Municipal Auditors the post of a Test Audit Officer in that case is in our opinion not necessary and can safely be abolished, thus resulting in a saving of Rs. 12,600 per annum. Moreover, we respectfully beg to point out that if the work is to be done both by the Municipal Auditors and the Test Audit Officer, there will always be friction between the two functionaries, as each one will want his own system and method of work with the result that in all such disputed matters the Standing Committee will have to be troubled for definite instructions. The Standing Committee are fully aware of the ever increasing work of this Municipality and with this ever growing work, it will be a physical impossibility for the two Auditors to undertake this additional duty without clerical assistance. Under these circumstances we request the Standing Committee to issue some

definite instructions to avoid further unnecessary correspondence. We are prepared to abide by any decision the Standing Committee may arrive at. As a matter of fact the Auditors have under the Act sufficient powers to approach any Department and examine the work if they think it necessary in the interest of Municipal service."

(b) Letter from the Commissioner, No. T. A. O. 83-A.-1-A., dated the 16th December 1927 :—

"With reference to Standing Committee Resolution No. 3188, dated the 13th July 1927, forwarding for my remarks a copy of the letter from the Municipal Auditors, dated 7th July 1927, regarding the internal audit of the several departments, I have the honour to report as under :—

2. The Municipal Auditors, in their letter under reference express a doubt whether the orders of the Standing Committee passed under Resolution No. 2143 of 15th June 1927 apply not only to the Assessment and Collection Department but to all other departments as well. The report of the Finance and Banking Sub-Committee adopted under Resolution No. 2143 clearly states that the Municipal Auditors should continue as hitherto, to submit with their annual reports a scrutiny of the lists of outstanding bills of Municipal taxes in the hands of the Ward clerks and in the office of the Assessor and Collector on 31st March in each year, and to check such outstanding bills with the ledgers of the respective wards. The Sub-Committee add that the Municipal Auditors who were present at the meeting of the Sub-Committee agree with the recommendation.

The Report makes no reference whatever to any department other than that of the Assessment and Collection Department.

3. Section 136 of the Municipal Act requires that the Municipal Accounts shall also (*i.e.*, in addition to the weekly scrutiny of accounts by the Standing Committee) be examined and audited from week to week by Auditors specially appointed in this behalf for each official year by the Corporation. That section does not lay down and the omission is, in my opinion, well advised—the manner in which the Auditors should conduct the audit but gives them the requisite powers to get all the information and explanations they may require for their examination of the Municipal accounts. Section 137 lays down what the Standing Committee may require the Municipal Auditors to do. It is evident from that Section that the law requires that the Auditors shall report to the Standing Committee any material impropriety or irregularity which they

may at any time observe in the expenditure or in the *recovery of moneys* due to the Corporation or in the Municipal Accounts and shall furnish to the Standing Committee such information as the said Committee shall from time to time require *concerning the progress of their audit*, and shall as soon as may be after the commencement of each official year deliver to the Standing Committee, the report upon the whole of the Municipal accounts for the previous official year.

4. It will therefore be seen that according to these Sections the method of carrying out the audit of Municipal accounts is left entirely to the discretion of the Auditors. It does not lay down what the Auditors should do. They are only required to report any material impropriety or irregularity in expenditure or in the recovery of moneys, and to report, if required, on the progress of audit from time to time. The Municipal accounts follow the system of receipts and payments as distinguished from that of income and expenditure. The accounts show what expenditure has been actually paid for and what moneys have been received, and the Auditors are concerned only with the examination of what is so recorded in the Municipal accounts. They are not so much concerned with the examination of bills outstanding until such bills are actually recovered and brought into account in the following year though they may do this to ascertain that every bill collected has been brought into account. Section 135 lays down what the Standing Committee is to do concerning the examination of the accounts by themselves. Their examination is in addition to and not in substitution of the Municipal audit by Municipal Auditors, and if the Standing Committee desire that the bills outstanding in respect of the Municipal taxes should be examined at the end of each year in addition to their examination by the Revenue Audit staff under the Municipal Commissioner, it is for the Standing Committee to make their own arrangements. I do not think they should ask the Municipal Auditors to do this as part of their audit as prescribed by the Act.

5. In paragraph 3 above I have underlined the words "Recovery of moneys" to emphasize the fact that the law requires the Municipal Auditors not only to examine the accounts relating to expenditure but in regard to the recovery of moneys as well. It is questionable whether the Municipal Auditors do at present pay as much attention to the accounts of income actually recovered as they do in regard to expenditure incurred and paid. It is, however, a matter for the Municipal Auditors themselves to consider the extent to which their audit of the recovery of moneys should be carried out. Legally they are responsible for the correctness of the accounts pertaining to payments as well as receipts and in my opinion it would be preferable to leave entirely to them the method of conducting the audit of the Municipal accounts.

6. With regard to the Auditors' statement in their letter, dated 7th July 1927, that 'internal audit is at present done by the Test Audit Officer, but if it is now the intention of the Standing Committee to entrust the work to the Municipal Auditors the post of a Test Audit Officer in that case is in our opinion not necessary' it may be stated that the sphere of the duties of that Officer is wider than the routine work connected with pre-audit of revenue accounts."

Item No. 28.—Letter from the Commissioner, No. E. G. 96-A., dated the 16th December 1927.

"With reference to Corporation Resolution No. 7471 of 20th October 1927, a copy of which has been forwarded to me for the remarks under Standing Committee Resolution No. 8047 of 2nd November 1927, I have the honour to say that the proposal that the Municipality should undertake the work of sole distributors of electricity to the City is, in my opinion, impracticable and inadvisable, particularly in view of the fact that under clause 24 of the Deed of Concession, dated 7th August 1905, the Corporation have a right to purchase the whole of the combined undertaking and under clause 1C of that Deed of Concession they have given the Bombay Electric Supply and Tramways Company "all such rights as the Corporation have or have power to grant to lay, conduct, fix, maintain and use electric cables, wires, lamps and apparatus along, over, under and upon the public streets of the City of Bombay for supplying electricity for the purposes of lights, heat, motive power and industrial and other proper objects" and have also agreed to protect the Company from competition. In the same connection I forward herewith a copy of a note prepared by the Executive Engineer on the subject and would add that as the Hydro-Electric Group of companies are bound under contract to supply electricity for lighting, power and traction to the Bombay Electric Supply and Tramways Company, it is extremely doubtful if they would quote to any other body for the same purpose."

Note prepared by the Executive Engineer above referred to :—

"In the first place I would draw Municipal Commissioner's attention to Sections 61 and 63 of the Municipal Act; it would appear to me that until the Municipal Act is amended the Corporation cannot exercise the power of sole distributor of electric supply to the City.

Apart from the above consideration, it will be recollected that under the Deed of Concession, dated 7th August 1905, the following arrangement was arrived at between the Corporation and the Bombay Electric Supply and Tramways Company, Limited :—

“ The Bombay Electric Supply and Tramways Company, Limited, shall on the terms and subject to the conditions and restrictions hereinafter contained have and enjoy the following exclusive rights and privileges, that is to say :—

“ (c) all such rights as the Corporation have or shall have power to grant to lay, conduct, fix, maintain and use electric cables, wires, lamps and apparatus along, over, under, and upon the public streets of the City of Bombay for supplying electricity for the purposes of light, heat, motive power and industrial and other proper objects and to open and break up roads and generally to do all works necessary or incidental to the exercise of this right, the Corporation engaging that so long the Bombay Electric Supply and Tramways Company, Limited, fulfils its obligation to the Corporation and provided that it shows to the satisfaction of Government that it, the Bombay Electric Supply and Tramways Company, Limited, is in a position fully and efficiently to discharge the duties and obligations to be imposed on it by any license which it may apply for from Government the Corporation will officially support the Bombay Electric Supply and Tramways Company in such application and will take all proper steps and use their best endeavours to prevent competition in any area to which any such license may extend.”

It was on the assurance of the above undertaking that the Bombay Electric Supply and Tramways Company was formed with an aggregate capital in shares and debentures of £1,800,000 and the same was subsequently increased to £21,30,000.

In the same connection reference is requested to the Bombay Electric Supply and Tramways Company's letter No. 7313 of 10th November 1916, printed at pages 1237 to 1241 of the Corporation Proceedings of the 8th January 1917. Reference is also invited to the representation made by the Corporation to Government as per Corporation Resolution No. 7814 of 12th March 1917. In that representation, it was pertinently pointed out that it was in the best interests of the City and with a view to conserve a very large property which was ultimately to revert to the Corporation that that Deed had been entered into and that having regard also to the fact that the Bombay Electric Supply and Tramways Company relying on the Deed, had raised a large capital from the

public, and incurred a very heavy outlay in the erection of generating plant and the laying of mains for the purposes of electric supply, the Corporation objected very strongly to the grant of any license, which would involve competition with the Bombay Electric Supply and Tramways Company by the new Licensees.

Further under clause 18(c) of the Deed of Concession the Bombay Electric Supply and Tramways Company has bound itself to carry on and complete the work of laying down cables and erecting and fixing the necessary buildings machinery and plant for the supply of electricity with such promptitude and despatch that the supply of electric current shall be started not later than 6 months from the date of the Deed, viz., 7th August 1905. So far as is known there has been no neglect or failure on the part of the Company to complete the works for the supply of lighting and power pursuant to its covenant in that behalf contained in the aforesaid clause (c).

In view of the assurance mentioned in the previous paragraphs and in view of the fact that the whole of the combined undertaking of the Bombay Electric Supply and Tramways Company is to revert to the Corporation not earlier than the year 1947, it would hardly be proper or advisable for the Corporation at the present moment to try to replace the Company in their role as the sole distributors of the electric supply to the city.

With regard to the question of the feasibility of undertaking by the Municipality the work of sole distributors of electricity to the City, it has to be remembered that the Bombay Electric Supply and Tramways Company must have spent considerable sums of money in laying the distributory system throughout the whole City. To find funds for financing such a liability at the present time of monetary stringency would be a very difficult and tough problem to deal with.

The Railways, Mills and Factories, each consuming more than 500,000 units per year, are at present supplied with power in bulk by the Hydro-Electric group of companies. It is not clear whether the Resolution under report contemplates the Corporation to be also the sole distributor in the case of these Railways, Mills, etc.

In view of the facts stated above, it would hardly be opportune for the Municipality to consult the several Hydro-Electric Companies as to the terms on which they would agree to supply the electric energy to the Municipality for the purpose indicated above. Also in the circumstances described before, it is extremely doubtful if

Government will grant a license to the Bombay Municipality superseding the Bombay Electric License, 1905, granted to the Brush Electrical Engineering Co., Ltd., for the supply of electrical energy to the public for all purposes except electric traction.

Apart from the above consideration, it may be observed that such concerns as that of electric distribution, are generally run more economically and efficiently by a private body like the Bombay Electric Supply and Tramways Company, than by a public body like the Municipal Corporation."