

Boaba^ x'rov ....

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P 8 E F A C E

was undertaken towards the end of  
engaged me throughout these five years. It  
was due to certain but unfortunate circumstances but,  
^ >>> mentv.. " - I also r " \*  
- been  
subject could have been made more concise, inte-  
^ under the present circumsta\*  
in its present form. The \*ricty of  
I'p -ft v.r' +h  
-Ki-i o tne universxi^ of Bombay for granting me  
scholarship to undertake this reaserch work. I must  
also thank the Municipalities of Ahraedabad, Sura-.,  
TasiV " - t^T\*n, ^ "'apur and Dharwar f^ - ^ing availa-  
'j - x a ^ - ^ i i b .- -tion reports and bu- cannc\*  
ic ny profound sense of gratitude to Dr. T-  
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nctr, I am also indebted to N.V.Sqvani, M.A.  
ogpr T>r>T>r\* r;c- r.f 1 'b • 10 TTIT+ltute -f "'^ ' ' '  
to the University's Central Library  
for their help and willing cooperation.

-i Ltf Of P.^ii. t-icci J ' g, ' r.gy  
iics, Poona 4. )

financial organization and problems of the central and  
^ial authorities; their budget proposals are awaited with  
a breatheless pause, but a municipal or local board budgets  
^ excite^ any public interest and concern. This seems natural  
use the revenue raising and spending operations of the central  
l/T-\*, ir.^lal governments affect the well-being of a much larger  
lation and territory. The remarks of Mr. kidney Webb that  
all the departments of public finance, that of local govern-  
is. . . . . at once the least studied and the most needing

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investigations" apply more appropriately to conditions

,.n average citizen usually complains that the municipal  
stem is unsatisfactory or that the water supply is  
inaaequate and so on; but very few take the troubles  
A\*?t«nd how the municipal services are organized and  
hat the unsatisfactory organization and inadequacy of  
ervices may partly be due to his failure to pay municipi-  
romptly and adequately^never strikes his imagination.  
1 that the apathy of the "man in the street" is shared  
also. Nevertheless, it may well be remembered that  
art of local expenditure is devoted to social welfare  
•g. education, medical relief, highway construction,  
, housing and planning, etc. which, if adequately and  
.ciently performed, will undoubtedly increase the productive  
tcity of a citizen and thus enable him to add more to the  
r-i-i wealth. The real significance of local expenditure will  
e obvious when it is realized that the chief item in **AJL**.

,/.ebb's introduction to 'National And Local Finance'  
p. V.

national expenditure consists of payments for u.^unal cefence and for service on public debt. If these items are deducted\* the percentage of local to central expenditure on regular public administration amounts to 44.8 percent in India.

4 The end and purpose of all poliHml organizations is to promote the moral an\*, material well-i/cxi^ of the community. The constituents of this well-being in terms of visible utilities and services represent the fulfilment of organized human existence. The services like primary HCUC.tion, me fe]-'cf, highway construction, etc. are oi ^reat loc^l tun- ri^ixcik.x importance. But all these services cannot/conveniently and efficiently managed by the central authority in any ^tate. Centralized administra- tion often makes for costliness, inefficiency and die-satisfaction. ^ \* rp-viirr^nts of a state's territories are not always exactly the same. The problems of urban areas are different from those of rural areas. iheir resources are also unequal both in magnitude ana character. Hence it is not possible for the central agency to pay close attention to different needs of different areas. A certain amount of decentralization of authority and functions is desirable if the needs of different parts are to be satisfac-  
torily met. There are certain functions wherein the general interest of the whole society is predominant. Hence functions indispensable to the safety and stability of the , e.g. defence, foreign relations, are always reserved **by** trie central government. Again.there are other public matters in regard to which uniformity in administration is essential. Hence such matters as currency, post anc telegraph, communications clearly fall within the sphere of the central authority. There are, how- ever, certain other subjects which are essentially local in

their concept, local in the territorial extent of their operation and usefulness, and can be best managed by the people who are directly affected by the nature of management. "The matters assigned to independent local organs, such as those in which local separation of interests is most clearly marked, local knowledge most important, the need of uniformity and system least evident, and the cooperation of private and governmental agencies

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likely to tell most" Hence functions of general interest are usually administered by the central government and subjects which clearly redound to the benefit of local population are assigned to local units. In some countries like the United States of America, special boards have been organized to deal with specific functions, and these special bodies are not necessarily the local government units. It may also be noted that distribution of public duties between various sets of authorities is also influenced by historical, political and economic conditions which are not always the same everywhere. The local bodies in England manage the police service while in India it is assigned to provincial government\*. Moreover, the principle of separation of interests, which has largely determined the division of functions everywhere, is not a complete one and cannot be carried to its logical end. Matters like primary education or medical service those generally entrusted to local units, possess great national significance. On the other hand, local bodies in the belligerent countries are required to cooperate with the central government in respect of defence measures. Local authorities in England have accepted

\*1 Henry Sidgwick - Elements of Politics, pp. 616-17.

responsibility of new services and duties e.g. A.P.P. Service,

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etc. which are the direct outcome of modern warfare. There cannot, therefore, be any clear-cut distinction between public duties of purely local or purely national importance. "Local authorities and central government are part and parcel of one governmental system, and their relationship is one of partnership and collaboration in a single organism possessing one common ultimate purpose'."

° The scope and problems of local finance depend, to a considerable extent, on the degree of freedom allowed to localities to raise revenue and expend money on local public utilities. This freedom and discretion of local bodies depends in turn on the legal and constitutional position of local authorities in the

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general governmental structure of the country. Local government in every country, it may well be remembered, is the direct creation of the State. The powers of expenditure and taxation which the localities enjoy are derived from the State in which the localities are situated, "Thus local institutions are not always survivals, or even revivals, of the past; they are often entirely new formations, devised to satisfy the needs for which devolution of authority has been deemed expedient." The powers of local bodies to incur expenditure are everywhere subject to legislative and administrative control of the state, though the degree of state control may vary from country to country and even within the same country

\*1 "Local Authority Finance And War" by J.Sykes in "Public Administration", October, 1939.

Also see "The Impact of the war on Local Finances, by J.D.Imrie, January, 1940.

\*2 H.Finer, - English Local Government, p. 9.

+3 Bastable,- Public Finance, p. 392.

in point of time, in Great Britain local authorities can exercise only those powers which have been expressly a»3 specifically granted to them by public or private Act of Parliament, toyal Sharter, provisional order, etc. Local expenditure, not covered by the prevailing law, is declared unlawful by the doctrine of ultra vires. In Prance the Code of l^PA permits local bodies to govern the "affairs of the commune , that is, the Communal Council has legal power to incur expenditure which, in its opinion, is likely to promote welfare of the locality. In Germany the Municipal Code of 1853 made a grant of general powers to local bodies. It is said that there are no limits whatever to municipal functions

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in Germany. Local bodies in some states of the United states of America can exercise only those powers which are enumerated by the State Constitutions and laws. In certain other states local authorities enjoy "Home ^ule" powers, that is, localities have general powers, within limits set by the constitution of the jtate in which they are located, ve have so far considered the legal freedom allowed to localities in some of the advanced countries. But it is equally necessary to gauge the liberty of action actually enjoyed by the localities and incidently the degree and nature of superior control over local activity. The legal freedom of the French communes is very much circumscribed by the wide supervisory powers of the Prefect. No item in the municipal budget becomes effective without his sanction. He may insert items in that portion of the budget which relates to estimated receipts; and in the case of expenditure which is rendered obligatory by law, he may also

\*1 Dr.Shaw,- Municipal Government in Continental Europe,  
p. 323.



insert such items as are omitted by the local Council. If the local council fails to adopt any budget at all, the Prefect has powers to prepare one covering the necessary expenses and give effect to his budget by his own decree. He is also empowered to control and regulate local borrowing above a certain amount. In Germany the legal powers of local bodies are restricted by the requirement that, approval of the ; tate authorities must be obtained for many local proposaic before they can be given effect to. The Central Government still control the police in the cities. And as a corollary from its police control, the central government can take full charge of sanitation anu public health, make building regulations for cities, enact housing laws, grant or prolong franchises, order the construction of public streets or public works,

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and so on, without consulting the city authorities. The German Mayor or burgomaster is at once a state official anr a municipal officer. Though the republican Constitution of 191 not much affect the theoritical freedom of the localities, it strengthened national control and supervision, especially in the domain of finance, to the detriment of municipal self government. In Greati Britain, Parliament is the supreme authority over the local authorities, and as such it determines the type, structure and functions Of the local bodies. If any local authority desires to obtain additional powers of expenditure not expressly conferred by law, it has to secure them by promoting a private bill in Parliament or by a provisional order from the Central Ministry. The Central

\*T w.B.f'unro, - Municipal Government and Administration,p.16

\*2 Dr.Finer has estimated ihe cost of private legislation in his "English Local Government". according to him the average cos of an unopposed local bill is £ 3,000 of an opposed bill in one House about f 4,500 and in bgt^ the Houses £ 7,500. The average uelay is six to nine months.Tp.~ 186.

Government exercises considerable influence and some times direct power through its ability to withhold national grants in aid of local expenditure; through the system of audit of local accounts; and by such means as the approval of bye-laws, inspection of schools and police forces, the right to approve and modify local schemes of housing, town-planning, hospital provision and so on. The legislative and administrative subordination of local bodies is so complete that some writers have been inclined to aver that

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in England municipal self government is non-existent. It is suggested that the 19th century rule of ultra vires must be abrogated with a view to broadening the basis of local government

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system and enlarging and enriching municipal life . In the United States of America the state power to regulate local government affairs is exercised to a relatively small degree and local bodies are perhaps freer from superior control than in any other country. In the Home rule states, local bodies enjoy general powers within limits set by the State constitution. In the latter States there has of late been a definite tendency towards State administrative supervision. The desire for local self government persists side by side with the desire for uniformity and improvement of standards of local services.

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It will be observed from the above survey that local government is everywhere under the controlling authority of the Central Government. In England, United States, reliance is placed

\*1 \ Century of Municipal Progress, /p. 450.

\*2 The Development of Local Government - P. Robson, p.235.

\*3 Law And Practice of Municipal Home Rule, - J.D. McGoldrick p. 300.

on legislative and judicial control, whereas in France, ^Germany^ Italy a nr. Japan the emphasis is on administrative supervision by higher authorities. **England** occupies a position midway between the authoritarianism of the Continental system and the extreme freedom enjoyed by American localities, especially in the Home Rule states.

The functions usually entrusted to local bodies include such services as water supply, drainage, sanitation, medical aid, road construction and upkeep, etc But there does not appear to be any uniformity of practice in this respect. Police service in England is under the direct control of local authorities while in Germany and India it is administered by ^tate or provincial government. Education in France is a national concern, while in countries like England it is entrusted to local bodies, in the United States education is under the management of special educational boards which are not necessarily the local government units. In the operation of public utility enterprises local authorities in Germany, England and United states have made considerable advance during the past fifty years! ^3ut xhe most prominent feature of local finance during recent years is the enormous rise in local expenditure in almost all the advanced countries, with the growth of population and increase in local government areas, local authorities were obliged to extend and further develop services which were already established, secondly, with changing social and economic conditions local authorities were required to meet social needs problems which were altogether new. Increased demand for additional services and relief during the post-war years and later on during the period of economic depression created

a very heavy drain on public finance\* The central authority found itself unequal to the task and resorted, more often than not, to local administration for the satisfaction of public wants. It may also be noted that local bodies being in close touch with the population were considered to be the most efficient agencies for administering new services especially the welfare services. The consequence of this increasing decentralization of public duties has been that local financial requirements augmented rapidly and often outstripped local resources.

✓ **If the financial needs of local bodies are on<sup>the</sup> increase** it is necessary to ensure that adequate funds are placed at their disposal, lest the nation-building activities with which the localities are entrusted would be starved for want of funds. And here we approach the problem **of local resources, on the satisfactory** solution of which depends the success of local self government. The distribution of resources among the various sets of authorities is mainly guided by financial and economic conditions. Functions are necessarily adjusted to revenues, and in fact, "there is no real correlation" between functions and resources,<sup>\*1</sup> sometimes functions are distributed among the different authorities regardless of their ability to bear expenses of such functions, and then revenues are adjusted to needs. Again the distribution of resources is also influenced to a certain extent by historical and political conditions which vary from country to country and may vary within the same

\*1 Bastable, - Public Finance, pp. 393-94.

\*2 U. Newcomer, - Central and Local Finance in Germany and England, p. 6.

country with the passage of time. Now, if the distribution of resources among different governmental units is determined by financial, economic, historical and political conditions and second, if these conditions vary from country to country, it follows that the distribution of resources in different countries cannot be expected to conform to a given pattern. i>till there are a few general characteristics^which are common to all financial systems, ,,artiqu\*aTilij' in the local aphore, and these must **beware** fully considered. Before we proceed to examine the nature of^local tax system, It is necessary **to** emphasize once more the subordinate position of local bodies **all** over the **worldC** Local authorities, being the creation of the State, possess no inherent powers of taxation. "Their power of taxing is a concession **strictly** limited by **the** terms **of** the grant".)Not only **the** forms but sometimes even **the** amounts **of** local taxation also have been determined by the **Superior** authority. The Central Government, being the sovereign power **ana** entrusted with important public duties, always monopolizes the important forms of taxation **for its** own **purposes**, ^econuly, the population **anu** extent **of** territory under its jurisdiction are much larger **than** those under **the** control of a **local** body.'A Central Government can compel, **if** it so desires, a fairly large section of the country's population to contribute to its funds, [**but** power of taxation **of** a local bocy is circumscribed, among **other things**, by **its** limited population **and terri-**  
**ry**Thirdly, **there are** certain forms of taxation which can^conveniently anu efficiently administered **by** the Central authority alone. It is generally agreed **that** all indirect taxes should

\*1 Bastable, - Public Finance, p. 392.

belong to the\* Central sphere so as to ensure uniformity in assessment and collection. If localities are allowed to levy their own customs or excise duties, they would easily be subjected to graft and evasion, and the whole system would lead to intestinal tariff war owing to diversity of local duties. To the detriment of internal trade and industry, it is true that local bodies in Continental Europe and India levy octroi duties; but they are universally condemned owing to their high cost of collection and as injurious to internal trade. ; so far as the direct taxes are concerned, only a few of them are suitable for local exploitation. Taxes on incomes, corporations and inheritance can more efficiently be administered by superior authorities since in each case the tax base transgresses local boundaries, in the modern economic conditions incomes assume various forms and it is difficult to follow them to their source. Moreover, localities do not usually possess the requisite machinery to detect and tax incomes which are often concealed, the system of local income taxation would lead to migration of population and industry from one locality to another according as the local rate is high or low. It will also lead to jurisdictional tax<sup>\*1</sup> disputes and multiple taxation, the same is the case with

\*1 "It appears to be impossible to devise an equitable local income tax, for you cannot localize income"- Lord Goschen - Local taxation, quoted in Aastable's Public Finance, p. 39.

**CUJL CeM** - Mr. J.A. Eobson observes, "A local income tax, or a Sur-tax on local incomes, sometimes suggested, is quite impracticable..... There is clearly no such relation between an income area and an area of local administration as to give validity to any such proposal". Taxation in the New State, pp. 46-49.

corporation and inheritance taxes. The only other source suitable for local tax purposes is the local real estate. Tax on real estate cannot be evaded because it is impossible to remove real estate from local area. Writing about the suitability of real estate for local taxation, Prof. Bastable observes, "Both abstract reasoning and experience tend to show that a large proportion of local taxation must be obtained from this important object". The additional justification for taxing immovable property is that the value of real estate increases owing to local beneficial expenditure. That is, local public expenditure creates a body of wealth or surpluses which can be taxed in order to defray expenditure on local services. But real property holders are not allowed to benefit from local improvements. Traders, **merchants** and professional men all participate in the benefits which local government bestows. Hence a special surcharge on local business is perfectly justified. Sometimes property gains in value on account of public improvements; and in such cases the owners of improved property can reasonably be called upon to pay a portion or whole of the cost of that improvement. This special charge or special assessment is based on the principle that "where there is special gain there should also be special contribution." It is, however, suggested that the proof of benefit bestowed must be very clear and well established; and that this source should not be made the mainstay of local taxation. It is also feared that the employment of special assessment in poorer districts is likely to be burdensome and relatively unproductive

\*1 Bastable, - Public Finance, p. 396.

\*2 Bastable, - Public Finance, p. 404.

\*3 Adarkar, - Principles And Problems of Federal Finance,  
P. J. S.

This method **of** local taxation **is** extensively adopted in, United States and Germany.

**An** increasing part of local revenue is derived from service rates, fees or special charges. There are certain primary services which are supplied **at** cost prices, the main consideration here being the satisfaction **of** maximum public demands. Certain services may be supplied even at nominal fees, so **as to** make them available to a greater part of local population. Again, there are other local services like water, electricity, **gas** supply, etc. which **if** conducted on commercial lines, can yield profits to local treasury. The past fifty years have witnessed **a** remarkable extension of municipal enterprise in the domain **of** public utility undertakings. The policies which guide the financial administration of these trading concerns, especially public utility rate-making, vary from country **to** country. **In** view of the danger that local bodies may be tempted to impose an indirect tax on local population by charging exorbitant rates, it is found necessary in some countries to impose legislative limitations on the amounts of profits that can be derived from local enterprises.

Grants and contributions from superior authorities to local bodies also form an important part of local revenue. This system of revenue transfers from superior to inferior authorities has assumed increasing importance and significance during recent years on account of the ever-widening gulf that exists between local requirements and local resources. The 'raison d'être' of the system of grants is found in the fact that certain services conducted by localities, though originally of local nature, have later on assumed national significance and also that the maintenance of a national minimum of efficiency



in such local services can best be secured by sharing a portion of local expenditure. The system is also utilized as an effective weapon for mitigating inequalities that may obtain in the tax burden and expenditure among different local areas. Revenue derived from wealthier districts may be distributed among poorer ones according to financial needs. Another reason for the adoption of the system of subvention has been that during recent years certain forms of property are deliberately withdrawn from local tax sphere. The consequential loss of revenue to localities is made up by giving subventions to local bodies. Similarly, centralization of certain local taxes in the hands of superior government and imposition of rigid limitations on local tax revenue resulted in serious loss of income to local authorities. This loss is made good by giving localities compensation grants or a portion of revenue collected by superior government. In Soviet Russia practically the whole local revenue is supplied from national treasury. It is noteworthy that the system of grants has much facilitated superior control over local administration, especially in the management of services of general interest.

Local bodies derive some revenue from taxes levied on certain local occupations in the form of 'licenses'. The main consideration in levying such charges is regulation of certain occupations in the localities. Charges of like nature are also levied on acts like the transfer of property, registration of companies and other legal transactions, income from this source is insignificant and it is usually utilized for defraying expenditure connected with these administrative functions.

Before we turn to consiilL..^ systems of local taxation adopted in some advanced countries, it is necessary to refer to a few theoritical issues that are often raised in the discussion of local taxation. Sometimes it is said that local revenues should and can be raised by adopting the principle of payment for benefit received, such a contention is based on the fact that most of the functions performed by local bodies are of an economic order, that is, benefits of local services can be measurer in strictly economic terms. It is true that advantages of local services like water, . electric and gas supply can be measured and individualized, and payments made accordingly. It is also true that local taxation of real estate represents "a correlation of burdens and benefits on quid pro quo lines"<sup>1</sup> **because** the value of local real estate appreciates on account of local beneficial expenditure. But this is only half truth. All the local services do not belong to an economic order, that **iff** their benefits cannot always be measured in strictly economic terms. Advantages of such local services as education, medical relief, police, communication, etc. are diffused over the entire community. These services are of general character and have acquired national importance. The question then arises : how to defray the cost of such functions? Here the principle of payment according to benefits received is of little assistance. "The rule of taxing according to interest effected is not a complete and abso-  
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lute principle for the distribution of local finance". Even a tax on real estate, which is said to conform to the principle of benefit, can be based on the principle of ability by so framing the tax schedule as will provide for **a** higher rate on properties of

\*1 Bastable, - Public Finance, pp. 401-02

higher values. It must, however, be admitted that the faculty or ability principle cannot be adopted in its entirety in local taxation since personal elements in property usually evaporate

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**and** cannot be adequately reached by local bodies. In spite of this inherent limitation in local taxation, "the principle of ability may be taken to be the basic one for local finance and it may be assumed that its purpose is to make possible the real transfers which are the *raison detre* of a system of public finance"•

The second important theoretical consideration, closely following the above argument, arises on account of the alleged distinction between "onerous or mandatory" and "beneficial or optional" local expenditure. It is alleged that expenditure on items like street lighting, water supply, drainage, etc. confers direct benefits on local population} and hence the cost of such services should be met by levying a local tax. on the other hand, the argument continues, expenditure on education, poor-relief, public health services is of distinctively national character; and hence it should be defrayed by national taxation. This sort of reasoning completely ignores the fact that local government area is no longer a self-sufficient economic unit in the modern world. The old isolation and insular position of localities has long been destroyed, **and** local bodies are now brought much nearer to each other and the central government on account of the development of means of communication and commerce.

\*1 Supra, pp. 16-17.

\*2 Acarkar, - Principles And Problems of Federal Finance,

The political and economic forces in the outer world have their repercussions in local areas; and any advancement in the moral and material conditions of the localities also redounds to the benefit of the whole country. To take an example, let us suppose that local authorities in Inula embark on a programme of mass literacy. That the inhabitants of respective localities will be the primary beneficiaries is obvious; nonetheless, the whole country also participates in the gain. The primary benefit of the so-called onerous expenditure is confined to local inhabitants and the nation<sup>a</sup> participates in all these local advantages."For local and national benefits interpenetrate and are indistinguish-  
\*1  
able".

In the light of these general observations, we shall briefly survey the systems of local taxation in some of the advanced countries and try to bring out their essential features and differences. In view of the fact that the French system of local finance has much influenced local financial organizations in most of the Continental countries, we shall first study the French local revenue structure. In France, local authorities derive the major part of their revenue from local additions to the four national taxes. The number of centimes which may be added to these national taxes is regulated by state law. The four national taxes, well-known as the "four old women" are:

\*1 J.A.Hobson, - Taxation in the New State, p. 240.

- (1) "Contribution fonciere", or land and building tax,
- (2) "Contribution personnelle et mobiliere", or personal tax and personal property tax;
- (3) "Contribution **u c o** portes et des fenetres", or a tax on windows and doors;
- (4) **Contribution** des patents" or a license tax on trades and professions.

These four taxes are assessed and collected by the State, since 1917, however, the Central government have discontinued the use of these taxes for their own purposes and local bodies are now free to levy imposts **thereon** for their exclusive purpose. The personnel mobiliere is levied on rental value, and the assessment often depends on the wealth of the individuals. The contribution des patents is levied on commercial and industrial concerns which are divided into groups according to the supposed ability of the tax-payer.<sup>a</sup>

Besides these chief direct taxes, local bodies derive some income from the "Fonds Communes", a fund fed by state administered taxes on automobiles, beverages, cards-d-identiti or foreigners' identity cards, and business turnover, income from this fund amounted **in** 1926 to 13.4 percent of the total communal revenue. Octrois, or local entrance duties, were once an important source **of** communal revenue. A policy of gradual suppression of these

**to**

duties has since 1918 been adopted and in lieu thereof a special fund, called the "Contributions indirectes" has been instituted. It **is** fed from national sources and the proceeds thereof are annually distributed among the local authorities. ..till, there were in 1930 about 968 communes which levied octroi duties, the total yield of which amounted to 964,000,000 francs. In 1926

octroi supplied 13.1 percent of the total local revenue.

The other local sources include special taxes, payments in the nature of fees, special assessments, taxes on amusements, visitors and dogs. The law of 1926 granted to local authorities the right to levy twenty-three different kinds of local taxes, of which the most important are taxes on net revenue of buildings and lands, on house rentals and business houses, on servants and vehicles. The French system of levying taxes on a long-list of specified objects is followed in several other countries, notably Belgium, Estonia, Czechoslovakia and some <sup>^</sup>wist\* cantons.

In spite of these recent attempts at augmenting local resources, most of the communes find it difficult to make both ends meet. The law of June 1920 permitted local bodies to levy an additional tenth of one percent to the turnover tax. But the interesting feature of local taxation reforms in France is the extensive use of house rentals for tax purposes.

Before the last World War German local authorities enjoyed wide taxing powers, subject to the control of state supervisory officers, they were free to select taxes which appeared best suited to local conditions and even the measure in which every tax should contribute towards communal revenue. They generally adopted as wide a basis of taxation as possible and the local taxes being many, they were so devised as to draw into net every individual citizen. At present, however, the bulk of local revenue is derived from taxes on land, buildings and business. The basis of taxation on real estate is usually the market or sale value which is defined to be "not the capitalized value of the annual rent, but the price which could be obtained by sale under ordinary circumstances". The tax rate varies from one-fifth to one-half

**percent**, and it is **paid** by the owner of real estate. Local bodies also levy a tax on transfer of property on a large scale.

The Prussian Taxation Law of 1893 mentioned a tax on "increased value" of real property as a legitimate source of local revenue. The excess of price on re-sale or transfer over the price at the previous change of ownership represents the taxable increment. The Tax proved so productive that the central government were tempted to appropriate it for their own purpose.

The other important source of revenue is the trade tax levied generally on trading and manufacturing classes, though professional men and working classes are exempted from the levy. The trade tax, like real estate tax, may be assessed in various ways at the option of the local bodies. But the Communes usually adopt such bases as the number of work-people, amount of wages and salaries paid, rent of the premises, gross turn-over, etc. so as to secure a steady flow of income.

Of the indirect taxes, octroi duties are by far the most important; and the utilization of this source was deliberately encouraged by the Prussian Taxation Law of 1893. These duties have now been gradually abolished and the loss of revenue is made up by levying new charges as **well** as by raising existing imposts.

But the most important feature of German local taxation before 1920 was the freedom allowed to local bodies to levy local additions to the State income tax. The revenue from local additions to the income tax at one time amounted to over 50 percent, of the total local revenue. The superior government, however, reserved the right to sanction a local levy in excess of 100 percent of the State income tax. This controlling power was intended to

check the undue exploitation of income source for purely local purposes. Another noteworthy feature of the German local finance hfts. the emphasis laid on the development of income from sources other than taxation. Local bodies were encouraged to work public utility undertakings as profitably as possible with a view to keeping the tax burden within moderate limits, similarly, some communes derive considerable revenue from the communal property in lands, mines, forests, etc- and there are also a few communes which by reason of their extensive landed property and remunerative public utility concerns, levy no taxes at all.

The principles which governed and are still governing German local finance were laid down carefully by the Communal Taxation Law of 1893. The power to levy taxes, direct as well as indirect, was to be exercised only to the extent that non-tax revenue viz. revenue, from communal property of every typ^, fees, dues, contributions, etc provea insufficient, secondly, direct taxes were to be imposed only when indirect taxes proved insufficient. Direct taxation was to be restricted as far as practicable, and where real estate taxes were considered necessary, they were to be introduced as a counter poise of other taxes.

Much water has, however, flowed oown since the Great War of 1914-18 and the German local financial organization has undergone numerous significant alterations. Legislation in 4^ post-War Germany has brought about strong centralization of revenue resources in the hands of the Reich Government. Local authorities are prevented from levying any taxes which the Reich government desires to reserve for Itself. The present fiscal inter-relationship between the Federal, state and local authorities is regulated by the Taxation Law of 1920, subsequently developed by the Financial



Adjustment Law of 1923 and by the taxation of House Rents Ordinance of **1924**. The taxes which directly aim at ability are in fact administered by the Reich government and the proceeds are attributed among the Reich, state and local authorities, these are mainly the Income and Corporation taxes, General Turnover tax and the Companies tax. The Communes are entitled to get **21.5** percent of the Income Tax, and **14.85** percent of the Turnover Tax which in **1926** was assessed at **11** percent of the General turnover. The Income tax is divided among the local bodies according to the amounts raised in the separate districts. The General Turnover tax is distributed according to population of the Commune and the number of children attending schools and it takes the place of the former education grant. The total yield of these state-administered taxes has been guaranteed at **2400** million marks since **1927-28**. The tax on increment of land value, which was widely adopted by most of the municipalities, has now been absorbed by an Imperial tax of like nature. It will be noted that local bodies have been compensated for the limitations on their tax revenue by assignment of a part of the centrally-administered taxes. The total grants made to localities vary from **16** to **20** percent. The bulk of the local revenue is still derived from taxes on immovable property.

In the United States of America the General Property tax on real and personal property has by far been the chief source of revenue both for State and local authorities. The tax is assessed by localities with additions for state governments. The purely local, county and state rates are arrived at by dividing the assessed valuation of property in the locality by the amount required for local, county and State purposes. Thus the final

rate upon property is arrived at **by averaging** these rates. The tax is usually based on capital or selling value of property. The proportion of revenue from the property tax to total local tax revenue amounted in 1930 to fully 92 percent, ranging from .74 percent in Oregon to 75.76 percent in Alabama. In nearly three-fourths of the States, property tax income amounted to more than 90 percent of total local tax revenue and to 63.8 percent of total local revenue from all sources. \

Special assessments, intended to cover expenditure of special public improvements, are an important feature of American local finance. Income from this source amounted to 5.6 percent in 1930. This mode of taxation is justified on the ground that certain public improvements enhance the value of private property in the vicinity of such improvements near by, and hence owners of such property should be made to contribute with the whole or at least a part of the cost of such public improvements. The proportion of the cost that may be assessed as well as the method of assessment are both controlled by state legislation and city Charters.

Business or occupational taxes have been introduced in some cities to supplement their income from property taxes. These taxes are levied according to various bases, e.g. the volume of business, number of employees, extent of the facilities used in the business - for instance, the number of rooms in case of hotels. Business taxes are sometimes imposed for the regulation of business and occupations in the locality.

In some of the American cities, municipal authorities manage public utility concerns. It appears, however, that few

cities obtain any large net revenue from such undertakings. No definite policy seems to have been developed with regard to the earnings of municipal enterprises; but except in a few cities these have not **a3** yet assumed much importance. At any rate, this item in municipal revenue is relatively of much less importance in America than abroad. The public utility concerns not managed or owned by local authorities, but which have been granted certain privileges in the city's streets are required to contribute to the municipal funds. The methods of assessment vary from city to city. In some cases a public utility is assessed ad valorem, that is, on its value as a unit of property, taking into consideration its earnings, its franchises, its real estate, its capital and such other relevant factors. This estimate or ad valorem assessment becomes the basis of a percentage tax- Gross earnings are sometimes taken as base for the taxing of public utility concerns.

Grants in-aid from state authorities also constitute a part of local government revenue, these grants amounted in 1925 to an average of between 7 and 8 percent of total local revenue for all the states, ranging from 0.8 percent in Kansas to over 27 percent in Wyoming. Also of growing importance is the share of State administered taxes which in 1925 were 4.1 percent and in 1928 5.6 percent of the local tax revenue. In many States the shares granted to local bodies are by way of compensation for the withdrawal of certain classes of property from local taxation; in other States they constitute an outright grant paid in response to increasing local financial needs.

The American system of State and local taxation has received much attention recently from students of finance and

state officials and as a result significant changes have been introduced in some States in the fiscal inter-relationship between State and local authorities. The administration of the General Property Tax had shown that personal property cannot be successfully reached by local bodies and that the tax system, as it existed, was a dismal failure. In its operation, the general property tax was little more than a tax on realty. The practice of under-assessment, prevalent among most of the localities, gave an entirely fallacious view of the public resources, moreover, there was neither equality nor uniformity in the methods of assessment. Attempts at reaching personalty almost always resulted in dishonesty so much so that the payment of the tax on personalty became as voluntary as donations to Schools and Churches.

: Various financial palliatives have of late been suggested and in some cases adopted with a view to removing the defects of the general property tax system and rendering it more equitable in its burden and efficient in its administration. A complete separation of sources has been attempted in a number of states whereby local bodies are granted the exclusive use of the general property tax. The adoption of this measure has led in many cases to increased local revenue; but it is feared that rigid separation may render the tax system too inflexible- It is, therefore, suggested that the general property tax should be resolved into its constituent elements - that is, into a series of specific taxes on income-yielding property or its transformation into a classified property tax with different rates for each type of property.

\*1 E.A. Seligman, - Essays In Taxation, p. 32.

\*2 Encyclopaedia of the Social Sciences, Vol. Local Finance,

Prof, seligman suggested that state **and** local resources should be **separated** and that localities should be allowed to exempt personalty from local taxation. Realty taxation should be the exclusive field of local bodies and personalty can be reached more satisfactorily by introducing a state income-Tax with division

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of the yield between state and local authorities.° **This** plan **has** now been introduced in many states, and the **3system** of state-ad-ministered and localty shared taxes has been extended to Corpora-tion **tax**, income tax, inheritance tax, mortgages and excise taxes. These latter taxes are collected by the State ana their yield is shared **with** the local governments. ~hf: proportion of State-ad-ministered localty shared taxc **ui\_** xccal tax revenue amounted in 1902 **to** 0.9 percent, in 1912 to 1.1 **percent** in 1925 and to 5.6 **percent** in 1928. It is learnt that about twelve new taxes were <sup>\*2</sup> adced in 1929. it is clearly a growing movement.

O Thr edifice of the Knglish local tax system rests on the Poor Rate w;rlch dates back to the Tudor period, and which has now settled down as a rate charged on the annual value of immova-ble property. Criginallyj personal as well as real-property wa6 rateable, but the Poor gar\* Exemption Act of 1840 exempted personal property from local taxation. Similarly, the Agricultural H-J-es

• c " 1806 {ted laid down that agricultural lano be assessed at half its annual value only. In the Act of 1929 the ordinary indus-trial buildings were relieved from three-fourths of the local rates, and the three-quarters exemption of agriculture was made a complete exemption.

\*1 Seligman, - Essays in Taxation, p\*£7&--~7~~473~~  
P.G.Hutchinson,- state-Administered Locally t>ha red  
Taxes, p 38.

The property liable to taxation includes lands, buildings and fixed machinery, although so far as the latter is concerned there is no uniformity of practice. The liability for rates rests on the purely legal hypothesis that, if one occupies a premises, one would be prepared to pay a rent for such occupation. That rent is *prima facie* a measure of the value of the occupation, and it is upon this measure of value that the assessment is based. The person liable for the payment of local rates is, by law, the occupier. In Scotland, however, rates have been levied half on occupiers and half on owners. Since the enactment of the Rating and Valuation Act of 1901, consolidated and there is now one General Rate for every rating authority. The General Rate is made at a uniform amount in the £ on rateable value on each hereditament and it is intended to cover the estimated deficiency of the General Rate Fund, after taking into account revenue from all other sources. The local rate has been the backbone of the English local taxation and it contributed in 1935-36 about 34 percent of the total local income on revenue account.

Local authorities obtain considerable revenue from State grants in aid of local expenditure, a feature very characteristic of the English local finance. Formerly the state grants were given for specific local services and were calculated on the percentage basis. The percentage basis was condemned as a money-spending device 'as it destroyed the incentive for local authorities to economise and, weakened the control of Government departments over local bodies' commitments on grant-aided services.'

\*1 The Municipal Year Book, 1939.

The Local Government Act of 1929 placed the grant-in-aid system and the fiscal inter-relationship between Central and local authorities on a more systematic and satisfactory basis. In calculating grants the Government now considers not merely the amount of local expenditure but various other local factors. The block grants as they are commonly called, are distributed on a unit basis, and not on percentage basis. The new block grants include a General Exchequer grant and under special circumstances additional and special grant cases. The aid out of a national pool of money provided by Parliament for the purpose of distribution to local bodies. From 1930 to 1937 the arrangement was only partial. The fund or pool is divided in two: one part is to be devoted to making up the losses which the local authority may suffer from the "derating" provisions of the Act of 1929, and the other part is allocated on a formula. From 1937 to 1942 only one-half of the "losses" are made good, and all the balance of the pool available goes in the formula, and from 1942-47 one-quarter of this loss is met, while from 1947 onwards the fund will be distributed by the formula, based on population, with special weighting for numbers under five years old, population per mile of main road, rateable value per head and unemployment. The new block grant is not specific at all, but has to cover all the specific grants that have been discontinued under the Act of 1929. It is said that "in the preparation to equalize burdens and also to introduce more order into the grant-in-aid system, the Act of 1929 recognized the grants to have greater regard to actual local needs". Government grants to local bodies in aid of rate

\*1 A Century of Municipal Progress, p. 35

fund services on revenue account represented approximately 44.5  
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percent of the total income derived from rates and grants.

Some English local bodies own and manage public utility concerns like electricity,, gas aix. water supply, tramways and light railways. In the case of municipalities these trading services contributed about 25 percent of the total municipal revenue. It is, however, the generally accepted policy to operate these undertakings on the minimum economic charges consistent with efficient service and maintenance of adequate reserves. Public utilities are "often regarded as essential public services, and their finance is a secondary consideration not to be put to the test of "profits"¹.

In Japan the system of municipal revenue exhibits features which resemble both the American anu European systems. The local financial organisation is fairly rigidly controlled and supervised by the national government and the local councils have always occupied an advisory position and have never acquired positive powers over the bureaucracy. The Japanese local bodies have practically no independent powers of taxation and they have to\* depend mainly on sur-taxes levied upon the national taxes.

The Prefectures, which correspond to the French departments, obtain about 52 percent of their revenue from percentage additions to the five State taxes namely, land, business profits, mining and placer mining taxes. Kates on household are locally assessed and collected. Local business taxes are imposed on those occupations only which are excluded from a national tax of like

\*1 The Municipal Year Book, 1339, p. 119.

\*2 A Century of Municipal Progress, p. % <gy



nature. The Prefectures also receive grants from the Central government in respect of salaries of local officials.

The primary local bodies, into which the prefectures are sub-divided, obtain their revenue chiefly from local additions to the four national taxes, viz. tax on income, business profits and mining. They are also allowed to levy additions to the three prefectural taxes namely, the household rate, house tax, etc. The household rate **43%** effect a Polo, tax levied on each number of household. There are also the tax on land transfer, tax on incomes not subject to a national income tax, etc. Grants from the Central authorities, fees, rents and other income from municipal property, and profits of public utilities also contribute to the local treasury. It should be noted that some municipalities have their own water and gas works and to some extent water and gas works. The principal sources of income for the six leading cities in Japan for the year 1929 were; city tax **17.4** percent; prefectural subsidies **17.3** percent; from municipal **37.6** percent and the remainder or **27.7** percent from assessments, contributions and miscellaneous income.

The foregoing survey will serve to give some idea of the essential differences that obtain in the distribution of revenue resources between various sets of authorities and the various methods adopted for raising revenue for local government purposes in some of the progressive countries. Broadly speaking, the distribution of resources seems to have assumed three principal forms. Firstly, each set of authority is granted certain specific sources.

\*1 Encyclopaedia of the Social sciences, Vol. 10

For example, in Great Britain, the Central government reserves all indirect taxes as well as taxes on incomes while direct taxes on real estate have been assigned to local units, it is well to note that this separation of sources obtains to a certain extent in all the countries; and in no country has it been completely adopted since it was found that rigid separation tends to disappear as the cost of government grows, secondly, the method of sharing sources is widely adopted in the United States, Japan and in <sup>the</sup> Continental Europe, in the United States, the general property tax is assessed and collected by localities and the State government adds its own rate to the local levy on the same source. In France and Japan, the process is reversed. Here the taxes are administered by the Central government and localities levy their own percentage additions to the state taxes, in Germany and some of the States in the United States there is sharing of taxes in lieu of sharing of sources. In Germany the tax on income is administered by the Reich government and the proceeds are divided among the States and localities. In the United States the taxes on income, corporations, etc. are assessed and collected by State authorities and local bodies are granted a certain share in the yield. Thirdly, the method of subventions and grants-in-aid is adopted in most of the countries although it is very characteristic of the English local finance. The grant-in-aid system has assumed much importance in other countries as well on account of the overhaul of financial relationships during early post-war years.

It will also be observed that the practice of levying octroi duties, for local purposes is the distinguishing feature of continental local finance. The principle of public finance

that all indirect taxes should belong to the Central sphere seems to have been violated in the continental countries, at one time these entrance duties constituted the chief source of communal revenue in France and Germany, **it is** well to note that the octroi system has always been condemned on account of its high cost of collection and interference with internal commerce. These duties are utterly unsuitable for the present-day open towns. Moreover, they have already lost much of their importance as a source of local revenue. In France government abolished in 1918 octroi duties on beverages and compensated the local bodies by a special fund, called "the contributions indirectes" fed from national sources, and the proceeds of the fund are divided among the localities. Octroi duties were abolished in Belgium and Holland and were replaced by grants to local bodies from the central treasury. The Italian Tax Code of 1932 likewise discontinued the octroi system; and to reimburse the local authorities for the consequent loss of revenue, the central government makes grants towards the salaries of school teachers and Judicial officers, hitherto an item of local expenditure.

The other marked differences that obtain in the local tax systems are that taxes on property in the United States and Germany are usually based on capital or sale value, while in England, France and Japan they are based on the annual value of property. In England the tax on property **is** levied on occupier while in France, Germany and United States it is recovered from the owner. The principle of taxation according to payer's ability seems to be recognized in the United States and in pre-war Germany where attempts were made to reach not only the immovable but movable property with a view to **Determining** more fully the tax

payer's ability. Attention is already drawn to the utter failure of taxation of personalty in the <sup>U</sup>^L U U states while local bodies in Germany can no longer levy percentage additions to the state income tax. The principle of taxing special benefits as and when they arise owing to public enterprise seems to have been more fully realized and much developed in the form of special assessments in the United States and Germany.

In spite of these special features and apparent differences, there is a marked emphasis in almost all the countries on realty taxation, and this seems quite evident because "taxes on real estate, whether on rentals or on capital values, and whether charged to owner or occupier, are more appropriate source of local income, since real estate is at once tangible and immovable and since it has a definite local situs, there is less chance for <sup>\*1</sup> evasion or double taxation of this source than of personal income". A tax on real estate when based on annual value represents a sort of a compromise between the principles of faculty and benefit. It is true that the annual earning capacity of real estate though not an entirely equitable and precise criterion, is a fairly good measure of the holder's ability to pay. Secondly, local real estate obtains considerable benefits from local government services and hence a tax on realty also represents a certain "correlation of burden and benefits on quid pro quo lines". In Great Britain

\*1 M. Newcomer, - Central And Local Finance, p. 298. <sup>L\*

"The whole drift of local finance has been from personalty to realty taxation" - Adarkar, - p\* 254.

taxes on real estate represent about 63 percent of total local income. In the United States the general property tax which is virtually a tax on real property constitutes about 64 percent of the total local revenue and 92 percent of the local tax income. Even in the continental countries, whose tax systems were much commended for their more varied sources, the post-war reorganization of the tax system has increased local government dependence on real estate. In France the four old taxes which once formed the mainstay of state revenue have since 1917 been the principal sources of communal revenue. In Germany the whole of the land and building taxes were transferred between 1893-1923 to local authorities and these now supply the bulk of the local revenue. In Japan too the tax on property is the chief source of revenue for communes, counties and prefectures. This concentration on local immovable property was much accelerated during the post war years; and it was the result of reorganization of financial systems in most of the progressive countries, whereby revenue resources were centralized in the hands of the central authority. "The bases of taxation are increasingly developing from local to state and from state to federal importance." In England the Local Government Act of 1929 has taken away agricultural property and three-fourths of the industrial and freight transport hereditaments from the local tax sphere. In Germany localities prohibited from levying additions to the income tax which has now become a federal tax. In Holland, where a local income tax once constituted the backbone of local revenue, the government local tax on incomes in 1929 and instituted instead a centrally administered communal fund which is distributed among the local bodies. In the United States the failure of the general property tax has led to the separation of sources between

state and local authorities whereby taxes based on ability are administered by the States and localities are allowed to share in the yield. This system of state-administered locally shared taxes is making steady progress in the United States.

The fundamental cause of this growing tendency towards centralization or unification of taxation is to be found in the growing social and economic unity of the entire nation brought about **by** the development of communication and transportation. Taxes which were formerly administered by local bodies efficiently and without any prejudice to local trade and industry, had already lost their local origin and nature. Even though local government services created a body of wealth or taxable surpluses, they were too elusive to reach and were also influenced by out-

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side factors, national and international. Thus, with growing unification of social and economic life it was discovered that "few taxes are sufficiently localized to permit their exploita-

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tion at the discretion of local authorities"; and that a substantial equity in the system can be secured only under a unified tax system. The foundation for a uniform and unified tax system were laid by the Weimar Constitution in Germany, by the Rating and Valuation Act of 1925 and Local Government Act of 1929 in Great Britain. Another fundamental consideration which encouraged centralization of resources was the heavy strain on the resources of the central or federal authorities as a result of growing popular demands for more services and relief measures during the

\*1 J.A. Hobson, - Taxation In The New State, pp. 246-47.

\*2 Newcomer, - The Central And Local Finance, p. 3.

post-war years and particularly during the depression period commencing from 1929. Central authorities tried to ease the situation partly **by** delegating responsibilities and obligations to inferior governments and partly by pooling together the slender resources of the local authorities. Encroachment on the local resources inevitably narrowed down the tax base available for local exploitation.

But the tendency towards centralization of resources was not accompanied **by** centralization of functions. Even though certain functions were transferred from the local sphere, resources were more readily centralized than obligations. It is true that sometimes local authorities themselves were loath to relinquish functions which had long been their exclusive preserve. But such instances were rare. We have already observed that local expenditure has registered the most remarkable growth during recent years in most of the progressive countries. The growth of local expenditure was mainly due to widening range of local government activity in new spheres of civic life. Central authorities, when confronted with ever-increasing popular demands for welfare services and relief measures, resorted to local administration for meeting new social demands especially in respect of housing schemes, unemployment and poor relief, etc. There is additional reason which facilitated decentralization of public duties. Local bodies are in close touch with the masses and are well conversant with local problems and difficulties. Naturally, they are considered to be the best agencies for the management of welfare services. Thus, while local resources were narrowed down to realty taxation, local expenditure increased by leaps and bounds. The consequence of these developments is that localities

in almost all the countries have been suffering from acute financial anaemia. The lag of local resources behind local requirements inevitably leads to deterioration in the efficiency of local services and stunted functional growth. The central authorities sometimes endeavoured to ease the situation by making subventions and grants in-aid of local expenditure. It is, however, feared that if localities are to obtain an increasing proportion of their revenue from outside, it will be placing an undue premium on local extravagance and maladministration. Moreover, the system of grants-in-aid has facilitated, more often than not, the extension of central control and supervision over local administration, a development which is not always congenial to local patriotism and initiative, secondly, there is a limit to the amounts that can conveniently and economically be transferred from superior to inferior authorities without prejudicing the interests of other parts of the country's territory and population. To sum up, therefore, all the advanced countries in the world are today faced with the problem of reconciling the two opposite tendencies: desirability of a uniform tax system and promotion of local self governing institutions, after the termination of the present world War, governments in most of the countries will have to embark on extensive programmes of recovery and reconstruction. And the local authorities are bound to play an important part in the execution of those schemes. It is, therefore, most essential that the problem of adjusting local resources to local needs should receive closer attention and scientific study than has hitherto been bestowed on it.



C H A P U      ^ L.

Historical      ^iVVwtfeXjL^

I. Constitutional Growth:- Local self governing institutions of some kind have existed in the social fabric of India from times immemorial. They formed an integral part of the ancient Hindu polity, and also continued to function in the Mohammedan period. In the rural areas the village Panchayats were little republics, having nearly everything they wanted within themselves,

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and already independent of foreign relations. Even in the urban areas each city was administered by a body called Nagarattar, the assembly of the nagar or city. The arts and crafts had their own vocational guilds, but for civic purposes there existed composite bodies in which men of various castes **and** occupations met

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together. It is not clear however, whether such civic organizations existed in all parts of the country and with equal vitality. The subject of civic administration in India prior to the British rule is interesting and important enough for an independent investigation and study. It is sufficient for our purpose to remember that the genius of the Indians was already suited for municipal organization when the British assumed power in this country. Long before the British Government thought of establishing municipal authorities in the Bombay Presidency, Ahmedabad had a system of conservancy, and an organized body to maintain it, which was essentially municipal. The people had already voluntarily adopted a system of local taxation for securing themselves from the attacks

\*1 Remarks of Sir Charles Metcalfe.

\*2 Encyclopaedia of the Social Sciences, Vol. IX, pp.574-84.

of the Bhils and Kolis by the erection of **city** walls. „**hon** the city walls were completed, the funds obtained from local taxes were devoted to construction and upkeep of roads, lighting of streets and scavenging, it must not, however, be supposed that the municipal authorities as we find them today are in any way the revivals or survivals of the old local institutions. It is rightly said that "between these ancient institutions and the municipality or rural board of India of today there is a wide gulf, and the <sup>\*1</sup> one class of **bodies** is not a historical development of the other'. Local self government in the sense of a representative organization responsible to a body of electors, enjoying wide powers of administration and taxation and functioning as a school for training in social and political responsibility, is essentially a product of the British rule.

The three presidency towns of Calcutta, Madras and Bombay were fortunate to secure municipal organizations **of** the English type for a long time before the British permanently settled down in the country. The Madras Corporation was established in 1687 and was empowered to impose **taxes** for improving sanitation in the city. A Royal **Charter** established in 1726 Mayors' Courts in the three presidency towns and the Regulating Act of 1773 invested them with powers **of** taxation. The Act of 1856 provided for **the** establishment of municipal corporations in these three cities and **they** were empowered to **collect** taxes and execute works of conservancy.

So far as towns in **the** mofussil **areas** were concerned there was practically no attempt at municipal legislation **before**

\*1 P. Mukerjee, - Indian Constitutional documents, /i, XXI.

1842. The Act X was passed in that year in Bengal authorizing "the inhabitants of any place of public resort or residence to make better provision for purposes connected with public health and convenience". Based upon the voluntary principle it could take effect in no place except on the application of two-thirds of the house-holders. It was only introduced into one town, and there the inhabitants when called upon to pay the tax, not only refused, but prosecuted the collector for trespass when he attempted to

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levy it. The Act X of 1842 was superseded by the Act XXVI of 1850 for the whole of India and provided for the establishment of municipal agencies consisting of the Magistrate of the place and a Committee of members appointed by Government. These municipal bodies were to look after the making, repairing, clearing, lighting and watching roads, drains or tanks, prevention of nuisance. It was a permissive legislation and much utilised

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in the North-Western Provinces and Bombay, since direct taxation had led to the unpopularity of the Act of 1842, the new Act legalized for the first time the levy of octroi duties in India. The Chawkidari Act of 1856 authorized the district Magistrate to set up a panchayat with powers to raise taxes and spend the proceeds on police, sanitation, and lighting of towns. This Act was resorted to chiefly in Bengal and North-Western Provinces.

The publication of the report of the "Royal Army sanitary Commission in 1863 revealed appalling sanitary conditions in Indian towns and emphasized the urgency of organized and institutional efforts to ~~port~~ ~~Wrr~~ the same. In fact, the findings of the Commission

\*1 Imperial Gasetteer of India, Vol. IV, p. 286.

gave an Impetus to increased municipal activity. The central authorities, feeling themselves unequal to the task of establishing sanitary conditions in the remote local areas, realized the importance of delegating powers to local bodies for the satisfaction of local needs. As early as 1861, Ur. Laing, the finance Member to the Government of India, has observed that "it is of the first importance to break through the habit of keeping everything in dependence on Calcutta and to teach people not to look to Government for their betterment but to look for better themselves." This principle was reaffirmed by the Government of India in their **Resolution** of 1864. "Holding the position we do in India, every view of duty and policy should induce us to leave as much as possible of the business of **every** country to be done by the people, by means of funds raised locally, and we should confine ourselves to doing those things which must be done by the Government, and to influencing and directing in a general way all the movements of the social machine." As a result of the recommendation of the Royal Army Sanitary Commission municipal legislation was undertaken in the various provinces, e.g. in 1864 in Bengal, in 1865 in Madras in 1867 in the Punjab, and in 1863 in the North-western Provinces. It is of interest to note that the British Government set up local committees to suit their own needs. Decentralization was advocated only because the central authorities were very much burdened with public duties and responsibilities, and devolution of certain functions to inferior bodies was clearly an act of administrative exigency. It was Lord Mayo who can be said to have advocated decentralization as an accepted principle of public policy in the Government of India. He enunciated the new policy

in the **Resolution** of 1870. The policy of financial devolution and that of encouraging the development of local self governing institutions were intimately connected with each other. It was the intention of Kaye to "afford opportunities for the development of self government, for strengthening municipal institutions, and for the association of natives and Europeans to a greater extent than hitherto in the administration of affairs". The Resolution impressed upon the Provincial authorities the importance and necessity of taking care to bring local interest, supervision and care to bear upon the administration of funds devoted to education, sanitation, medical relief and local utility works. Between 1871-1874 the provincial governments enacted **freBh** municipal laws which conferred enlarged powers upon municipal councils and extended the principle of election a little further. In the Province of Bombay and since, the Act VI of 1873 gave corporate existence to municipal bodies. Municipal districts with a population over 10,000 **were** declared city municipalities and those with a population over 2,000 were called town municipalities. It may be noted that the principle of election, though mentioned for the first time in 1873, was put into practice only in 1862 in the case of the then existing ten city municipalities.

In provinces like Bombay local bodies made considerable progress in resources and efficiency; but in most other provinces local administration continued to be rigidly controlled by official agents, The results of the policy of 1870 were reviewed by the Resolution of 1882 as under there was still a greater inequality of progress in different parts of the country than varying local circumstances seemed to warrant, in many places services

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admirably adopted for local management were reserved in the hands of the Central Administration while everywhere heavy charges were levied on municipalities in connection with the Police, over

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which they had necessarily no executive control." The distribution charges had not proceeded on any scientific principle but was mainly guided by the exigencies of the central treasury. In certain provinces matters like primary education and minor public works were locally managed while in certain other provinces they were under the control of provincial governments, it appears that even for Liayo devolution of public duties was a means of relieving financial stringency at the center. Moreover, the progress of local institutions was far from satisfactory owing to their being "over-ridden and practically crushed by direct . . . official interference". It was Lord Ripon who advocated the development of local institutions "not primarily in view to improvement in administration" but because it was "desirable as an instrument of political and popular education". His policy was "to induce the people themselves to undertake, as far as may be, the management of their own affairs, and to develop or create, if need be, a central authority to help in their work; matters which have not, for imperial reasons, to be regained in the hands of the representa-

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tives of government". Circular letters were addressed to provincial authorities on 10th October, 1881 on the subject of the extension of local self government and inviting the provincial governments to express their views on the desirability or otherwise

\*1 Mukerjee, - Indian Constitutional Documents, p. 639.

\*2 Resolution No. 3353, dated 30th September, 1881.

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of such extension. The result was **the** publication of a further **Resolution on 18th** May, 1882 indicating **the** proposed lines for the introduction of local self government. **It** appears that Ripon's proposals embodied in **the** Resolution were accepted by almost all **the** provincial governments "on **the** whole loyally and **in some** cases cordially", some opposition seems to have come from the Government of Bombay who considered Ripon's proposals to be so "very radical" and "extensive" <sup>^</sup> their scope that their introduction was premature. In fact, **they** **could** have preferred to proceed, more cautiously to create and educate a public spirit **and** ascertain the fitness of municipal and local fund committees to exercise **more** extended powers <sup>></sup> affirmed that more **extended** powers **could** be granted by the people **it** was not desirable to grant. "Such powers are often abused even in countries where the people have been accustomed to free institutions, **the** growth of centuries, and His Excellency the Governor in Council cannot but regard **with** uncertainty and anxiety" <sup>lined up.</sup>

Eventually, however, the Bombay Government also came <sup>lined up.</sup> and "yielded with a very fair grace", shortly after the issuing of the Resolution of 1882, the provincial governments placed on their statute books new local self government Acts. It may be noted that there were no local Boards in the rural areas until then; but funds devoted to local purposes were managed **by** District Officers with the help of local consultative Committees. These Consultative Committees were now abolished and in their place were established rural boards both in the districts and in sub-divisions or talukas, on a more or less elective basis, with powers much wider than the old consultative Committees possessed.

In the Bombay Presidency a further advance in response to Phipson's Resolution was made by the Act II of 1884 whereby the elective element in municipal councils was raised to one-half and the number of nominated members who could be Government Officers, was reduced. The distinction between city and town municipalities was abolished. It was further provided that the President should be a member of the municipality, either appointed by Government or elected by the municipality, if Government so directed.

It was Phipson's expectation that the new policy "will relieve the provincial authorities from some portion of the ever-growing details of the work of administration, will tend to reconcile the public to the burden of local taxation, and will lead to the more extended employment of the natives of India in the administration of public affairs, while conferring on them higher powers of control over all expenditure on objects of local importance".

\*1 It is true that the number of local authorities, both rural and urban, increased considerably after 1882, but the high aims underlying Phipson's policy were never realized in practice owing to excessive official control over local administration.

In the Bombay province the local government Acts were amended in 1888, 1890, 1901 and 1902. By the Bombay District Municipal Act III of 1901 the number of elected members was fixed at a minimum of one-half. The elective element was to be raised beyond the minimum fixed by Government, if they thought desirable to do so. The municipalities were allowed to elect their own President. The distinction between town and city municipalities which had been abolished in 1884 was partly revived as it was found that

\*1 Letter to the Secretary, Government of Bengal, No.3513, dated 10th October, 1881.



large cities wherein scientific systems of sewerage and water supply were introduced, required more elaborate arrangements than towns and that their executive should be invested with special powers, on the whole, however, the general framework of local self government^erected in 1884-85, still remained intact by the time the Decentralization Commission commenced their inquiry. The primary functions of municipalities were:

(a) the construction, upkeep and lighting of streets and roads, **and** provision **and** maintenance of public and municipal buildings;

(b) public health, including medical relief, vaccination, sanitation, drainage and water supply, and measures against epidemics;

(c) Education.

In 1908 the Government of Bombay issued executive orders directing that two-thirds of the members of District municipalities should be elected and that municipalities should be allowed to elect their own President, provided-however, the two-thirds of the members approved of the election. The recommendations of the Decentralization Commission marked a further stage in the development of local self government in India. But it is essential to review the suggestions of the Commission with the background of conditions that obtained prior to 1911. The municipal franchise was very <sup>far</sup> narrowed^ down since about 6 per cent of the municipal population in India was entitled to vote. Secondly, the scope of municipal enterprise was rigidly controlled by Government officials and their representatives on municipal councils. The Collector enjoyed extensive powers of supervision and control, could inspect all activities of the council

and call for such reports and information as he wished. "No loans can be raised without Government sanction, and generally speaking municipal budgets and alterations in taxation require

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the sanction of Local Government, or of a Commissioner" • Moreover, municipalities were not permitted to approach the money market and except for the presidency towns, municipalities borrow-

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**sd** chiefly, though not entirely, from Government. The chief factor that contributed to the failure of municipal self government in India during 1884 - 1915 was strict official control both from within and without. In the rural areas district administration was virtually a one-man rule.

As regards urban local authorities the Commission suggested that municipal councils should ordinarily contain a substantial elective majority and should usually be empowered to elect their own president, that the municipalities should have full powers in regard to taxation within limits set by law, and that they should have complete control over their budgets, subject to the maintenance of prescribed minimum balances. The proposals of the Commission were generally accepted by the Government of India who in consultation with the provincial authorities and political leaders, issued a comprehensive Resolution on local self government in 1915. It is noteworthy that the publication of this document entailed so much delay that most of the suggestions made therein had become almost out of date when the Secretary of State for India announced the policy of His Majesty's Government on the future of Indian constitutional progress. It was agreed that the

\*1 Moral And Material Progress Report, 1911-12, p. 106.

\*2 Ibid, p. 107.

first step in **the** direction of progressive realization of responsible government in India must be taken **in** the domain of local self government. It was therefore found necessary to review the whole position once again in the light of the announcement of the Secretary of State for India. As a result of this review a second Resolution was issued by the Government of India in 1918 **in** consultation with **the** secretary of state. The Resolution of **1918** reaffirmed **the** fundamental principles underlying the scheme of local self government in India. It was pointed out that the "object of local self government being to train people **In** the management of their own local affairs, political education of this sort must **In** **the** main take precedence over all considerations of departmental efficiency. It follows from this that the local bodies should be as representative as possible of the people . . . . , that their authority in the matters entrusted to them should be real and not nominal, and that they should not be subjected to unnecessary control but should learn by making mistakes and profiting by them", such pious hopes were already expressed in Ripon's **Resolutions**, but the progress of local self government between 1884-1918 was anything but satisfactory. The Montagu-Chelrasford Report had conclusively shown that "in a space of over thirty years the *progress* **in** developing a genuine local self government has been inadequate in the greater part of India". The principal factors which contributed to this inadequate and disappointing progress were pointed out to be "the smallness and inelasticity of local revenues"; "the slow development of interest in local affairs and capacity to handle them"; and the last but not the least important, excessive official control over the local authorities. The Resolution of

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**1918** made suggestions in the direction of reducing unnecessary government control, both from within and without, over local administration and allowing localities **to** move freely in the performance of their manifold public duties. But the Government **of** India favoured retention of the powers of supervision and control which previous legislation had vested in the District Collector and Commissioner, The Resolution suggested that there should be substantial elected majorities on local councils, both rural and urban; that the chairman of the municipalities should be elected by the boards and should ordinarily be a non-official member. In the case of rural boards it was suggested that appointment **of** non-official chairman should be encouraged provided the board employed special executive officers with adequate powers. The powers of the local authorities in regard to taxation, expenditure and borrowing were also slightly extended. This aspect will be fully dealt with in the later part. Fourthly, the Resolution accepted the thesis that if a municipal or rural board had to pay for a service, it should control it; and that, where it was expedient that the control should be largely in the hands of the Government, the service should be a provincial one\*. The Resolution also recommended the establishment of a separate department of Local Self Government in the Provinces. It was felt that corporate life in the villages can be developed by establishing village Panchayats. This suggestion was already made by the decentralization Committee in 1909 and the Government of India endorsed it in 1918. The Panchayats were to be entrusted with such duties as the village sanitation and village education and to decide petty civil and criminal cases subject to certain safeguards to be laid down by provincial governments.

During the next few years the various provinces undertook legislative measures determining, on the basis of the proposals of the **Resolution** of 1918, the type, structure and functions of local government units both in the rural and urban areas, v/e shall briefly deal with the measures.....^ in the Bombay Presidency to implement the new policy. The Government of Bombay appointed Mr. J."Martin as a special officer on duty for the purpose of suggesting how the proposals of the Central Government should be carried out. Mr. Martin submitted, in 1918, a detailed report^but before any action could be taken on his proposals, the Government of India Act of 1919 came into operation. Under that Act local self government was made a transferred subject and was to be placed in charge of an elected Minister. Further advance in municipal self government seems to be made In 1920 by mere executive orders. The minimum tax paying qualification was reduced considerably so as to enfranchise a larger proportion of adult population. The number of members of municipal councils was increased, that of nominated members was reduced to one-fifth of the total members;, all municipalities were empowered to elect their President. The municipal franchise was further extended in 1921 by granting the right of voting to all tax payers and voters on the roll of voters for provincial legislature. From 1922 municipalities were allowed a free hand in the appointment of their Chief Executive Officers subject to the control vested in Government under the Act. The disqualification of women to be elected to municipal bodies was removed by the Bombay Act IV of 1924.

With the advent of Provincial Autonomy under the Government of India Act of 1935 various legislative measures were adopted by some of the provincial authorities with a view to democratizing

the structure of local self governing institutions. In the province of Bombay the Amendment Act of 1938 abolished the system of nominations to municipal councils., a moaest approach to the system of Joint Electorate was made by giving the Muslims the option to declare Sfet they did not want eeperate electorates and =\*Cases- *if they* like^to **have** joint electorate. Elective representation was provided in general constituencies for Karijane by reservation of seats. 'Reservation is also granted to Backward Classes, women and other minorities whenever necessary, ^o far as the local bodies **in** rural areas are concerned, similar progressive and democratic measures were adopted by ^v ^ Provincial Government. The Bombay Local Boards Act of 1923 was amended in 1938 whereby the system of nomination was abolished altogether and all seats were made elective. The Act of 1935 had authorized the Bombay Government tc abolish Taluka local boards if they considered **it** necessary In the public interest, These baords were actually abolished in 1938 since it was found by experience that the small organization for a Taluka could have no effective resources or powers to promote any public good. The Bombay Village Panchayat Act of 1920 was found unsatisfactory **in** its working and was replaced by another Act in 1933. It provided for the establishment of panchayats on demand from the villages. The panchayat franchise was extended to women, and the powers of taxation conceded to these bodies were further increased. They were also permitted to try civil and criminal cases of petty nature. By the Village Panchayat Act of 1939 provision has been practically made for adult franchise, anc every village with a population of 2,000 and more must have a panchayat.

The above survey of the development of local self govern-  
ment in India particularly in the Province of Bombayjwill

have adequately shown that local government institutions in this country have been the outcome of a conscious process of functional devolution, while comparing the systems of local government in Europe and India the Taxation Inquiry Committee observed; "As in the case of the relations between the Imperial Government and the Provincial Governments, so at every stage from the Provincial Government down to the village panchayat, the process has been, not that of a federation of smaller units into a large unit to deal with common interests which they cannot deal with independently, but the much more difficult process of devolution of powers by the larger unit to the smaller one. In Europe, on the other hand, the growth has been from the parish or the commune to the union, from the county, and so upwards. The explanation seems to be that in England and other western countries local bodies have displayed greater vigour and local patriotism. The people were more conscious politically and always resented attempts towards the contraction of local autonomy. In India, on the other hand, local authorities were very weak and could easily be subjected to official control. The people were accustomed by tradition to a centralized form of government and were lacking in that public spirit and political consciousness which alone provide the true foundation for building up democratic institutions.

It will also be observed that the motives which prompted the British administrators in India to set up local bodies were, during the initial stages at least, mainly those of administrative convenience rather than of developing public interest and cooperation in the management of public affairs. It was only during the regime of Lord Ripon that a more progressive and liberal outlook prevailed and local institutions were assigned to afford some sort

of political education to the people. During the succeeding period, however, the good intentions and the **high** ideals that inspired local self government schemes of 1857 were soon forgotten in the actual working of those schemes and a definite tendency towards centralization and officialization of all authority in the country became quite evident especially during the regime of Curzon. The local institutions became a department of Government administration; their work was done by the official elements within the local bodies themselves or by Government departments at the expense of local bodies; and their proceedings were subjected to excessive outside control. The Provincial governments also were not immune from the influence of overcentralization. The late John Forster realized that it was necessary to arrest the growth of centralization and allow the inferior government authorities as much freedom in the management of their affairs as possible. Thus, the recommendations of the recentralization Commission and the subsequent **Resolution** of 1915 and 1918 were designed to free provincial and local authorities from the overwhelming might of the central bureaucracy, and the inevitable result of this tendency was a greater autonomy in the local self governing institutions proper. Nevertheless, the nature of local self government in India till the year 1920 at least was described as "deconcentration" rather than of "decentralization" or of real "self-government". To adopt the subtle distinction made by Prof. H. Goetz, it may be said that there was "local self - administration" rather than genuine "local self-government". With the advent of provincial dyarchy under the Government of India Act, 1919, local self-government became a "transferred" subject.



Legislative measures of progressive character were adopted with great zeal in almost all the provinces. In course of time, however the pace of further development of local self government gradually slowed down and it was not until the inauguration of Provincial Autonomy in 1937 that the strings of progress were once again taken up. It is indeed unfortunate: that political developments after the outbreak of <sup>in 1939</sup> the war/should have led to the suspension of normal constitutional machinery in the greater part of the country. For the suspension of provincial autonomy also means suspension of all progress in the domain of local self government.

A review of local government legislation after 1937 will clearly indicate that local authorities in the Province of Bombay have now been made fully democratic in their structure ;nc! all control "from within" has been practically abolished. An important problem of determining the degree and nature of control "from without" has yet to receive adequate attention. In view of the growing social and economic unification in the country, it is certain that local government units cannot be left entirely free to determine their destinies and that some form of control over local administration is highly desirable to watch and safeguard the interests of the general citizens. At the same time the distinction between the control exercised by an irresponsible and bureaucratic provincial government and that exercised by a government deriving its authority from the people and answerable to it, must clearly be kept in mind while assessing the extent and character of superior control over local government administration.

C H A P T E R    I I I .

Historical survey ' (Contu.)

A review of Municipal Revenue:- We have so far traced the more important constitutional changes in local self government since 1840 and tried to bring out the salient features **of** the structure of local institutions in India. It is equally desirable to devote careful thought to the development **of** revenue resources of municipal bodies during the same period. In Bengal the Act X of 1842 had authorized the local bodies to obtain their revenue by levying a direct tax on local real estate. It appears, however, that the tax was much resented by the people and, it is reported, the inhabitants of a certain town not only did not pay the tax but also went to the length of prosecuting the District Collector when he attempted to recover it. It is not far from truth to say that the unpopularity of this impost possibly led to the failure of the Bengal Act of 1842. It was gradually felt that if local bodies were to be equipped with adequate and suitable revenue sources and also if the forms of taxation were to be in keeping with popular usage and sentiments, the single tax system was both unsatisfactory and inexpedient. It was also apprehended that taxes levied irrespective of popular sentiment and past traditions might lead to public dissatisfaction and seriously jeopardize the British rule in the country. The considerations of administrative and political expediency both tend to favour the introduction of octroi duties as a fruitful and suitable supplement to other imposts. It may well be noted that the Central Government showed from the outset that they were entirely opposed to such entrance

entirely. **They** felt convinced that octroi were "alike injurious to the general trade and to the towns immediately affected, and ..... not capable for effectual remedy by any contrivance of bonded warehouses." It appears that this tax was already levied in Bengal and North-west Frontier Province. After a full trial, it was abolished

in 1835. But the account of the failure of direct taxation under the Act of 1842, Government of India had to reconsider their attitude, and, as a result, the Act XXVI of 1850 empowered local authorities to levy entrance duties for local purposes. Thenceforward octroic duties became widespread in all parts of the country and constituted the main-source of municipal revenue. The central government soon discovered that under the then prevailing octroi system too many articles were subjected to taxation, the rates also were burdensome and caused undue hardship to inter-state commerce and the community in general. Though the impact of octroi might have been confined to local population, their ultimate incidence was found to fall on population outside the municipal jurisdiction. They felt that the public at large were mulcted for the advantage of local interests. It was, therefore, laid down by the Central Government that octroi tax "ought to be confined to a few articles of local consumption, such as ghee, firewood, fruits, vegetables, fowls, eggs, and animals for slaughter, which do not enter into the general trade of the country and which being recognition at first slight do not involve the stoppage and search of other commodities."

\*1 Government of India Resolution, Finance Department, 14th September, 1864.

During this period **the** Central Government had directed **the** Provincial authorities to induce local bodies to raise money locally **for** satisfaction **of** local requirements. The urgency of this question was stressed by Trevelyan in his Financial Statement for **1864-65**. "It is impossible that all the wants of this great continent, according to the continually rising standard **of the** public requirements, can be provided **for out** of the Imperial revenue. Local agency and local resources, which are as multifarious as they are inexhaustible, must be increasingly drawn upon and the Imperial expenditure must be gradually confined **to** such objects as are of common interest to the whole of India . . . . . It is time that the people of this country should cease to **be** hopelessly dependent upon the Government, and should learn, by the example and aid of their English fellow-subjects, to raise and spend their own money in maintaining the roads, improving **the** Sanitary state of the towns, assisting education, and promoting

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every other subject of local interest.<sup>11</sup> Though the principles laid down in this statement were sound enough, the immediate consideration which prompted Government to emphasize them was to give some relief, **to** the Imperial Treasury, with a view to securing periodical reports on the progress of local funds, the Provincial Governments were directed in 1863 to draw up their own annual Local Fund estimates on the lines of the budget estimates of the Central Government. Certain minor items of revenue were also handed over by the Central Government to the local funds, for example, tolls on the Nunda river and Calcutta canals, tolls collected on ferries

\*1 Financial Statement, 7th April, 1864, p. 148.

on imperial roads, income from travellers' bangalows, and Jalkar or revenue from the fisheries **in** Bengal. **In** Madras revenue from fisheries (excluding pearl and chank fisheries) and 10 percent of the proceeds from the sale of escheated lands were transferred

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to Local funas.

The misuse of the power of levying octroi duties **by** some of the municipal bodies drove the Imperial Government to issue **a** comprehensive resolution on the subject laying down once again certain general principles of octroi taxation for the guidance of municipalities all over the country. Incidentally they also referred to the general scheme of municipal taxation best suited **to** Indian conditions. It is already observed that the Central Government had from the beginning emphasized the desirability of taxing as few articles of local consumption as possible and leaving the general commerce **in** the country unhampered in any conceivable way. But they soon discovered "that these sound principles have been frequently lost sight of and that a widespread system of taxation has been introduced, injurious to interests on which the burden, in a great measure, falls and standing in the **way** of proper development of commerce in the country. It is of little purpose that the Imperial Government reduces or abolishes customs duties in the interests of trade, if municipalities are permitted to levy duties on articles of commerce passing through their limits". Moreover, "in **60** far as the town duties are really transit duties, they enable the townspeople to make others bear the burden of taxation which should properly fall upon themselves." They further observed that if the octroi system was to conform to the criterion

\*1 Financial statement, 7th April, 1864, p. 14fc.

of a good tax| it should take **as** little as possible above what it brought into the treasury; that is, the cost **of** collection should be reduced to **a** minimum. As regards the suitability **of** octroi duties **to** Indian towns they remarket, "It is only in important towns, where the consumption of the people is large, that such **a** system of taxation can, under any circumstances, be appropriate or profitable". The Central Government prescribed the following rules for the guidance of municipalities.

(1.) "subject to the limitations contained in Pule **2**, no town cuty undor any name be levied by any municipal body on any commodity not included in the following list:-

(a) Articles of food and drink for men or animals; (b) Animals for slaughter; (c) Articles used for fuel, for lighting **or** for washing; (d) Articles **usee** in **the** construction of building **(e)** Progs, gums, spices and perfumes; and (f) tobacco.

**(2)** ~~TCO~~ such duty shall be levied on any **of** the following articles:- (a). Articles liable to customs duty and imported into India by sea; (b) Salt, (c) Opium; (d) fermented cr spirituous liquors manufactured in Incia; an; (e) drugs liable to excise cr abakaree duty.

**(3)** No such duty shall be levied, excepting on things brought into a town for actual use or consumption there in. Ho such duty shall **be** levied on goods which, being brought into a town, shall **be** again exporter;, even though such goods shall have changed owners in the town."

(4) The municipalities were asked to make adequate and proper accommodation for the storing in v;are-houses or otherwise of goods In transit.

' r N "To duties shall **be** levied on sales, or other

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trade transactions, of the kind known under the name of Choonges, etc; nor any imposts on trade other than duties authorized under these rules."

(6) "No toll shall be levied on any animal or person or thing entering the municipal limits or passing along any road or canal or river within these limits." **AS** to the nature of these tolls Government were convinced that they were "merely a means of raising money from the commerce of the country for the benefit of the town in which they were levied."

(7) No town duty shall be levied on goods, vehicles, etc; bonafide the property of Government brought within municipal limits for the exclusive and direct use of Government.

In view of the danger of shifting the Incidence of duties on to the public at large, Government had expressly laid down, "It is essential that town duties on articles of consumption should fall entirely on the population of the town for the benefit of which such taxation is imposed." They also referred incidentally to the advisability of imposing indirect taxes in lieu of direct ones and stressed the necessity of keeping duties on articles of common consumption at moderate rates. Thus they observed, "In so poor a country as India it will be more commonly the best course to combine direct with Indirect taxation; for by this means alone can^eufficiently broad base be secured for raising a sufficient income without undue pressure on individuals. So long as octroi duties on Grain and other articles of consumption are kept at moderate rates, they do not injuriously affect small retail transactions with which the

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poorer classes are commonly concerned.

**It** will be realized from the above account that even though the Imperial Government had shown from the beginning their great aversion to octroi taxation, political expediency and financial considerations gradually drove them to favour that system of local taxation. They were reluctant **to** tax the people directly lest such a measure might create public discontent. Though the advantages of local self government were much discussed, they were reluctant to approach the people directly and entrust **to** them matters which were of local importance only. The chief reason for the setting up **of** local committees was to relieve the central treasury of the ever-increasing burden of expenditure on local objects. Local bodies were utilized to make the scheme of local taxation popular. But they were not free **to** utilize the tax income according to their wishes and requirements. The financial powers of the local Committees were severely restricted and the local funds were managed for a long time by Government officers who usually dominated local administration. Nor were the local funds always devoted to the satisfaction **of** local needs. It is also noteworthy that local bodies were saddled with the cost of services over which they had no control. This anomalous position had drawn the attention of Sir Alexander Arbuthnot who significantly observed, "The protection of life and property is one of the first objects for which Government exists, and although I am aware that a different practice obtains in England and in some other countries, I cannot but think that to

\*1 Proceedings of the Government of India, Home Department, Nos. 4440-4447, 6th November, 1868.



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defray a considerable portion of the ordinary cost of police out of local funds is wrong in principle, illogical and indefensible"<sup>\*1</sup> In the rural areas also local funds were often diverted to purposes other than local. The local population was not sure that the moneys which they had contributed would necessarily be spent on objects of local concern. Under these circumstances it is hardly surprising that local taxation had become unpopular and local self government could not make much headway even in the urban areas. The rigorous restrictions placed on the financial powers of local committees had reduced them to the position of nonentity. We are, therefore, constrained to state that the motives which prompted Government to Initiate their scheme of local self government in this country were not genuine or sincere, at least during the earlier stages.

If local taxation is to be made popular, it is essential to ensure that the funds obtained from local population in the shape of taxes are properly utilized for meeting local **needs**, it appears that Mayo himself was very clear on this point when he said that when the taxpayers know "that the whole of **the** new Imposts are to be spent on objects which will contribute to the health, wealth and comfort of the people, they will gradually discover that the new money they pay is spent for their special benefit". "I cannot but think", he continued, "that when a man sees that the road is brought to his door; that his family is protected from those outbursts of fever and other diseases which are unfortunately so prevalent; that when he sees the school child growing into an educated man, he will begin to think how •

Doc. cit. in  
\*1/She

and for what these levies are made and will understand the reason  
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why". In spite of these wise words of Mayo, local and municipal revenues continued for a long time to be spent on non-local objects. Thus in the Madras Presidency, local funds were utilized for the training of teachers and medical practitioners, for the maintenance of dispensaries, and for the construction of

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court-buildings in certain parts. It was Phipson who can be said to have realized the desirability of effecting a proper correlation of functions and resources in provincial as well as local and municipal spheres. In his opinion it was not sufficient to delegate financial powers to the provincial authorities; to him it was equally necessary to make a similar transfer from the provincial Governments to the local authorities. What Mayo did for

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provincial finance, Phipson did for local. The Resolution of 1881 embodied the same idea. "The Provincial Governments while being largely endowed from Imperial sources, may well in their turn hand over to local self government considerable revenues at present kept in their own hands, but similar in kind to many which have long been "locally" managed with success by committees, partly composed of non-official members and subject only to a general remedial control reserved to the state by the legislature. At the same time such items should generally be made local as the people are most likely to be able to understand the use of and to administer well". The results of the policy of 1870 were surveyed by

\*1 Legislative Council Proceedings, 1871, p. 519.

\*2 M.Venkatrangaiya, - Beginnings of Local Taxation, pp.68-78.

\*3 P.J.Thomas, - Growth of Federal Finance in India, p.23a.

\*4 Resolution on Local Self Government, No. 3353, 30th September, 1881,

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the same resolution in the following words, "Considerable progress . . . . . had been . . . . . made since 1870. A large Income from local rates and cesses had been secured, and in some provinces the management of the income had been freely entrusted to local bodies. Municipalities had also increased in number and usefulness. But there was still a greater inequality of progress in different parts of the country than varying local circumstances seemed to warrant, in many places services admirably adopted for local management were reserved in the hands of the central Administration while everywhere heavy charges were levied on municipalities over which they had necessarily no executive control." It was realized that the distribution of charges and revenues should be determined not only by political considerations but also by economic conditions and administrative convenience. It was imperative that obligation and responsibility should go hand in hand with control. If expediency demanded provincial control over the police service, the charges connected with that service should also be borne by the Provincial treasury. Similarly if it was convenient to entrust matters like primary education, local public works, etc; to local bodies, adequate revenue sources should be made over to them to meet the expenditure of such services, secondly, the revenue to be transferred to local authorities should be "of such a character as to afford a reasonable prospect that by careful administration, with all the advantages due to local sympathy, experience and watchfulness, they will so increase as to afford the means of meeting any additional expenditure which may be rendered necessary by the growing wants of each

\*1 Mukerjee, - Indian Constitutional documents, p.639.

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locality."

The provincial authorities were Invited to undertake a careful scrutiny of provincial, local and municipal accounts with a view to ascertaining "(1) what items of receipts and charges can be transferred from "Provincial" to Local" heads for administration . . . . and what items already "Local" but not so administered, might suitably be so; (2) what re-distribution of items is desirable in order to lay on Local and municipal bodies those which are best understood and appreciated by the people; (3) "what measures, legislative or otherwise, are necessary to ensure more Local self Government. Incidentally to the scrutiny they will probably notice, and might carefully consider (4) ways of equalizing local and Municipal taxation throughout the Empire, checking severe or unsuitable imposts, and favouring forms most in accordance with popular opinion or sentiment."<sup>\*2</sup>

It was Phipps's fervent hope that eventually his policy "will relieve the provincial authorities from some portion of the ever-growing details of the work of administration, will tend to reconcile the public to the burden of local taxation, and will lead to the more extended employment of the natives of India in the administration of public affairs, while conferring on them higher powers of control over all expenditure on objects of local<sup>\*3</sup> importance."

\*1 Letter to Government of Bengal, No.3513, 10th October, 1881.

\*2 Mukerjee, -Indian Constitutional Documents, p. 639.

\*3 Letter to the Secretary, Government of Bengal, No.3513, 10th October, 1881.

It is not known what precise steps were taken by the Provincial Governments to implement the aforementioned proposals of the Central Government. It appears, however, that after 1882 \* the Provincial authorities handed over to municipal bodies the management of Local Fund schools together with the local funds and also agreed to contribute one-third of municipal expenditure on primary education. This contribution, commonly known as the 'Contract grant', was not to vary with the education expenditure, but was fixed on expenditure during a particular year. It was a fixed contribution. Attention has already been drawn to the anomalous position of the Police charges. Municipal bodies were called upon to contribute towards the police expenditure without giving them any powers of supervision and control over the city police force. It was, therefore, decided that municipalities should be exempted from the police charges, and that the whole cost in this connection should henceforth be borne by the Provincial Governments who controlled the police service, so far as the equalization of local and municipal taxation throughout the Empire was concerned, it seems that some action was taken in regard to octroi duties only. Matters like the nature and basis of local property taxation in different towns were left untouched and to the discretion of municipal authorities.

In 1899 the Central Government enumerated certain general principles which should regulate municipal taxation of articles which were subjected to sea-customs duties and the corresponding indigenous articles, and prescribed a general limit beyond which such articles should not be taxed. The maximum rate thus generally prescribed for octroi on dutiable articles was 10 per cent. but the Government of India were willing to

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allow it to be raised to (Rsi. 3-2-0 per gnl in the case of ghee, timber, and tabacco which are almost entirely products of the

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country. Later on it was discovered that almost everywhere rates exceeding the above maxima were in operation. It was at the same time apprehended that a rigid insistence on the prescribed limits would involve many municipalities in serious financial difficulties; and this consideration induced Government of India to agree to exceptional treatment in respect of several dutiable articles.

It may well be noted that the orders of April, 1899 had covered only those articles which were subjected to sea-customs duties. In respect of goods which have never been subjected to sea-customs duties or which had been free from such imposts in the general interests of trade, no definite limitations as to the rates of octroi that might be levied had hitherto been formulated. The Central Government had, however, intimated their desire to prescribe a maximum limit to the rate permissible on

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such articles also. They had suggested that a general limit of Rs. 3-2-0 per hundred would be suitable, but were willing to allow the rate to be raised to Rs. 4-11-0 per hundred, in cases of proved financial necessity.

In course of time, however, the central Government felt that the rates prescribed in their Resolution of 1899 as the maxima permissible, were fixed too low. They, therefore, suggested the following new scale of rates which were not to be exceeded without their express sanction in each case.

\*1 Government of India **Resolution**, Home Department, Nos. 55-60, dated 24th April, 1899.

\*2 Government of India Letter Nos. 73-76, dated 19th April, 1902.

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I. For articles subject to sea-customs duty and the corresponding indigenous articles.

(a) Articles other than specified in (b) - Ps. 3-2-0  
~~percent.~~ <sup>Rs. 100</sup>

(b) Timber and building materials, sugar, fresh and dried fruits, vegetables, drugs and spices - Ps. 4-11-0 ~~percent.~~ <sup>Rs. 100</sup>

II. For articles not subject to sea-customs duty:

General maximum - Ps. 4-11-0

Absolute Maximum - Ps, 6-4 -0

From articles in class I(a; were except salt, opium, exciseable articles (and raw materials for their manufacture) and petroleum. In respect of goods in class II it was intended that the general limit of **P 6** . 4-11-0 should be exceeded only in case where the Provincial Government were satisfied that to enforce it would result in jeopardizing municipal finances.

It was emphasized that great care should be taken in the selection of articles for municipal taxation, and that duties should be so graded as to press more lightly on some commodities than on others. With this object in view the following set of instructions was drawn up by the Central Government for the information and guidance of municipalities in the country.

(a) Articles taxed should be, as a rule, main staples consumption and should in any case be as few as possible;

(b) Articles which are mainly products of the country might be taxed more highly than those which are not;

(c) Necessaries of life should in all cases be taxed moderately;

(c)' Luxuries might be taxed more heavily than necessities, but in selecting the former for taxation, the principle of

instruction (a) was to "be kept in view. It was also stressed that in any case a high octroi should not be imposed on tobacco for it was considered to be almost the only luxury of the poorer classes. As regards the second instruction, it was not the intention of Government that a higher rate of octroi should be permitted on a produce of the country than on an imported commodity of the same class, where articles of the same description were in general use, both should be assessed to the same rate of duty, and the rule admitting of differential rates should apply only to those articles of which the foreign equivalents did not enter into the general

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trade of the country.

Soon after the publication of this Resolution, municipalities, which used to levy rates higher than the maxima prescribed by Government, were asked to revise their octroi rates in the light of the new instructions. Some of the municipalities discovered that their revenue was likely to decline if the Government rates were enforced; and in such cases they tried to maintain the even-flow of revenue by including altogether new articles into the tax schedule which step was obviously contradictory to Government instructions. To cite an example, the Surat municipal council had felt that if Government rates were adopted, its octroi revenue would go down by about Rs. 53,000 per annum. To recoup this loss, a rate of Rs. 2-8-0 per cent ad valorem was

\*1 Resolution and Letter from the Government of India, Home Department, Nos. 179-185, dated 17th September, 1903.  
Home Department, Resolution Nos. 55-60, 24th April, 1899.  
Home Department, Letter Nos. 73-76, dated 19th April, 1902.



newly imposed on cloth with the result that in 1907 the municipality found that its revenue from octroi had actually shown a net increase. This leads us to the conclusion that even though rates on certain articles might have been reduced, the net effect of Government instructions was, in many cases, a further widening of the scope of octroi taxation.

The problem of municipal taxation was once again opened for discussion in the United Provinces where a special Committee was set up to examine a report on the system of municipal taxation with particular emphasis on the octroi system. The findings of this committee were endorsed by the U.P. Government and forwarded to the Imperial authorities for opinion. So far as the general aspect of octroi taxation was concerned the Committee had concluded that "disadvantages of octroi are such as to lead to its condemnation by all classes; that although theoretically the system is so designed as not to tax through-trade, the safeguards provided by their refund system are insufficient to prevent it from operating as a burden on through-trade and that little can be done to improve the system in the direction of rendering it less oppressive". Broadly speaking, they recommended improvements in two directions. In the first place, they suggested the extension of direct taxation in lieu of octroi as much as possible, and secondly, where the required revenue could not be raised by direct taxation or where other objections of policy existed to prevent recourse to it, they suggested that octroi should be replaced by a light terminal tax, to which other taxes, where possible and necessary, should be supplementary.

Govt. of U.P. > G.P.No.2463, dated 18th August, 1909.

\*1 G.R.G.D.No.602, 28th January, 1911.

Letter from Government of India, Home Department, No. 161, dated 28th November, 1910.

taxation in lieu of indirect to a greater extent than at present, the change will not be unwelcome to the Government of India", **AS** regards the second suggestion about the substitution of terminal tax for the octroi system, the Central Government felt that the change would be tantamount to abandonment of the principles upon which they and the Home Government in England had insisted in the past, viz., that local taxation of this description should not operate as a transit duty and should be confined entirely to the consumption of the town in which and for whose benefit the same was levied. They were also of the opinion that the change, if and when introduced, was very likely to affect other provinces. Under the circumstances the Central Government preferred to invite the opinions of other Provincial authorities on the ques-  
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tion before any action could be taken thereon.

The other Provincial Governments appeared to be favourably inclined to the proposals of the O.P. Committee, and on the basis of the provincial reports and suggestions the Central Government announced in 1913 their provisional conclusion on the matter. Their Resolution read: "The Government of India are prepared generally to accept the principle that a terminal tax, viz., a light transit duty on imports without refunds, may in certain circumstances constitute a lighter burden on trade than the existing system of octroi with refunds." They maintained, however, that the change could be justified if only the rates of a terminal tax were substantially lower than the then prevailing octroi rates.

\*1 G.R.G.D. No. 602, dated 25th January, 1911. Letter from the Government of India, Home Department\*, No. 161, dated 28th November, 1910.

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They also emphasized that no attempt should be made to meet the whole requirements of a municipality from such a tax. Accordingly, they accepted the proposal of the Government of Bombay to introduce the new system tentatively in selected municipalities.

Before we proceed further to study the subsequent developments in municipal taxation, it is eminently desirable to understand and appreciate the considerations which led to the acceptance of terminal taxation as a better substitute for the system which was much criticized at that time. The octroi system was universally condemned on account of certain serious defects which are almost always inherent in that tax system. The tax is collected by ~~No u l o u r s~~ on miserable pay and is generally assessed on the value and not on the bulk of articles; and the larger the municipal income from the tax the greater are, therefore, the chances of speculation and embezzlement. The strictest supervision can at the most minimize speculation but its complete eradication is absolutely impossible. Moreover, the system of refunds which is the necessary accompaniment of octroi taxation is the most annoying and cumbersome one. Lastly, on account of the necessity of confining octroi taxation to only a smaller number of articles of local

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consumption and the absence of any genuine and effective voice of the poorer consumers in the selection of those articles, the ultimate incidence of octroi duties falls more often than not upon the poorer classes and rarely or barely touches the rich. On the other hand, the terminal tax system was considered to be a more desirable and less vexatious form of indirect taxation owing to its simplicity and comparative cheapness in collection, lightness in rates and consequent absence of sting, possible extension to

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an unlimited number of commodities thus allowing the tax to reach the pockets of the rich as well as the poor, and lastly the absence of refunds. In view of these considerations it was felt that it would undoubtedly be a step in the right direction to replace octroi by a terminal tax, and sooner this replacement was effected the better for all concerned.

The terminal tax was introduced probably after 1915 by municipalities which were selected by Government during the experimental stage. In 1917 the Government of India enumerated the principles governing the imposition and collection of the tax. The more important of these principles may briefly be stated:

(a) "The tax will not be introduced in any municipality except with the sanction of Government, who will require to be satisfied as to its necessity and furnished with reasons for its introduction. Such reasons being, among others, the abnormally high cost of collection of octroi, a large proportion of refunds of octroi, a large volume of trade not taxed by octroi on account of the refunds involved, the existence of a large export trade, etc ,

(b) "The tax should not necessarily be looked upon as a step towards an increasing degree of direct taxation; but may be introduced merely in order to replace octroi provided that the receipts from the terminal tax do not materially exceed those from the octroi which it supersedes.

(c) "Although the tax will ordinarily be on imports only, there is no objection to the taxation of exports as well as imports in places where the municipality is a large centre of export trade.

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(d) "The taxation of imports of salt, opium, excisable articles inducing materials used in their manufacture, and mineral oils should always be kept at a lower figure.

(e, "Although in all cases where an article is the subject of through-trade, the rates should be substantially lower than the ordinary standard of octroi; the tax need not necessarily be restricted to a much smaller number of articles than are ordinarily included in octroi schedules, but articles yielding an insignificant return should be omitted.

(f) "Refunds in the usual sense of the term will not be allowed.

(g) "The tax will be on weight but will vary with the class of goods.

(h) "No tax on passengers arriving or departing by rail will be allowed except for altogether special reasons; and then only after consultations with the railway authorities concerned and with the sanction of the Government of India".

The working of the new tax system was watched for some years; and, when the results satisfied the authorities, it was adopted as a permanent tax measure. The Government of Bombay announced in their Resolution of 1920 as under:

"Government accept the view that the Terminal Tax system may now be regarded as having passed out of the experimental stage and may be introduced as a permanent measure in this Presidency... The Commissioners should also be requested to impress upon those municipalities in which the local conditions are, in their opinion favourable to the introduction of the terminal tax, the desirability of considering the question of introducing the tax". They

also emphasized that the revenue from the terminal tax should not usually exceed that from the octroi which it superseded and that refunds in the usual sense of the term must not be allowed under the new system.

We have discussed at considerable length the various alterations in the system of indirect taxes levied by municipalities ever since 1850. But so far as the other municipal taxes **are** concerned, it appears that there have not been any material or significant developments to merit a detailed consideration. Nevertheless a **few** observations may be made in connexion with the changes in the nature as well as the mode of collecting tolls wheel tax, property tax, etc. We learn that during the early years of municipal existence tolls used to be levied on animals and goods entering and leaving municipal boundaries. From the beginning the Central Government had shown their stout opposition to this form of taxation; because in their opinion such imposts **were** merely a means of raising money from the commerce **of** the country **for** the benefit of the town in which they were **levied**. Therefore they expressly ordained that "no toll shall be levied on any animal or person or thing on entering the municipal limits or passing along any road, canal or river within those limits." But this instruction was honoured more in its breach than observance, and tolls were freely levied and collected by municipal bodies until in the Bombay Presidency they were definitely legalized under the District Municipal Act of 1901. The

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\*1 G.O.No. 8661, dated 13th August, 1920. G.P.

\*2 Proceedings of the Government **of** India, Home Department, Nos. 4440-4447, dated 6th November, 1868.

Government of Bombay endeavoured to mitigate the tax burden on agriculturists coming to cities from the surrounding villages with their carts and produce, ^econaly they attemptec to insure that the revenue from the tax was devotee to proper objects, in their Resolution of 1909 the Government of Bombay directed that cultivators' carts should be exempt from payment of tolls when carrying (i) manure from his village to his field or from a manure depot to his field; (ii) the produce of his field to his house or grain yard; (iii) his agricultural implements only, whether the implements were being carried merely from his village to his field or from the place of purchase to his house or to

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and from the carpenter's or blacksmith's shop for repairs. ^hey also prohibited levy of tolls on heac-xcaus. secondly, it was laid down that revenue from tolls should be devotee to construction anc upkeep of roads ana that it must not be diverted to any other purposes. With the introduction of the terminal tax system after 1915 Government ordered abolition of tolls especially where they were treated as supplementary to octroi. It was the policy of Government to require tolls to be abolished primarily to silence the objection to the terminal tax being of the nature of a transit duty; anc tolls were accordingly abolished by municipalities which had adopted the terminal tax system.

One noteworthy feature of tolls was that for a long time some of the municipalities used to levy tolls on vehicles both on entering and leaving the town limits, it is rather surprising that this anomalous arrangement should have been allowed

\*1 G.P.No. A 795, dated 23rd March, 1909, P.v/.P.Vic e G.^G.D.No. 79 of 1912 and No. 1265, dated 23rd February, 1912.

to continue for a fairly long period until at last it accidentally came to the notice of the Provincial authorities. They then ordered the discontinuance of tolls on vehicles leaving municipal limits. This point was raised in the case of the surat Municipality which used to levy tolls on vehicles leaving the city limits. The last significant development in regard to tolls occurred when the Motor Vehicles Act was placed on the statute book whereby local bodies can no longer levy tolls on vehicles plying on provincial roads within municipal limits. Municipalities have lost under these arrangements a potential source of an ever-increasing revenue, "to make up this loss of revenue to a certain extent, the Provincial Government give compensatory grants to local authorities, the grants being calculated on the basis of an average local revenue from tolls during three years prior to the passing of the Motor Vehicles Act. Those municipalities which before the passing of this Act had not levied tolls on motor vehicles or had restricted the area of their operation because the motor traffic had not developed to any appreciable extent or for any other reason, will not be able to tackle this source of revenue in future.

The tax on houses, lands and buildings was legalized under the Act X of 1842. Though this Impost was much resented by the public, It continued to be levied by municipal bodies and constituted for a long time the chief single source of municipal revenue. The mode of levying the tax was, from the outset, left to the discretion of municipal authorities, although the **Resolution** of 1868 had suggested the annual letting value of properties as the more suitable basis for calculating the tax. In the Province of Bombay, Government in their "Resolution of 1892 had ex-



expressed the hope that the system of taxation on the basis of annual letting value would gradually be adopted by municipalities and had also recommended a sliding scale of assessment<sup>\*1</sup>

for the guidance of municipalities in the province. In view, however, of the fact that some of the municipalities adopted, in spite of Government suggestions in this behalf, the capital value basis for assessing the tax, it appears that complete freedom was granted to municipalities to determine the mode of taxation best suited to their local conditions.

The question whether property taxation based either on capital value or annual rental was best suited to modern economic conditions was raised once again in 1916 by Divisional Commissioners. They unanimously proposed to Government that annual rental value should be accepted as the basis of assessment and that the percentage of assessment should increase with the increase in rental value. They were also of the opinion that the sliding scale laid down by Government in 1892 was regressive in nature since it prescribed a lower incidence on wealthier properties. They, therefore, suggested that the 1892 schedule should be cancelled and a new schedule be framed in lieu thereof and that the estimate of the letting value should be based on the value of both ground and the house. The following schedule of rates of property tax was proposed to Government for their acceptance;

\*1 G.F.Ho. 1829, dated 3rd June, 1892

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Estimated Annual Letting Value of House and Site,	Value £	Rate of the tax
(a) Below Rs. 10.		Nil.
(b) From Rs. 10 to 24	$3\frac{1}{8}$	percent or 6 Pies in the rupee
(c) Rs. 25 to 49	$4\frac{11}{16}$	" or 9 Pies " "
(d) Ps. 50 to 99	- 5	or 12 Pies "
PS.100 to 149	$9\frac{3}{8}$	or 18 Pies
(f) Ps.150 and over	- 12	or 24 Pies " "

The above suggestions were accepted by Government and in their resolution of 1916 they declared that (a) the sliding Scale of G.Mo. 1892, dated 3rd June, 1892 should be cancelled; (b), the incidence of taxation on more valuable houses should not be less than that on the poorer houses and should ordinarily be somewhat higher; and that (c) the estimate of letting value of houses should be based on the value of both the ground and building.

There is no doubt that this resolution constitutes a significant landmark in the history of municipal taxation in this Province. For the first time perhaps Government admitted that annual letting value, where available, is the most satisfactory basis of assessment. But the more significant feature of the resolution is to be found in the acceptance of the principle of progress in the taxation system. It is regrettable, however, that

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these sound principles of taxation should have been ignored by some of the municipal authorities in the province. Nor were the Provincial Government enthusiastic at any time in impressing upon the municipal bodies the desirability of incorporating these canons of taxation in their tax system. There is reason to believe that in course of time even Government became unmindful of the principles which they themselves had enunciated. The result has been that owing to absence of any /stem ' prescribed by Government, divergent methods of property taxation have been adopted in cities of the province irrespective of whether they are best suited to modern economic conditions.

Next in importance are the various service rates, revenue from which now forms an important portion of municipal revenue. These service rates include the water rates, drainage rates, sanitary cesses, etc. Some of the municipalities had introduced their public health services during the closing years of the last century and the rates which they had levied were intended to cover the cost of those services. It may well be noted that there has not been any uniformity of practice so far as the basis of various rates are concerned, and consequently divergent methods of rate-making have been introduced by local authorities. These questions have mostly been left to the discretion of municipalities and Government do not ordinarily interfere in local decisions. They have, however, insisted that, whatever the manner and basis of rating, revenue from rates **should** be adequate enough to meet the expenditure of respective services for which they are levied. Thus, in regard to Sanitary cesses, the following principles have been laid down by Government in their **Resolution** of 1922.

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(a) The proceeds of a Special Sanitary cess should be not less than the cost of the Special Sanitary services rendered by municipal agency. **This** rule has been laid down with a view to ensuring that those rate-payers who derive special benefits from the Conservancy Services contribute enough to meet the cost of those benefits and that no burden is thrown on the shoulders of the public at large.

(b) There should be no exemption from payment of a General Sanitary cess, that is to say, persons who pay a Special Sanitary cess should not be exempted from payment of a General Cess. Here the main consideration is that expenditure incurred on account of general Sanitary services should be adequately and properly borne by the whole body of citizens who derive in common the benefits of those services.

Before closing this historical survey of municipal taxation, we shall classify into four main groups the present resources of Indian Municipal bodies.

Taxes Incidental to Real Estate:- Houses, lands, and buildings situated within municipal boundaries are liable to municipal taxation. In almost all provinces agricultural land within municipal limits is subject to municipal taxes in addition to land revenue, in some of the provinces agricultural land used exclusively for agricultural purposes is exempted from water and drainage rates, provided there **is** no building or farm-house attached to such agricultural land. Vacant non-agricultural land, not built upon and not attached to any house or building, is similarly exempted from taxation. In Madras, however, such a land is liable to taxation, in almost all the provinces machinery is

excluded from valuation **of** property for purposes **of** ascertaining rental value. Government property and property belonging to Railway authorities are exempted from the property tax. This tax is based either on the rental value or capital value of the properties. In the case **of** industrial and manufacturing premises, the tax is based either on capital value or area occupied. In some provinces the rate of realty taxation is subject to maximum limits laid down by Provincial Government.

(E) Taxes Incidental to Personal Property;- In India taxes on incomes are levied by the Central Government, and though the provinces have recently been given a share in the tax yield, local authorities, rural or urban, are not empowered to tax personal income for local purposes, 'There is, however, a tax known as the tax on circumstances and property, levied mostly in urban areas in Bengal, Bihar, Orissa, United Provinces and the Central Provinces, wherever levied, it is looked upon as an alternative to House Tax. It is levied in proportion to payer's ability as measured by the assumed Income of the individual, his social status, size of his family and the extent of his property.

(i) Taxes on Trades and Professions:- This impost, levied in some provinces, is akin to the old Moturfa in general use during the pre-British period taxes on local business are levied mostly in urban areas. It is interesting to recall that these taxes used to be levied in the shape of License Taxes **by** the Imperial Government from 1867, when the attempt to levy an income-tax was given up, to when the income-tax was once again introduced. In the province of Bombay such a levy was suggested by the Lawrence Committee and a Bill was also made to levy a tax on non-agricultural incomes exceeding Rs. 600 per

annum with a view to financing the scheme of compulsory primary education.

(II ) Tax on Companies:- This tax, levied in Madras, is based on the paid-up capital of the company. Sometimes it is also based on the gross earnings in the case of any local body within whose jurisdiction there is neither a head nor branch office and the company has not earned a gross income of  $\text{^s.25,000}$ .

(C) Indirect Taxes:- It is already observed that octroi duties have been imposed by municipal bodies ever since 1850; and at present they constitute a very productive source of municipal revenue. After 1915 the terminal tax system was adopted by some municipalities in lieu of octroi duties, i<sup>^</sup>ven though this new terminal tax was much favoured by Government authorities, it could not make much headway after 1920 especially when many of the evils usually associated with octroi reappeared under the new system.

(I } Tolls:- This tax is levied on animals and vehicles on entering the municipal limits. It is not imposed on those vehicles and animals which are registered in the town and hence liable to a separate wheel tax. Tolls are usually treated as (a) supplementary to an octroi or terminal tax and as (b) a part of a scheme of taxation of vehicles in municipalities.

(D) Rates And Fees:- When a municipality undertakes special services, a specific rate is levied on those who avail themselves of those special services. These charges are, therefore levied on quid pro quo basis and hence need not be mixed up with property taxes. Sometimes these service rates are misconstrued as taxes for the simple reason that they are either consolidated

with the property tax or calculated on the annual letting value basis which is often the basis of the property tax. The municipalities also levy fees, for example license fees on animals and carriages plying within municipal limits. Such fees are levied partly for the regulation of vehicular traffic and partly for the use of municipal, roads. Fees are also imposed on certain trades and professions for the purpose of regulation, and in this province they are confined mostly to dangerous and offensive trades carried on in the town. Income from these latter fees is very insignificant.

The historical survey of municipal taxation since 1842 as well as the study of the existing structure of municipal taxation would indicate that, so far as the nature of taxes is concerned, there has not been any material or significant change to merit analysis. It is only in regard to octroi duties that some conflict of principles and policies is discerned. The vicissitudes of the policy of the Indian Government in relation to indirect taxation during the last eighty years make an interesting reading. From the beginning Government of India had condemned the system of octroi, and the extent of their antipathy can well be gauged by studying carefully their orders of 1868. The local authorities were much opposed to the attitude then taken up by the Government for, in their opinion, abolition of octroi would certainly have jeopardized local finances in India. They also apprehended that restriction or abolition of octroi taxation would almost inevitably throw the increasing burden of municipal expenditure upon real estate, a step which would have elicited strong public opposition, in order to assuage discontent among the local bodies

Government offered to withdraw the police charges hitherto borne by local funds. But this minor concession was not likely to satisfy the local authorities. The orders of 1868 were, therefore, considerably relaxed, and the group of articles on which octroi duties could be imposed was so enlarged in 1871 as to include

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piece-goods and other textile fabrics, metals and metal articles, provided, however, the municipal duty did not exceed 1 per cent ad valorem. In the North West Frontier Province a "Compromise system" or the Reduced Rates system was adopted with the intention of alleviating the hardships involved under the octroi taxation. This new scheme was little more than the terminal tax system which later on received wider support. The compromise plan was also copied by the local authorities in the Punjab. From a perusal of the Resolution of 1899 one could realize that the Imperial Government were definitely opposed to this mode of indirect taxation.

The proposal of introducing non-refundable terminal tax by suppressing octroi duties was made in 1909 by the United Provinces' Government. On this occasion also the Central Government indicated, in the beginning at least, their disapprobation of the proposal. Because in their opinion its acceptance would have amounted to "the abandonment of the principles upon which the Government of India and the secretary of State for India had insisted in the past, viz; that local taxation of this description is not to operate as a transit duty and should be confined entirely to the consumption of the town in which and for whose benefit it is levied." In view of the overwhelming support accorded to the U.P. proposal, the Central Government decided to give



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in and bless the new arrangements. Their subsequent Resolution on the subject constitutes a volte face'\*

•ftpcviouoly taken up\* One is, therefore, led to the conclusion that even though the Central Government had ail-along shown their aversion to the octroi duties and had expressed the pious hope that it would be discontinued in the future, no practical steps were ever undertaken to initiate or suggest any other suitable scheme of local taxation. It is possible, however, that Government were not unmindful of the complications and difficulties which would have cropped up on account of the abolition of octroi duties. In order to recoup the loss of revenue from octroi, it would have been necessary to introduce some other taxes like the Sales' tax or a tax on local business. It was perhaps fearet. that imposition of direct taxes on local business anc tracie might lead to public discontent which both Government and local authorities wanted to avoic. Uncer these circumstances the only other alternative was to raise additional revenue from local real estate. But on this question also Government haa learnt bitter lessons in the past nor were the municipalities themselves favourably disposed to such a proposal. In this connexion a reference to the resolution of the Surat municipality in 1913 may serve to incicate the direction in which the wind was blowing. The resolution was in the nature of a reply to a query from the Provincial Government on the subject of direct and indirect local taxation. The resolution read ."This municipality is of opinion that so long as octroi is levied on articles of local consumption, it does not Interfere with through trade. The habits and conditions of the towns people have been such t&at they prefer indirect taxation to direct one".

Perhaps an additional reason for the abhorrence of local bodies to direct taxation is to be found in the composition and character of early local councils. For a long time municipal franchise was restricted to house-owners and the consequence was that those who could make their way to municipal councils belonged more often than not to the class of property-holders. Municipal councils were therefore, exclusive bodies where the voice of the "man on the street" could scarcely be heard. Under these circumstances it was natural that representatives of house-owners should endeavour to defeat all attempts calculated to increase the burden on real estate and try to throw it on the shoulders of the general public in the shape of octroi duties. This consideration may partly explain the tardy development of property taxation in the country.

Another important feature which merits our attention is the virtual absence of any expert guidance in the matter of property taxation, it need hardly be said that taxation of real estate is a complex financial problem which demands for its satisfactory solution a much wider administrative experience and expert knowledge than are usually available in the local sphere. There are a number of considerations on which an impartial and expert guidance from Government would probably have gone a long way to meet the ends of justice and equity in taxation. It is idle to suggest that suggestions or instructions from above on such matters would have seriously curtailed local self government. It was desirable and expedient to enumerate principles in connexion with octroi or Terminal Tax, it was equally desirable to guide the Municipal bodies in the matter of realty taxation.

In north latitude  $23^{\circ} 1'$ , and east longitude  $72^{\circ} 37'$ , on the left bank of the Sabarmati, about 173 feet above mean sea level and fifty miles north of the head of the Cambay Gulf, the old city of Ahmedabad covers an area of two square miles. During the Moghul period Ahmedabad was one of the richest cities in the empire. Thevenot, the French traveller, 1666 calls it the greatest city in India, nothing inferior to Venice for rich silks and gold stuffs curiously wrought with beautiful flowers. In the beginning of the 18th Century, Hamilton calls Ahmedabad a great city, in size and wealth little inferior to the best towns in Europe, yielding a revenue ten times that of Surat or about Rs. 13,00,000.

At the time of the transfer of Ahmedabad from Gaikwar to the British, the city was a melancholy wreck. To escape taxation some of the people had taken to live in the suburbs, Trade and manufactures were almost at a standstill. But the establishment of order under the British rule and the lowering of the town dues gave a great impetus to the trade and the city was for a time busy and prosperous. The eight years after the mutiny, 1857-65, was a time of great prosperity. The American war 1863-65 and the opening of the railway to Bombay, flooded Ahmedabad with wealth.

Municipal Government;- For about fifty years Ahmedabad had had a revenue available for municipal purposes. First levied about 1830 for the repair of the town walls, the fund continued to be called the Town Fund, till in 1858 a municipality was established and in 1872 was constituted city municipality. It was reconstituted on 1st January, 1885 under the Bombay District Municipal Amendment Act II of 1884. At the commencement of the present century the Council was composed of 33 members of whom 17 were

nominated and 16 elected. The President was **a** nominated non-official  
 In 1909 the municipality had been offered the privilege of electing  
**a** non-official President and of having two-thirds instead of one-  
 half electee members. A very radical change in constitution **was**  
 occurred in 1910. Owing to repeated defaults in the discharge of  
 lawful duties,<sup>\*1</sup> the municipality wa~ suspended by Government. The  
 management was tranferreo to a Committee of Management set up by the  
 Government. The period of supersession was extended upto 31st March,  
<sup>\*2</sup> 1913 and the Committee **of** Management was allowed to continue for  
 a triennial term like an ordinary municipality. In 1912 the period  
<sup>\*3</sup> **of** supersession was further extended upto 31st March, 1914.

The municipality **was** reconstituted with effect from let  
 April, 1915. **It** consisted of 40 members of whom 27 were elected and  
 the rest nominated by Government. The municipality also enjoyed the  
 privilege of electing its President **by** a majority of two-thirds  
 of its members. The municipal constitution was to be enlarged **on**  
 a liberal elective basis from 1st April, 1922. **It** was to consist of  
 60 members instead of 40, of whom 4E were to be elected and **12** no-  
 minated by Government. **It** was also provided that six out of the  
 elected members would be returned by Special electorate called the  
 General Ward; that one would be returned by the Mill-Owners' Asso-  
 ciation, and that the remaining 41 would be returned by voters **of**  
 eight wards. The minimum tax-paying qualification was to be Ps.4  
 per year, and persons, occupying as owners or tenants, immovable  
 property situated within municipal limits and valued in municipal

\*1 G.r.i.c 2210 of May, 1910\* ' '

\*2 G..No. 2107 of April, 1911- G.P.

\*3 G.F.Kc 741E of November, 1912. G.E.

assessment list at the annual letting value of Re 36 or more were to have a right to vote in the General Ward if such persons were not voters in any of the local wards, and that each voter was entitled to vote on the system of cumulative voting.

In the meanwhile, however, the municipal Council was superseded for its unconstitutional action of not allowing inspection of municipal schools by the officers of the Education Department in pursuance of the non-cooperation policy. The powers and duties of the superseded municipality were vested in a Committee of Management composed of 20 members and all nominated by Government. The period of two years for which the municipality was suspended expired on 9th February, 1924 and the administration of the municipality was once again handed over to the re-established municipal Council of 48 elected and 12 nominated Councillors. Under the provisions of the Amended Municipal Boroughs Act 1938 the system of nomination has been abolished. Consequently, the whole municipal Council is elected by the citizens of Ahmedabad. The franchise has also been sufficiently widened in as much as the voters for provincial assembly election have been given right of voting for municipal elections also.

Growth of Population:- During the last eighty years Ahmedabad has developed as a center of Cotton textile industry, next in importance and population to Bombay. The growth of Cotton textile industry in the city has been responsible for attracting a very large population from the surrounding villages and even from distant regions.

We have already observed that even during the pre-British period Ahmedabad was known as a great center of trade and manufacture. In 1780 General Goddard put the population of the town at 1,00,000. But in the next year Grant Duff estimates the population

at 3,00,000. This estimate seems to be erroneous. In 1811 the estimate of Gaikwar was 2,00,000. The population of the town was much cut down during 1812-13 due to prevalence of famine and pestilence. As a result, the population declined to 80,000 in 1817. It rose gradually to 90,000 in 1832 and 97,048 in 1851. The Census of 1871 returned a population of 1,16,873 souls, 'his steady rise **in the <sup>population</sup> people was due to the** establishment of law and order and the prosperous condition of local crafts and commerce. The population gradually moved up to 1,80,673 souls in 1901. The increase during the thirty years from 1871 to 1901 amounted to 54 percent. The population increased to 2,25,539 in 1911, 2,70,964 in 1921 and to 3,83,757 in 1931. The rise during the thirty years from 1901 to 1931 amounted to over 111 percent. It will be seen that the rate of increase during 1901-1931 was more than double the rate between 1871-1901. The rapid development of textile industry especially after the termination of the late War, attracted a very large population into the city. The population increased by 41 percent between 1921-1931. On the basis of the normal increase at the close of the year 1937-38, the population was taken to be 4,41,292. This means an increase of over 144 percent since 1900. The low rate of increase during 1900-1911 and again between 1911-21 was due to the prevalence of plague and other epidemics, viz., influenza in the city. The growth of population and the extension of the municipal district have greatly influenced the municipal finances during the period of the review. The construction of new buildings in the extended area made available to the municipality a large amount of taxable property, with the increase in population, imposts increased and swelled receipts from Terminal tax. Moreover, since many of the municipal imposts have been levied on the family basis, increase in population made available a large number of taxable families.

As a consequence} therefore, the municipal income increased remarkably. But this is only one result of the development. The increased population and extension of municipal district obliged the local authority to extend the scope and scale of many of the municipal services which meant increased expenditure. Thus the two factors namely, the growth of population and extension of municipal district have influenced the development of municipal income and expenditure during a period of about forty years.

The municipal revenue is derived from the following four main sources, (a) Taxes; (b) Rates, (c) Property, landed and other (d) Grants. Income from each one of these sources since 1900 is given below-

Year.	Taxes. Rs.	Rates. Rs.	Property. He.	Grants. Rs.	Miscellaneous. Rs.	Total. Rs.
1900	3,06,287	41,501	6,361	8,105	3,62,986	
1905	4,66,055	59,280	14,867	7,997	5,49,750	
1910	5,96,113	82,392	69,768	10,389	7,60,604	
1915	7,81,448	1,53,712	38,486	5,906	9,84,046	
1920	13,88,873	2,12,927	76,527	27,854	17,17,329	
1925	23,17,629	3,36,826	2,35,407	30,302	29,33,161	
1930	27,12,974	4,08,468	2,21,857	21,934	33,74,287	
1935	40,54,549	3,97,074	64,676	34,121	45,62,785	
1936	45,55,065	3,85,512	40,662	63,451	50,56,474	
1937	45,21,305	4,54,515	8,40,075	35,577	58,58,017	

The total income of the municipality has risen by 1,292 percent during the last thirty-six years. This rise is steady and continuous. During the first twenty years income rose by over 373 percent and during the succeeding years by 194 percent. The rising income of the municipality reflects the prosperous condition of the town which is largely due to the development of textile industry especially since 1920.

Secondly, the major portion of the revenue is derived from taxes and rates. The proportion of revenue from taxes and

rates to the total income for different periods is as under.

Year.	i	Ratio.
1900		84.3
1920		80.8
1930		80.4
1934		87.5
1936		90.0

The ratio appears to have declined after 1900 and reached the minimum of 78 percent in 1910. But during recent years especially after 1930 the ratio has once again increased and reached the maximum of 90 percent in 1936. Income from taxes and rates has been increasing both absolutely and proportionately. The rise during the whole period of thirty-seven years is 1376 percent, though of this increase, however, took place between 1915-1925 when income rose by 196.5 percent. The rise is only 96.5 percent between 1925-1936. In view of the fact that taxes and rates still contribute about 90 percent of the municipal revenue, it appears that other sources of income have not developed proportionately.

Income from municipal property has increased by 995 percent during the period of thirty-seven years. The rise during the first twenty years is 413 percent while during the succeeding seventeen years it is only 113.4 percent. The following figures show the ratio of property revenue to total revenue during certain years.

Year.	\	Ratio.
1900		-11.1
1920		12.3
1930		12.1
1935		8.7
1936		7.8

The rise in ratio between 1900-1920 appears to be slight and it was maintained till 1930 after which year there is a decline. The fact that property income has never exceeded 12 percent of total



income indicates the meagre development of municipal property and the recent decline in ratio shows a definite stagnation, if not deterioration, of property as a source of revenue.

Income from grants and contributions exhibit great fluctuations which were due mainly to extraneous factors. The explanation of movements of grant revenue will be offered in the appropriate place. It may, however, be noted that the ratio of grant revenue to total revenue has hardly exceeded 8 percent during any period.

Octroi and Terminal tax;- To enable the municipality to defray the cost of primary services and to discharge its various responsibilities properly, it was allowed to levy octroi duties on goods imported into the city. For a very long time after the establishment of the municipality octroi revenue supplied the major portion of municipal funds. In 1878 the octroi duties contributed about 60 percent of the total revenue, in 1900 the same proportion was nearly 40 percent. The following figures will indicate the growth of income from octroi and terminal tax.

Year.	Income.		Year.	Income.
i	Rs-	j	i	Rs.
		5		
1900	1,44,633		1926	6,63,853
1905	1,80,941		1930	8,55,001
1910	2,08,624		1933	14,60,558
1914	2,60,207		1935	15,22,260
1920	5,35,190		1937	16,80,715

The income during the period of thirty-seven years has risen by 1062 percent. The rise during 1900-1920 is 270 percent and during 1920-1937 it is 214 percent. The rate of increase thus appears to be more rapid during the first period. Again it will be noted that the material rise during the second period took place after 1930. Between 1920-1930 the rise is 69 percent and

between 1930-37 it is over 96 percent.

It may be remembered that the octroi duties were levied on goods entering the city walls and the walled suburb of Saraspur which constituted the octroi limit. The population in the other suburbs did not justify the incidence as octroi was not paid on articles entering the suburban part. In 1906 the municipality revised the octroi schedule with a view to introducing the standard rates sanctioned by the Government of India. In course of time the municipality discovered that there had been a falling off in the octroi income due to the effects of the octroi schedule having been modified and revised in a way that reduced the duty on some articles and released others altogether from taxation. It was also found that large quantities of goods were smuggled into the city walls without payment of octroi duties. Employment of detectives for finding out cases of smuggling could not improve the working of octroi system, in 1910 they came to the conclusion that "in spite of all the vigilance, the octroi system of taxation is archaic, and is full of unavoidable abuses e.g. petty dishonesty among low paid servants, harassment to importers, loss of time, etc. The substitution of a terminal tax on imports through rail for octroi at various nakas on the lines suggested by the Committee of United Provinces is a desideratum". In 1912 Government were approached to select Ahmedabad for the introduction of the new form of tax for a period of two years as an experimental measure; and to open negotiations with the Railway authorities with a view to the latter undertaking the recovery of the tax at various stations in the municipal area. The proposal of the municipality for the Imposition of the said tax for a period of two years in lieu of octroi was approved by Government in 1914; and the approval was conditional on the

acceptance by the Railway authorities of the proposed arrangement whereby the collection of the tax was to be undertaken by the Railway Company, rules and bye-laws and schedule of the terminal tax were put into force with effect from the evening of 30th June, 1915. It may be noted that there was one more reason for the abolition of octroi duties. The Incidence of Property tax which was levied in the Suburbs only, was always greater than the incidence of octroi on the octroi paying population of the city. The inevitable inference was that the burden of taxation on the city population was less than that on the suburban population. But the system was for a long time justified by the local authority on the ground that the higher incidence was borne more by the well-to-do suburban population who had interest *dill* premises than by the poor dwellers in the city. In course of time, however, the municipality came to the conclusion that variation in incidence of two taxes was undesirable and which, they thought, would disappear on the introduction of terminal tax both within city walls and the suburbs and abolition of the dual system of property taxation and octroi duties.

soon after the enforcement of ten/unai tax the local body discovered that the new system was an undoubted improvement on octroi, causing considerably less harassment and inconvenience while frauds were not so easy nor possible on such large scale. The experimental period of two years ended in June 1917 but the municipality decided to continue the terminal tax. In 1920 the terminal tax was made permanent in the taxation schedule of the municipality. During the period the terminal tax rules are in force, all rules relating to toll tax as well as to House and Property tax and octroi are held in abeyance, **A** glance at the table makes it clear that the income from terminal tax is increasing continuously and now contributes 37 percent of the income

from rates and taxes, what are the causes of this spectacular rise in terminal tax income? In the first place, the rapid growth of population and extension and development of Mill industry and construction of new buildings in areas outside the municipal district led to increased imports. The accompanying table gives figures of imports of principal articles paying terminal tax. The principal articles which contributed to the increased revenue were piece-goods, Cotton, timber, stone, iron, sugar, coal, and other sundry articles. The percentage increase of imports of the principal articles since 1920 is given below.

Article.	II P.C. Increase.	article.	( P.C. Increase.
Piece-Goods.	542	Cotton.	127
Timber.	447	Grain.	93
Sugar.	282	Iron.	71
Stone.	222	Miscellaneous.	45
Coal.	204		

The second factor causative of increased terminal tax revenue is the enhancement of rates of duties levied on certain articles. The first revision was effected In 1920 when rates on the following articles were raiseu.

Article.	5 Old-Pate.	5	^ate in 19f:i.
Piece-Goods.	Ps. 0-4-0	"s.	0-6-0 per 33.U.
Coal, Coke.	" 0-4-0	"	0-8-0 per Ton.
Cotton.	" 0-0-4	-	0-0-8 per B.M.
Sundries.	" 0-1-0	"	0-1-6 per B.M.

These rates were again raised in 1930 in the following manner.

Article.	i Pate Before 1930	5	Pate after 1930.
Coal.	Ps. 0-8-0	*?s.	0-11-0 per Ton.
Cotton.	" 0-0-8	«	0-1-0 per B.M.
Yarn.	• 0-1-6	"	0-6-0 per p ,

The rapid increase in revenue after 1930 was partly the result of increased rates on Coal, Cotton and yarn. It must, however, be admitted that rates on certain other articles **were** reduced during the same period. In 1920 rates on wood-furniture, tobacco and cigars were reduced. In 1924 rate on timber was reduced from Annas 4 to ;ns. 2 per . .... In 1933 rate on Kankar was lowered. In spite of the reduced rates on these articles, the total revenue **was** continuously increasing. The imports of articles with reduced rates were not very large and the effect of reduced rates thereon **was** more than offset by enhanced rates on coal, cotton, yarn, etc. whose imports are very large.

Thirdly, the opening of new Nakas on different approach roads brought a large portion of imports under the operation of taxation rules. In 1930 there **were** only 9 Nakas to which ten were added in 1932 and one more in 1936. There are in all 20 Kakas where duties are levied on imports coming from the surrounding villages. The receipts collected at the municipal Nakas amounted In 1930 to \*>s. 41,536. **These** collections rose to ^s. 1,76,568 in 1932, ~s. 2,61,658 in 1935 and Rs. 2,70,334 in 1937. It seems clear that addition of new ftakas contributed increasing revenue to the municipality. Improvement of taxation rules also favourably effected income. **A** proviso was added in 1931 restricting the scope of exemption from tax of gravel, Kan fear, and Metal to such quantities of the\* material as are Imported only for road making.

This stuoy of terminal taxation will now be closed by assessing Its place in the municipal revenue structure. In this respect the following figures are helpful.

Year.	/	P.C. ratio of Terminal tax income to total income
1900		39.8
1910		27.4
1920		31.1
1930		25.3
1935		33.3
1936		30.9

The real < ~~ecu-i-ii~~ In ratio occurred after 1900 due to emergence of other rates. It touched 31 percent in 1920 and during recent years **It** is again fluctuating round about 30 per cent.

This indicates clearly that the relative importance of terminal tax as a source of revenue has not declined during the period. The rise in total revenue during the whole period is 1,292 percent.

The rise in total revenue during 1920-36 is 194 percent while that of terminal tax is 214 percent. This means that while the rise of terminal tax income during the whole period is little below **that** of total Income terminal tax revenue has increased more rapidly during 1920-36 than the total income.

As the Cantonment area is contiguous to the municipal district and as the people of the municipal district use roads and amenities of the Cantonment area, the Cantonment Committee and the municipality entered into an agreement in 1922 for the joint levy of terminal tax on the following terms:-

(a) The collection of terminal tax to be under the Railway administration.

(b) The municipality to pay a lump sum of Rs. 2,000 to the Cantonment Committee every year.

(c) The Cantonment Committee not to impose any octroi or toll within its limits during the period, of agreement.

Property tax:- The revenue returns for the year 1878 do not mention any such impost. It must have been levied during the closing years of the last century and its operation was confined to the suburban areas. The property within the Walled City of Ahmedabad and the suburb of Saraspur was exempted from this tax.

Income from this source was **as** under:-

Year;	11	Revenue.	i	Year.	8	Revenue.
	i	Rs.	I		1	
1890		10,066		1905		49,400
1895		11,540		1910		64,355
1900		19,119		1915		27,577
				1920		41

The house tax income rose by 89 percent between 1890-1900 and by 236 percent between 1900-1910. The rate of increase is very rapid during the second period, there appear to be three main causes for this rise of income.

Firstly, the growth of population in the city, the well-to-do people migrated to suburbs and built new houses amidst healthy surroundings. The increase in the number of new houses swelled the house tax income. Secondly, the municipal limits were continuously being extended to facilitate the development of textile mills and for accommodating the ever increasing people from the walled city. With the extension of municipal district a large amount of property was brought within the operation of taxation rules. Thirdly, the periodic revision of valuations of properties brought additional revenue since values of properties were rising with the prosperous condition of local mill industry and growth of population. Lastly, the rules of taxation were so revised and

modified that they brought in additional Income from the properties, The old rules were simple and did not provide for different rates for different types of properties. The rules in force in 1900 were as under:-

"A House and Property tax shall be levied on houses, shops, storeyards, spaces used for warehousing property, or for trade, manufactures, keeping live-stock, etc. at the rate of 5 per cent an annual rental value, the lowest rate being Annas 4, etc.". The whole set of rules relating to rating were revised in 1901-02 so as to prescribe different rates for different uses of property.

As a result of the operation of these new rules income rose very rapidly after 1901-02 and touched the maximum, of Rs. 97,661 in 1914 or a rise of 410 percent since 1900. Income declined abruptly in 1915 and gradually disappeared from the statement of revenue. The reason is that House tax was abolished in 1915 outside the city walls. Under the old octroi system areas outside the city walls paid no octroi. With the introduction of Terminal tax, these areas came under its operation, and, as a compensation, the tax on houses and lanes outside the city was abolished.

In 1916 there was a proposal to revive the house tax. It was suggested that the proceeds of the terminal tax be set aside for road construction, while the House tax at 10 percent might take its (Terminal tax's) place in the general fund for which it was better suited as a more constant return, the suggestion was subsequently dropped. In 1920 the municipality proposed to levy a Transfer of Property tax at 2 percent on the value of immovable property. The proposal was negated by Government. It was revived again in 1921 but could not secure Government sanction. The object of this extraordinary source of revenue was to revive the old house tax in some form and also to enable the municipality to



finance the schemes of Relief Road, gardens, and the net cost of Town **Planning** schemes. Having failed to secure Government sanction for the above taxation proposal, the municipality revived the old Property tax in the form of General Water tax at 5 percent on the annual rental, and Government- could not refuse sanction to the proposal which was perfectly legal. The idea behind the substitution of General Water tax was to revive house tax under a different name and possibly to bring the large amount of Government property under the operation of tax rules which hitherto could secure exemption under the house tax rules.

Water Rates;- That the income from water rates has been a very fruitful source of revenue to the municipality will be clear from the following figures:-

Year.	{ ;water Rate	<b>Revenue.</b> I	Year, i	water Rate	Revenue.
	8	I	I	Rs.	
	' s .				
1900	64,497		1930	11,06,190	
1910	1,47,350		1935	15,14,884	
1915	3,01,941		1936	19,03,236	
1920	6,79,487		1937	17,58,075	
1925	11,20,382				

The increase in revenue during the first twenty years is 798 percent and during the succeeding seventeen years it is 203 percent. Thus the rate of increase is very rapid during the first period. The major rise pertaining to the first period took place between 1910-15 when receipts moved up by no less than 104 percent, similarly between 1920-25 the revenue rose by 93 percent. After 1926 the rise has been more gradual and receipts rose by 56 percent only during the thirteen years ending 1937.

The main factor responsible for the most remarkable growth of water rate revenue has been that these rates are linked with annual or capital valuation of properties on which they are

levied. At the end of each quadrannual revision of valuation of properties, the income from rates is found to have appreciated in amount. Secondly, the General water rate levied by the municipality is much higher than similar rates in other municipalities and virtually amounts to a Property tax which was abolished in 1914 and which the municipality very much desired to revive in one form or another. Thirdly, the water rate rules are made more comprehensive so as to embrace different uses of water and prescribe **Different** rates accordingly. Again, the scales of rates have been raised **from** time to time, which increased revenue directly. Finally, the extension of municipal district and construction of new buildings also contributed, in no small degree, to the growth of water rate revenue.

It may be noted that the financial statements of 1878 do not mention any water **rate** income nor do the rules and byelaws of 1889, the oldest on record, prescribe any rules regarding the levy of water dues. The rules prevailing in 1906, however, mention this rate. The water tax was payable in respect of all buildings and lands. The tax was calculated on the annual letting value of buildings and lands at the following rates.

Classification of Houses on rental Value.	Rates for Residential buildings	Rates for shops, Offices, trade premises, rs.
1 to Rs.10	0- 4- 0	0-2-0
More than Rs 10 but less than Rs.20	0-8-0	0- 4- 0
" " Rs.20 » Rs.30	0-12- 0	0- 6- 0
" " Es.30 " Rs. 40	1- 0- 0	0- 8- 0
" " Rs.40 " 60	1- 8- 0	0-12-0
" " Rs.60 " .... 80	2- 0- 0	1- 0-0
" " Rs.80 " ^s.100	2- 8- 0	1- 4-0
For every increase of Rs.1 to Rs.20 above Rs. 100	0- 8- 0	0-4-0

Water for purposes of trade or manufacture was supplied either (a) by meter at the rate of Annas 4 per 1,000 gallons, or (b) on an agreement for the payment of such sum as might be fixed by the Managing Committee. Water supplied to gardens was charged at the rate of Re. 1 per month for every 100 square yards of the area.

in 1908 the rate of water supplied by meter was raised from Ps. 0-4-0 to Ps. 0-5-4 per 1,000 gallons and the same was again raised to Annas. 8 in 1918-19. We have already noted that revenue rose by 104 percent during 1910-15. The revision of valuation in 1911, no doubt, contributed to this rise; but the main reason was that the water rate rules were revised in 1914, and **as a** consequence of the enforcement of new rates on buildings and 'lano, income from water rates went up by Re. 98,243, the water tax being linked with rental value. Property values were revised in 1918 when their rental value increased from Rs. 32,28,336 to Ps. 41,98,098. With the increase in annual rateable values, revenue from rates rose correspondingly. There was again **a** very remarkable upswing in income between 1920-26 when receipts rose by about 93 percent. The revision of property valuation in 1922-23 was partly responsible for the rise since the rateable value of premises other than mills etc. on which the rates were based rose from Ps. 41,98,098 to Rs. 75,70,370. Similarly the valuation of industrial premises rose from Rs. 14,72,975 in 1918 to Ps. 73,69,245 in 1922 when the revision took place. Thus the total rateable value rose to Rs. 1,59,84,066. But the other important factor causative of increased revenue was the levy of General water tax on industrial premises. The industrial premises which were supplied with water by meter were erroneously exempted from compulsory water rate and the mistake was rectified by issue of separate bills for three



might allow from the annual letting value or other valuation on account of charges incurred by the owner for municipal taxes, repairs, etc. Under Rule 243 as revised by G.R.G.r. No. 5181 dated 12th February, 1924, a deduction of **g** of the gross valuation could be allowed by the municipality. Clause (2) of Section 76 of the Bombay Municipal Act 1926, however, limits the percentage of deduction to 10 percent only, no discretion being left to the municipality to allow a smaller or larger percentage of deduction. This provision, in Ahmedabad, led indirectly to an increase in the rental valuation, it may be observed that revenue reached <sup>^</sup> kk Rs. 13 lakhs in 1928 and then declined to Rs. 11 lakhs\* in 1930. This decline was partly due to amendment of rules in 1928. As it was felt that the old classification with a difference of Rs. 10 upto Rs. 40 and of Rs. 20 upto Rs. 100 and over, operated in such a way that the ten percent reduction from valuation allowed under Section 78 of the Act of 1925 did not carry the net valuation to a lower class, the whole schedule was amended by reducing the classification with a difference of Rs. 5 upto Rs. 60 and of Rs. 10 from Rs. 60 to Rs. 100. These alterations involved a loss of about Rs. 64,000 to the municipality but it was considered necessary on grounds of equity. The rules were again revised in 1929 as a result of which the water rates were once again classified into General and Special rates. This change was effected at the instance of Government Auditors who pointed out that as revenue derived from water rate assessed on rental value included a Property tax in addition to charges for water it was not correct to include the whole income from water rate in the financial statement for water works. Another principal feature of the revised rules was the altered basis of valuation of buildings belonging to Mills and Factories. In the case of mills and factories the taxes were

assessed on a rateable value arrived at a certain percentage on capital value. Under the new rules the taxes were assessed at a direct percentage on the amount of the capital value of buildings and lands, similarly the General water rate on these industrial premises was raised from 2½ percent to 5 percent on valuation based on capital. These revised rules came into force from April, 1931.

The fall in revenue in 1931 was also partly due to the suspension of the levy of general rate on mills in accordance with a compromise arrived at between the Municipality and the Millowners' Association. Increased receipts during 1932 and 1936 were due partly to revision of assessment and partly to recovery of past arrears. The latest notable change in water rate rules was effected in the year 1936. The General water rate, special water rate and the Drainage rate were all levied on the annual letting value of buildings and lands according to a schedule on a graded classification. The rules were amended so as to abolish this classification and to make the levy of the said rates at a uniform percentage on the actual net annual letting value. The prevailing rules of water rates are, therefore, as under:-

The water rates are assessed in the following manner:-

- (a) In case of residential houses and bungalows and all buildings of the Railway Authorities, the rates are assessed on the net annual letting value after deducting the 10 percent allowance for repairs;
- (b) In case of all non-residential buildings, the rates are assessed on valuation based on capital.

General Water Rate:- 1. is leviable on all buildings and lands within municipal limits, subject to certain exceptions, (a) In the case of residential buildings, etc. the general rate is levied at the rate of 5 percent on the annual letting value thereof. (b) In case of non-residential buildings, etc. it is levied at

the rate of 5 percent on valuation based on capital. Family whose collective income does not exceed Rs. 15 per month are granted partial or total remission on the ground of poverty, special remission on the ground of vacancy are also granted especially in case of chawls.

Special Rate;- It is leviable, in addition to the General Rate, on all buildings, etc., which are either actually connected or technically deemed to be connected with the municipal water pipes, stand-posts or reservoirs. "The rate shall be (a) for residential buildings, etc. at the rate of 5 percent on the net annual letting value (b) for buildings, lands, etc. used exclusively for purposes other than residential or stabling, such as trade, manufacture, clubs, offices, at the rate of 2 percent on net annual letting value."

In case of all non-residential buildings, belonging to Mills, factories, except hotels, shops, stalls, stables, but including tanks, out-houses, godowns, store yards, etc, open lands appertaining thereto, open yards and lands of railway company, the special rate is levied at the rate of 5 percent on the valuation based on capital, provided if water is supplied by measurement through meter, the charge shall not be less than 2 percent in case the quantity of water consumed falls below that limit.

Let us now study the present composition of water rate revenue. Only the recent figures are given below;

Year.	\$ special ( ^afcgs.	I General I Rate.	i Charges. S Rs.	{ Meter. fi Rs.	i Hotels. I Rs.
1933	4,47,310	12,35,967	2,62,713	1,94,872	42,481
1934	4,57,896	9,29,565	2,77,456	2,06,249	44,999
1935	4,73,176	7,76,119	2,65,589	1,89,443	44,273
1936	5,07,003	10,61,755	3,34,478	2,40,451	50,706
1937	6,43,075	9,49,101	-	2,26,367	

It must be made clear at the outset that the General Water rate on unconnected premises is nothing but a House Tax. Formerly It was lev ed at a graduated scale on the annual letting value but since 1936 it is levied at a uniform percentage. It is a flat rate at **5** percent on annual rental value. Being virtually a Property tax, it is excluded from the financial statement of Water works. The revenue from the General water tax cannot, therefore, be taken as revenue from water service.

Next in importance is revenue from the Special Water rate on connected premises. The increased income from these rates is due mainly to quadrannual revision of valuations and addition of new buildings. The total number of tenements **in** the municipal district which in 1918 was only 86,430 and 1,01,437. The rateable values of properties have also increased. They were Ps.22,40,693 In 1910, ^s. 41,98,098 in 1920, and Ps. 75,70,370 **in** 1925. These have now risen to Ps. 1,51,59,075. With the growth of rateable values of properties due to general growth of commerce and industrial prosperity, the revenue from rates, which are based on these values have shown corresponding increase. The Special water rate is now levied at a uniform percentage on the annual rental\* Being a flat rate it presses rather heavily on properties of smaller rateable values. It was formerly a graded rate but was changed into a flat one **in** 1936. It must be conceded that the change has much simplified the rating system and saved the local authority from endless troubles of calculations. But the now system cannot be said to have met the ends of justice or equity. It was possible to **SG** construct the schedule as to provide for a progressive rate pressing lightly on poorer properties.

Income from Meter Charges depends on the prevailing rate of meter charge and the number of properties supplied with



water by measurement. The present rate is Annas 8 per 1,000 gallons. The mills, factories and other industrial premises get their supply mostly by meter. Since 1932 the hotels, restaurants, etc. which formerly used to pay the Special rate on valuation, are given water supply by meter only.

The next important point regarding water rates is their adequacy. Are they now sufficient to meet the cost of water supply, including debt charges, etc. The figures from the financial account\*\* of water works during recent years are helpful.

Year,	g	Direct Receipts.	j	Expenditure,	\$	Remarks.
	I	Ps.	I	Ps.	J	e.
1933		7,10,023		4,42,653	~	2,67,370
1934		7,35,352		4,89,082	-	2,46,270
1935		7,38,765		4,66,675	--	2,72,090
1936		8,41,481		4,33,154	-	4,08,327
1937		8,08,974		5,50,694	~	2,68,280

It is clear from these figures that the municipal water service is not only self-supporting but also contributes handsome profits to the treasury. The present rates are, therefore, adequate. As regards the financial importance of Water rates, both general, and special, the following figures of percentage proportion of water rates revenue to total net revenue and income from rates and taxes are illustrative.

Year,	i	P.C. Proportion to	^	I	P.C	Proportion to total
	{	and Taxes.	utes	\$		Revenue.
1900		21.0				17.7
1910		24.7				19.3
1920		41.7				33.7
1930		40				32.7
1935		37.3				33.2
1936		41.7				37.6

That the revenue from water rates has been increasing both absolutely and proportionately will be clear from these figures. Revenue from water rates is even more important in magnitude than that from the Terminal tax. Both these sources contribute individually more than 30 percent of the total municipal income. The Ahmedabad municipality is perhaps the only local authority in the Presidency, except the Bombay Corporation which derives such a large revenue from the Water Rates.

Drainage Tax:- The municipality has been levying this rate since long and the revenue therefrom has been increasing as shown below.

Year.	J I	Income. P s .	\$ {	Year.	{ 5	Income. ^ s .
1900		7,856		1930		3,67,826
1910		49,311		1932		4,95,477
1915		67,582		1935		4,54,016
1920		1,03,822		1936		4,89,328
1925		2,16,925		1937		4,74,134

The increase in revenue during the first fifteen years from 1900 to 1915 is 760.2 percent, during the next fifteen years from 1915 to 1930, 429.4 percent and during the seven years from 1930 to 1937 the increase is only 32.5. There is a slight decline of over 4 percent since 1932 in which year the Drainage tax revenue reached the maximum level.

While we study the Drainage tax Income and Its remarkable growth during the period it must be remembered that the rate is based on valuation, with the rise in values of properties connected with the municipal drainage, the income from the rate goes up correspondingly. The second reason for increased revenue is the increase in the number of drainage connexions in the municipal district. In 1905 there were about 13,650 connexions. The number

rose to 17,232 in 1910, 18,696 in 1916. After 1916, however, the local body decided to discourage any further drainage connexions owing to difficulties of water pressure and also due to inadequate water supply and difficulties of pumping etc. New connexions were freely granted after 1920. At present there are approximately 40,000 drainage connexions. When the scheme of underground drainage in the suburban area would be completed, further rapid increase in drainage connexions is expected. Naturally, therefore, the revenue from the rate will go up. There have been two main factors contributing to increased revenue. The first is the progressive increase in valuation of properties connected with drainag system and secondly, the increase in the number of connexions. It may, however, be noted that rise in the number of connexions will not go beyond a certain point, and that point will soon be reached when the whole municipal area is served with underground drainage facilities. But the values of properties would increase continuously with the growth of population, commerce and industrial activity in the city.

It is necessary now to consider the scale of the drainage rate and the changes therein during the period. According to rules in force in 1906 the rate was levied on buildings and lanes within municipal limits which were or might be connected with the drainage system. The amount payable was calculated on the annual rental value of buildings, etc. which were connected with the drainage according to a schedule of rates. Persons paying the sullage water removal tax were exempted from this rate. In the case of premises used for dyeing and printing cloth, the rate was Annas 2 per 1,000 gallons of water registered by meter as supplied to the premises.

The study of the schedule of rates of Drainage tax in force in 1906 discloses the following facts. The rate for

rental values between He. 1^ **Rs.** 10 was Annas 12 or over 7.5 percent. It rose by Annas 12 with an increase of Rs. 10 in the rental upto <sup>s</sup>, 20. The rate **was**, therefore, 7.5 percent. It rose by Annas 8 for every increase of **Rs.** 10 in the rental above **Rs.**20. The rate was thus 5 percent. This rate **was** lower compared to that on rental values between **Rs.** 1 <sup>and</sup> **Rs.** 10 and between **Rs.** 10 <sup>and</sup> **Rs.**20. The rate was therefore, a regressive one on the whole though for rental values above Rs. 20 it was uniform. Moreover there were no separate rates for non-residential or industrial premises as at present.

In 1916 the Government sanctioned the making of a Special Drainage tax. In 1921 the rule of charging drainage tax at Annas 2 per 1,000 gallons of water on premises usee for dyeing and printing cloth was enlarged in its application to all other premises where water was used for washing or manufacturing purposes. It mean|jthat drainage tax on industrial premises was determined by measurement of water oischarged or supplied to them. This change must have helped to augment income from the rate. In 1927 the rate of rebate on account of building repairs, insurance, etc. was reduced from 1/6 to 1/10 under clause (2), of section 78 of the Municipal Act, 1925. This reduction in the rate of rebate incirectly increased the yield of the drainage tax. The schedule of the rate was changed materially in 1928. As it was felt that the old classification with a difference of Rs. 10 upto Rs. 40 anc of Rs. 20 upto Rs. 100 anc over, operated in such a way that the 10 percent reduction from the valuation allowed under Section 78 of the Act of 1925, did not carry the net valuation to a lower class, the schedule was amended by reducing 1 he classification with a <difference of Rs. 5 upto Rs. 60 and of Rs. 10 from Rs. 60 to<sup>r</sup> s . 100.

These alterations involved some loss of revenue to the treasury but it was considered necessary on grounds of equity.

The 1929 schedule disclosed that the rate for rental values between Re. 1 and Rs. 10 was Annas 12 or above 7.5 per cent. It rose by Annas 6 for every Rs. 5 increase in the rental upto Rs. 20. The rate for rental values between Re. 10 and Rs. 20 was therefore 7.5 per cent. The rate rose by Annas 4 only for every Rs. 5 increase in the rental and this rate was uniform for all rental values above Rs. 20. It amounted to 5 per cent. 'The whole schedule was to be regressive since the rate pressed more heavily on rental values below Rs. 20\*

In 1932 the Rule 352 was amended deleting the words "the drains inside" so as to remove the difficulty created by the interpretation put upon the rule by the High Court of Bombay that the absence of drains **inside** each tenement in the premises took away the liability to drainage tax, despite the fact that persons living in such tenement discharged their waste water in a common drain on the premises outside the tenement itself, **AS** a result of this amendment a large number of tenements not possessing drains inside and previously escaping the rate, were now brought under the levy of the Drainage tax. This rule thus widened the scope of the levy and swelled the revenue.

So far the Drainage tax, like water rates, on Mills and factory premises was assessed on a rateable value arrived at a certain percentage on capital value. The rule was amended in 1932 so that the tax was to be assessed at a direct percentage on the amount of the capital value of industrial premises. In 1936 very significant alterations were made in the rules. The meters installed for registering the water discharged frequently went out of order and the work of assessing Drainage tax for

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Rs. 100, it is reduced on the excess over Rs. 100 and thus becomes a regressive tax.

The drainage tax on non-residential buildings, etc. is levied at the rate of 5 percent on valuation based on Capital. The tax on premises in which the work of dyeing or printing cloth, or any other business in which water is used for washing or manufacturing purposes is carried on and from which waste water is discharged into the municipal mains, is levied at the rate of Annas 2 per 1,000 gallons of water. The measurement is determined by the meter registering discharge of water into drains, or meter registering supply of water or by the opinion of the chief officer considering all circumstances of the case.

The next important question is whether the present rates of the drainage tax are sufficient to meet the charges of the drainage service and whether any change in the rating system is desirable. The revenue from the expenditure on the Sewage Farm managed by the municipality is generally included under the Drainage Account since the two services are interrelated and the capital cost of both the items are financed from the same source. The figures of income and expenditure are shown separately.

It would be clear from the table that the Drainage service is entirely self-supporting and the municipal treasury receives surplus from the undertaking. Even if the sewage Farm receipts are excluded from the account, the drainage tax revenue is itself more than sufficient to meet the cost of drainage service. The profits from the service are now in the neighbourhood of Rs. 2 lakhs, and one may perhaps expect the local authority to utilize these surpluses for the reduction of the tax. In view, however, of the fact that the Suburban Drainage Scheme is still under construction and is likely to involve further expenditure

**of Capital nature** and also that the municipality will have to **meet the** increasing annual debt charges **in** respect of the Drainage loan, it does not appear feasible that the local body would be able to reduce the present level of taxation. It is interesting to note that the Drainage works were run at a loss **as** late as 1931. The deficits amounted to Rs. 67,301 **in** 1930 and **Rs.** 1,56,696 in 1931. These deficits (usually met from the general revenue, were due mainly to **the** payment **of** debt charges. The increase **in** drainage tax revenue after 1931 and **the** progressive decline in debt charges **were** the main factors which turned deficits into profits. **The** debt charges stood at **Rs.** 2,46,025 in 1930 and gradually declined **to** Rs. 1,93,030 in 1933, **Rs.** 1,51,288 in 1935 and then suddenly dropped to Rs. 32,149 **in** 1937. **In** view, however, of the fact that the municipality **has** decided to raise a loan of Rs. 25 lacs out of which **Rs. 8 lacs** were already taken up in 1937, for the execution of the second stage of the suburban Drainage scheme, and that the loan charges are bound to increase in the immediate future, these profits would soon disappear. It will take some time before the municipality can receive additional revenue from the new drainage connexions in the suburban area. In the meanwhile the loan charges will have to be met either from the general revenue or from enhanced drainage rates. Thus the question of reduction in the present rates is quite out of consideration.

Lastly we shall consider the comparative financial importance of drainage tax in the municipal revenue structure. The percentage proportion of drainage tax income to total net revenue is given below for certain years.



Year. { Percentage Proportion.

1900	2.1
1910	6.4
1920	6.0
1930	10.6
1936	9.6

It seems that the drainage tax is gradually increasing in importance as a source of revenue. Next to water rates, it is the most productive rate and with the extension of drainage system in the suburban area and increase in the number of connexions, income from this rate is likely to rise in future.

Sanitary Rates:- Even though the walled city of Ahmedabad is served completely with underground drainage facilities, there are still many tenements in the city and suburb\* which are not connected with the drainage system and which still use latrines which have to be cleaned by manual labour. The municipality levies a Special rate for the cleansing of private latrines; punch privies or water closets, secondly, the municipality has to construct and maintain public latrines for the use of poor people who do not or cannot afford to maintain private latrines of their own. The municipality levies a separate rate on these people for the maintenance of public latrines. The revenue from both these rates has been as below;

Year,	Revenue.	5	Year. {	Revenue.
J	Rs.	/	{	Fs.
1900	41,316		1930	2,43,272
1910	66,444		1932	3,33,848
1916	85,283		1935	2,89,114
1920	1,11,117		1936	3,17,783
1925	2,11,356		1937	3,24,782

The revenue has risen by over **686** percent during the

whole period. The rise between 1900-1920 is 168.9 percent and between 1920-37 it is 192.2 percent. The rate of increase is slightly more rapid during the second period. The receipts reached the maximum level in 1932, then declined slightly. There was recovery towards the close of the period. Again, it may be noted that revenue moved up rather abruptly between 1920-1926 and again between 1930-1932. It is necessary to account for these movements.

In 1899 the Hala<sup>^</sup>ore cess, as it was then called, was levied from persons residing in the city, saraspur, Madhawpura, Hathipura, Foolpura, Futeपुरा, and within the portions of the Railway suburbs bounded on. The rates of the cess and the number of families paying them were as under:

Class.	Description.	Rate	Families
1	Private Privies.	2-8-0 per year. per privy.	4,507
2	Punch Privies with Khal- kava.	2-0-0 per year per family.	6,014
	Punch Privies without Khalkuva.	2-8-0 per year per family.	5,347
	Municipal privies within city walls and saraspur	1-8-0 per year per family.	9,209
6	Municipal Privies outside the city walls.	1-0-0 per year per family.	

There were separate rates for Mills, schools and such other institutions:

- (a) For every permanent resident - Annas 8 per year,
- (b) For every temporary visitor or  
workman.- Annas 2 per year.
- (c) For every boy or girl attending  
School.- Anna. 1 per year.

The sanitary Cess schedule in force in 1906 shows that the rates were reduced in many cases. The then prevailing rates were as below:

Class.1	Description.	\$ Rate.	5	Remark.
1	Private Privies -	Rs. 2-0-0		per year per privy.
2	Punch Privies with Khalava -	1-8-0	<b>M</b>	" per family.
<b>3</b>	Punch privies without Khalava -	2-0-0	<b>1</b>	<b>H</b> <b>it</b> <b>it</b>
4	municipal Privies -	Re. 1-0-0	<b>II</b>	w <b>it</b> <b>it</b>

The rates on permanent residents, temporary visitors and school-going children were the same as before. It seems that the slow increase in Sanitary Cess revenue during 1900-1913 was due to the reduction of rates as mentioned above, A few minor modifications were made in 1909 in the schedule of the same. But the more important changes were effected in 1914 when the rates were raised. The Special Sanitary cess was distinguished from the General Cess, it may here be pointed out that the old rate of Re. 1 on the use of municipal privies was nothing but a general cess in disguise. The tax on punch privies owned by 12 or more owners converted into water closets at municipal expense and kept into repair by municipality, was raised from Rs. 2 to Rs 2-8-0 and the special sanitary cess on the privies of large Institutions like Mills, etc. connected with Drainage system at municipal cost, were doubled.

The sanitary Sess rules and schedule were again revised in 1920 and 1922. The new rates were as below.

Class.	Description.	Rate.	8	Remarks.
A	Private Privies.	Rs. 4-0-0		per year per Privy.
B	Punch Privies with Khalava.	" 3-0-0	"	" per family.
	(i) Punch Privies without Khalava.	4-0-0	"	"
	(ii) Punch Privies owned by 12 or more owners, converted into water closet at municipal cost and kept in repair by municipality	4-8-0		
	All families residing in municipal limits for maintenance of Public Latrines.	Rs. 1-8-0	"	"

It should be noted that the families which paid the special sanitary cess were exempt from the general sanitary cess. The rate for a permanent resident in a Boarding, Vishi, lodge was raised from AS. 8 to Re. If that of a temporary visitor or workman in a factory, workshop from Annas 2 to As. 6} and that of school-going child from Anna 1 to Annas 2. These changes were made with a view to bringing the tax revenue to the level of probable cost to the municipality of the special service rendered.

As a result of the enhancement of rates on private latrines, punch privies and on mills, schools, etc., the revenue from the cess rose rapidly. The rate of increase between 1920-30 was 118 as against 60 percent during 1900-10 and 67 percent between 1910-20. The Sanitary cess rules were properly arranged in 1929 according to the classification of General and Special cess and came into force from April, 1931. We have so far established that enhancement of rates of Sanitary cess

were partly responsible for the growth of revenue. But this is not the whole story. There were other factors which operated and which also influenced the revenue. We have already noted that the rate on private is per latrine cleared. The extension of municipal limits and construction of new buildings must have increased the number of private latrines served by municipal agency. The same can be said about punch privies and privies in mills, factories and schools. It is unfortunate that no figures are available to indicate the increase in the number of such privies. But the increase in privies must have swelled the income, secondly, some of the rates are levied on family basis, especially the rates on punch privies and the general cess. The rapid growth of population and hence the increase in the number of families also influenced income from the cess. To sum up, therefore, the growth of revenue from the sanitary rates was due partly to the enhancement of rates, increase in the number of privies cleaned by municipal agency and the rapid growth of population in the municipal district. The existing sanitary rates and rules are given below.

General sanitary Cess:- It is leviable from every family except those from whom the special sanitary cess is leviable. The general cess is levied at the uniform rate of Rs. 1-8-0 per family per year.

special sanitary Cess:- It is leviable per every private latrine or water closet and per every family using a Punch latrine or water closet. The Rates are:

<u>Description.</u>		<u>Rate.</u>
1 Private Latrine.	°s.	4-0-0 per year <b>per</b> - latrine.
2 Punch latrine with or with or without KhalKuwa.	<sup>11</sup>	4-0-0 per <b>year per</b> - family.

3 Punch water or trough closet - Pe. 1-0-0 per year, family.

In case of mills, factories, theaters, schools, lodges, clubs, vishis and such other institutions for the cleansing of which the municipality has made provision, the special Cess is as under.

	<u>Pate for latrine per year.</u>
1 For every permanent resident on the premises except mill officers living in banglows in case of mills.	- Pe. 1*0-0
2 For every workman, member of audience, teacher servant, looger, boarder or member.	- He. 0-6-0
3 For every boy or girl attending a Mill	- Pe. 0-2-0
4 For every boy or girl attending a School.	- <b>Pe.</b> 0-2-0

Provided that if the municipality has made arrangement to remove sullage water also, such additional charges are levied for the work as sanctioned by the municipality.

**We** have so far discussed the evolution of the rules and rates of sanitary cesses, the growth of revenue therefrom\* and the main causes of the increase in revenue. The present rules and regulations governing the levy of the cesses, the special provisions in regard to exemptions and remissions have also be set forth. The next important question is whether these two separate rates can be justified, whether they are adequate to meet the purpose for which they are intencec and also whether any reform in the levy and administration of the rates are possible so as to meet the ends of Justice and convenience.

In view of the large expenditure incurred by the local authority on the cleansing of private ant, punch latrines, on the maintenance of public privies and the collection and removal of refuse from the city, it is imperative that the municipality should levy rates on those who benefit from these

services, and thus meet the cost of the services. Formerly, as we have seen, there was only one sanitary cess and it was only in the year 1914 that the special cess was distinguished from the General sanitary Cess. Next, attention may be drawn to the principles enunciated by Government in their resolution in the General Department No. 192, dated the 3rd February, 1922, to the effect that:-

(i) "The proceeds of the special sanitary cess should be not less than the cost of the special private services rendered by municipal agency; and that;

(ii) There should be no exemption from the payment of the General Sanitary Cess, that is to say, persons who pay the Special Sanitary Cess. While laying down this second principle Government intended that the General sanitary Cess be utilized to meet the cost of such general services as the collection, removal and disposal of refuse and construction and maintenance of public latrines and urinals in which the whole body of citizens was interested. The municipality in 1924 had contended that the proceeds of the special Sanitary Cess levied by it were not less than the cost of the special private services rendered by municipal agency; and regarding the second principle, It was urged that "the principle is only partially correct inasmuch as where the general cess is levied to meet the cost of construction and maintenance of public latrines and for the removal and disposal of refuse, it stands to reason that the persons paying special sanitary cess should be made to pay the general cess also, but when the proceeds of the general cess are wholly applied to and are just sufficient to meet the cost of public latrines **in** which the persons paying special cess are not interested, and the cost of removal and disposal of refuse is met from the **general revenues**,

there is no ground, to make the persons paying Special Cess liable to pay the general cess also<sup>11</sup>. The point was stressed by Government Auditors once or twice but the municipality maintained its position on the above lines. It was then said that the examiner, Local Fund Accounts had satisfied himself from the accounts of the municipality that the said principles were not violated in substance in the levy and administration of the Sanitary cesses in the municipality.

As regards the first principle, viz., that the Special Sanitary Cess must be sufficient to meet the cost of special private services, we have absolutely no data available to ascertain either the present yield of the special cess or the expenditure on special private services. It is, therefore, difficult to say whether the revenue from the special cess is sufficient or the special conservancy service is self sufficient financially. Similarly, there is no information in the reports of administration regarding the present yield of the General Cess and expenditure on the maintenance of public privies. The adequacy of both the rates is a moot point on which detailed information (if necessary, we have observed that some of the rates of the sanitary Cesses are levied on family basis. The system may be justified on the ground that the family basis affords a reliable measure of the amount of service rendered by the municipality. Formerly the house owners were not responsible for the payment of the rates. They were to be recovered from tenants most of whom (being mill-hands and other petty labourers) frequently changed their abodes from one locality to another rendering the task of tracing them extremely difficult. Frequently they left the city altogether and the greater part of the arrears due by them had eventually to be written off as irrecoverable. The rules have been changed to



avoid the loss of revenue. Now the tax is primarily liable from the owner of the building to which the privy belongs and in default of payment by the owner, it is recoverable from the persons actually using the privy, when a privy is used both by the owner and his tenant, the tax payable from both is primarily leviable from the owner and in default the tax payable by the tenant is levied from him.

**AS** regards the importance of sanitary rates as a source of municipal revenue the figures of percentage proportion of income from sanitary rates to total net revenue are given below.

Year. { Percentage Proportion.

1900	11.3
1910	8.7
1920	<b>6.4</b>
1930	7.2
1936	6.2

It seems clear that the relative importance of Sanitary rates as sources of revenue has been declining gradually. It may be due to the comparatively more rapid growth of other sources of **revenue** especially the Terminal tax, water rates **and** the Drainage tax. It also appears that with the adoption of flushing system the latrines will be discontinued and the revenue from the Sanitary rates, especially the Special cess, will decline both absolutely and relatively.

Conveyance or wheel Tax;- The municipality levies rates on the owners of vehicles and animals which make use of public roads constructed and kept in repair by the local authority. It is **a** rate on animals and vehicles that ply within municipal limits. This is one of the old Imposts levied by the municipality and the income from this source has much increased as is illustrated below.

Year,	Revenue.	5	Year.	Revenue.
J	RS.	jj	{	RS.
1900	6,385		1930	1,43,046
1910	14,400		1933	2,29,983
1915	41,881		1935	2,63,605
1920	44,383		1936	2,67,503
1925	1,08,992		1937	2,54,828

Income from the wheel tax rose by 595 percent between 1900-1920 and by 474 percent between 1920-1937. here is an abrupt upswing of 190 percent between 1910-15 and again of 145 percent between 1920-25.

The increased revenue from the tax is due to (i) enhancement of rates on animals and vehicles, (ii) more detailed rules prescribing different rates according to types of vehicles and also according to the purpose for which they are used, and (iii) rapid increase in vehicular traffic especially after 1925 in the municipal district, (iv) Inclusion of new types of vehicles previously untaxed e.g. motor cars, motor bicycles, tri-cycles, lorries, etc. The wheel tax rates prevailing in 1900 were as under.

Pate per quarter.

A\* Vehicles used for carrying Passengerst-

4 wheelec vehicle drawn by	2 Horses.	-	Rs. 6-0-0
4 " " <b>M</b> it	2 Bullocks.	-	Rs. 3-0-0
4 ft »l <b>m</b>	1 Horse.	-	Rs. 4-8-0
2 ti tl	2 Horses.	-	Rs. 4-8-0
2 ti ft ti	1 Horse.	-	*s. 3-0-0
2 it fl ft	2 Bullocks.	-	Rs. 3-0-0
2 it fl it	1 Bullock.	-	's. 2-4-0
-idlng Horse.		-	Re. 1-8-0

Vehicles used for carrying loads:-

2 .heeled vehicle drawn by	2 Bullocks.	-	P S . 2-0-0
2 ti ti »i	1 Bullock.	-	Re. 1-8-0

The wheel tax schedule was revised in 1909 and t&e revised tax was introduced on 1st October, 1909. There is no

information on record to indicate the extent and direction of the change. The rules were again amended in 1912 whereby conveyances kept beyond municipal district, but plying within municipal limits, as also vehicles used by members of the Police department and Hon. Municipal Magistrates were exempted from the tax. This amendment suggests **the** confusion between the scope of the wheel tax and tolls that was prevailing at that time. It was, however, much cleared in 1914 when rules relating to conveyance tax and toll tax were revised. The object of this revision was to distinguish the scope of the two taxes, which were overlapping under the old rules. Under the revised rules, toll was made liable only on laden vehicles entering the municipal limits and not on those plying within municipal limits, **AS** this arrangement of shifting the toll bars to extreme limits was calculated to reduce the revenue from tolls, **it** was undesirable to impose conveyance tax on vehicles used for draught or burden. These rules came into force from January, 1914. In the same year a special reduction of the tax on vehicles kept within municipal limits for draught or burden by agriculturists for their own bona fide agricultural use was enforced from October, 1914. This was intended to give relief to agriculturists using their vehicles within the city. The conveyance tax schedule was revised in important respects in 1920 when the rates on old vehicles were enhanced, new types of conveyances were brought within the scope of taxation and a distinction was made **between** the vehicles according to the purpose of their use and motor power utilized for driving them. We may pause here to note that the increase of 190 percent in revenue between 1910-15 was due mainly to the revision of rates in 1914 and a similar abrupt increase of 145 percent between 1920-25 was also **due** to enhancement of **olc. rates**

and inclusion of new vehicles in the taxation schedule. The increased revenue after 1925 was due more to a corresponding increase in the number of vehicles in the municipal district than to any rise in the rates of the levy.

The new municipal Act of 1925 empowered the municipality to levy wheel tax in respect of all vehicles used within municipal borough whether they were kept within or outside the municipal borough. The rule under the old Act of 1901 which only imposed tax on vehicles kept within municipal limits was, therefore, amended so as to bring within the scope of the schedule all the vehicles kept outside, but actually used within municipal borough. This amendment obviously widened the scope of the levy and thus increased revenue. In 1934 a new item of Motor bicycle or Motor tricycle with side-front or back arrangement for carrying goods for trade purposes was added in the schedule of conveyances to be charged with wheel tax. In 1935 Rule 361 was amended whereby the conveyance tax in respect of vehicles drawn by animals and by hand was reduced to **2** of the prescribed rates, when they were fitted with pneumatic tyres. The increased income in 1935 was due to increase in the number of motors taxed as the owners of motors plying for out-stations exercised the option to pay wheel tax instead of the toll tax. The increased revenue from the tax is due to the rapid increase of motor cars, lorries, etc. in the city consequent on the development of motor transport in recent years. The present rules governing the levy of the tax are given below.

The conveyance tax is levied every quarter in accordance with the following scale.

<u>Description of Conveyance.</u>	<u>Tax per quarter.</u>
A. Vehicle Mechanically Propelled.	
1. For carrying Persons,	
(a) For Private use.	
(i) Motor car.	15- 0- 0
(ii) Motor cycle with or without side car.	9- 0- 0
(h) Plying for Hire.	
(i) Licensed to carry 7 passengers or less.	30- 0- 0
(ii) Licensed to carry more than 7 passengers.	50- 0- 0
2. (a) For motor bicycle or tricycle with side front or back arrangement for carrying goods for trade purposes.	
(b) For draught or burden kept by non-agriculturists for personal use or hire or by agriculturists for hire only per car or trailer.	75- 0- 0
B» Vehicle drawn by Animals.	
1. For carrying persons.	
(a) Four wheeled vehicle.	
(i) Drawn by two or more Horses-	9- 0- 0
(ii) " " " bullocks.	6- 0- 0
(iii) " by one Horse or bullock.	6- 0- 0
(b) Two-wheeled vehicle.	
(i) Drawn by two or more Horses.	6- 0- 0
(ii) Drawn by one Horse.	4- 0- 0
(iii) Drawn by two bullocks.	4- 0- 0
(iv) Drawn by one bullock.	2- 0- 0
2. For draught or burden.	
(a) Kept by non-agriculturists for personal use or hire or by agriculturists for hire only.	
(i) Drawn by two or more animals.	18- 0- 0
(ii) Drawn by one animal.	6- 0- 0
(b) Kept by agriculturists for personal use.	
(i) Drawn by two or more animals.	4- 8- 0
(ii) Drawn by one animal.	3- 0- 0
C. Vehicle Drawn by Nana.	
(i) Kept by non-agriculturists for personal use or hire or by agriculturists for hire only,	6- 0- 0
(ii) Kept by agriculturists for <b>Personal</b> use.	3- 0- 0
D • Animals.	
Riding Horse, pony, mule, camel.	1- 4- 0

Exemptions:- A municipal officer on duty, police officers, municipal contractors on inspection, vehicles in transit, out of order vehicles, ambulance cars, etc.

As regards the importance of wheel tax revenue as a source of Income to the municipality the following *figures* of percentage proportion of income from the tax to total net revenue are significant.

Year.	{ Percentage Proportion.
1900	1.7
1910	1.8
1920	2.5
1930	4.2
1936	6.2

It **seems** th<sup>^</sup>t wheel tax **is** gradually assuming greater importance **as a** source of revenue. The income is increasing both absolutely **and** relatively. There **were in** 1937 about 6,176 vehicles **in** the city liable to the tax. Aith the development of motor transport, the number of vehicles **is** likely to increase **and** thus swell the wheel tax revenue. The Government Auc . .... ~ point out certain irregularities in the administration of the levy. The rule 323(2) makes the claim for exemption from the tax involved unless a written notice is given by the owner to the municipality. Instances frequently cited in the aucit note indicate that this rule is not observed in practice. 7here were in 1933 about 76 motors and 56 **Jiuses** which were registered by the Police Department but for which wheel tax was not recovered. **In** a number of cases large arrears are allowed to be accumulated which have eventually to be written off as irrecoverable owing to the difficulty of tracing either the vehicle or owner of the vehicle. The income suffers owing to such lapses.

Toll Tax:- This Impost was levied on all loaded vehicles and animals not liable to the payment of wheel tax, entering the municipal district at toll bars fixed by the municipality. The tax was more a supplementary to octroi than a part of a scheme of taxation of vehicles, once it formed an important source of revenue to the municipality. In 1917 the municipality decided to revise the Terminal tax so as to bring greater revenue and enable it to do away with the toll tax. Government also suggested that during the period the Terminal tax rules were in force, all rules relating to toll tax as well as to the Property tax and octroi should be held in abeyance. In 1920 the toll tax was discontinued owing to the permanent levy of the Terminal tax.

The levy of the wheel tax and tolls are justified so far as their revenues are utilized for the construction and maintenance of roads. If any part of the revenue is expended for any other purpose, the above principle is violated. It is essential to Inquire whether the above principle has been properly observed In the levy and administration of both these taxes\*

Year.	{ Receipts from wheel tax and tolls,	{ expenditure on roads, etc.
5	Ps.	( P.s.
1933	2,31,483	5,22,831
1934	2,59,250	6,53,735
1935	2,65,005	8,91,632
1936	2,69,003	8,50,112
1937	2,74,280	10,26,304

It seems clear from the above figures that not only the whole receipts from the wheel tax are expended on road construction, etc. but a large part of the general municipal revenue is also devoted to the same purpose. In 1937 the Poac. Fund was a debtor to the General Fund by Rs. 41,41,735. The expenditure

figures include 6/10 of the loan charges, A loan of Rs. 20 lacs floated in 1931 and 1932 for the construction of asphalt roads and extension of electric lighting. The municipality distributes this loan of Rs. 20 lacs as Rs. 12 lacs for Road construction and Rs. 8 lacs for extension of electric lighting. Accordingly the cebt charges are taken to be 6/10.

We have studied the various rates and taxes, the extent of the growth of revenue therefrom, the causes of this growth, the present rules and regulations governing the levy of several rates and taxes and the importance of each one of them in the scheme of municipal finance. It is necessary now to consider the extent to which the municipality depends on revenue from Taxes and that from Rates. The proportion of tax-income and rate-income to total net revenue is given below. Under taxes are included the Terminal tax, the General Water rate which, as we have already observed, is virtually a House Tax, and tolls, under the Rates are included the special water rate, the Sanitary rates, the Drainage tax, the conveyance tax and other sundry levies.

Year.	Tax-income p.c.	Rate-Income. p.c.
1900	49.2	35.1
1910	40.4	37.8
1914	36.3	45.5
1935	50.3	36.4
1936	51.9	38.1

It seems that the proportion of tax-income was declining till 1914 while that of rate-income from rates was increasing at a more rapid rate than that from taxes. But the position has changed since recent years. It appears that more than half the total municipal revenue is derived from taxes alone. The



Year.	₹	Revenue.	₹	Year.	₹	Revenue.
	₹	Rs.	₹		₹	"a.
1900		41,601		1930		4,08,468
1905		59,280		1932		4,07,061
1910		82,392		1935		3,97,074
1915		1,53,712		1936		3,85,512
1920		2,12,927		1937		4,54,515
1925		3,36,826				

The income from Property show\* a rise of about 413 percent between 1900-1920 and 113.4 percent between 1920-37. The rate of increase is very much rapid during the first two decades. The increase is gradual and continuous till the year 1930. After that there is a decline of 5.6 percent till 1936. If we study the growth of income per every decade the figures indicate that income rose by 98.5 percent during 1900-10, by 158.4 percent during 1910-20, by 91.8 percent during 1920-30 and by only 11.2 percent during the last seven years. Thus the rate of increase was very rapid during the second decade and income was practically stationary towards the close of the period, while the income from Taxes rose by 1380 percent during the whole period, that from Fates rose by 1370 percent, the income from property rose by only 995.1 percent during the same period. This means that the property income did not develop as rapidly and to the same extent as income from rates and taxes. As regards the importance of property income in municipal finance the following figures of percentage proportion are interesting.

Year.	Proportion of Property income to total income.	Year,	Proportion of property income to total income.
	₹	₹	₹
1900	11.4 p.c.	1934	8.8 p.c.
1910	10.8 p.c.	1935	8.7 p.c.
1920	12.3 p.c.	1936	7.6 o.c.
1930	12.1 p.c.		

Till the year 1930 property contributed over 10 per cent of municipal income, since that year the contribution has declined proportionately owing to halting growth of property income. The financial importance of property has been on decline. In order to follow more closely the course of development of property income it would be desirable to treat in detail the major items of revenue induced under Property.

Rents of Land etc.:- The municipality is the owner of many buildings, lands and shops which are rented out on short or long terms. The revenue from these rents are generally credited under this head. It also receives rent from the Telephone Company for laying and conducting telephone wire and underground cables through and over the streets, lands, etc. In the city as are vested in the municipality. The figures of rent receipts are as below:

Year. <b>8</b>	Revenue.	<b>8</b>	Year. <b>5</b>	Revenue.
<b>/</b>	RS.	<b>1</b>	<b>J</b>	RS.
1900	8,219		1932	73,685
1910	14,564		1934	95,079
1915	14,458		1935	<b>69,272</b>
1920	33,527		1936	53,751
1925	39,465		1937	65,034
1930	66,995			

Income from rent >eee> by 307 percent between 1900-20 and by 93.9 percent between 1920-37. The rate of increase was remarkably rapid during the first twenty years. The increase during the succeeding seventeen years was small and rather halting. There were marked fluctuations during the second period. It is necessary to account for the general rise in rent receipts. In the first place the rise in rent revenue is the result of additions to the amount of municipal property. During the course



Income under this item seems to have risen by 802.4 percent between 1900-1920. After 1920 there is a decline of 12.5 percent. The income now appears to be practically stationary. It is necessary to remember while explaining the movements of income, that this item of revenue is more or less variable in nature. Income depends upon the amount of sales transactions effected during a year. Turing some years the sales are on a large scale and the income naturally goes up. sometimes the sales are on a small scale and the revenue shrinks. Again, the income from the bewage farm which forms the major part of total revenue under the item, depends on the condition of crops, prices prevailing during the time and the efficiency of collection of rent. The income from the farm also depends upon the extent of the farm land devoted to cultivation and other purposes.

In view of the fact that sewage farm revenue forms the main portion of revenue under this head it would be desirable to devote some attention to the fara as a source of income. The Sewage farm has been one of the most puzzling problems of municipal administration. In the past the farm **was** intended to facilitate **Sewage** disposal, some crops were grown but the municipality did not expect to secure any profit from the farm. In the first decade the drainage scheme was introduced in the city and the municipality floated a loan of Rs. 8 lacs in 1899 and another loan of Rs. 3 lacs in 1904 for the purpose. In order to meet the loan charges and generally to make the drainage scheme a financial success, the municipality decided to develop the farm and derive additional income from it.

When the Sewage farm was developed and departmental cultivation undertaken, it was expected that the farm would yield an annual income of Rs. 1 lac. These expectations were

never realized since the maximum revenue obtained from the farm was only Rs. 48,581. Though the area of the farm was recently extended to 588 acres, the income has remained practically steady. This is due to the fact that every year more and more land is being converted into absorption beds for the disposal of sewage. The farm is now managed, not with the idea of deriving any profits but mainly with a view to enabling the municipality to dispose of as much sewage as possible.

Markets and slaughter Houses:- The local authority has to maintain markets for meat, fish, vegetables and fruits at such convenient central places where the citizens can come and make their purchases. Facilities of such central marketing places under the control of local bodies ensure stabilization of prices and sanitary conditions. The municipality also derives considerable revenue from the shops and stalls rented out to dealers in meat and vegetables, etc. The municipality also maintains slaughter houses where cattle, sheep and goat are slaughtered under sanitary conditions. Fees are charged for the slaughter of animals. The figures of income from markets and slaughter-houses are given below:-

Year.	\$	Revenue.	5	Year.	j	Revenue.
	8	Rs.	}		8	FB
1900		8,822		1930		75,732
1910		9,285		1933		77,989
1915		35,166		1935		86,036
1920		48,651		1936		89,863
1925		64,025		1937		96,533

There is an increase of 451.4 per cent in **revenue** between 1900-1920 and during the next seventeen years an increase of 98.4 percent only. This means that revenue **developed** more

rapidly during the first two decades. It reached the maximum of Rs. 1,08,134 in 1934 or an increase of 122.2 percent since 1920.

It may well be noted that revenue from markets depends upon four or five important factors. In the first place, revenue is determined by the rents charged by the municipality. Though the rents of shops in markets sometimes tend to be monopoly prices, they have some relation to the general rent fetching capacity of other shops and stalls in the city. Sometimes the level of rents in markets is largely determined by the demand of vendors and shop-keepers. There have been numerous occasions on which dealers combined and boycotted the market with a view to having rents of shops and stalls reduced. Thirdly, revenue is dependent on whether the markets are occupied throughout the year or not. If the markets are closed for some period due to demolition of shops or for some other reason, revenue decreases. Fourthly, revenue during a particular year depends upon the efficiency of collection of rents. If the collection work is executed promptly, income increases.

Income from the Slaughter-houses is dependent on the fees charged by the municipality per animal slaughtered in the house. Secondly, it is also determined by the number of animals slaughtered during a particular year. The number of animals slaughtered is also determined by the demand for meat from the meat-eating population, in the long run this demand in turn is also dependent on the population of the town.

There was an increase of about 278 percent in revenue between 1910-1915. It might be due to construction of new markets and slaughterhouses or rise in rent or even both. There -- is no definite information on this point. Income rose by Rs.3,934

in 1920 due to slaughter or a large number of animals, by Rs. 12,950 in 1921 and by Rs. 7,313 in 1922 due chiefly to rise in rents of shops and stalls. There was a drop in revenue in 1925 due to demolition of shops in the Karanj and Hope markets. Income rose to Rs. 89,102 in 1928 due to an agreement reached between the municipality and the shop-keepers and dealers regarding rent. There was a sudden drop in revenue in 1929 and 1930 due to reduction of rents, and transfer of rent revenue of shops near vegetable market from this head to another head viz., "Rente of land, etc." There was again a sudden drop in 1933. Vegetable market remained closed for sometime as dealers combined and did not bid for stalls with a view to having the rents reduced. The abrupt rise of Rs. 30,145 in 1934 was the result of increased rents of vegetable market and collection of arrears. Income decreased equally abruptly in 1936 when rents of the vegetable market were reduced. Increase in rents in 1936 and 1937 appears to be quite normal.

Income from the slaughter-houses is regulated by the principle enunciated by Government in Section 524 of 8th November 1926, that income in the case should be limited to expenditure. Figures of income derived from slaughter-house fees and stall rents, and expenditure incurred thereon during recent years are set out below.

Year.	Income. Rs.	Expenditure. Rs.
1933	33,024	21,848
1934	45,931	18,936
1935	45,543	22,746

Against the average income of Rs. 41,499, the average expenditure was Rs. 21,176. This left an annual average surplus

of Rs. 20,323. i^ven if due allowance ia made for (a) interest on the capital cost of slaughter-house building, (b) reasonable amount for replacement and (c) economic ground rent of premises - which are deemed legitimate charges and which are not included in these figures, the surplus appears to be significant. The question is receiving attention of the municipality and there is already a proposal for erecting an up-to-date slaughter house.

Interest on Investments:- The municipality has usually large balances in the General Fund which are invested and the interest received on these Investments are credited under this head.

Year.	ji 1	Revenue. Fs.	i	Year.	i 5	Revenue. Ps.
1900		850		1930		1,40,741
1910		9,396		1933		1,12,505
1915		11,977		1935		96,121
1920		23,081		1936		79,824
1925		99,090		1937		93,764
1929		2,94,210				9

It would appear from the above figures that the real development of interest receipts took place between 1920-1930. Before the year 1920 the interest income was meagre owing to paucity of balances in the general fund available for investment. Even as late as 1919 the interest receipts amounted to Rs.5,000 only. The rise of Rs. 18,175 in 1920 was due to the investment **Mi,** of Rs. 4 lacs received from Government as school building grant, pending construction of such buildings. Receipts rose by Rs. 13,321 in 1923 and by Rs. 42,687 in 1924. This increase was the natural consequence of steady growth of the general fund, leaving large balances available for investment. The rise of Rs. 9,510 in 1925 was similarly due to the increasing prosperity of the General fund. Interest receipts reached their maximum



in 1929. it was due to the fact that the interest on unexpended balances of the water .vorks and Drainage loan, hitherto credited to Loan Fund, was transferred to the General fund on the advice of the Government Auditors. There is an immediate drop of Fa. 1,53,463 in 1930. It was due to the receipt of the average income from the investment of the General fund only. It appears that fall in interest receipts after 1930 was the result of a general fall in the rate of interest and the dwindling of the General fund balances on account of the execution of schemes of capital nature. From the above account it will be noted that income from interest receipts depones on the amount of investment. This amount is generally cependent on the balances available in the General fund for investment. Balances in the General fund again depend on the state of municipal revenue, if the revenue increases continuously and steadily the balances in the General fund available for profitable investment would also increase. Interest receipts again depend upon the rate of interest prevailing during a particular period. Fall in interest rate during the depression after 1930 reduced interest receipts. The nature of investment - short-time or long-time, also influences the income from investments.

We have studied the more important items of revenue under the Property head. It would be se<sup>n</sup> from the figures of total property revenue that **during ~~the~~ recent years** income has practically been stationary and there are no indications of its further growth. The proportion of income under this head to total income is also going down, since recently. It becomes imperative to inquire whether the development of revenue has been arrested owing to mismanagement or some other inherent defects. The study of the Audit reports on municipal administration leads one to the belief that the stunted growth of revenue is due partly to

defects in administration which can be overcome provided the municipality exercises a closer supervision and enforces more rigorously the present rules and regulations in respect of property management. It is reported that rent registers are not kept up-to-date and arrears of ground and shop rent are allowed to accumulate for several years. Delay in prompt recovery generally leads to heavy write-offs. If the conditions regarding deposit of 25% of the rent at the time of the auction bid and payment of the balance after confirmation of the auction are strictly adhered to, there would be no question of arrears. Again, cash balances are often kept on hand uninvested. This clearly means considerable loss of revenue to the municipality. It is not clear why large sums are required to be kept on hand or in fixed deposits and why a major portion of them could not have been invested in securities carrying a higher rate of interest. Up-to-date register is not always maintained to watch whether the interest on several securities was regularly received. Again, large sums are invested in a number of fixed deposit receipts with Banks for small periods. It is prudent to convert them into a few deposit receipts for long periods in order to secure higher rates of interest. Sometimes amounts received back on maturity of fixed deposits are not re-invested immediately but sometime after, resulting in considerable loss of interest. It is highly prejudicial to the financial interests of the municipality to delay such investments even for a day, the amounts involved being thousands of rupees and sometimes even lakhs. Large amounts of rents from the Sewage farm are generally allowed to accumulate as arrears for several years which have eventually to be written off as irrecoverable. This means that coercive measures are not taken in time. The accumulation of arrears affords opportunities for malpractices usually followed by collecting clerks with fraudulent intentions

and often results in heavy writes-off. In the case of markets also large arrears of rent were outstanding for years together which were subsequently written off as irrecoverable. Not only the arrears were allowed to accumulate but they were also allowed to become time-barred, without any report having been made to the Superintendent. Sometimes decrees passed against several defaulters who were in arrears of rent of vegetable market, were not executed at all. The study of market revenue leads one to conclude that this source of revenue has yet to be adequately developed. Considering the large population and the importance of the city as a great commercial and industrial center, with immense possibilities and prospects of future development, the present income from the markets is small. But in Poona, a town with a smaller population and comparatively modest trade, the municipality derives about Rs. 82,000 from the markets and slaughterhouses. There is reason to believe that a large trade in grain, vegetables, fruits, etc is carried on in private shops and the benefit is reaped by private owners. Construction of central markets at suitable places in all parts of the town will not only bring in additional revenue to the treasury but will also ensure sanitary conditions in the market places and purity of food and foodstuffs sold therein and thus promote public health.

Grants and contributions:- **The municipality** derives some income from grants and contributions. These grants are received from certain sources for special and general purposes. The grants received from Government **are** the most important in magnitude and **generally** fall into two classes. **(1)** The grants made by Government for the financing of **special** sanitary projects like the water works, drainage works or removal of congestion **etc.** These grants are non-recurring in nature. **(2)** Grants from Government are those **that are** meant **for -'** **:ite-**

maintenance of primary schools, secondly for the maintenance of qualified Sanitary staff, and thirdly, for the maintenance of provincial roads entrusted to the municipality. The municipality also receives grants from the Local fund but these are not very considerable in amount. The grants and donations made by philanthropists for specific objects are non-recurring and fluctuating. It is also observed that incremental contributions made by Khatedars in the town Planning areas are also shown under this head. The inclusion of these contributions under the Grant head may not be justified. The figures of revenue from grants are set forth below.

Year.	8 Government 11 Grants. 8 Rs.	8 Local Fund. 8 J He.	8 Other*. 8 Rb.	8 Total. 8 Rs.
1900	4,720	1,641	-	6,361
1910	67,317	2,451		69,768
1915	32,691	3,670	2,126	38,486
1920	70,264	4,138	2,125	76,527
1925	2,28,132	4,800	2,475	2,35,407
'1928		5,104	12,697	3,10,081
1930	1,91,656	5,335	24,866	2,21,857
1933	15,119	3,120	10,385	34,624
1935	12,740	10,449	41,487	64,676
1936	12,220	9,693	18,749	40,662
1937	8,11,677	13,559	14,839	8,40,075

The figures of total grant revenue indicate sudden ups and downs throughout the period. There is no steady and continuous growth. Secondly, the major part of grant revenue is received from Government; and the fluctuations in Government grants are reflected in the total grant revenue. Again the major part of Government grant is intended for the support of municipal primary schools. The statement showing the government grants for various purposes is given below.

Year.	{ General. 1 FS.	5 Educational. / FS.	{ Medical. 1 Re.	i Total. J Re.
1900		4,720		4,720
1910	-	17,317	50,000	67,317
1915	4,343	28,348	-	32,691
1920	12,055	58,209	-	70,264
1925	30,819	1,97,121	192	2,28,132
1928	6,008	2,72,485	13,787	2,92,280
1930	4,200	1,74,512	12,944	1,91,656
1933	3,844	-	11,275	16,119
1935	3,390	-	9,350	12,740
1936	2,970		9,250	12,220
1937	3,180	8,04,000	4,497	8,11,677

The above statement v/culc make it clear that fluctuations in r .-.);; - ^sponsible for the sudden ups and cc, ..ctal fcrcait revenue, in the beginning the Government grant for education was a contract grant. It was one-third of the expenditure of the municipality on education. ^he grant was not\* however, assessed annually but was calculated on education, expenditure in a certain year. In 1900 the grant was fixed 4,720. In 1903^the limit of grant was raised from one-thira to one-half of the education expenditure. The new grants were to be calculated on municipal education expenditure in 1902. The grant was fixed at He. 17,796, and this was one-half of the education expenditure in 1902. In 1912 this grant was raised to Rs. 27,91B. The contract system of education grant was discontinued in 1918. Grants now came to be revised annually on the basis of actuals of education expenditure during the preceding year. In 1919government contributed Re. 4 la\$ for the construction of school buildings. But/the nexi. 'lore was a sudden drop in normal education grant. It was entirely cue to the policy of non-cooperation with Government adopted by the municipality who refused to receive any further education grant from Government, in the meanwhile the municipality was sus-

suspended and the new Committee of management received in 1921 the grant which was abandoned by the late municipality. There has been no change in the system and proportion of education grant and the fluctuations in grants are due to fluctuations in education expenditure, grants being now assessed on previous year's actuals of expenditure. Another notable decrease occurred in 1923 owing to sudden drop in education expenditure caused by the flocking of students to the National School. Equally notable was the rise in grant in 1924 when the National and municipal schools were amalgamated and expenditure went up swiftly. After 1931 no grant was received from Government for education due to the policy of non-cooperation adopted by the municipality. It was only after the advent of popular government at the province that the municipality could secure the arrears of education grant accumulated since 1931, and hence the abrupt upswing in 1937.

The grants for general purposes include the contribution towards the maintenance of provincial roads that are handed over by Government to the municipality. Government also contributes a certain sum, not exactly as proportion but as a moiety share of the subscription of telephones given to the police stations. The general grants (indicate a rise in 1920, due to the payment of subsidy towards the pay of the Chief Officer. This special grant was discontinued in 1923. The municipality receives grants for the entertainment of qualified sanitary staff. Government contributes  $\frac{1}{3}$ rd of the salary of the Health Officer and  $\frac{1}{2}$  of the salary of qualified sanitary Inspectors. Variations in these grants, called the medical grants, are due to corresponding variations in the establishment charges of the sanitary staff. In 1935 the scale of government grant for Health Officer and sanitary inspectors was reduced from  $\frac{2}{3}$ rd and  $\frac{1}{2}$  of expenditure

to £ and 1/3 rd respectively. These are the only recurring medical grants. Special grants were, however, made for specific sanitary projects. Thus Rs. 50,000 were granted in 1908 and again Rs. 1 lac in 1912 for opening of congested areas. Grants of Rs. 3,74,000 in 1913, Rs. 2,75,000 in 1915 were received for the comprehensive Water works scheme.

Even though the limit of the education grant is fixed at one-half of the total approved expenditure, the actual grants received by the municipality fell far too short of the statutory limit. The following figures of Government grant and municipal education expenditure during a few typical years will amply bear out this fact.

Year.	} education Grant. {	Education Expenditure.
	i Rs.	jj Rs.
1920	58,209	2,10,704
1925	1,97,121	4,83,902
1928	2,72,485	5,38,105
1930	1,74,512	7,10,077
1937	2,04,000	9,46,820

'While the education expenditure was rising rapidly the government grant not only did not move up to the same extent but showed definite decline. This decline in the share of the provincial government was due to their policy of disallowing certain expenditure on education for calculating and assessing the grant even though that disapproved expenditure was incurred on objects covered by the Education Act of 1923 and rules made thereunder. After 1931 Government totally refused to contribute anything towards education expenditure. The fact that the municipality could, even in the absence of any half from Government, not only maintain their own schools successfully but also reasonably expand the educational facilities in the city, reflects great

In the study of the growth of municipal expenditure it is essential to consider certain general factors which have influenced the expenditure of the local body. The growth of population in municipal district and the extension of the area under the jurisdiction of the local authority are the most important of these factors. They have necessitated extension of the scale of municipal services and also intensification of the old services so as to bring these services and amenities within the reach of new population and extended area. This naturally entailed increased expenditure over practically all the services. In the following pages we shall endeavour to study the evolution of expenditure, the nature and growth of the most important of municipal services. The figures of total net expenditure are given below.

Year.	5	Net Expenditure.	5	Year, jj	Net Expenditure.
	i	Re.	5	{	RS.
1900		3,62,418		1930	34,30,658
1910		7,02,103		1933	37,39,639
1916		12,00,999		1935	40,23,267
1920		15,84,236		1936	41,70,456
1925		38,28,560		1937	39,31,069

The municipal expenditure increased by 337 percent during the first twenty years and by 148 percent during the succeeding seventeen years. The main increase of the second period took place between 1920-25 when expenditure rose by 141.5 percent and during the succeeding twelve years the rise was only 1.6 percent. This means that since 1926 the expenditure has been practically stationary, in order to understand these movements of total expenditure it is desirable to study more



closely the main items of expenditure.

General Administration:- The municipality engages a staff of servants whose main function is to attend to purely administrative duties. This staff comprises the Chief Officer's establishment the Audit and Account department, the stores, Building Inspection, Encroachment, and Municipal Magistrates establishment. The figures of expenditure on these different departments are shown in the following table.

Year.	Committee & Corporation, Rs.	Chief Officer's staff, Rs.	Audit Department, Rs.	Building Inspection, Ps.	Total Expenditure on Administration, PS.
1900			«		16,314
1908	632	-	1,736	2,709	18,220
1910	816	-	1,966	2,831	19,432
1915	-	-	4,175	4,980	36,368
1920	-	.	5,760	6,398	58,436
1925	11083	33,658	17,812	25,542	1,00,015
1933	30543	46,571	23,973	32,330	1,57,569
1935	21895	44,983	24,776	35,271	1,56,013
1936	12733	45,026	26,939	37,284	1,49,483
1937	13822	48,096	26,438	36,183	1,59,104

The expenditure on administration rose by 308.3 percent during the first two decades and by 138.8 percent during the next seventeen years. The rate of increase was obviously more rapid between 1900-20. if the rate of rise per every decade is considered, it was 14.1 percent in the first decade, 257.8 percent in the second, 104.5 percent in the third decade and after 1930 the rise was only 16.7 percent. The main part of expenditure is absorbed by salaries of the staff in the various sections. There appear to be two main reasons for increased expense under this item, in the first place it might be due to increased staff personnel necessitated by growing administrative duties and responsibilities and also on account of the division

of work, secondly, it might be due to rise in the scale of emoluments of the employees. There is adequate data available to ascertain the influence of both these factors.

In 1900 the administrative staff consisted of 54 servants and the cost amounted to Rs. 15,£16 per year. The schedule in force in 1912 indicated a staff of 80 servants and the annual cost of Ps. 21,339, the strength of the staff and scales of salaries were thoroughly revised towards the close of the second decade and the schedule in force in 1923 indicated the staff of 112 servants and the annual cost of Ps. 67,022. The present strength of the staff is 174 and the cost amounts to Rs. 87,888 minimum and Ps. 1,38,252 maximum per year. It will now be clear that increased expenditure over administration was the result of increased staff personnel and enhancement of salaries.

The statement showing the strength of the establishment in different departments and the cost for different periods is given below.

	J 1900	J 1912	5 1923	J 1937
	{ Posts J Cost.	{ Posts 5 Cost.!	Posts / Costji	Posts j Cost.
	i 8 P.M. i	/ P.A. i	J. P.A.J	iP.ia.
Committee & Corporation.	3 60	6	4941	10 465 - 669
Chief Officer.	19 712	32 12271	48 35942	48 2443 - 4065
Minor Establishment.	3 14	3 168		3 47 - 55
Stores.	nil. -	-	12 5242	19 663 - 1094
Inspection.	12 253	22 4480	21 8276	51 2004 - 2886

The increased expenditure over contingencies, printing, etc. was due to increased administrative duties and turnover of administrative work. Towards the beginning of the period the administration was in charge of a secretary who was also an engineer. In 1909 the post of the Chief Officer was newly created on Ps. 350-50-500. In 1910 the establishment was revised in the superior grades. The officers and other servants were granted increments and progressive salaries. In 1914 new post of Accountant and Auditor was created and in the next year the municipality appointed an Indian Civil servant as Municipal Commissioner in lieu of the Chief officer. It was only a temporary arrangement. &even though the superior staff was revised in certain cases, the clerical establishment was too large and its pay too small. The following remarks in the report of 1916 are interesting and throw much light on the state of the establishment and its efficiency. "The pay offered to a Karkun joining the municipal service was Ps. 10, much less than that of a coolie in the street, it was inevitable that the quality of recruits was of the lowest order, and in seeking to fill some of the higher posts the municipal Commissioner sought in cispair for a suitable man in the office itself. The extraordinary nature of the schedule and the antiquated rule that the personal pay system should not be observed had led to the most extraordinary chaos. Promotion was neither a matter of seniority nor merit, but of chicanery. Further with posts of Ps. 10-1-15; Ps.12-1-14; Ps. 13-1-17 it was hard to say from which and to which movement was promotion.<sup>11</sup> The Municipal Commissioner^therefore^made proposals for a revision of the general scale of pay.

The post of Head Accountant and Auditor was divided into two posts of Auditor and Chief Accountant, in 1917 was

create the post of a Record-keeper and in 1911, of a Personal Assistant in order to relieve the Chief Officer from much of the routine work. The minimum pay of all clerks was raised to Rs. 20 in addition to grant of War allowance. The rapid rise in expenditure during the ten years between 1915-25 was due to the creation of many new posts, the general revision of scales of salaries and also due to the grant of special war allowances. After 1920 the municipality created the posts of Municipal Auditor and Graduate Probationers; scales of the staff in the Vernacular Inspector, and Account offices were revised. In 1924 the Inspection section was completely reorganized resulting in substantial increase in the staff personnel and hence increase in cost. The reorganization of the Stores Department in 1928-29 led to increased expense in that section. The Building Inspection section was reorganized once again in 1933 and entailed additional expense. The gradual rise in administrative cost during recent years is due to normal increments earned by the staff in their pay.

The administrative expense amounts to 3 to 4 percent of total net revenue and about 4 percent of the total net expenditure of the municipality.

Collection of rates and Taxes;-There are two separate agencies for collecting taxes. The terminal tax is collected by the Railway Company and is paid a fixed commission based on gross receipts. Recently the municipality has opened new Nakas on approach roads to collect the tax on imports coming in by roads. The other rates and taxes are collected by a separate establishment. The expenditure of these two sections of the collection machinery will be treated separately. We first consider the expenditure on collection of Assessments.

The figures are given below.

Year	Staff Charges.	Valuation Office	Total Expendi-
1	Rs.	i	ture.
1	Rs.	1	Rs.
1900			7,328
1908	10,370	11	12,536
1910	11,187	4,075	17,119
1915	16,277		18,648
1920	29,194	8	33,118
1925	61,881	861	1,26,254
1930	—	•	1,39,581
1933	87,926	5,153	3,27,226
1935	92,374	15,023	1,23,673
1936	93,687	11,535	1,28,178
1937	99,614	5,856	1,47,000

The total collection charges of assessed rates and taxes have risen by 351 percent during the first two decades and by 343 percent during the succeeding seventeen years. The increase during the first two decades is more steady and continuous than during the following years. Again the main rise of the second period occurred between 1920-26 when the charges rose by 281 percent. After 1925 the expenditure shows little increase. The abrupt rise in 1933 was due to mere book adjustments of certain items and is not significant. There are two items of expenditure which are variable in nature, viz., the expense on revision of valuation and refund of taxes. It appears that the refund item was not included under this head till 1920.

The major part of expenditure is devoted to payment of salaries of the collection staff. The increased expense under this item might be due to enhancement of salaries or increased staff personnel or both. In 1900 there were 70 servants in this section and the cost amounted to Rs. 9,828 per annum. The strength of the establishment stood at 102 and the cost at Rs. 14,086 per year. In 1915 the municipality

felt the necessity of reorganizing the collection department. The cess collection section collecting a revenue of Rs. 6 lacs had at its head a superintendent on Rs. 65-3-80. In 1918 the minimum pay of all clerks was raised to Rs. 20 in addition to grant of War allowance. The revision of establishment and of War allowance was undertaken and effected in 1920. Thus in 1923 the cess collection section contained 114 servants whose annual pay bill amounted to Rs. 33,686. During 1929-30 the scales of pay of the subordinate staff were once again revised and a valuation Department was opened for the quadrennial revision of valuation. It is already pointed out that the sudden upswing in 1933 was due to mere book adjustments. In 1937 the staff in the section consisted of 189 servants and the cost stood at Rs. 69,828 minimum and Rs. 1,15,032 per year. The increase in cost of establishment after 1930 was due to the earning of the normal increments of the members of the staff.

Next we shall consider the expenditure on the collection of octroi, tolls and terminal tax. The relevant figures are given in the following table.

Year.	Octroi charges.	Railway Commission.	Total octroi tax.	Total expenditure.	Terminal tax & toll expense.
	Rs.	Rs.	Rs.	Rs.	Rs.
1900					11,472
1908	10,122		12,474	86,030	18,504
1910	10,487	•	11,679	5,793	17,472
1915	5,114		5,903	9,617	15,520
1920	•	-	806	1,044	1,850
1925	353	26,171	26,931	-	26,931
1930	5,631	32,659	38,290		
1933	22,275	48,464	78,161	-	78,161
1935	24,170	50,433	77,389	-	77,389
1936	26,167	51,976	81,580		81,580
1937	28,684	56,411	88,888	-	88,888

It will be seen that the octroi collection charges

suddenly dropped in 1915 and thereafter, it was due to the abolition of octroi duties. There was an equally abrupt rise in 1926 due to the commission charges paid to the Railway Company for collecting the terminal tax which were not hitherto debited to this head. Let us first consider the cost of establishment. In 1900 there were in all 85 servants in the octroi collection section and the cost of staff amounted to Rs. 10,440 per year. The strength of the establishment stood in 1912 at 99 and the annual cost at Rs. 13,234. With the substitution of Terminal tax in lieu of octroi duties, the collection work was entrusted to the B.B. & C.I. Railway Company. It was not felt necessary to maintain separate municipal staff for the collection work. Thus in 1923 the staff consisted of one servant only and the cost amounted to Rs. 303 per year, in course of time, however, it was discovered that large imports of taxable articles were smuggled into the city and which therefore escaped taxation. In order to bring all such imports within the orbit of taxation and prevent the loss of legitimate revenue, the municipality opened Nakas at different roads approaching the city. Additional staff was engaged at these Nakas to inspect the imports and collect the tax. With the opening of new Nakas every year the expenditure on municipal establishment began to increase. In 1930 there were only 9 tax Nakas and the cost amounted to Rs. 5,631 per annum, in 1937 there were 20 Nakas and the cost of these amounted to Rs. 31,740. There were **88** employees in the section and the cost per year stood at Rs. 26,496 minimum and Rs. 45,024 maximum.

The work of assessing and collecting the tax on imports coming into the city by railway has been entrusted to the B.B. & C.I. Railway Company ever since the Terminal Tax was

introduced. The remuneration to be paid to the Railway Company is fixed at 5 percent of the gross receipts collected at the Station, The amount of remuneration, therefore, varies directly with the gross receipts. It has already been pointed out in the Revenue section that before 1920 the municipality used to derive considerable income from the toll tax. In 1920 the tax was abolished and the collection establishment was disbanded.

It now remains to consider the proportion of collection charges to total revenue collected in the case of terminal tax and other assessed taxes and rates. The ratio of collection charges to revenue from octroi or terminal tax and tolls is as under.

Year,	5	Patio.	{	Year.	{	Ratio.
1900		6.62		1933		4.9
1910		7.1		1934		5.0
1921		4.0		1935		6.0
1925		4.0		1936		5.1
1930		4.4		1937		5.2

The ratios of collection charges of assessed taxes to total revenue from assessed taxes.

Year.	J	Ratio.	{	Year.	{	Ratio.
1900		5.0		1933	.	4.2
1910		4.8		1934		6.0
1920		3.8		1936		4.8
1925		7.5		1936		4.2
1930		7.5		1937		5.1

The suuoen rise in ratio after 1920 was due to the fact that expenditure rose more rapicly owing to revision of salaries than the revenue from rates and taxes. There was no material rise in collection charges after . while the



revenue increased more rapidly after 1930, and hence the decline in ratio during recent years. It now appears that the proportion of cost of collection to total revenue collected is practically the same in the case of the assessed taxes and the Terminal tax\*

The best indicator of the efficiency of collection is the provided by the percentage ratio of total demand of rates and taxes and the actual recoveries during a year. The percentage proportion for some years is given below.

Year.	Percentage of net recoveries to total Demand.
1930	81
1933	
1934	96.2
1935	95
1936	95.5
1937	96

It will be clear that during the more recent years the work of collection of municipal dues has progressed very satisfactorily.

Fire service:- It is the obligatory function of the municipality to maintain the necessary staff and equipment to protect the life and property in the municipal district against fires, in an industrial city with a growing population like Ahmedabad the municipality has to devote special attention to this service. We shall study the development of the service and the growth of expenditure thereon during the period. The figures of expenditure are given in following table.

Year.	Establishment.	Contingency.	Stores, hose, pipes - spare parts, etc!	Repairs & Maintenance.	Total Fire service.
8	FS.	RB.	RS.	Rs.	R8.
1900			.	-	4,014
1908	3,402	361	1,100	3,619	10,063
1910	3,478	318	1,060	191	8,082
<b>1915</b>	<b>10,593</b>	926	489	<b>1,113</b>	15,216
1920	12,037	1,678	1,131	3,015	<b>43,376</b>
<b>1925</b>	27,988	<b>10,098</b>	<b>6,078</b>	3,851	49,282
1930	-	-	-	-	46,240
<b>1933</b>	<b>26,612</b>	13,157	3,036	3,805	46,610
1935	27,801	6,818	<b>4,371</b>	2,825	41,815
1936	<b>29,820</b>	<b>7,634</b>	<b>9,731</b>	11,494	58,679
1937	30,667	6,877	7,609	2,021	47,174

The total expenditure rose by 1,069 percent during the first twenty years and by 11.3 percent only during the succeeding seventeen years. The rise was very rapid between 1915-20 when the outlay rose by 194.7 percent. There is, however no material increase in expenditure since 1925.

It will be observed that salaries of the establishment absorb the main part of the expenditure. Increase in the strength of the establishment and in its scale of remuneration have been the main factors causative of increased expense under this head. In 1900 the establishment consisted of 27 men and the cost amounted to Rs. 3,084 per year. In 1912 the establishment consisted of 55 servants and the cost amounted to Rs. 6,528 per annum. The state of efficiency of the staff was very poor at that time. The report for the year 1916 reads, "The pay generally of the members of the brigade is far too low. The type of men obtained is consequently very poor, discipline is bad, and the threat of dismissal is no threat at all." The scales of pay were revised and the staff was also granted special war allowances, salaries were once again revised

in 1922, Thus in 1923 the establishment consisted 67 servants and the cost stood at Ks. 22,586 per year. The Ambulance Car service was started in 1929 and a Dead Body stretcher was provided in 1936. Both these services were conducted under the supervision of the Chief Fire Superintendent and the expenditure on the establishment is also shown under this head. The Schedule of 1937 indicated that the fire brigade staff consisted of 82 servants of which 12 were engaged on the Ambulance Car and Deadbody stretcher and the cost amounted to Rs. 31,860 minimum and Rs. 36,672 maximum per year.

There is a marked increase in expenditure under contingencies after 1920. This seems to be due to increasing payments made to the Telephone Company for the telephone connections at the fire stations. Expenditure on live-stock disappeared after 1925. This was due to the fact that petrol motor fire engines came to be increasingly used on most of the occasions and the horse-drawn steam fire engine was rarely used. Expenditure on petrol fire engines is not a fixed item. It varies with the actual consumption of petrol in a year, similarly the expense on repairs depends upon the extent and nature of repair work done in a year.

It is necessary to consider the developments in the fire service. There is, however, little information as to the state of the service before 1920. It appears that there were in 1912 two large steam fire engines and one small steam fire engine and all the three were driven by horses or manual labour. In 1914 the municipality purchased a new petrol motor engine. Another petrol motor fire engine was on order in 1915. During the riots of 1919 three Fire stations were destroyed, viz., (1) Panch Kuva, (2) Kalupur, and (3) Saraspur. During

the next few years the municipality had to incur much expense on purchase of new materials to replace old ones destroyed in the riots, A new petrol motor fire engine was purchased in 1920 at a cost of Rs. 22,513, the Panch Kuva Station was repaired in 1921, the Kalupur station and the Saraspur Stations were constructed in 1922 and 1923 at considerable cost. The state of the Fire Service in 1922 was still far from satisfactory. There were only three fire engines in commission, the Petrol Motor fire engine was of approximate pumping capacity to the supply of water obtainable from the street mains and therefore it was the only engine which could be depended upon to give satisfactory work at fires. Due to want of adequate arrangements for communication with the central stations, the calls to the fire brigade were almost invariably received late. Want of adequate housing arrangement for the members of the Brigade at the Fire Station also adversely affected the efficiency of the service. It took many years before the efficiency of the Brigade could be restored and the whole service placed on a stable and satisfactory basis. The revision of salaries of the staff was effected in 1922 with the intention of improving the efficiency of the establishment. A new petrol motor fire engine was purchased in 1923 and the fire station at Saraspur was newly constructed. To facilitate early communication of information regarding fires, the municipality got the 23 Police Station, connected with the central exchange at an annual cost of Rs. 6,900 of which the Police Department agreed to pay Rs. 3,450. Telephone connections at 6 Fire stations were maintained at the cost of the municipality alone. A new petrol Motor trailer pump was purchased in 1926 at a cost of Rs. 6,190 which proved very useful especially in narrow roads. Two more petrol

motor trailers were actoeu be\* wean 1929-1931. A petrol motor Fire engine of 275 gallons pumping capacity was purchased in 1934. in the same year the work of constructing quarters for the superintendent ana members of the brigade was uncertaken and completed in 1936.

There are at present four sub-stations and one Central Station, in all five stations all connected with each other and the Central station by telephone. There are 3 petrol motor engines, one steam fire engine and 3 petrol motor trailors. The present equipment is considered inadequate and there is urgent need of adding two or more stations, in a city like Ahmedabad with its widely extended limits, an increasing population with its inoustrlal activities, the present strength and equipment of the Department is not sufficient. The engines are not only required to meet the calls of the municipal district but are also required to go out of the municipal district and attend to fires in the surrounding villages and towns. **The** strength of the Fire Brigade is 71 and the Chief Fire Superintendent and one Assistant Superintendent are the superior officers in the Department.

The municipality is also maintaining an ambulance service with two cars and an ambulance officer and other assisting staff. The service is given free in cases of accidents and of infectious diseases. The Municipality provided in 1936 a Dead i>oy stretcher on wheels. Both these sections are working under the supervision and control of the Chief Fire Superintendent.

Lighting Service:- Under section 68 of the Act of 1925 it is the duty of every municipality to make reasonable anu adequate provision for the lighting of public streets,

places and buildings. This function has been undertaken by the municipality ever since its establishment. It is necessary to study the growth of expenditure on the service and also consider the various changes in the nature and extent of the service since 1900. The detailed statement of expenditure is given below.

Year.	Establishment.	Kerosene Lighting.	Kerosene Oil Lamps.	Electric Lighting.	Electric Lighting.	Meter Charges and maintenance charges.	New installations etc.	Total Lighting Service.
1900								14153
1908	805	-	11833	5701	.	.	.	23676
1910	1069	-	16933	5842	-			31766
1915	1944	-	22000	7529	11208	11208		47338
1920	4587	-	20178	11057	24490	24490	»	66636
1925	6653	55494	35540	17171	130930	130496	234	197112
1930	-	-	-	-	*		»	138412
1933	7845	11716	6207	5164	127498	125499	1515	147737
1935	8012	-	-	-	104187	81058	22759	112893
1936	9764	-	-	-	106567	67230	38898	117116
1937	7452				143140	70905	.71436	150869

There was an increase of 380.5 percent during the first twenty years and of 121.8 percent during the next seventeen years. The rate of increase was thus more rapid during the first period. There was an abrupt upswing in 1926 on account of large extension of electric lighting. The sudden drop in 1935 was due to reduction in the rate of energy under the terms of the new contract which came into operation in 1935. There was a decline in expenditure on Kerosene lighting after 1925 on account of the rapid replacement of oil-lamps by electric lights and this item of expenditure totally disappeared after 1933 due to the discontinuance of oil lighting system, "e shall now consider movements of expenditure under the more important items.

The establishment charges indicate a continuous rise throughout the period. It was more rapid between 1915-1920 owing to the reorganization of the Lighting Department in 1918, revision of wages and grant of war allowances. The decline in establishment charges after 1936 was due to the discontinuance of the part of the staff consequent on the adoption of Electric lighting in its entirety. It may be stated at the outset that the major part of the lighting establishment consists of temporary servants such as lamp lighters. The municipal schedules do not mention either the strength or cost of such temporary staff- In 1900 there were 5 servants on the permanent staff whose pay bill amounted to Ps. 756 per year. There were seven permanent servants in 1912 and the cost was Ps. 1,737 per year. In 1923 the permanent staff consisted of 17 servants whose annual pay bill amounted to Ps. 5,398. There were only four servants on the permanent staff in 1937 and the salaries amounted to Ps. 3,876 - 6,744 per annum. Now as regards the temporary staff there were about 91 lamp lighters in 1923 whose annual wages stood at Rs. 13,608. with the rapid extension of electric lighting and gradual discontinuance of the Kerosene lighting system, the municipality gradually effected reduction in the temporary staff. Thus the number of lamp lighters was reduced from 100 in 1925 to 93 In 1927, 81 in 1929| 66 in 1932. In 1933 and thereafter there was no temporary staff and hence the disappearance of this item of expenr.iture.

The expenditure on Kerosene oil was determined by the quantity of oil used during a year and the prevailing prices of oil. Again the quantity of oil used was dependent on the number of lanterns in use and the hours during which they were kept burning. The increased expenditure on oil was due partly to increase in the number of lamps, in 1900 there were 2,189

lamps and the number had risen to 3,092 in 1920, and 3,461 in 1924. After 1926, however, there is a gradual reduction in the number. The number decreased from 3,461 in 1924 to 2,988 in 1927, to 1,888 in 1930 and 1,738 in 1932. It will now be seen that decreased expenditure on Kerosene lighting was due to reduction in the number of lamps. After 1933 this system of lighting was totally discontinued and henceforth no expense was incurred on it. It is stated that expenditure on oil was also governed by the number of hours for which the lamps were kept burning, in 1924 the municipality adopted the system of whole night lighting instead of part-time lighting. Naturally the expenditure on oil rose from Ps. 23,690 in 1923 to Rs. 34,466 in 1924 and Ps. 36,966 in 1926. The prevailing prices of oil also determine the expenditure on this item. Owing to the difficulties of importing oil during the period of war (1914-18) the prices of Kerosene -from up abnormally and hence swelled the municipal expense on oil.

Before the year 1914 all the lamps used for public lighting were either Kerosene oil lamps or Washington lamps or Kitson lamps. The Electric lighting system was first adopted in 1914. The municipality entered into an agreement with the Ahmedabad Electricity Company on 6th November, 1913. The rate of energy was fixed at Annas 4 per unit and the municipality undertook the guarantee of a minimum consumption of 30,000 units per year. The work of extension could not progress owing to war conditions and difficulties experienced in importing the requisite machinery, etc. In 1918 there were 427 electric lights and the number could not go beyond 456 in 1921. The work of extension seems to be held up also on account of the high rate of energy charged by the Company. The municipality made a representation to Government to induce the Company to reduce the maxima



rates of private consumers in general] and of the Local Authority in particular. But Government were not inclined to exercise their power under the Indian Electricity Act. They advised the municipality to approach the Company direct/for a further reduction of the special rate under the terms of the special Agreement. Negotiations were opened with the Company on the subject but the latter declined to reduce the rate on account of high prices and extra capital expenditure. As no rival Electric Company was likely to appear, the municipality was obliged to acquiesce in the arrangement. Besides the service was not regular and efficient. After 1925, however, the municipality undertook large extensions of electric lights. The number of electric lights rose from 660 in 1924 to 1,661 in 1928. No extensions were effected in 1928 and expenditure dropped to Rs. 1,27,961. In 1931 the municipality floated a loan of Rs. 20 lacs in the open market and Rs. 8 lacs were devoted to the extension of electric lights to the remaining parts of the municipal district. Out of this loan, Rs. 2,72,390 hitherto spent on electric extensions from the General Fund were recovered and credited to that fund and Rs. 2,69,453 were expended on the comprehensive program of extension on 91 roads and streets. The balance was **spent** on extending electric lights on the streets. Consequently the number of electric lights rose from 1,661 in 1928 to 3,067 in 1930; 5,345 in 1933, and 6,522 in 1937. At present there are over 6,800 lights or 40 lights per mile on average. The streets are very narrow and crooked and therefore more lamps are required than they should ordinarily.

It will now be easily understood that increase in expenditure on maintenance of electric lighting ..... partly

to Increase in the number of electric lights and increase in the consumption of electric energy. The consumption of electric energy amounted in 1922 to 75,064 units and subsequently rose to 99,735 in 1924, 1,95,812 in 1926 and 2,93,164 in 1929. Figures of consumption for recent years are not available. The recurring outlay on Electric lighting is also partly determined by the rates of energy charged by the company. It is already noticed that the rate of energy under the terms of the contract of 1913 was Annas 4 per unit consumed. In 1926 the Company agreed to a scaled reduction the effect of which was to reduce the rate by one pie on every thousand units or part thereof consumed over 11,000 units per month upto a consumption of 22,000 units, all consumption above that quantity being charged at the rate of Annas 3 per unit. Though the reduction offered was not considered significant, the municipality agreed to accept it. It also directed the Municipal Engineer to prepare a scheme under which the municipality could run its own power plant at the end of the period of contract which was to expire in 1930. It appears, however, that when the period of this second contract came to an end the municipality was not ready with its own power plant and hence deciaed to enter into a new agreement with the Electricity Company. This new contract of 1930 provided for reduced rates of energy and was thus favourable to the municipality.

The municipal expenditure on maintenance of electric lights did not show any uecrease even though the rates under the terms of this new contract were lower than they were previously on account of the rapid increase In the consumption of electric energy consequent upon the large-scale extensions carried out during 1930-1933. The municipality entered into the fourth agreement with the Electricity Company in 1935 the

important articles of which are set out below.

(1) The agreement shall be for a period of seven years from 1st February, 1935 to 31st January, 1942,

(2) The Municipality shall pay the Company for such supply.

(a) For an aggregate consumption at all points of supply not exceeding 3,50,000 units per month - A flat rate of 0.56 Anna per unit for the entire consumption.

(b) For an aggregate consumption of supply exceeding 3,50,000 units but not exceeding 4,50,000 units per month - A flat rate of 0.48 Anna per unit throughout the entire consumption.

(c) For an aggregate consumption of supply exceeding 4,50,000 units per month - A flat rate of 0.45 Anna per unit for entire consumption.

The fall in expenditure in 1935 was the direct consequence of the reduction of rates of energy as per new agreement which came into operation on 1st February, 1935. The increased expenditure after 1935 was due to increased consumption of electric energy consequent upon the addition of new light posts. The quality of lighting in the city has been considerably improved by the erection of central traffic light posts. Traffic control lights (red, green and amber) have been fixed at important traffic points for the better regulation of traffic.

Water Supply Service;- Provision of adequate and pure water supply is one of the most important problems of civic life and forms one of the most essential functions of the local authority. In an industrial city like Ahmedabad with ever growing population and continuously expanding limits the question of water supply dominates the other civic problems. It is indeed interesting to follow the development of water service in the

city and the various experiments triads by the local body to solve this most intricate question, we shall first consider the expenditure on the service under the important items.

Year.	g i i Rs.	Capital outlay.	{ l H Rs.	Recurring out-fi lay. Rs.	i i Rs.	Total outlay.
1900		1,724		25,212		26,936
1910		121		60,975		61,096
1915		3,64,371		77,369		4,41,740
1920		21,714		1,16,828		1,38,542
1925		4,83,510		1,89,844		6,73,354
1930		7,791		2,24,459		2,32,250
1935		1,12,230		2,45,877		3,58,107
1936		2,32,295		2,44,190		4,76,485
1937		14,224		2,78,417		2,92,641

The capital expenditure is a variable item. The normal expenditure, however, indicates an increase of 363 percent between 1900-1920 and an increase of 138.3 percent between 1920-1937. The accompanying table giving the details of expenditure under the various subheads shows that the major part is devoted to the maintenance and repair of the water works. Next come the establishment charges, depreciation, Laboratory and Chlorination charges. We shall deal with them separately.

The main factors causative of increased expenditure unuer establishment were the increased staff personnel ana enhancement of salaries. The relevant figures are given below.

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Year.	5	Posts.	5	Cost per year.
1900	26		Rs,	6,288
1912	38		ft	9,494
1923	60		it	28,643
1937	87		it	41,304 to 49,944

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It may be stated that with the extension of water Works and additions to the pumping plant, increased staff

personnel became a necessity. **Th2** increase in the maintenance and repair charges was due to factors more than one. It may, however, briefly be stated that the Increased maintenance charges were due to the improvement and extension of the Water Works. To cope with the ever increasing demand for water It was necessary to increase the pumping capacity by adding new <sup>^i^x</sup>nes and Boilers, to sink additional supply wells, and construct storage tanks and reservoirs. Expenditure on <sup>^oal</sup> and wood, lubricating oils increased on account of the erection of additional engines and boilers and increased quantity of water pumped. In 1900 only 26 lacs of gallons were pumped but In 1937 the pumping plant pumped 1,64,00,000 gallons of water. The engines were required to work for longer hours and naturally consumed more fuel and oil. Secondly, the prices of coal, wood, oils, etc. also determine the expenditure. Thirdly, increase in the mileage of municipal pipes and mains also entailed increased expenditure on their maintenance, it will be observed that expenditure on coal, wood, fuel, declined sharply after 1935 and that on electric energy increased equally abruptly. It was due to the fact that the pumping engines are now worked with electric energy.

In a developing city like ahmedabad where increasing quantity of water is being consumed, it is absolutely essential to ensure the purity of water supply by scientifically examining the samples of water. But there was no Bacteriological Laboratory in Ahmedabad before 1925. The Municipality had requested Government in 1920 to set up a Public Health Laboratory on the lines on which similar laboratories were set up and maintained at Poona and Karachi. On the failure of Government to fulfil their promise to set up and maintain the Bacteriological laboratory, the Municipality started one at their own cost, "here were

in 1937 about 6 servants in this section and the establishment charges amounted to Re. 6,168 - 10,344 per annum.

Some attention may now be devoted to the improvement of the Water supply service itself. It may be pointed out that improvement and extension of water works and service became a matter of absolute necessity owing to the growth of population, establishment of many new cotton mills and expansion of other Industries, and extension of the municipal limits. The water works were first constructed during 1890-1900. There were only two pumping engines and pumps and the works were expected to supply only 13 lakhs of gallons per day. The average quantity consumed daily in 1900 was 26,91,954 gallons. Towards the end of 1906 the average daily consumption had increased to 37 lakhs of gallons with all the three engines and pumps working by day and night. The daily consumption amounted to a little over 17 gallons per head. It was found that additional supply could not be made available with the help of the then existing pumping machinery and supply wells and that it was absolutely essential to sink additional supply wells and add to the pumping plant. A scheme of water works extension estimated at Rs. 3,50,000 was prepared in 1906. A loan of Rs. 4 lakhs was raised in 1908 and the funds were utilized in constructing additional supply wells so as to increase the yield of water. No sooner were these Improvements executed, demand for water increased so rapidly owing to establishment of new mills and growth of population that it was found necessary to overhaul the entire water works and the water distribution system. The three separate projects for the extension of the water works, the improvement of the distribution system inside the city by substituting wider pipes for smaller ones and the laying of pipes in the additional municipal

limits, were amalgamated and a comprehensive project was prepared\* The scheme was financed partly by borrowing money from the public and partly by means of a grant-in-aid of Rs. 3,74,000 from Government. The comprehensive project again went into revision and the revised cost stood at Rs. 14,58,219, Government again made a special grant of Rs. 2,75,000 towards the additional cost of the revised comprehensive project. The progress was very slow. The total average daily supply in 1918 was 48 la<sup>^</sup>s of gallons of which nearly 14 laics were given for Mills and suburban areas and the rest i.e. 34 lacs gallons were consumed inside the city walls# This worked out to an average of about 17.2 gallons per head within the city walls.

As the comprehensive water works even after its completion coul'' not yield adequate supply of water, the municipality hac to **exieuu** further improvements in 1920 onwards, with a view, however, to improving the quantity and quality of water supply as a permanent measure the Municipality obtained a report from Mr. Bateman. 'ihe total cost of effecting improvements in quantity, distribution and quality of water was estimated by him at Rs. 27,88,500. In the meanwhile additional supply wells were being constructed and towaras the end of 1924 there were 15 supply well\*\* with the result that supply in the wells increased to 87 lacs gallons per day.

Although the construction of additional wells increased the supply, it was doubted whether the increase could be sustained as a permanent measure. The infiltration of water depends to a great extent on the distance of the river current from the wells. Every year the course of the river current was changed by floods, with a view to bringing the current as near the supply wells as possible the municipality erected groynes at favourable

points on the right bank of the river. But the experiment was not successful. The municipality thought that the permanent solution of the difficulty of maintaining a steady supply of water could be found in the scheme of supplementing the then existing supply by a Alteration vault which would be fed direct from the river current and would throw the filtered water in the surrounding supply wells. But this experiment also did not succeed. To increase the supply in the wells it was decided to revert to the scheme originally framed to take the water direct from the river, cause it to be filtered by mechanical filters and then have it chemically treated and eventually to be supplied to the city. Two feeder channels were dug in 1928 in order to increase the percolation in the wells but the expected increase in infiltration could not be realized.

In the meanwhile the municipality was carrying out the other parts of the water works scheme. The programme of substituting pipes of larger diameters was undertaken on a very large scale and was spread over a number of years\* The pumping plant was also improved and strengthened, as a result of these improvements the average daily supply rose from 96,00,000 in 1925 to 99,69,534 gallons in 1928. The situation of supply had assumed very serious aspect in 1929 when pressure all over the city and suburbs showed a fall inspite of the fact that the quantity pumped had not proportionately decreased. The difficulty was temporarily removed by skillful manipulation of all the valves in the city. But the permanent solution of the supply problem was not still in sight. It was, therefore, decided to utilise more fully the infiltration works which had so far worked well. These were since to be added to an additional storage facilities pro - s o as to alleviate the water shortage



As the storage facilities improved the average daily supply increased to 1,24,90,092 gallons. But even the increased supply could not fully meet the needs of the population and the municipality therefore decided to overhaul the distribution system once again estimated at Rs. 10 lakhs and to provide additional storage facilities. The work of replacing new pipes of larger diameters for improving the distribution system was pushed on with great vigour year after year. To meet with the ever increasing demand for more water additional works were completed in 1936. **AS** a result of these and other improvements the average daily supply increased from 1,37,38,539 gallons in 1931 to 1,47,02,178 gallons in 1934, and 1,63,80,000 in 1936. This includes the quantity given to Mills and factories, it is interesting to observe that when the water works were originally cons-

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tructed the average daily supply amounted to only 13 lakhs gallons. The increase in the average daily supply is about 1,160 percent. With a view to relieving pressure on the Head Water Works, the municipality sunk tube-wells in the Ellis Bridge area, Gomtipur, saraspur, Paikhad and Jamalpur Town Planning areas. The pumping machinery is now worked with the help of electric energy. During the next few years the municipality intends to overhaul the distribution system in the city. The per capita consumption of water has risen from 17 gallons in 1906 to 33 gallons in 1928 and to 42 gallons in 1937.

During the four years ending 1938-39 municipal expenditure on water service amounted to about        percent of the total net expenditure.

Drainage Service:- Ahmedabad is one of the very few cities in the Province which are provided with underground

drainage facilities. The present underground drainage at Ahmedabad is a work executed steadily over a period of years and involved an outlay of several lacs of rupees\* We shall study the recurring and non-recurring expenditure on the drainage works. The relevant figures are set out below.

Year.	Establishment.	U to aintenance	Repair	Depreciation	Fund.	{New works.	1 Drainage Main Line	ji Total Traina- ge expendi- ture.
	Rs.	Rs.	Rs.	RS.	Rs.	PS.	PS.	Ps.
1908	8,539	11,047		1,845				21,701
1910	8,471	22,323		2,000				35,117
1915	13,336	39,587		18,000	1,248			72,369
1920	31,446	1,23,462		18,000	15,623			1,93,946
1925	43,712	67,191		18,000	4,715	5,083		1,41,343
1930								1,70,754
1933	58,886	48,167		18,000	8,744	9,780		1,47,646
1935	54,589	73,747		18,000	11,598	12,166		1,71,750
1936	48,584	71,989		18,000	14,773	14,313		1,68,260
1937	46,300	49,007		10,000	10,090	15,001		1,33,426

Only the recurring expenditure will be considered.

It increased steadily from 1900 to 1915. The rise in 1920 was more sudden than any during the whole period. Thereafter expenditure fluctuated within certain limits and was practically steady. Hence the only material rise that merits notice took place between 1900-1920. The drainage expenditure is generally spread over three sections, viz. the Jamalpur Pumping station, the drainage inspection, and the drainage Main line. The third section seems to have been introduced after 1920.

The major part of the total expenditure is absorbed by the Item, maintenance and repair of the pumping plant and the drainage lines in the city. Expenditure on the pumping plant is dependent largely upon the number of hours during which the plant was kept working. This also is determined by the quantity of Sewage received with the extension of the underground

drainage system in the city, the quantity of sewage to be pumped increased inormously and the municipality had to employ additional plants and work them for longer hours. The total average quantity of sewage pumped amounted to 16,30,70,320 gallons in 1900, In 1926 the quantity pumped had risen to 1,56,73,92,800 gallons and in 1928 to 1,78,54,06,000 gallons per year. The whole city within the walls was proviced with drainage towards the end of 1930 and the quantity of sewage to be pumped must have increased considerably towards the close of the period, Expenditure was influenced by the prevailing prices of materials. During the period of the late war the prices of coal, wood, lubricating oils and such other material necessary for the working of the pumping plant rose abnormally and increased the expenditure on maintenance. After 1920 prices went down considerably and the expenditure touched the normal level once again. After 1930 the prices went down considerably and the use of CP, coal which is cheaper than Bengal coal reduced the recurring expenditure considerably. Expenditure also depended upon the condition of the pumping plant working during a particular time. The two engines A and B were very old and their working was very costly. New pumps of higher pumping capacity were installed in 1925 which consumed less fuel, oil etc.

The establishment charges also loom large in the Drainage finance. The increase in these charges were due to increase in staff personnel and In the scales of emolument. The relevant figures are as under.

Year. J staff Personnel. \$ Annual Cost.

1912	129	<b>RS.</b> 11,965
1923	166	" 43,582
1937	249	61,512 to 64,608

**The** drop in the establishment charges in 1937 appears **to** be due to the reduction in **the** staff made possible on account of the employment of electrical pumps in place of vertical steam pumps.

A depreciation fund was started during the first decade and the annual contribution **to** the fund was fixed at Rs. 2,000. It was raised subsequently to Re. 6,000 and again in 1913 **to** Rs. 18,000. In 1937 the contribution was reduced by **Re.** 8,000.

Some attention may be devoted to the history and development of the drainage system. It appears that **the** first drainage project was executed during the closing years **of** the last century. The municipality undertook in 1902 further extensions of the drainage scheme and the work was completed in 1904. The installation of pumping engines of superior type reduced the cost of maintenance after 1905. The total liabilities incurred by the municipality for providing the system of underground drainage had amounted in 1905 to Rs. 14 lacs. The drained area covered about 45 percent of the total extent of the city, and about 55 percent was still untouched. The former contained the most thickly populated quarters while in the latter **the** population was comparatively sparse and the blocks of dwelling houses and buildings stood conveniently apart from one another, **a** **suffrage** farm was managed by **the** municipality for the disposal of Sewage and it formed **a** part of the entire drainage project financially. The drainage project was not self-supporting financially as it took away **A** lion's share of Rs. 60,844 out of the municipal revenue. The extension of **the** drainage system to the remaining parts of the town, though eminently desirable, required careful consideration for

preserving the financial equilibrium of the municipality. To finance the drainage extension project the municipality applied in 1912 for a loan of Rs. 6 lac<sup>s</sup> from Government at 4 percent interest, if possible, and a grant-in-aid of Rfl. 6 lac<sup>s</sup> In accordance with **Q.R.G.D.** No. 4326/ of 16th July, 1907. On the refusal of Government to sanction the application, the municipality sent in a fresh application for permission to raise a loan of Rs. 10 lac<sup>s</sup> In the open market. The application was returned back in 1914 for further inquiries, the loan application was kept pending for a long time and In the meanwhile was declared In hurope. The municipality decided, therefore, to postpone the scheme for some time. The question was once again opened in 1920 and the drainage project was sent for revision and modifications. The municipality had, however, realized that the drainage question could not be re-proposed unless the water supply was adequately increased, the municipality, therefore, submitted the combined water works and drainage project to the Government estimated to cost Ps. 91,23,800 with a loan application for Rs. 45 lac<sup>s</sup> to be raised in seven instalments with definite ways and means, and also requested Government to bear the remaining burden of 50 percent as a grant-in-aid as

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per standing orders. Government informed their inability to consider any application for large grant-in-aid from municipalities.

It is necessary to recapitulate the condition of drainage before 1923. Nearly half the walled city was drained and about the whole of the Pura remained undrained. The chronic insanitary condition of the old city of Ahmedabad was chiefly

1 CR.G.D.NO.4326 of 15th July, 1907 and No.6935 of 30th June, 1920.

due to the over-congestion in limited space, and to excessive number of water connexions without the previous drainage arrangement for the reception and removal of sullage. Again one, of the great needs of the city was the conversion of punch latrines into either water closets or trough closets and this was dependent upon the extension of drainage to the undrained area.

abolition of nightsoil tramway and GarakI system were also dependent upon the extension of drainage by gradual conversion of private, punch and public latrines into water closets or " latrines.

The application of the municipality to raise a loan of Rs, 45 lacs was sanctioned by the Government of India in 1922. The first instalment of the loan was raised in 1923 and the work of drainage extension was taken in hand immediately. The pumping capacity of the plants at the J.P. Station was considerably increased so as to cope effectively and successfully with the increased quantity of sewage. The work of laying main sewers, branch and sub-branch sewers was executed very briskly between 1926-1930, By the end of 1931 the whole city within the walls had been provided with an underground drainage system. All the remaining work of laying branch and sub-branch sewers was soon completed. A hume-pipe drain to discharge the overflow was undertaken and completed in 1931 at a cost of Rs. 1 lac. The extent of the Sewage farm was increased from 358 acres to 588 acres with a view to disposing of the increased quantity of sewage. The Grit Chambers were constructed and opened up in 1933. the overflow of crude sewage was brought under control by improving the pumping arrangements at the J.P. Station. A research laboratory has been installed at the J.P. station for the chemical analysis of mill waste, crude sewage, etc The

total cost of the entire unit executed between 1924-1931 was estimated at Rs. 30,51,388.

Suburban drainage;- The want of drainage in the suburban areas was very keenly felt. The mills and factories badly required to be connected with the drainage line. The disposal of waste water from bleaching and dyeing houses had become a very acute and puzzling problem. The preparation of a drainage project for the suburban area was, therefore, a great necessity, A preliminary survey of the suburbs was first undertaken in 1928 by the Special staff. Plans and estimates of the scheme were prepared between 1930-32. The scheme was estimated to cost Rs. 63 lacs. Government approved of the part of the scheme in 1933 and the first stage of the scheme, estimated at Rs. 7,49,540, was taken in hand during 1934-35. The first stage of the project was completed in 1937 at a cost of Rs. 6,42,455. It was proposed to execute the second stage by raising a loan of Rs. 25 lacs of which the first instalment of Rs. 8 lacs was taken up in January 1938. The whole work has now been completed.

The removal of public privies wherever necessary and desirable and their improvement where removal was not either possible or absolutely necessary, has been one of the subjects on which attention is concentrated, during the past few years. The work is retarded on account of inadequate pressure of water. Nevertheless it is hoped that in a few years more the public privies will be a matter of the past and private arrangements will be made at individual premises.

On the average of four years ending 1938-39, municipal expenditure on drainage was about            percent of the total expenditure.

Conservancy service:- under this more general head are usually included a number of public health services whose importance and urgency in a developing industrial center like Ahmedabad can hardly be ever stated. The general aspect of a town largely depends on the efficiency of road sweeping, watering, Halalcore and surface drain systems. Only the most important of these services will be considered with a view to ascertaining their scope, extent and nature.

Road Cleansing:- This service resolves itself into three processes viz. road sweeping\* refuse collection and refuse disposal. Though these three processes are intimately connected with one another, they are divided for administrative purposes and entrusted to separate agencies for execution. Sometimes the whole work is done departmentally. The road sweeping work is done by the municipality through its own agency and the removal and disposal process are often entrusted to contractors. The expenditure of this municipality on the service is shown below.

Year.	Sweeping staff.	Staff for refuse Pe- moval.	Contractors Remunera- tion for re- fuse remo- val and dis- posal.	work. { work. ( Rs.	Total Expendi- ture. Rs.
1908	15,714	17,885	-	-	36,846
1910	15,125	16,939	-	-	38,329
1916	20,458	27,818	-	-	68,661
1920	62,528	3,434	-	-	1,55,988
1928	73,189	-	98,040	8,901	1,81,757
1933	1,50,004	8,578	1,01,000s;	2,754	2,66,358
1935	1,79,291	8,867	82,001	6,668	2,80,915
1936	1,85,806	9,060	75,433	4,989	2,82,318
1937	1,94,466	8,856	87,017	3,860	2,99,663

There is no sufficient data available to ascertain the state of the service before 1920. We shall nevertheless try to



account for the movement ^.^ ...are under the more important items.

A substantial part of the expenditure is devoted to the maintenance of the staff and increased outlay under this head is due mainly to increased strength of the staff and rise in wages. In 1900 there were 50 sweepers and 39 bullock carts for the work of sweeping, etc. in 1916 there were 390 sweepers and each sweeper was paid Rs. 5 per month. The establishment was granted special dearness allowances during the war period and the same were amalgamated with pay in 1920 when the revision took place. Expenditure on establishment increased suddenly by about Rs. 1 lakh in 1920 alone due to the revision of wages. The high prices of fuel that ruled during the war period account for the most rapid growth of expenditure between 1916-1920. In 1923 the sweeping staff included 634 servants and the refuse removal staff of 15,444 employees and the annual cost of both the establishments amounted to Rs. 91,272 and Rs. 15,444. Including the temporary increase, in 1922-23 the work of refuse removal was entrusted to a contractor. The staff maintained for the work by the municipality was discontinued after 1924, The remuneration paid to the contractor was fixed at Rs. 98,000 per year, with the introduction of contract system, the maintenance charges of bullocks gradually disappeared. But the establishment charges rose considerably in 1932 due to the addition of 120 sweepers to the schedule staff which increased the cost of establishment continued to increase till the end of the period. Thus in 1937 the scheduled strength of road sweepers consisted of 922 adults and 112 orderly boys. The cost of establishment amounted to Rs. 16,280 per month or Rs. 1,95,360 per annum.

The development of the road cleansing service can be

directly attributed to the rapid growth of population and frequent extensions of the municipal district. . Owing to rise in population the quantity of refuse (sometimes measured in cart-loads) increased manyfold; and with the extension of streets and lanes to be swept the total mileage

already observed that before 1922 the whole work was being done departmentally. About 350 sweepers were in the department and 40 carts used to remove the whole sweepings outside the town. Two refuse motor lorries were purchased for the first time in 1910. The Health Officer reported that the working of the motors was dearer than the removal of rubbish by carts. In 1915 the use of motors for refuse removal was discontinued on grounds of economy and also on account of the unsatisfactory state of roads.

The service was totally inadequate to execute the work satisfactorily. In 1917 the whole department appears to have been reorganised so far as the strength of the establishment was concerned. About 100 additional sweepers were sanctioned, making in all 550. The pay of male sweepers was raised to Rs. 10 weekly. each and that of woman sweepers to Rs. 8 monthly. each, the question of the introduction of motor transport as well as that of the use of incinerators for burning refuse were still unsolved. The expenditure on the service increased remarkably after 1918 owing to the grant of dearness allowances and revision in the scale of wages in 1920. In spite of the rise in wages the municipality discovered that about 25 to 30 percent of the scheduled strength of sweepers were absent on account of the great demand for unskilled labour in cotton mills. The municipality thought it necessary to attract and colonize at least 100 families of sweepers by housing them freely. The removal of refuse by motor transport was given priority in 1921 for a period of five years. The work of refuse removal was

it is said, done by the contractor in the **fflilr** fashion, now showing an improvement and now permitting heaps to remain at the dust-bins for days together. Frequent penalties were inflicted but without any appreciable result. As regards refuse disposal a scheme for turning the refuse into manure in the depots was approved in 1922. It appears, that the scheme was put into operation subsequently. In 1926 they once again reverted to the old method of dumping in the Naroda and Kankaria depots.

The municipality constructed in 1926 a chawl of 30 rooms for sweepers and it was hoped that such inducements would facilitate recruitment of the sweeper class from outside. The work of refuse removal is still executed by the contract system and the contractor's work is reported to be satisfactory. The conservancy and sanitary branches of the Health department were separated in 1930 and each of them was assigned specific function to attend to. As a result of this bifurcation, the work of supervision was done more satisfactorily.

The scheduled strength of the staff stood at 697 in 1935. In 1936 the municipality sanctioned a permanent increase in the schedule staff which towards the end of the period came to 922 adults and 112 orderly boys. This addition to the staff became a great necessity owing to extensions of the municipal limits, increased population, and the demands of the citizens for improved standard of cleanliness. The work of refuse removal is done by contract and the refuse is disposed of at the two depots. The burning of refuse by incinerators is still in the experimental stage.

Scavenging Service:- This is one of those sanitary services which cannot be left to individual citizens for management without serious detriment to public health. It becomes,

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Scavenging Service:- This is one of those sanitary services which cannot be left to individual citizens for management without serious detriment to public health. It becomes,

therefore| one of the most essential functions of the local authority to undertake the cleansing of public and private latrines, collect, removal and dispose of the night-soil at convenient places away from the city population and without prejudice to public sanitation. The scavenging problem is easy of solution when the whole town is provided with underground drainage facilities and every house is connected with the drainage system, in Ahmedabad the drainage system was only recently Introduced and even today there are a large number of tenements in the city which still possess hand-cleansed latrines. We give below the detailed expenditure on the scavenging service.

Year.	5 Labour charges. I PS.	8 Repair and ( maintenance \$ RS.	\$ New works. jj I RS.	{ Total Expenditure. 5 i FS.
'	34,691	2,124		40,520
1 .	37,012	2,886		42,360
1915	47,511	3,601		53,501
1920	97,534	13,597		1,20,397
1925	1,27,529	20,121	11,039	1,72,082
1933	1,03,557	9,201	14,334	1,35,448
1935	95,669	7,403	16,952	1,32,112
1936	1,00,473	8,889	13,680	1,32,551
1937	94,375	8,970	7,273	1,28,464

In the absence of adequate and reliable data it is futile to explain convincingly the movements of expenditure under the main items. There is no information as regards the full

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strength of the staff maintained for^cleansing of private and public latrine and as regards the scale of their emoluments from time to time. The matters are complicated owing mainly to existence of the Gharaki system unrer which the sweepers claim a hereditary right to cleanse latrine^in certain localities. For these reasons It becomes impossible to give a connected account of the rising expenditure. In the following pages are indicated

only the general factors conducive of increased outlay and the present state of the scavenging service.

At the beginning of the period the cleansing of public latrines was done by paid Bhangis and of private latrines by piece work. The Bhangis were paid at the rate of Annas 1½ per month per family in the piece work system. The foul water as well as the over<sup>4</sup>a waste water was removed by 64 single bullock carts. In 1918 the emoluments of Bhangis were increased and they were also granted special de-mess allowances. In 1920 the pay of Gharaki sweepers were <sup>4</sup>ouoed temporarily. The pay of all municipal bhangis on public latrines and drivers on crowly carts was increased by 40% and 33% respectively. The wages of Gharakiwalae which were doubled temporarily in 1920 remained at the same level during the following years. In 1923 the scheduled staff consisted of 175 servants whose wages amounted to "Rs. 39,204. with the rapid extension of the underground drainage in the city most of the sullage found its way into the underground drainage and the municipality reduced the staff maintained for sullage removal. In 1937 the scheduled strength of the staff consisted of 199 servants including 14 extra Garakiwalas and the cost amounted to Rs.4,179 per month or Rs. 50,148 per annum.

At present the private and punch hand-cleansed latrines are cleansed by Gharakiwallas who hold hereditary rights of cleansing the privies in certain localities. It was found, however, that the work of collection and removal of nightsoil under the Gharaki system was most unsatisfactory. It was difficult to maintain discipline among these Gharaki Bhangis and exact work from them. In order to keep the Gharakiwallas on alert, two gangs of Bhangis were sanctioned by the municipality In 1934 to do the

undone by the Gharakiv\j.xas.

The existence of the system of punch privies indicates insufficient latrine facilities in the city, A punch privy is a privy which is used by a number of families. A large section of the population, mostly the poorer classes, use municipal latrines. It was essential in the interest of public sanitation that every houseowner should provide sanitary accommodation for himself and his tenants. The municipality first thought of the improvement of punch privies. In 1927 it was resolved to remove the punch privies altogether to enforce the provision of water closets on each premises by its respective owners. The success of this scheme depended upon the completion of the drainage system and provision of an adequate water supply. The underground drainage project was completed towards the end of 1930 and various measures were adopted to increase the water supply and its pressure in the high level areas. The programme of increasing public latrines was also stopped and notices were issued and prosecutions lodged on a large scale on the indifferent owners of chawls to enforce adequate latrine accommodation. It is however reported that conversion of private and punch latrines into water closets could not be accelerated for want of adequate pressure of water in the mains.

The problem of nightsoil and sullage water removal and disposal was equally difficult. Formerly the sullage used to go into the underground drainage in the drained area. In the undrained area it was collected either in private kundis whence it was removed partly in bullock carts and partly in barrels by tramway to the Pail Depots. The means of removal by carts was very inadequate, and the water taps in private houses were so numerous and the waste of water so great that it was impossible to remove

even an infinitesimal part - ' -<> . . . u\*te water. The problem was practically solved so far as the city was concerned by the extension of the drainage. The removal of sullage was continued by carts in the suburban area which is not yet completely drained. With the extension of drainage in this area it is possible that expenditure on sullage removal will decline appreciably during the next few years.

It will be observed the expenditure on the scavenging service declined **gradually** after 1926. It was due mainly to the construction of the , -ground drainage in the city which made possible the conversion of private and punch latrines into water closets and the disposal of sullage water into the underground drainage. The expenditure on the maintenance of large staff for the collection and removal of nightsoil and sullage would most probably have declined still further had it not been for the insufficient water supply which retarded the progress of conversion of hand-cleansed latrines into flush privies.

Road Watering.- The watering of roads and lanes is a great public convenience wherever the macadam or unmade roads exist. It is also important from the view point of public health and sanitation. The expenditure of the municipality on this service is shown in a detailed form in the following table.

Year.	5 Establish- ment. Rs.	\ Maintenance 5 and "e-air. Rs.	5 Stores and 5 contingency, Rs.	j Total road j watering Ps.
1908	11,505	448	1,688	16,215
1910	8,172	771	2,999	12,986
1915	9,671	1,489	19,475	31,468
1920	13,779	5,849	15,428	41,268
1925	21,589	6,270	26,033	53,912
1933	13,388	12,919	9,592	35,911
1935	23,456	9,393	11,612	45,248
1936	20,462	10,591	11,664	39,510
1937	20,727	7,192	10,898	38,835



It will be seen that nearly the expenditure is devoted to entertainment of watering establishment. The establishment charges include the salaries of watering men maintained by the municipality as well as the payment **m<sup>o</sup>**. 1- the wap\*"" for the watering work. The establishment **sen<sup>u</sup>lcfc** In force 1900, 1912, and 1923 do not give any information as to the strength and cost of establishment: seems that the work was practically done by the Aaghris under the piece-work system. With the introduction of motor lorries for watering purr, **f** of drivers cleaners etc. had to be maintained. The schedule of 1337 indicated a staff of 23 servants in the section whose cost amounted to Rs. 8,844 - 9,204 per year. The payment made to the Waghari or Bhis-ties depended upon the amount of watering work done during a year. It is a variable item. **".yrc"** Expenditure on repairs and maintenance increased considerably after 1920 due mainly to the introduction of motor lorries for the work. The expenditure on water is merely a book adjustment. The expenditure on the Service reached the maximum of Rs. 64,000 in 1930 - records a gradual decline during the recent years. It is due to the advent of asphalt road system. Watering of asphalt roads was discontinued from 1932.

There is very little information available to indicate the method, equipment and cost of road watering prior to 1920. It appears, however, that the entire work of road watering was done by the Aaghris by means of hand-operated watering carts. Servants were also put up on important roads. The Aaghris claimed that the cost of road watering. The work was done very cheaply, but the advantage of cheapness was more than counterbalanced by the careless and irregular habits of the Aaghris. The watering by hydrants was also unsatisfactory owing to want of pressure of water. A new 33-ton roadwatering lorry with 7.0-ton tank was purchased in

in 1921 at a cost of Rs. 16,000. In 1923 one more watering lorry over which a tank was prepared departmentally was put to work, In spite of the introduction of motor roadwatering lorries the work of watering the roads was not done very satisfactorily. The reasons were that there was not sufficient pressure in the water mains, watering by hydrants was not done efficiently owing to the same reason. Another reason for the unsatisfactory work was the want of good mechanics and an adequate workshop to repair the motor sprinkling lorries and hydrants.

The water extension project was nearly completed by 1930 and with the consequent increase in water supply the road watering work improved a great deal, since then the road watering work is reported to be fairly satisfactory. At present the road watering work is done partly by bullockdrawn carts, partly by sprinkling lorries and partly by Bhisties. There are six motor lorries and 45 bullock carts in the section. The Vaghris supply the bullocks and the municipality supplies carts. The rate of remuneration is fixed at one anna six pies per 100 square feet of road watered. The principal roads and thorough fairs are watered by motor sprinkling lorries. Some of the roads are watered by hydrants and the remaining ones by Bhisties by means of watering carts. The present equipment is considered sufficient for the needs of the city. No parts in the town, it is reported, remain unwatered except some very small and narrow lanes.

Medical Service;- Under section 66 of the Act of 1925 it is the obligatory function of every municipality to make adequate and reasonable provision for public medical relief by establishing and maintaining public hospitals and dispensaries. The Ahmedabad municipality had to devote considerable attention to this question which was made especially difficult on account

of the ever . lation **arr**" in( uBtrialization with-  
the municipal district. The normal expenditure on this service  
which hardly exceeded two percent of the total expenditure to-  
wards the beginning of the period, has grown enormously since  
recent years, "he det-ilc\* --v^s of expenditure are given below.

Year.	Hospital* I s and Ms 1 -pensa- J ries. i I Rs.	Medici-5 ne 5 j J { Rs.	Medical Grants. / i 5 Rs.	{Total J 5rispen-J Jsary ^x- ipencitu- i re. J 5 "8. 1	Epidemic Charges. Rs.	1 5 j 5 PS.	Total medical belief. j PS.
1300	-	-	-	8,028	11,446		19,474
1908	3,444	1,707	5,438	13,543	2,579		16,122
1910	3,583	1,459	5,688	12,068	1,107		13,176
1915	7,157	3,621	7,388	21,047	1,594		22,641
1920	12,211	1,188	12,262	29,100	-		
1926	26,609	5,310	IS,301	48,948	8,603		57,551
1930	-	-	-	68,884	7,804		76,688
1932	38,140	12,107	1,37,000	1,97,410	45,434		2,42,844
1935	40,369	10,412	2,34,680	o,91,931	53,891		
1336	41,75:.	5,416	1,96,887	,52,407	21,291		2,73,698
1937	50,463	11,940	2,18,292	o,69,268	22,427		3,11,695

" h ^ epidemic charges fluctuate widely from year to  
year, **They** are not a fixed charge but are largely influenced  
by the state of public health in the city. The outbreak of epi-  
demics like plague, cholera, small pox, cerelus spinal Meningi-  
tis, etc. entail heavy expenciture which is more or less non-  
recurring in character. L>ince recently, however, the municipality  
has made permanent provisions to meet the outbreaks of epidemics  
and the expenditure has now become a recurring charge on the  
municipal revenue.

The expenditure on dispensaries and hospitals rose  
by about 300 percent during the first twenty years anc by over  
798 percent during the succeeding seventeen years. The rate of  
increase was very rapid between 1930-33. It was due to the es-  
tablishment of the General Hospital and Maternity Home which

are now maintained by the municipality entirely at its cost.

The major part of the expenditure is devoted to the maintenance of staff and to the contributions to local medical bodies which provide free medical aid to the poor. The rise in the establishment charges was due to enhanced salaries and increased staff personnel. The relevant figures are given below.

Year. { Staff Personnel Cost per annum.

1900	13	Rs.	2,988
1912	22	"	4,380
1923	43	"	26,122
1937	79	"	39,912 to 80,412

The increased expenditure under contributions is due to the fact that grants to the old medical bodies have been raised and fresh grants are made to medical bodies that have been newly established in the city. The establishment of the Municipal General Hospital and the Chinai Maternity Home after 1930, which are entirely supported by the municipality} accounts for the sudden upswing in grants after that year.

The expenditure on medicines and medical apparatus is determined by the amount of purchases and the prevailing prices of medicines during a particular period. With the expansion of municipal medical service such purchases increased in quantity and entailed larger outlay on medicines. The opening of the General Hospital and Maternity Home after 1930 and new dispensaries considerably increased the purchases of medicine and medical instruments.

The last forty years have witnessed noteworthy improvement in the scope, extent and methods of medical service. In the beginning, there were at least five or six dispensaries either partially or entirely supported by the local authority.

The Hospital ^loppage rules were not mace applicable to the municipal dispensaries and hence there was no income from these institutions. The responsibility of maintaining an additional dispensary at Paipur was undertaken with the aid of private endowment. The Kewabai dispensary at Raipur was taken up under municipal control and management in 1911 and a new dispensary was started in 1912 at Asarwa. Thus by the end of 1915 there were six municipal dispensaries where 2,060 operations were performed and 2,02,292 patients were treated free of charge.

Ahmedabad was notorious for its high ratio of infantile mortality. Though it was partly due to defective registration of births, the greater part of infant mortality was due to child marriage, ignorance, poverty, congestion and overcrowding, deficient and unwholesome milk supply and want of trained mid-wives in different parts of the city. Various schemes were undertaken by the municipality to remove the deficiencies in the civic life of the town, so far as the want of trained mid-wives was concemec the municipality seems to have moved in the matter as far back as the year 1912 when they first appointed a trained midwife to advise and treat expectant mothers and infants. By 1915 there were three micwives.

The years between 1917-1920 put a severe strain on municipal resources. The outbreak of plague and later anTinfluenza called for special preventive and curative measures and involved enormous outlay. Medical relief was extended through all the municipal dispensaries and by temporary travelling dispensaries. The municipality also opened a special influenza hospital and made grants to other local combating associations which were also engaged in the epidemics. 1 onwards the close of the second decade there were eight municipal uispensaries-

The infant welfare establishment consisted of six midwives. It was suggested that each ward should be provided with an infant welfare center where expectant mothers and Infants could be seen, advised and treated. The Maternity Home opened by the Trustees of the Acharatlal Giroharlal Trust Fund proved a success and in 1926 a donation of Rs. 1 la\* was obtained from Seth Chinal which was subsequently utilized for starting the Maternity Home. In **the** same year the municipality accepted the bequest of Rs. 4 la^ps for the establishment of a municipal hospital. The Raikhed dispensary originally opened for a period of one year only was made in 1928 a permanent institution and the Ayurvedic dispensary started in 1929 also proved a euccess. The China! Maternity Home and the General Hospital were declared open on 13th Fecember 1931 and were being fully taken advantage of by the citizens. The management of **the** hospital **vests in** a Board created under the trust as settled between the municipality and the donors. The recurring annual burden of maintaining the two institutions Is entirely borne by the municipality. Both the institutions have proved a great boon to the suffering humanity. In 1937 the municipality opened the unani dispensary and the Anti-Venereal clinic. The opening of the tuberculosis clinic had also been sanctioned and was expected to work shortly. There were towards the close of the period nine Alopathic, one Ayurvedic and one Unani dispensaries and the Anti Venereal Clinic. The infant \*'elf are staff consisted of ten midwives anc a Lady Focctor who give help and advice to expectant mothers, persuade them to call the mid-wives during labour and attend to labour cases free of charge in the [v:\rds](#) allotted to them.

The question of establishing an Infectious riseases Hospital was under the consideration of the l'ccal boc last fifteen years. The Kankaria rooms served In "

as a segregation camp for stray cases of such diseases\* it was only in 1936 that some definite move was made in the proper direction and the municipality sanctioned in 1937 the construction of an up-to-date and fully equipped Infectious Diseases Hospital outside the Jamalpur Gate.

The figures of percentage proportion of medical expenditure during recent years are as under:-

Year.	Percentage Proportion.
1930	2.4
1933	6.6
1936	6.7
1937	8.1

It will be seen that expenditure on medical relief which was hardly 3 percent of the total municipal expenditure has been growing rapidly since recent years. This rise in proportion is the result of the opening of the General Hospital and Maternity Ward and it is likely to rise further with the establishment of the Infectious Diseases Hospital and infant welfare centers in different parts of the town.

Markets and Slaughter houses:- In a rapidly expanding city like that of Ahmedabad the urgency and importance of adequate and efficient market facilities can hardly be overstated. The progress of expenditure under this head is indicated below:-

Year.	J I	Expenditure, Rs.	ji I	Year.	J J	expenditure. ?h.
1900		2,367		1933		39,334
1910		8,092		1936		51,933
1915		37,993		1936		97,267
1920		33,086		1937		46,799
1925		1,29,267		1938		46,234
1930		38,202				

There is a very rapid increase of 1297 percent in expenditure during the first twenty years. The succeeding eighteen years, however, witnessed a rise of 39 percent only. It may well be recalled that at the beginning of the period there were a few and small markets managed by the local body. There were no municipal slaughter houses. The private slaughter houses, were not properly controlled by the municipality. In fact, they were often a nuisance to the public. The construction of municipal slaughter houses had been shelved till the introduction of underground drainage system. By the end of 1910 the drainage system was introduced in some parts of the city, and the local body then decided to construct its own slaughter houses. The work was completed in 1913 and about Rs. 34,000 were spent over the scheme. It appears, however, that the butchers were not pleased with this scheme and tried to put various obstacles by resorting to civil courts. The private slaughter houses were closed and the meat began to be conveyed close to the meat market. In 1916 the post of a meat inspector was created for the supervision and control of meat stalls, fish stalls, vegetable market, eating houses and sweet shops. During the same period the local body had decided to construct meat markets, but this project as well as that of a vegetable market were allowed to drag on for a number of years for financial reasons. The meat market scheme was actually initiated in 1921 and was completed in 1923. But it proved unpopular with the vendors and the public at large. The municipal authorities themselves admitted that the Kalupur market constituted a permanent monument of the inefficiency of the administration. It appears that after 1925 the market came into general use. There are 20 stalls for meat and 18 stalls for beef. The market is now fairly completely occupied. In 1910 motor lorries were introduced



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for the transport of meat- tne year 1927 the work of transporting meat to the meat market was carried out by **a** contractor who received every year Rs. 16,000 as his remuneration. From that year, however, the meat transportation work I? Hone departmentally. The local boay completed In 1924 trie construxion of fish market in Patwa oheri and in 1926 constructed another fish market in the Khas Bazar containing 20 stalls.

The question of building a spacious vegetable market had engaged the attention of the loc<sup>l</sup> body since 1916 but the same had to be postponed from year to year for financial reasons. In 1921 Mr. .ittel had prepared a vegetable market scheme costing Rs. 91,675. But the scheme was actually taken in hand in 1924 and the work was completed in 1925. The total cost of the scheme was Rs. 1,18,762. It need hardly be said that this market not only met **a** long-felt public want and made efficient control and inspection of fruits and vegetables possible, but it also proved **a** lucrative source of revenue to the local body. The municipality also started in 1926 **a** Public Health Laboratory of its own where chemical, Bactereological and Pathological specimens are examined. The samples of food stuffs are also examined and prosecutions are launched for adulterated articles. It is inoed gratifying to note that this Laboratory marks a special feature of municipal service and therefore needs the attention of all progressive municipalities in this province. In 1937 the Maneck chowk shops were reconstructed with considerable advantage to the municipal treasury, in a rapidly expanding city like that of Ahmedabad it is imperative that the municipal authorities should extend and further develop its marketing facilities so **a3** to meet the requirements of an Increasing population. On the average of five years ending 1938-3.?, municipal

expenditure under this head amounts to 1,2 percent of the total net expenditure.

Public .vorks:- That the public works activities of the local boay have been absorbing a very considerable and increasing portion of municipal resources will be easily realized from the following figures.

Year	Staff. Rs.	Buildings. Rs.	Roads. Rs.	Town Pla- nning. Rs.	Total Ex- penditure. Rs.
1900	4,017	1,192	11,003	-	16,212
1915	7,891	6,152	51,814	-	66,857
1920	-5,411	8,642	1,00,707	-	1,34,760
1925	31,081	64,805	3,28,259	-	4,14,145
1930	52,583	22,317	2,20,686	43,107	3,38,693
1935	92,081	20,490	3,60,494	£1,098	5,60,163
1936	1,31,579	31,016	4,21,022	50,536	6,3-1,153
1937	1,05,925	32,799	3,75,875	65,788	6,70,387
1938	1,02,202	34,662	3,08,919	3,686	4,49,469

During the first twenty years the expenditure rose by 731 percent while during the succeeding eighteen years ending 1938, it increased by 233 percent. The increased expenditure under establishment is due to enhanced salaries and additions made to the staff from time to time. Confining our attention to the permanent staff only, the following figures indicating the strength of the staff and the annual cost thereof from time to time will make an interesting reading:

Year.	Total strength of the staff.	Annual Cost. Rs.
1900	10	3,492
1912	16	6,645
19^4	30	35,611
1938-39	68	62,712 - 87,048

The most important item of expenditure under the head

is **^r- ~ ^r^-trniction** and maintenance. **On** account of rapid extension **c~** the municipal district on all sides, ever-increasing population **in the** city and: the recent growth of motor transport) **the** responsibilities of **the** local body **in** this matter have much **Increased and are** bound to grow in future. Abroadabad is an old city with a long mileage of narrow lanes and poles. **The** development of local textile industry led to an influx of population from the surrounding districts **and** complicated the problem of housing in the city. The **- ^cvth** of **vGhicul"** traffic presented entirely **n~.. ^roble:** ;\*oaub iixiu provision of more durable road surface. **at** the commencement of the period, however, the state **of** roads in the city was deplorable. For some time the road development had been much handicapped by the absence of an **nr/^rrouiu** . **^** system. ' 111 the year 1916 the local **oouj cw«v.** not allot more than Rs. 30,000 per annum for road repairs. The local body had then decided to construct **at least** three important roads at a cost of Rs. 3 <sup>lakhs</sup> **latjs;** but the scheme was held in abeyance **for** a number **of** years for want of funds. " **voblsn of** road-widening and removal of congestion **.wucu cu^/ouooa** the local authority was equally complicated and **prestin^.** **as far** back as the year 1913 the municipality had prepared complete road-widening projects **for** the entire city and an index map had also been prepared so as to facilitate the work of the future municipal council. But owing to **risii^ v\..J.u.s** of properties **afit>.'** by the projects, the municipal authority could not acquire them for want of sufficient funds.

In spite of these difficulties municipal expenditure on roads continued to rise especially after 1920. "he extension of municipal limits, the local i.ake

the responsibility of constructing and maintaining roads in the extended areas. In 1922 the total length of metalled roads was over 48 miles and this increased to about 60 miles in 1928 when the asphalt treatment of roads was introduced for the first time. An ambitious scheme of constructing main thoroughfares with asphalt or cement concrete was undertaken in 1928 and a loan of Rs. 15 lakhs was raised to meet the initial cost of the scheme. During the succeeding years all the important roads in the city were treated with asphalt or cement concrete and by the end of the year 1937 the local authority could boast of a total length of about 52 miles of dustless and permanent roads.

It has already been observed that Ahmedabad being an old city, possesses many congested parts; and the growth of population during the last forty years has much aggravated the evil of overcrowding. The local authority had admitted long ago the desirability and urgency of removing congestion by road-widening, opening up thoroughfares outside the city and town planning, as far back as 1905 road lines and open spaces had been duly marked. A special building supervision department was started to regulate building activity in the city by examining plans of new houses. It was also realised ..... town planning could never be financed from the ordinary revenue source and proposals were made to allow the local body to appropriate rents and assessments on Government lands within municipal district and to empower it to levy a terminal tax on railway passengers. Another proposal to levy a 2 percent tax on transfer of property was made with the same object. But all these proposals were negated by Government and no material progress could be achieved in this respect during the first twenty years and more.

Improvement in municipal revenue especially after 1920 enabled the local body to make ..... in this

direction. A short account of the progress **of** some **of** the more important town planning and city improvement schemes may briefly be given. The first project undertaken by the local body was the Jamalpur Town Planning scheme. The area under the scheme comprises 250 acres of land. By the end of 1928 all the works prescribed **in** the plan were executed\* The total cost of development came to about Rs. 1,54,000 out of which Rs. 75,000 were recovered from the plot holders in the shape of incremental contribution. For some time it appeared that the scheme was **a** failure, but after 1934 the area began to develop slowly but steadily and the scheme cannot be reckoned as a failure **in** town planning.

Another scheme of town improvement is the Kankaria Town Planning project. It contains an area **of** about 430 acres and is coterminous with the Jamalpur scheme in the south. It came into force in 1934 and by the end **of** 1938 all the works prescribed in the plan were carried out. The cost of development of the area came to about Rs. 2,48,000 out of which Rs. 93,269 were recovered from plot holders as incremental contributions. It appears that ever since the introduction of the scheme there has been a progressive development of building construction on all sides in the scheme area\*

The Ellis Bridge town Planning scheme appears to be the most ambitious project in view of the cost involved and total extent of the area thereunder; and it has also assumed additional significance on account of the bitter controversies that centered round it. The scheme, comprising an area of about 1,700 acres, affects the western extra mural area, and a part of the northern area upto Delhi Gate. It is necessary to remember here that the success of the scheme depended upon the

construction of a bridge at shahapur. The municipality, therefore, requested Government to assist the scheme by giving financial aid for the proposed bridge. For a long time, however, the scheme was pending with Government for sanction and progress of the scheme as such was arrested due to the delay in the disposal of the bridge question. In the meanwhile the area continued to develop with remarkable rapidity owing to the feverish activities of numerous cooperative Housing societies. After all the delay Government informed the local body in 1930 that they were unable to implement their promise to pay a suitable grant-in-aid for the bridge. The draft scheme was sanctioned by Government in 1933 and in 1937 the scheme reached its final stage. In the meanwhile, however, the municipal authority displayed much vigour in carrying out the bridge schemes on which depended the development of the area\* The construction of two high-level bridges, one outside the shahpur gate, and the other near Krishna Tirtha outside Jamalpur gate, was given by contract. It need hardly be said that with the completion of these bridges the whole area under the scheme would develop very briskly and help to reduce to a certain extent the congestion in the old city.

Simultaneously with the development of the southern, western and north-west portions of the suburban area, the municipality decided to improve and develop the eastern area upto the Railway line. The city wall Improvement scheme, as it is generally called, was prepared in 1922. It may well be noted that of all the town improvement schemes this scheme proved to be the most unpopular. The most important consideration which influenced the public on this subject was that the scheme was prepared by an official Committee of Management which was



completely devoid of popular support, This scheme was newly prepared by the local body and sent **It to** Government for approval. It appears, however, that the scheme was pending with Government for sanction for a considerable time and the local authority was unable to proceed further in the matter. We are here constrained to observe that such a long delay **in** the disposal of important civic projects not merely handicaps the progress of urgent projects of public health importance but also tends to destroy local enthusiasm and enterprise.

During the last twenty years the municipality has been preparing a number of Relief Road schemes with a view to removing congestion in certain parts and coping adequately with the growing vehicular traffic in the c\*ty. The first relief road scheme was prepared **in** 1922 but it was subsequently dropped owing to strong public opposition. Another scheme was prepared in 1928 but this scheme also **was** not approved by the citizens and had to be dropped in 1930 under Government orders\* **A** third relief road scheme, called the Kalupur scheme, was drawn up in 1933 and **is** already enforced. The work is to be carried out in sections of which the first section was completed in 1935 and acquisition work **in** second section was in progress in 1938. It is also learnt that the local authority has decided to finance the scheme by raising a loan of Rs. 40 lacs in the market and about Rs. 14 lacs are already borrowed for the purpose.

In a rapiuly expanding industrial city like Ahmedabad, house rents are usually very high and the poor labourers who flock to the city for employment have to accommodate themselves in tenements which are hyginically utterly unsuitable for human habitation. Although this housing problem had crawn the

attention of the local body ever since the commencement of the period some serious objections were expressed as to proper agency to deal with the question. It is interesting to note that at one time the municipality had emphatically asserted that it would never find itself in so prosperous a condition as would enable it to spare funds for investment in this direction\* The passage of time, altered socio-economic conditions in the city and changing notions about modern municipal functions had wrought a welcome change in the attitude of the local body in this respect\* The formation of numerous cooperative societies and the construction of hundreds of new houses with sufficient spaces all round has already gone a great way in weaning public from the old and orthodox sentiment of sticking to ancestral houses and neighbourhood even though the numerical additions to the family justified the removal of at least a part of them to some other locality. In order to finance the scheme the local authority requested Government to hand over to it the proceeds of the non-agricultural assessment; but this request was not attended to. In 1931 the municipality decided to make a real beginning in providing housing accommodation to the poor by raising a loan of Rs. 4 lakhs to be financed by the proceeds of the proposed increase in the Terminal tax on cotton, iron and other articles of consumption chiefly by Mills. The local body had to postpone the more elaborate housing scheme for want of Government sanction\* It was, however, resolved to construct 60 model tenements for poorer classes. This work was completed in 1935. An additional block of 50 tenements was constructed in 1937 in the Jamalpur town planning area at a cost of Rs. 44,000. It is not known whether the municipality proposes to carry out the more comprehensive housing scheme in the near future or is satisfied with the arrangements made by the Millowners' Association. At any

rate it appears that municipal enthusiasm over this question has gradually waned.

The municipal expenditure on public works activities amounts to about 12.6 percent of the total expenditure.

Primary Education:- The progress of education expenditure at Ahmedabad is indicated below:-

Year,	jj schools.	J Contribu-	( Libraries.	I	Total.
	Rfl.	il tions.	8	i	Re.
		il Rs.	il Rs.	1	
1900	27,104	6,356			33,460
1910	55,736	8,513			62,249
1915	81,446	6,166	685		88,297
1920	2,02,607	7,005	1,092		2,10,704
1925	4,75,039	5,330	3,473		4,83,902
1930	6,47,772	35,000	27,305		7,10,077
1935	-	-	-		7,77,646
1936	-	-	-		8,68,401
1937	9,25,426	21,394	-		9,46,820
1938	10,60,436	-	52,430		11,02,866

The rise in expenditure during the first twenty years was 530 percent and during the succeeding eighteen years 423 percent. The fifteen years between 1915-1930 witnessed a most rapid and spectacular increase of 704 percent in expenditure. The growth of this expenditure is to a considerable extent the reflection of the expansion of primary education in the city during the past thirty-eight years. There were in 1889 about 12 municipal schools; the number rose to 23 in 1900 and 39 in 1912. In 1920 there were 53 schools and the number rose to 101 in 1930 and 161 in 1937-38. There were 4,286 pupils in municipal schools during 1900-01 and the number increased to 8,466 in 1915 and 9,080 in 1920. It suddenly dropped to 3,528 in 1921 when the municipal schools were deserted as a result of the Non-Cooperation movement. In 1930 the number had risen to 19,737 and in the closing year of the period to 32,360. It will

be observed that during the first twenty years 30 new schools were added while during the succeeding eighteen years as many as 108 new schools were started. Again, during the first twenty years the number of pupils attending municipal schools rose by 112 percent while during the succeeding eighteen years it rose by over 256 percent. In-1909 there were 202 teachers on the teaching staff which number increased to 336 teachers in 1920. There were in 1930 about 690 teachers on the staff and the number rapidly rose to 1,126 in 1937. Thus between 1920-30 the teaching staff increased by 105 percent while during the following **seven** years it rose by 63 percent. The opening of new schools, increase in the number of students and additions made to the teaching staff have all contributed to swell the municipal expenditure on education, but the most influential factor causative of increased education cost has been the rise in the scales of salaries of municipal teachers. In 1889 the annual salaries of 12 teachers amounted to Rs. 9,528 and salary per teacher varied from Rs. 3 to 17 per month. The annual cost of establishment from time to time is indicated below;-

Year.	{ Cost of teaching establishment, j Rs. per annum.
1308	29,195
1915	65,545
1920	1,13,975
1925	3,43,032
1333	4,09,005
1937	5,03,105

The rise in the cost of establishment is due both to increase in the strength of the teaching staff and enhanced scales of salaries paid, we have already dealt with the first factor and the second one may now be analysed. In 1904 the

minimum salary drawn by a teacher was Rs. 3 per month only. After 1908 this minimum salary was raised to Rs. 9 . During the period of the late war, the teachers' salaries were revised twice and special war allowances **were** also paid to them. The scales **were** again revised in 1920 and with them the pension contributions; and the net result of all these changes was an enormous increase in the teachers' pay bill. During the year 1923-24 there were 297 teachers on the staff and the scales that were in force then were as under.

Qualification.	Scale.
Third year Trained.	40-2-60 Selection Grade Rs.76
Second " "	" " » " 66
First " "	" " » 40
Untrained teachers.	" 20 •: \5

The municipality submitted to government in 1924 a scheme for an independent educational service of the municipality, and of its own scales, pension and provident fund. This was actually sanctioned by Government in 1926 and is still in force. The scales of salaries of teachers in force at present are given below.

Qualification.	ii 5 I	scales. Ps.	{ No. of teachers under the scale.
Third year Trained.	40-1-50	-2-80	142
second <sup>11</sup> <sup>ff</sup>	35-1-55	-2-65	161
First <sup>71</sup> "	30-^35	-1-50	
Untrained teachers.	25-^35		318
Unqualified teachers.	20-4-30		14

the office establishment charges to show a rapid

increase especially after 1920. The schedule of 1923 indicates that the office staff comprised about 14 servants and their annual pay bill amounted to Rs. 8,711. The schedule in force in 1938 showed that the strength of the establishment had risen to 23 and the annual salaries varied between Rs. 12,792 - 22,332. The constitution of a special Local Authority in 1926 for purposes of primary education involved engagement of a large staff on increased scales.

Among other items of normal expenditure, rent appears to be of considerable importance. At no time during the period was the local body able to house all schools in its own buildings. Private buildings are generally used for the purpose and rents are paid out. This is not to say that no efforts were made to construct municipality's own school houses. Far from it. Throughout the course of the period enormous expenditure was incurred on this item and the number of municipal buildings which was 3 only in 1905 gradually rose to 13 buildings in 1920. At the end of the period only 26 schools out of 161 schools could be housed in municipal buildings and the rest were held in hired buildings. It may thus be observed that after 1920 the local authority could add only 13 new buildings of their own. The charges on account of rent and taxes which in 1920 stood at Rs. 17,044 continued to rise to Rs. 40,000 in 1925, Rs. 1,26,755 in 1935 and Rs. 1,64,772 in 1937. The crux of the problem is that the local authority started more new schools than it could build new buildings to house them. The exorbitant prices of lands is another difficulty and the municipal authorities have been compelled to admit that the problem of constructing buildings for all the municipal schools would, remain unsolved for a long time to come. However, gratifying to note that the municipality has initiated the

whole of the **ecuaui** grant of **abcir** 11 lakh which was with-held since 1931 and which is now paid to the Municipality for the purchase and construction of school buildings and sites therefor.

As per auction in 1923 the responsibility **GJ.** making grants to privately managed primary schools and to inspect them fell upon the school Board. Accordingly **T?». 31,748** were distributed for the first time in 1926. After 1931 the municipality did not receive **otntutcy rrant anr' h^nc\*= \*t nould** >-en-pr any help to private sch- \*37 the .ove cation grant was restored and the municipality could then start giving grants-in-aid to private approved schools.

While concluding the study of this item it is desirable to survey briefly the progress of primary education in the city and other educational activities undertaken by the local body. In 1900 there were only 23 schools attended by 4,286 pupils while in 1937 there were 161 municipal primary schools where 32,360 pupils received instruction, in addition there were in 1937 about 4 private primary schools to which municipal grants were given, 11 unaided primary schools. In 1904 there were only 167 teachers in municipal schools and this number steadily rose to 1,126 teachers in 1937. The percentage of trained teachers in municipal schools comes to 65 percent; an average there is one teacher per 30 pupils. This average is the same as in other municipalities and Government Primary schools. In all about 1,102 pupils study in primary schools in the city. For such an industrial city where the population is somewhat fluctuating, 12 percent of the population is taken as the standard for primary school

school-fts CUXX^A'QU. ^ccoivxrio to true et&naard there should be about 53,000 pupils in primary schools. The Municipality has thus to make provision for about 17,000 more pupils in its schools. The local authority had applied to Government for permission to introduce compulsory Primary Education in the city as far back as in 1925. The application was not disposed of by Government even as late as 1938. This long delay in the disposal of an important matter is really to be deplored since it has definitely retarded the . **^rt\*B** of primary education in this town. The attitude of the Provincial Government towards this municipality especially after 1920 was much influenced by political considerations and did much to handicap improvements in the various departments of civic life. Even the statutory **&i -i** . ~w **^uOuvion** was disallowed after 1931; and had it not been for the very strong financial position of the local body the normal educational activities could not have been properly carried out. Inspite of this unsympathetic attitude of the Government, the municipality was able to start and conduct a number of novel experiments in the field of education, which need to be copied by progressive local authorities, A Girls' High school was opened in 1930 and **is** affiliated to the University of Bombay. This institution is serving a real need for secondary education of girls who cannot get entrance at the Government Girls' High School. A Hal Mandir (Montessori School);, K.B.Girdharlal Sanskrit Pathashala are the other features of educational reform; ^ayam Vidyalyaya or Physical Culture Institute was opened in 1937. recently the local authority has decided to start a college for the training of municipal teachers- This move will, i lon/j **v;uy** in improving the quality of instruction in municipal schools. The municipal-



municipality has also maintained a permanent staff of one Lady doctor and three male doctors for the medical-inspection of children studying in Municipal Schools. The municipality has also undertaken the management of the Dadabhai Navroji Library and Hansraj Pragji Hall for the past many years in addition to giving annual grants to a number of local libraries and other educational institutions. It is necessary to note that expenditure on many of these items is not admissible for Government grant and, therefore, has to be defrayed entirely out of municipal funds.

In 1937 the expenditure on public instruction amounted to 24 percent of the total municipal expenditure.

Municipal Indebtedness:- since 1900 the city of Ahmedabad has been expanding in all directions by leaps and bounds, and yet the main cause of insanitary conditions and consequent high mortality is the congestion of an ever-increasing population in a limited area. That is, the population has increased more rapidly than the area of the town. Various schemes of city improvement had, therefore, to be executed with a view to removing the congestion in the city. The local body had also to carry out water works and drainage extension schemes so as to satisfy the needs of a growing population in this respect. It was both difficult and undesirable to put into operation such projects of public health importance with the help of current revenues; and hence the local body had to resort more often to borrowing either from Government or Money Market. It must be said to the credit of this municipality that throughout the entire period it never fought shy of loans for its capital expenditure. The sources of local revenue were sufficiently elastic, and the municipality usually approached the money market

with a confidence very rarely found among the local bodies. Loans were generally obtained on favourable terms and the recurring debt charges were satisfied with commendable promptness and ease.

During the period of thirty-eight years between 1900-1938 the municipality raised about ten loans of the total amount of Rs. 1,10,69,000. Between 1900-1912 five loans were floated amounting to Rs. 17,49,000. Between 1912-1922 there were practically no borrowing operations worth mentioning. But between 1923-1938 about five loans were raised involving an amount of Rs. 93,20,000. It will thus be clear that major part of municipal borrowing occurred after 1922. Of the total amount of municipal debt incurred during the whole period, Rs. 70,26,000 were raised for the water works and drainage schemes, Rs. 34,00,000 for road improvement and electric extension schemes, and Rs. 6,44,000 for liquidating old debts. The largest single loan operation was carried out during 1923-27 when Re. 46 lakhs were raised in the market in about seven instalments for financing the water works and drainage schemes. This loan was raised for a period of 30 years at 5 to 6 percent interest rate. The second largest loan of Rs. 20 lakhs was taken during 1931-33 in two instalments for the asphalt road and electric extension projects. This loan is to be repaid within 30 years at 6 percent interest. During 1938-39 the municipality floated two loans of Rs. 8 lakhs and Rs. 14 lakhs for the Sub-urban drainage and Relief Road schemes respectively. Both these loans carry an interest rate of 3 percent and are to be repaid within 30 years. It may well be noted that loans incurred prior to 1912 were obtained at a rate of interest varying from 4 to 4 percent while those obtained between 1923-33 carried a higher rate of 6 to 6 percent. The two

loans raised during 1938-39 carry the lowest rate of interest during the period viz. 3<sup>^</sup> percent. Instances of conversion operations, undertaken to secure the benefit of easy conditions of money market, are rare in the annals of municipal finance; but this municipality has shown the boldness and prudence of undertaking in 1934 a conversion operation involving a sum of Ps. 5,70,000 for paying off the old water works and drainage loan carrying a higher rate of interest. This attempt was fairly successful and may with advantage be repeated if and when necessary. A similar attempt was made as far back as 1908 when Rs.74,000 were raised for paying off an old Government loan.

Throughout the entire period the municipality has prepared to obtain loans by public subscription rather than from the Provincial Government. It is also the practice of the local body to obtain a part of its loans from the accumulated balances in a number of specific funds under its management. This borrowing-from-self policy has been viewed with disfavour by orthodox financiers and Government auditors; but the local body has found it more convenient and economical. In respect of loans raised in the open market, the municipality has instituted a sinking fund, and at the end of the year 1937 the balance in the fund amounted to Rs. 3,15,280. The fund is fed by annual contributions and when old debts mature, they are paid off from this fund.

The study of municipal capital expenditure during recent years reveals one interesting feature. With the exception of water works and drainage, it had been the practice of the local body until 1928 to meet all other capital expenditure from revenue surpluses. It may be noted that between 1920-1928 expenditure of about Rs. 15,77,116 incurred on capital works was met from current revenues and past savings. Financially

this may be very sound, but such a pay-as-you-go policy is opposed to the modern theory and practice of municipal finance and tends to put an unduly heavy burden on the present generation of rate-payers. The municipality decided in 1930 to execute all works of a capital nature estimated to cost Rs. 10,000 and over from borrowings and not from the revenues as had been done in the past. Even though the capital expenditure on the asphalt road and electric extension schemes was initially met from the general revenues, these advances were subsequently recouped and paid back to the general funds when new loans were raised for the purpose. During the more recent years the local body has followed a bold policy of borrowing in the open market for the speedy execution of urgent and ambitious schemes of civic welfare. At the end of the year 1938 the capital debt of the municipality stood at Rs. 47,70,000, and can be classified as under;-

(1) Construction of asphalt roads and extension of electric lighting.	Rs.	20,00,000
(2) Conversion loan of Rs. 6,70,000 at 4j percent for repayment of 2nd instalment of 45^ lakhs loan for drainage works.	"	5,70,000
(3) suburban Drainage scheme.	"	8,00,000
(4) Relief Road scheme.	*	14,00,000
Total.	Ps.	47,70,000

Deducting a balance of Rs. 4,05,158 in the sinking Fund, the net outstanding debt comes to Rs. 43,64,842.

S U R A T .

The headquarters of the Surat District and the former seat of a presidency under the East India Company, Surat is situated in 21° 12' North and 72° 60' East on the southern bank of the river Tapti. Surat is a station on the Bombay Baroda and Central India railway, about 167 miles from Bombay.

Surat was one of the earliest portions of India brought into close relations with European countries. During the Moghul period it was reckoned as a first-class port, silk and cotton cloth forming the chief articles of export. The city probably reached its highest pitch of wealth towards the close of the seventeenth century when it was described as the "prime mart of India - all nations of the world trading there; no ship trading in Indian ocean but when puts into surat to buy, sell or load".

The early years of the British rule brought prosperity to the city which increased in size and population, owing partly to the security of the British protection and partly to the sudden development of a great export trade in raw cotton with China. But the political disorders in Central and Western India during the closing years of the eighteenth century, the steady transfer of trade to Bombay combined with the famine of 1783 in Northern India much undermined the commercial importance of Surat. In 1837 two calamities, viz., fire and floods, occurred in rapid succession which destroyed the greater part of the city and reduced almost all its inhabitants to a state of poverty. In 1838 Surat had remained "but the shadow of what it had been, two-thirds to three-fourths of the city having been annihilated". The population of the city which was estimated at 2,50,000 in 1811 declined to

80,000 only in 1847.

Thence forward affairs began to change for the better. Trade improved and increased steadily till 1858 its position as the centre of railway operations in Gujrat brought a new influx of wealth and importance. The high prices which ruled during the American Civil War again made Surat a wealthy city. The population of the city which stood at 99,505 in 1851 gradually rose to 1,07,855 in 1872 and 1,09,229 in 1891. In 1883 the city once again suffered enormously due to an extensive fire and floods. The abundant supply of water made available since the construction of the water works in 1898 has mitigated to a great extent the horrors of fire and epidemics, which were once peculiar to this city.

**There appears to be no marked addition to the City's** population between 1872-91. The population which in 1872 was estimated at 1,07,855 rose slowly to 1,15,306 in 1901. The same stationary tendency is in evidence during the period 1900 to 1920. On the contrary, the population actually declined to 1,14,049 in 1911 and again rose to 1,17,434 in 1921. The official census of 1931 returned a population of 98,936 souls only, this sudden drop appears to be due to the non-cooperation of the people with the official census operations, the period between 1930-33 being marked with intense political unrest. The municipality undertook on its own initiative a re-census in April, 1935 which returned a population of 1,50,866 souls. This figure was eventually recognized by Government for all statistical purposes. During the fourteen years from 1920 to 1935 a large number of people from Kathiawar, North Gujrat, and other places have settled down in Surat in various branches of trade and small industries, and therefore the increase in population is regarded as genuine.

The Municipality And Its Constitution:- A municipal council was established in surat in 1852 under the Act of 1850. It was then entrusted with such primary civic functions as road construction and maintenance, street lighting, sanitation, etc. In 1901 the municipal council contained 30 members of whom 16 were elected by rate-payers and the rest nominated by Government. According to the new policy enunciated by the Provincial Government in 1908, ^the Surat Municipality was allowed to have twenty elected members on its council, inclusive of the President, the remainder ten members being nominateu. The minimum amount of direct taxation qualifying for the franchise stoo at Rs. 9 per year. The municipality was empowered to elect its own President by a majority of two-thirds of the total members provided reasonably wide powers were delegated to the Chief Executive officer.

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The council was reorganized in 1921. ^he number of councillors was raised from 30 to 50, inclusive of the President. Of these 50 members forty were to be elected and the rest nominated. The other main features of the new constitution were the reduction in the amoum of qualifying tax for vote from rs. 9 to Ps. 1-8-0; the abolition of General ward system, and the creation of multi-member constituencies. In the meanwhile, however, the municipal council was superseded for a period of three years for reasons mainly political. But before the expiry of the period of suspension Government permitted the re-establishment of the muni-

\*3

cipal council. The new council which came into existence in Tecember 1924, was composed of forty elected and ten nominated members.

\*1 G.R.G.P.No.4614 of July, 1908.

\*2 G.P.G.F.No.11126 of November, 1920.

\*3 G.P.G.r.^o.1707, May 19?4.

The municipality was once again superseded in 1931

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for a period of one year. The reasons were again strictly political, A Committee of Management was set up to conduct municipal administration. The Municipal Council was, however, soon re-constituted during the period of supersession. The latest changes in the municipal constitution took place in 1939. The Bombay District Municipality and Municipal Boroughs (Amendment) Act of 1938 abolished nominations to municipal boards. The number of Councillors of the Surat Municipality was **raised** from fifty to sixty, all the members being elected by the citizens on a much extended franchise.

« We have so far traced the history of the city with

**as**

special reference to economic vicissitudes through which it passed, the establishment of the municipal board and the democratic evolution of its constitution. The following pages are devoted to a review of the financial position of the municipal authority since 1900, the various alterations in the character and extent of its revenue structure and the development of municipal enterprise in the various spheres of civic life.

Let us first consider the revenue side. The principal sources of municipal income are the taxes on real estate, octroi duties on imports, the various service rates, income from municipal property, various grants from the Provincial Government and certain miscellaneous receipts. The growth of municipal revenue since 1900 is indicated below.

\*1 G.P.O.D.No. 1707, February 1931.



Year.	<b>5</b> <b>I</b>	Total Net 'Revenue.	<b>5</b> <b>1</b>	Year.	<b>I</b> <b>1</b>	Total Net Revenue.
		"s.				H6.
1900		3,45,109		1930		10,44,555
1910		4,46,568		1932		10,05,775
1915.		5,84,865		1934		11,99,035
1920		7,24,011		1935		13,22,177
1925		11,11,199		1937		11,36,459

During the period under review the total municipal income has increased by 229.3 percent. The increase is 109.2 percent during the first twenty years., and only 56.9 percent during the next seventeen years. Moreover, the major part of the rise pertaining to the second period took place between 1920-25 when the receipts went up by about 53.4 percent. On the other hand, there is a decrease of 5.9 percent between 1926-30. The rise after 1930 is only 8.7 percent. Broadly speaking, therefore, the municipal revenue since 1925 has been practically stationary, the increase being only 2.2 percent, whether this inexpensive nature of municipal resources is due to absence of alterations in the taxes and rates or to their having reached the maximum productivity can be effectively indicated by treating separately each source of municipal revenue.

Tax Income:- **Receipts** under this head are derived from two taxes, namely the octroi duties and tax on real property. The octroi duties have always been the backbone of municipal revenue structure. In fact till the year 1900 the municipal administration was almost wholly dependent on its octroi income. The growth of octroi revenue since 1900 is indicated below.

Year.	5 Octroi Receipts. 5	Year.	{ <b>1</b> Octroi Receipts. T>B.
1900	1,03,410	1930	2,30,025
1910	1,54,165	1932	2,46,115
1915	1,46,318	1934	2,72,905
1920	1,98,567	1935	2,7F,972
1925	2,91,384	1937	2,76,332

During the whole period the octroi receipts have increased by 167.2 percent. The rise during the first twenty years is 92 percent and only 39.1 percent during the succeeding seventeen years. The major part of the rise of the second period occurred between 1920-25 when receipts went up by 46.7 percent. The decline after 1925 was later on accentuated during the period of trade depression. This recovery was not very appreciable. It appears that the present octroi system has perhaps reached its maximum productivity and any progressive trend in octroi income cannot be expected without material alterations in the octroi schedule and the scale of duties.

The general rise of 167.2 percent during the period of review can be explained in several ways. Revenue from import duties may increase if there is an addition of new articles subjected to duties- The schedule of taxable articles in 1900 contained about ten articles while the schedule in force in 1938 contained only nine such articles. There is thus no net addition to taxed articles, but on the contrary a slight decrease. The present schedule contains only one new article namely cloth while tobacco and snuff, and oils of sorts which were formerly taxed are now admitted tax-free.

Secondly, octroi revenue is likely to rise if the rates of duties have been raised. The octroi rates prevailing during the period are given in the table in a comparative form.

A perusal of the above table leads us to conclude that the increase in octroi revenue is due partly to enhancement of octroi duties especially after 1924.

Thirdly, increased octroi receipts may be the result of increased imports of taxed articles. The figures of net imports under each **class** of articles are shown in the accompanying table.

It will be seen that imports under classes I, IV and VII have risen very gradually while imports under classes II, V, III, VI and VIII have either decreased or allowed tax-free. The influence of imports on octroi income does not appear to be very considerable. To conclude, therefore, the total increase of about 167 percent in octroi revenue was the result of enhanced rates of duties and some rise in imports of taxed articles, the influence of the former being predominant.

The composition of octroi revenue and the relative importance of several taxed articles from the view point of their productivity need some consideration. The relevant figures in this connexion are given in the separate table.

It will now be clear that the major part of octroi revenue is derived from the class I articles such as grain and flour sugar, ghee, etc. These articles contributed 55.2 percent of total octroi income in 1902, 50.9 percent in 1920; 75.3 percent in 1930; 67.3 percent in 1933; and 72 percent in 1937. Thus the class I articles have not lost their significance so far as their productivity is concerned. This fact may perhaps mean that no serious efforts have so far been made to shift the burden of the tax from

articles of human consumption to other articles. The two other productive items are the building materials and cloth, piece-goods and articles of clothing.

The study of the octroi schedule brings out one significant feature of the octroi system at ourat, namely the narrow range of articles subjected to import duties. The main burden of the tax falls on articles of human consumption while other articles are either lightly taxed or totally untaxed. The inextensive nature of the octroi revenue which has become more evident particularly during recent years may be due to the narrow range of the octroi system.

That the octroi duties have been the back-bone of the revenue system is prominently brought forth by the following figures of percentage proportion.

Year.	Percentage Proportion,	Year.	Percentage proportion.
1900	29.9	1925	26.2
1910	34.5	1928	25.7
1920	27.4	1932	24.6
		1937	24.3

The percentage proportion of octroi income **is** decreasing. But this tendency is working very gradually indicating thereby the slow development of other sources of municipal revenue. Octroi still supplies a little less than a quarter of the total municipal income.

House And Building Tax:- This tax was levied during the year 1894-95. It was the intention of the municipality to utilize this source for financing the Water Works scheme which they had then undertaken. The tax is levied on all houses\* facto-

factories, shops and warehouses, on storeyarde and spaces, places usea for trade and manufacture, or for keeping carts, livestock, etc. It is levied on the capital value of the real property. It is a graded tax, varying with different capital values. The schedule of the tax is given in the appencix to this note.

Properties exclusively occupied for public worship, or charitable purposes or for schools are exempted from the tax provided they do not yield any revenue or rem . The municipa- lity can also exempt any owner of a dwelling house on grounds of extreme poverty provided, however, that the house has passed to such owner by inheritance.

The methocs adopted in the valuation of properties deserve some consideration. Gentrax^y, the valuation is made in two parts. The assessment of sites of buildings is arrived at by determining the market value, and the valuation of the struc- ture by computing the probable cost of erecting the same; and the final assessment of the property is arrivea Lit by ace ing up the two results. As regards the market value of the sites of buildings, it is ascertained on any of the following **base6**.

(a^ On the basis of rent where rent is a true data. In surat, it is aaid, rent alone cannot be taken as a basis for ascertaining the value of the sites, people generally build houses for their own use and comfort **and** not for profit or in- vestment, enerally they do not let them on hire; and in those cases where houses are let on hire, often the rent is said to be absolutely Inadequate in proportion to the cost incurred in erecting buildings.

Properties in the Bazar, Chawls inhabited by poor people and erected at small cost, some buildings used as shops owing to their peculiar situation, and properties in some localities owing to their peculiar circumstances, do yield true rent and in such cases the income is capitalized at twenty years' purchase to arrive at the value of sites.

(b) On Sales in the locality:- whenever assessment has been based on sales, the valuation is arrived at by computing the cost of erection and deducting it from the amount of the sale.

(c) in those localities where sales as well as true rents are available, an average of both has been taken for the purpose of valuing the sites.

(d, By Comparison:- Most of the communities in surat live in the midst of their own people, and if the social and economic status of the people living in two different localities are nearly equal and the valuation of the site in one locality available, the municipality, by comparison, generally places the same valuation in the locality where no data is available, **AS** regards the valuation of the superstructure, the system adopted consists in ascertaining the cubical area of a building in feet and multiplying the same by rate of value.

The following figures illustrate the growth of property tax revenue during the period.

Year.	{ Revenue Rs.	.	{ &	Year.	J /	Revenue. rs.
1900	47,424			1930		1,28,826
1910	63,715			1933		1,13,075
1915	65,480			1935		1,60,723
1920	77,075			1937		1,47,413
1925	1,50,757			1938		1,63,168
1928	1,37,491					

The house tax income has risen by 244 percent since 1900. Much of this increase occurred between 1900-1926 when the rise was 217.8 percent. There is a downward movement after 1925 and the decrease between 1925-30 was about 14.5 percent. This drop in the income may have been accentuated by conditions created by trade depression. There is a definite improvement after 1933 and the receipts reached the maximum of Rs. 1,82,388 in 1934.

Income from the Property tax may rise if the rate of taxation has been enhanced. At present, however, there has been no change in the tax rate during the period and the schedule sanctioned as far back as the year 1893 is still in force. Secondly, the tax income may rise if there is net addition to the number of taxable properties in the city. There were in 1900 about 16365 properties liable to house tax and the number gradually moved up to 17,631 in 1915 and to 21,380 in 1937. It appears, therefore, that the growth of house tax income is partly due to increase in the number of taxable houses in the town. Thirdly, the improvement in the valuation of properties may result in increased tax revenue. Though the total number of houses in Surat has not increased, the structural alterations and improvements and the construction of new houses in place of old ones have added appreciably to their capital values. It can therefore be concluded that the increased revenue from the tax is due, not to any rise in the tax rate or to any net addition of houses in the city, but to appreciable improvement in the capital values of properties since 1900.

The actual working of the property tax system raises important practical as well as theoretical questions. It is already pointed out that the basis adopted in this city for the

house and building tax is the capital value of the property. It is argued that in Surat most of the people live in their own houses and that the practice of letting them for rentals is very uncommon. It is therefore maintained that annual letting value is not a reliable criterion of the tax-bearing capacity of real estate. Here it is necessary to state that '»i\_d&e- modern economic conditions the tax-paying ability is usually determined by the income-earning capacity of the property taxed. Secondly, Surat is a business centre of considerable magnitude and importance and is easily the third largest city in the Bombay Presidency. The population of the city which in 1921 was 1,17,434 has now risen to 1,50,866. The increase in population is a reflection of the general commercial prosperity and the development of many small-scale industries in the town, in view of these facts it is rather chimerical to suggest that the tenant population is inconsiderable and that rent as a measure of the tax-paying ability is absent in Surat. Moreover, the rate of the tax is graded in such a manner that the burden falls more heavily on owners of smaller houses. The study of the house tax schedule will clearly indicate that the rate of taxation decreases with the increase in the capital value of the property. Thus properties of lower capital values are taxed more heavily than those of higher value. The tax system is a regressive one. It is surprising that these deficiencies were allowed to continue for over forty years; and even today the municipal authorities are not convinced about the desirability of adopting a better method of taxation.

As regards the importance of the house tax in the municipal financial system, the following figures of percentage proportion to total income may be found interesting.



Year.	[ Percentage Proportion J	Year. £	Percentage Proportion
1900	13,7	1936	12.1
1916	11,1	1937	12.9
1925	13.5	1938	13.3

Thus the house tax contributes about 13 percent or the municipal revenue and there has been no change in the relative importance of this source since 1900. Before we pass on to the next item it is desirable to appraise the total tax-income and its relative significance in the entire revenue structure.

Year,	j Percentage Proportion,!	Year. {	Percentage Proportion
1900	43.7	1932	38.7
1910	47.6	1934	37.9
1920	48.0	1937	37.2
1925	50.7	1938	36.6
1928	38.8		

There was a continuous rise in the proportionate contribution till 1925 and thereafter a steady decline is in evidence. This is an indication of the proportionate growth of income from other sources such as service rates, grants, etc.

Tax on animals and Vehicles:- The tax was levied in the year 1861 and Government sanctioned its imposition expressly with the view of enabling the local body to meet the expenditure on roads. All vehicles and riding horses kept for use within municipal district whether they are actually kept within or outside the district, are liable to pay the tax provided that the tax shall

The first schedule was sanctioned in 1890 and was allowed to continue till the year 1914. In 1911 Government called upon the municipality to revise the toll tax schedule so as to reduce certain rates, **This** was calculated to result in loss of revenue to the extent of Rs. 30,000. To make up this deficit in revenue it was thought expedient to enhance the wheel tax rates. The old schedule was, therefore, thoroughly overhauled and made more comprehensive in its scope so as to bring all possible types of vehicles within its orbit, **A** distinction was made for the first time between vehicles carrying goods and merchandise and vehicles not carrying them, **as** a consequence of this revision the wheel tax revenue went up appreciably. The schedule was revised again in 1917 when rates on items 6 and 9 under A and items 4 and 5 under B. were enhanced. The more recent revision took place in 1937 when a distinction of vehicles mechanically propelled was made according to their tonnage weight. This has once again raised the wheel tax income.

Toll Tax:- This is one of the old imposts levied by the municipality. The receipts shown under this head are, in fact, derived from two sources. The municipal authority has its own independent toll tax levied on all vehicles and animals entering the borough limits from directions other than the Hope bridge. Secondly the municipality is one of the participants in the revenue from tolls collected at the Hope bridge.

This bridge was constructed jointly by the Surat municipality, the Surat and Broach District Local Boards, and the Pander municipality. The collection and management of tolls on the bridge rested with the Surat municipality till the year 1927. The net produce of the tax was divided between the four authorities in the

following proportions.

Surat District Local Board.	-	60	percent.
Broach.	"	10	"
Curat Municipality.	-	27	"
Panuer	"	3	"

The importance of the Bridge is well indicated in a Government **Resolution** which reads thus "The Bridge is an immense convenience to those who use it. under all circumstances, it is one of the last tolls we need think of abolishing", the management of the Hope Bridge tolls is now entrusted to a Joint Board composed of representatives of the four local authorities referred to above.

The figures of tolls revenue from both the sources are as below.

Year.	5 i	Revenue. Ps.	{ i	Year.	£ 9	Revenue. Ps.
1900		62,283		1930		41,542
1910		60,430		1932		43,428
1915		40,339		1935		46,572
1920		48,064		1937		37,476
1925		53,550		1938		39,370

It appears that the tolls receipts have lost their former importance as a source of municipal revenue. The first serious drop in revenue occurred in 1915 which has not so far been offset by a corresponding upswing during the succeeding years.

\*1 G.R.P.W.r.o.A-1895 of August, 1910.

According to toll tax rules sanctioned in 1890 and in force till 1911| a toll was leviable on all vehicles carrying goods or produce on entering or leaving the municipal district, and on all other kinds of vehicles <sup>ar\*</sup> animals not being assessed to wheel tax, on entering the said municipal **district**. It is necessary to note that the toll was levied on vehicles leaving  
 o  
 the city. This system was antiquated and therefore Government ordered the discontinuance of the tax on carts leaving the city as well as on those entering the city with goods from the Railway Goods yards and the Dacca junaer. The levy of tolls on headloads was also discontinued as it caused undue hardship to poor people coming from the surrounding villages to the town. These Government instructions were carried out with much hesitation and heart-burning, **AS** a result of this revision the tolls receipts went down suddenly by about Rs. 31,000.

There was another serious flaw in the tax rules. Toll was leviable on carts only when laden with burden. A great number of them that were kept out of municipal limits, were plying for hire in the town, such carts were not assessed to wheel tax under the decision of the High Court then recently given, while those carts when entering or leaving the city were always empty, they could conveniently escape tolls also. Moreover, the Railway Goods Yards where the carts were generally engaged on hire, is within the borough limits and hence no toll was chargeable so long as they were plying with goods within borough limits. Thus a large number of such carts could automatically escape the payment of wheel tax as well as tolls. The municipal authority was repeatedly advised to amend the toll tax rules so as to avoid the loss of legitimate revenue. The tolls schedule was revised in 1924 whereby the levy of tolls on unladen vehicles was autho-

authorized. This measure, introduced from July, 1926, inflated tolls receipts. But the introduction of the Cotton Transport Act in 1926 adversely affected the toll income and virtually nullified the advantage secured only a year back. The provincial authorities prohibited in 1934 the levy of tolls on motors by local authorities but promised to compensate the **loss** of revenue' resulting from these new orders by making compensation grants, based on the average income from tolls on motors during the preceding three years, the abolition of tolls on motors resulted in a sharp drop in the revenue after 1935.

The raison d'etre of the levy of wheel tax and tolls is to make the owners of vehicles and animals contribute towards the expenditure on roads which they habitually make use of. The Government have also laid down that the revenue from both these imposts must be devoted to construction and maintenance of roads and also that balances, if any, should invariably be credited to

\*1

a special Road Fund. it is necessary to consider how far this principle has been adhered to in Surat.

Year*.	I Q E	Tolls and wheel tax <b>Revenue.</b> RS.	5 5 I I	Expenditure on Roads. RS.	{ jj I 1	Balance unspent. Rs.
1933		74,602		85,797		nil.
1934		77,097		1,07,745		£
1935		80,116		2,66,165		»
1936		80,552		1,83,820		M
1937		80,646		2,00,898		tt
1938		77,982		1,55,568		

It is clear that the municipality has been utilizing to the full the revenue derived from both the taxes for road construction and repair, and there has never been any surplus balance

\*1 c.c.No. 860, January, 1920 and G.O.No. 6883, £ane, 1921. G. D •

left which can be credited to a special road fund<sup>\*1</sup> suggested in the Government orders.

Sanitary Rates- Since 1868 the municipal authority has been conducting the private sanitary service to the citizens, to meet the cost of the service the local authority levies a small fee on those who received direct benefit of the service. The growth of revenue from the Sanitary rates is illustrated below.

Year.	Special Rate. Rs.	General Rate. Rs.	Total. Rs.
1900	34,643	-	34,643
1910	27,290	-	27,290
1915	34,848	1,903	36,751
1920	31,872	1,501	33,373
1925	66,129	46,627	1,14,756
1931	66,291	47,036	1,13,327
1935	76,753	50,159	1,26,912
1937	69,351	46,359	1,15,710
1938	85,682	51,370	1,37,052

Revenue from both the rates has appreciated by about 295 percent since 1900. The receipts indicate during the first twenty years a halting tendency and were practically steady, during the five years between 1920-25 the rise is very rapid. After 1925, however, the receipts did not move up materially except in 1938 when certain changes in rules of the cesses facilitated the recovery.

The major part of the revenue is derived from the special sanitary cess. Income from this cess may increase if the rate has been raised or if the number of private privies served by municipal agency has increased during the period.

\*1 Ibid

The local authority had been levying since 1868 a cess of Rs. 1-8-0 to \*>s. as was found necessary. It was fixed at e. 2 in 1892. The cess was thus a flat rate and bore no relation to the extent of the service rendered, i.e. each householder paid the same amount without any regard to the number of privies used. Hence the incidence of the cess pressed more heavily on the poorer classes. A special committee set up in 1911 observed that the special sanitary service was being conducted at the expense of the general ratepayer. Expenditure on the special service amounted to Rs. 42,310 while the revenue from the cess stood at Rs. 29,526 only. To make up the deficit of about Rs. 13,000, the cess was raised in the following manner.

- (a) A cess of Rs. 2 per year per privy on single privies
- (b) A cess of Rs. 2 per year per family on Punch privies,
- (c) A cess of Re. 1 per year per privy on additional privies.

These new rates were enforced from July, 1914; and as a consequence the rate income rose to Rs. 34,848 in 1915. After a few years only it was once again discovered that while the demand for sanitary service was on increase and with it the expenditure, the revenue from the special cess did not move up. The income was quite out of proportion to the expenditure. The old rates were therefore doubled in 1922 and were brought into force from April, 1923. The new rates were:

- (a) Single Private Privy - Rs. 4 per year
- (b) Punch Privy. - Rs. 4 per year per family.
- (c) Each **additional** Privy- Re. 1 per year.

The abrupt upswing in revenue recorded in 1925 was the result of these changes. During the past fifteen years there has been no material change in the rates.

It is already indicated that an increase in the number of private latrines served by the municipal agency may also result in increased sanitary receipts. In 1895 there were 17,326 private latrines; the number decreased to 15,381 in 1904, again rose to 19,261 in 1921. At present there are about 16,272 private latrines. From these figures it appears that the number of privies have not influenced the income; and therefore the sole factor causative of increased receipts under this head is the enhancement of the special cess from time to time.

Now we turn to the general sanitary rate. Before 1913 there was no such impost. A rate of Rs. 1 per year per family was levied in that year on all families residing in the city. Those who paid the special cess were expressly exempted from the payment of the General Cess. The main purpose of the levy was to defray the cost of maintenance of public latrines in the city, there was no change in the cess till 1923. The receipts were very modest and, as the cess was levied on family basis, evasion was very common. The flat rate of rupee one was discontinued in 1923 and a new cess based on the capital value of real estate was imposed on a graded scale.

Houses valued at Rs. 500 and less than Rs. 1,000	- Rs. 1.
do. 1,000	do. Rs. 3,000 - Rs. 1/8
do. 3,000	do. Rs. 5,000 - Rs. 2.
Do. 5,000	do. Rs. 10,000 - Rs. 2/8
Do. 10,000 and above.	- Rs. 5.

These new rates were put into operation from July, 1923, the result being an abrupt upswing in receipts. But since then there has been no improvement in the income and is not likely



to occur unless the present rates are raised. The danger of evasion persisted till very recently. The old rules made the tenant primarily responsible for the payment of both the special and general sanitary rates. But it was always easy to recover the cesses from the tenants who moved infrequently from one part of the city to the other, as a consequence the arrears accumulated which had eventually to be written off as irrecoverable. To remove this grave defect in the cess rules a new rule was framed in 1936 whereby the landlord is made primarily liable for the payment of the rates instead of the tenants. The rule was introduced from April, 1938 and has helped much to reduce past arrears and facilitated the speedy recovery of the cesses. The increased receipts in 1938 are the result of the introduction of this new rule.

Before we turn to the next item it is necessary to consider the adequacy of the present sanitary rates. The two rates will be treated separately. The main object of the levy of the special cess is to meet the expenditure of the special sanitary service without throwing any part of its burden on the general taxpayer. This principle was also accepted by Government who further added that there should be no exemption from the payment of

\*1

the General cess also. The recent figures from the Account of the special sanitary service are:

Year.	Receipts. Rs.	Expenditure. Rs.	Deficit or surplus. Rs.
1936	76,762	86,761	10,009
1936	72,714	88,596	15,882
1937	69,351	1,01,187	31,836

\*1 G.R.G.D.No. 192, February, 1922.

The figures speak for themselves, while the expenditure is increasing at a rapid rate, the receipts intricate a definite decline every year. This means that the municipality has been shifting an increasing burcen of the special service on to the general taxpayer and thus violating the principle enunciated

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in the Government resolution referred to above. The present special cess is therefore inaequate and needs to be raised further so as to make the special sanitary service **self**-supporting.

The General unitary rate is lev<sup>eu</sup> with the object of meeting the expenses of the general conservancy service the benefits of which are shared in common by all the citizens. The general cess levied in 1913 was not recovered from the payers of the special cesc and thus the principle that all should contribute towards the expenses of the general conservancy was thrown overboard. This defect was, however, remedied in 1923 when the general cess was made payable by all the property holders. How far the present cess is adequate to meet the cost will be clear from the following figures:

Year.	revenue. Ps.	5 5	Expenditure. 5 5	Remarks. Ps.
1933	35,197		60,655	.tucit. 25,458
1935	50,159		67,122	* 16,963
1936	47,733		68,473	20,740

That the revenue from the cess is at present insufficient to meet the cost of the general conservancy needs no elaboration. To conclude, therefore, the present sanitary rates are totally inadequate to finance the entire conservancy service and the municipality can reasonably call upon the citizens particu-

particularly those who benefit from the special sanitary service, to raise their contributions and make the sanitary services at least self-supporting.

Water rate:- The water service in jurat was first introduced in January 1898, and the levy of a water rate was sanctioned by Government on the 25th November, 1898. During the past forty years the income from the rate has increased most remarkably and the rate has now become a very fruitful source of revenue to the municipal treasury.

Year.	{ *e venue. J	Year,	Revenue.
1900	29,569	1932	2,26,042
1910	77,291	1935	2,58,692
1915	1,09,792	1936	2,61,982
1920	1,26,945	1937	2,60,660
1925	2,31,590	1938	2,78,545
1930	2,08,441		

During the period of thirty-eight years the receipts from the rate have risen by 842 percent. The rise during the first two decades is 329.3 percent and about 119 percent during the succeeding eighteen years. Thus the rate of increase was more rapid during the first period.

The first factor causative of increased income the rise in the number of private water connexions.

Year, jj No. of connexions, J Year, ii IYO. of connexions.

1912	7,000	1932	12,596
1917	7,529	1935	13,721
1922	9,801	1936	14,239
1926	12,239	1937	14,506

It may well be noted that there are still ut 8,400

houses in uirat without separate water connexions, if and when these houses are served with pipes, the number ~~may~~ increase to 20,000 and above. Thus there is enough scope for the expansion of water receipts on account of this one factor alone.

secondly, the water rates have undergone numerous changes during the period. Rates have now come to be fixed according to the purposes for which water is supplied. Thus there are separate rates for water used for domestic, trade, gardens, and kitchen purposes.

Rate for Domestic Purposes;- According to the rules in force in 1900 the definition of the term "domestic" was too . as it generally included ornamental garden, kitchen, and building purposes also, secondly, there was no meter rate since water was not supplied by measurement. The revised rules of 1907 so narrowed the definition of the term domestic as to exclude garden, kitchen and building purposes. similarly, a limit was placed on the number of families using one pipe. Houses with more than three families were supplied water by measurement and the rate was fixed at Annas 4 per 1,000 gallons. According to revised rules of 1917 rates seem to have been levied on the family basis instead of per each connexion. This latter change must have greatly widened the scope for the expansion of water rate revenue. The prevailing water rates, first sanctioned in 1924, are as under.

- (a) 1/2 inch. - Re. 1 per month per family,
- (b) 3/4 inch. - Rs. 2 " " "
- (c) Meter Rate.- Annas 4 per 1,000 gallons.

separate rates for water supplied for building construction purposes were levied for the first time in 1907. They were enhanced in 1924 but later on reduced in difference to po-

popular demand. The present rates for building construction purposes are as under:

- (a) 1/2 inch pipe. - Rs. 7 per week or part thereof.
- (b) 3/4 inch pipe. - Rs. 14 per week and Rs. 14 for each subsequent week or part thereof.

There is no meter rate since water is not supplied by measurement for construction purposes.

Trade Manufacturing Purposes. - According to rules framed in 1898 water was supplied for these purposes by measurement alone. The rate of supply was Annas 4 per 1,000 gallons. The municipality also undertook to supply water in large quantities and in such cases the rate was fixed by special agreements. In 1907 the meter charges were fixed according to size of pipes. The meter rate was raised in 1917 from Annas 4 to Annas 6 per 1,000 gallons; and in 1924 it was further raised to Rupee one.

Kitchen and Ornamental Garden Purposes:- Separate rates for these purposes were levied for the first time in 1907. A distinction of gardens was made in 1917 according to their areas and separate rates were levied accordingly. The meter rate was fixed at Annas 6 per 1,000 gallons. The rules were again revised in 1924. The meter rate was raised to Annas 12 per 1,000 gallons. Supply without meter was to be charged at the following rates. The same rates are now in force.

- 1/2 inch connexion. - Rs. 6 per month.
- 3/4 inch connexion. - Rs. 12        «
- 1 inch connexion. - Rs. 24        "    «

The above review of the evolution of water rate-making during the past thirty-eight years will show that while in certain cases the rates have been materially raised, they are substantially the same in other cases. But in all these cases the principle of

rating for different uses of water has been progressively adopted. Apparently the system of rating appears more complex but It is regulated by the sound principle of distinction. To conclude| therefore, the increases revenue from the water rates is the combined result of the growth of private water connexions in the town, enhancement of rates and enforcement of exhaustive rules pertaining thereto.

Finally we may consider whether the present rates are adequate enough to meet the cost of water supply service. The more recent figures from the water worics account are interesting in this connexion.

Year.	{ 5	Income. Ps.	1 /	Lxpenditure.	{ II	Surplus or refieit. ^s.
1933		2,28,969		99,497	—	1,29,472
1934		2,64,868		86,817	—	1,78,051
1935		2,58,692		86,155	~	1,72,537
1936		2,61,982		89,329	—	1,72,653
1937		2,60,560		87,458	—	1,73,102
1938		2,78,545		64,617	—	2,13,928

The figures will amply bear out that the municipal water undertaking is not only self-supporting but also a very fruitful source of profit. It ie earning about 10 percent on the capital outlay of Rs. 17,40,548. The position of water rate income In the system of municipal revenue is illustrated by the following figures of percentage proportion.

Year.	jj	Proportion.	1	Year.	5	Proportion.
1900		8.6 percent.		1931		21.6 percent.
1910		17.3 "		1937		22.9 «
1920		17.5 "		1938		22.8 "

The water rate revenue is appreciating both relatively and absolutely;\* and at present **it6** **yiexu LL>** as considerable in amount and importance as that from octroi. The water service annually contributes handsome profits to the municipal treasury. The local authority may be justified in raising such large profits only if it can be shown that the basis of the present water rates is equitable and just. And here we must point out that the rate-making system adopted in this city works in a manner highly prejudicial to the interest of the poorer classes. The rates are levied on family basis and not according to the size of the pipe. Thus the rates press more heavily on the poorer families than on the rich without there being any conceivable difference in the amount of consumption among the rich and the poor. There is a strong case in favour of reducing rates of water supplied for domestic purposes particularly. Now that the municipality has already undertaken the huge drainage project, it is not likely that the question of reduction in the present rates would be immediately taken into serious consideration.

Before we turn to the next income item, it is worthwhile to assess the position of tax-income and rate-income in the municipal revenue structure.

Year.	{ Tax-Revenue.	5 Rate-revenue.	5 Total rate and Tax.
1900	43.7 percent.	39.5 percent.	83.3 percent.
1910	47.6     ti	39.3	86.9     «
1920	48.0     «	31.4	79.5     " "
1931	38.2	39.4	77.6     " "
1937	37.2	40.2	77.4 <b>it</b>
1938	36.6	40.4	77.0 <b>ii</b>

The possible conclusions which emerge from these figures are that the rate and tax income shows a slow proportionate de-

decline throughout the period, but even today the predominant part of the municipal revenue is derived from rates and taxes. Secondly, the proportion of tax revenue is **Decreasing** slowly while that of rate revenue is rising in the like manner. Both these tendencies, it **may** be noted, are working very gradually.

Income from Property:- In the treatment of this income head, certain items usually shown under this topic in the official statistical forms, have been excluded on two grounds, in the first place, receipts derived from fines, notice and warrant fees, and such other payments of more or less penal character which accrue to the municipality **by** virtue of its police powers need not be mixed up with income from municipal property, secondly, receipts from certain items are so insignificant in amount that a detail\* is a mere repetition becomes unnecessary. We shall, therefore, confine this consideration to the more important income sources. The total revenue from all forms of municipal property for different periods is given below.

Year.	Rs.	Year.	Rs.
1900	21,927	1931	79,264
1910	38,049	1934	90,967
1915	77,386	1935	1,05,148
1920	65,477	1937	84,490
1925	82,419	1938	84,446
1928	91,463		

The receipts in 1938 indicate an increase of 285 per cent over those in 1900. But this increase is most irregular; and it is often difficult to determine, the rate of rise from period to period and to account for the same in a convincing manner. The fluctuating nature of property income therefore precludes the possibility of ascertaining with accuracy the future



trend of revenue.

Rents;- The municipality owns some buildings and lands which are rented out on short or long lease. The revenue derived from the rents has been as under:

Year.	( 5	Revenue ^s.	Year, jj	Revenue. Rs.
1900		6E7	1931	25,759
1910		1,438	1934	26,957
1920		2,411	1936	12,193
1925		2,828	1937	11,904
1928		19,975	1938	8,611

The rise in receipts is continuous and gradual till the year 1925. A sudden upswing is recorded in 1926 and it was maintained till 1935. There is an abrupt fall of about 68 percent after 1935. It is not always easy to account for these sudden swings in the rent receipts. It appears, however, that rent revenue depends, more often than not, on the extent of property leased, the rates charged, the nature of the lease, and the efficiency of rent collection. The decrease after 1935 has not so far been arrested and it is now time that the municipal authorities should carefully look into the matter and ascertain and remove the causes that have led to the depletion of rent receipts during the recent years.

Income from Markets and Slaughter Houses:- There are four meat and fish markets owned and managed by the municipal authority. The slaughter houses, also conducted by the local authority, are situated just within the city limits. There are in all 92 mutton and 19 beef stalls in the markets. Till very recently there was no central municipal market for the sale of vegetables and fruits. The revenue from the markets and slaughter-

houses during the period has been as under.

Year.	5 H	Revenue. r.s.	J II	Year.	(	Revenue.
1900		5,325		1931		19,648
1910		8,450		1934		28,945
1920		9,693		1936		24,193
1925		20,837		1938		26,613

Income under this head records a total rise of about 400 percent during the period of thirty eight years. The rise during the first twenty years is 82 percent and during the succeeding eighteen years it is over 174 percent. During the past few years the market revenue is practically steady.

Till the year 1903 the municipality levied, as a rule, Re. 2-8-0 as monthly rent for each stall in the four markets. The rate was raised to Ps. 3 per month in 1904. They were once again raised in 1923-24 and as a result the receipts moved up quickly. The prevailing rates are:

Market.	{	No. of stalls.	J	Daily Fees,	j	Annual Fees.
1 Juna Darbar.		28		Anna one for fish. Pies six for one sitting.		Ps.36 per stall for meat. Ps. 12 per stall for fish.
2 Syec Pura.		34		Do.		Do.
3 Navasari Bazar.		16		Do.		Do.
4 Jhampa Market.		33		Do.		Re. 72 per stall for meat. Rs. 24 per stall for fish.

The slaughter house fees in force in 1900 were.

..beep and goat. - Pies 6 per head.

Oxen, Cows, buffaloes.- .ma one per head.

The same rates are in force at present.

The absence of a central vegetable and fruit market for a long time deprived the municipality of a lucrative source of income, ^urat is a big city with a population of over one lac{ and the absence of a central market was always keenly felt by the general public and traders alike. Fruits and vegetables were usually sold in shops surrounding the fish and meat markets and in other places, and the benefits were reaped by private owners of such shops, the municipality resolved in 1932 to construct a central market. The market was completed and declared open in 1936. It is hoped that this new addition to public amenities would contribute much towards public health and municipal treasury alike.

Interest on Investments:- The municipal authority has at its disposal cash balances and various funds which are invested in banks, securities, debentures, etc. The interest earned on such investments depends on the magnitude and nature of investments and the rates of interest prevailing for the **time**. The income from this source has been as under:

Year,	ii	revenue.	S	Year.	J	Revenue.
1900		nil.		1936		11,606
1910		5,577		1936		14,522
1920		10,494		1937		12,613
1925	5	13,985		1938		11,968
1930		18,559				

The fact that revenue from municipal investments has failed to indicate any continuous and regular rise during the

period will be clear. The reason **seems to be** that the local authority was not in such happy financial position as to invest productively its surplus balances. On the contrary, there have been many an occasion when the local authority, faced with acute financial difficulties, had been obliged to liquidate and sell securities and dispose of some of its investments to meet current expenses. During the more recent years the revenue has remained practically steady while expenditure is mounting up at a rapid rate with the result that the municipality finds **it** had to make thwrboth ends **meet**. Under such financial circumstances it is not possible to expect large surpluses available for productive investments.

Income from certain Fees:- The local body derives considerable income from fees charged for the use of public property under its control and management. Income from Notice and Warrant fees is purposely excluded from the following figures:

Year.	J	Revenue.	\$	Year.	8	Revenue.
	5	s.	8		i	"s.
1900		2,466		1934		7,126
1910		2,835		1935		7,090
1920		7,177		1937		16,574
1925		24,245		1938		17,755
1931		4,582				

Though the figures indicate a definite rise since **1900**, they are marked by sudden fluctuations. Before **1900** fees were levied on shop board projections, subsequently they were abolished only **to** be revived in **1906**. Income from these fees

rose very gradually till 1923. In that year the shop board rates were raised considerably with the result that income from the fees shoot up suddenly in 1925. In 1928, however, it was resolved to remove all the shop board projections in the city as they were found obstructing the increasing vehicular traffic in the city. This measure was calculated to result in a serious loss of revenue after 1928. The provincial authorities have also prohibited the levy of fees on projections on provincial roads

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within municipal limits. But the general rise in total receipts is due to enhancement of other miscellaneous fees like the Mandap fee and balcony fee. The rules in respect of the levy of these fees have been made more comprehensive.

Before closing the discussion of property-income it is advisable to appraise briefly its financial importance in the entire revenue structure. The figures of percentage proportion of property income to total municipal revenue for different periods are given below.

Year.	Proportion.	Year.	Proportion.
1900	6.3 percent.	1937	7.4 percent.
1910	8.5 "	1938	6.9 »
1920	9.0		
1931	7.7 "		

The figures indicate that the proportionate contribution from the municipal property, landed or otherwise, is far from satisfactory. It has hardly ever exceeded nine percent of the total income; and during the more recent years a gradual decline

\*1 G.P.G.T.No. 1898 of August, 1927.

in the relative contribution is in evidence. It shows that the property income has not developed as rapidly as other sources of municipal revenue. The position is all the more regrettable in view of the wide scope for the future development of municipal property. The annual audit reports confirm the general opinion that if the present extent of municipal property is managed with more vigilance and business like spirit and conscious attempts made to develop it further, it is certain to make an increasing contribution towards the municipal incomes.

Grants and Contributions:- The municipality receives grants from the provincial authorities for the support and promotion of primary education as well as for the entertainment of qualified sanitary staff. Besides these recurring grants, Government have, on certain occasions, assisted the local authority by making additional non-recurring grants towards certain specific purposes. The growth of grant revenue during the period is illustrated by the following figures.

Year.	Education. & Rs.	Sanitary. Ps.	Other. Rs.	Total. Ps.
1900	4,552	1,800	347	6,700
1910	13,331	1,800	770	15,901
1915	22,626	2,307	601	25,634
1920	62,801	5,000	8,657	76,458
1925	739	5,000	7,924	13,663
1928	78,445		7,986	86,431
1930	96,166	7,000	7,405	1,10,571
1932	92,086	-	12,184	1,04,270
1933	85,423	6,800	7,820	1,00,043
1935	89,729	7,000	5,696	1,02,426
1937	1,19,273		6,737	1,26,010
1938	1,41,706	7,166		1,48,872

The grant revenue records the most remarkable and unparalleled increase of about 2,122 percent during the period of thirty

eight years. The rise during the first two **Decades** was about 1,041 percent while during the next eighteen years it amounted to 94.7 percent. Thus the rate of increase was very rapid during the first twenty years, secondly, the educational grants form the major portion **of** the total grants and consequently any disturbance in educational grants has had **its** equivalent reaction on the total grant revenue.

The sanitary grants are of two types. **L**ome of them are recurring while others are non-recurring in character. It should be noted that only recurring grants are shown in the above table. The general grants include **annual** contributions made by Government towards the salaries **c.i** <sup>^i^crs</sup> and sanitary Inspectors\* The grant classified under the three main items include grants received from the provincial authorities, District Local Board, and citizens.

Education Grants:- The municipality receives grants from Government, Local funds and citizens, **the** amounts receivable from the last two sources are inconsiderable and therefore **do** not deserve a detailed examination. The contribution from the <sup>^urat</sup> District Local Board **is** a fixed **sum**. The major part **of** the education grant is received from the provincial authority. In 1905 the municipality undertook the management of the fourteen local fund primary schools in the city which were then conducted by Government. Government undertook to make obligation grants equal to one-third

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**of** the total expenditure on education. These contract grants, it may be noted, were not annually assessed but were calculated on municipal expenditure on education in a given year, in 1903 Government decided to raise the limit of aid from one-third to one-half of the education expenditure. The new grants were to be  
\*2  
calculated on the local education expenditure. **±** 1902. It may

\*1 V. <sup>^</sup>lid. 1752 of August, 1903. Kci.r. \_\_\_\_\_

\*2 Ibid.

again be noted that though the proportion of government grant was raised, they were based on educational expenditure in a certain fixed year with the result that, in course of time, the government aid became a fixed amount and did not move with the volume of municipal education expenditure from year to year. The education grant to the surat local body was raised to Rs. 10,048. But the municipal expenditure continued to rise and reached Rs. 33,152 in 1908. Thus it spent Rs. 7,028 in excess of the amount required to be spent under the terms of the Government orders of 1903, viz., Rs. 26,124. Government grant remained fixed at Rs. 10,048 and did not vary with the educational expenditure. It must, however, be conceded that Government materially helped the municipal authority along with other local authorities in raising the minimum salary of teachers to Rs. 9 each, and also for giving the face value of their college certificates to trainee teachers, such special grants were made in 1908, 1909 and 1910. These grants were originally intended to be only temporary, but later on in 1912 Government decided

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to continue them further. The municipality also received special grants for school buildings, but such grants were only sporadic.

The ordinary education grant was, however, raised in 1912 to Rs. 20,476. The increased grant took effect from 1st April, 1912 and was to remain fixed until such time as Government would be pleased to determine. This explains the rise in education grant recorded in 1915. In 1918 the old contract grants came to be calculated annually on the basis of actuals of expenditure incurred during the preceding year, the increased grant

\*1 Press Note No. 1249 of 1912. Ed.D.

\*2 G. O. No. 3058 of November, 1912



being paid in the succeeding year.<sup>\*1</sup> The Surat municipality introduced in 1920 the system of compulsion and requested Government to raise the proportion of their aid from one-half to two-thirds

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of the expenditure. The request was turned down. The intense political agitation during 1920-21 had had its repercussions on municipal administration. The Surat municipality adopted the policy of non-cooperation with Government and decided not to accept any Government aid for education and consequently not to accept Government control over the municipal schools. The municipal council was subsequently suspended and Government undertook for some time the management of municipal schools. The expenses incurred by Government over the schools during the interim period were later deducted from the grant payable to the municipality. After considerable correspondence and prolonged negotiations Government agreed to refund to the municipality a moiety of the sum previously deducted from the grant paid during 1921-22.

The grant policy underwent a temporary change when the grant ratio was raised in 1923 to two-thirds of the education expenditure consequent on the passage of a non-official measure in the provincial legislature. The rise in the ratio was a temporary one and subject to various conditions to be satisfied previously by the aspirant local authorities.<sup>\*3</sup>

But the adoption of the compulsory Primary Education Act in 1923 did not materially alter the share of Government

\*1 G.O.NO. 1667, July, 1918, Ud.B.

\*2 G.O.No. 3012, Of August, 1919, ICP.

\*3 G.O.NO. 4610, Of August, 1921, E.D-

assistance and responsibilities in relation to local authorities. The responsibilities of the municipalities, in the domain of primary education, were greatly increased while the Government aid remained at the same old level. The temporary drop in grant revenue in 1927 was due to mere book-keeping and hence not significant. The story of the Government education grant policy after 1923 makes a sad reading. The expenditure of the municipality was growing at a rapid rate, necessitated by the introduction of compulsion, enhanced salaries of teachers and the general progress of primary education in the town, but the Provincial authorities were trying to shirk their Statutory liabilities by adopting the policy of disapproving certain items of expenditure for grant. As a result the growing burden of the education expenditure was thrown on the shoulders of the municipality, which it was clearly unable to bear. This gave a definite setback to the expansion of primary education in the district. The following figures of municipal and Government contributions to education expenditure during the ten years ending 1935 may well bear out the truth of the above contention.

Year,	{ Municipal Share	}} Government share.
	<i>i</i> ^s.	<i>i</i> ^
1926	97,954	99,125
1928	1,17,788	82,577
1932	1,32,324	96,314
1933	1,38,606	91,242
1934	1,37,184	92,615
1935	1,51,511	98,200

That the municipal share of the education expenditure was progressively increasing while the Government assistance did not move up with expenditure will now be clear. The grant was

subjected to a 5 percent cut in 1930 and later on again to a 20 percent cut in 1932 and thereafter owing financial difficulties of the Provincial Government. The grant position has, however, improved after 1935 and only a few years back the cut in the education grant was fully restored.

sanitary Grants:- We have already observed that the sanitary grants are of two types. Certain grants are recurring while others are sporadic in character and are generally made for certain specific purposes, **AS** regards non-recurring grants it is learnt that in 1908 the Imperial Government had made a special assignment of Rs. 4,50,000 to the Bombay Presidency for carrying out sanitary improvements in larger towns with particular reference to prevention of plague epidemic. The Surat municipality received 50,000 in 1909 out of the Imperial grant and was subsequently expended on the Shahpur and Gopipura Golwad schemes. In 1911 a special donation of Rs. 4,60,000 was again made by the Government of India and once again the Surat local authority received Rs. 50,000. ... It appears that the grant was utilized for town improvement and removal of congestion, similar special grants were received by the local body **from** time to time in respect of its water supply, drainage projects. The municipality has now undertaken an extensive **Drainage** project for which a request for grant-in-aid was made to the provincial authorities. The proposal was, however, turned down in pursuance of the new

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policy enunciated in 1930.

The recurring sanitary grants receivable from Government are meant to **assist** the local authority to entertain qualified sanitary staff. The Surat municipality received such

\*1 G.R.G.E. No. 56(5) of 8th January, 1930.

grants for the first time in 1915. The scales of salaries of Health Officers and Sanitary Inspectors were revised in 1921; and Government promisee to continue to bear two-thirds of the cost of the entertainment of Health Officers appointed under the revised scheme and in the case of inspectors the proportion of the cost to be borne by Government was raised from one-third to

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one half, The revised scales were enforced from 1st October, 1921, The government sanitary grant rose after 1921 due to this revision of salaries and increase in the share borne by Government in respect of salaries of inspectors. Government contribution was in the first instance calculated on the actual salaries paid to

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the superior sanitary staff. But later on it came to be calculated on the actual pay and allowances paid to them each year in accordance with the rates fixed in para 5 of the Government Resolution of 1921, as modified later by Government Resolution of 1923.

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It is also necessary to note that variations in the grant amounts from year to year are often occasioned by changes in the strength of the staff maintained by the local authority. If the staff personnel is reduced there is a corresponding reduction in the grant amount payable to the municipality.

For some time the municipality used to receive contributions from Government as grants-in-aid towards the payment of Chief Officer. The contribution amounted to one-third of the net cost. In 1915, the Provincial authorities appointed at Surat an officer from the Indian Civil service as the Municipal Commissioner

- 1G.O.No. 368 of September, 1921, G.D.
- 2G.O.No. 398 of November, 1923, G.D.
- 3G.P.No. 368 of September, 1921 and G.O.No.2815 of February 1923. and G.O.No. 368 of June, 1924.

and the Imperial Government agreed to pay contribution towards the pension and leave allowances of the said officer. The post of the Municipal Commissioner was discontinued in 1919 and a Chief Executive officer was appointed on a lower salary. In 1920 the municipality was promised an annual grant-in-aid equivalent to (a) one-third of the pay of the Chief Officer and (b) leave and pension contributions on his account. The payment of the grant was, however, conditional upon the local body's continuing to pay an adequate salary to its Chief Officer and delegate

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adequate powers to him. The scale of the post was raised in 1921 and the amount of the grant payable increased proportionately. Soon after this Government decided to discontinue these grants and allowed the municipality a free hand in the selection of its Chief Officer subject to control vested in Government under

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sections 177 and 182 of the District Municipal Act of 1901.

Next we shall consider the medical grants paid by the Provincial Government to the local authority. Till the year 1907, it may be noted, there was only one municipal dispensary and the Government assistance usually took the form of provision of a medical officer. The Government contribution amounted to Rs. 1,800 per annum, being the difference of First Class and third class Assistant Surgeon. The second dispensary was started in 1907; but Government declined to contribute towards the expenses of this new dispensary in spite of their assurances to make grants-in-aid to the extent of one-half of

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the total cost. Even in the case of the old dispensary called

- \*1 G.O.NO. 246 of March, 1920, F.D.
- \*2 G.P.G.r.No. 2948 of July, 1922.
- \*3 G.G.D.O. 63 of January, 1903.

the Parekh Dispensary, the local authority discovered in course of time that Government had been posting a third class Assistant surgeon so frequently that they had not to pay anything towards his salary, the municipality was required to pay the Assistant Surgeon Rs. 240 per month; but it had no effective control over him. The municipality therefore decided **in** 1927 to employ its own medical officer and do away with outside control. At present no grants-in-aid are paid by the provincial authority towards municipal expenditure on medical relief.

The last important question to be considered under this head is the relative financial position of the grant income in the municipal finance during the period 1900-1938 review. In this connexion the following figures of percentage proportion of grant revenue to total municipal income would be interesting.

Year.	5	Proportion.	Year.	5	Proportion.
1900		1.9 percent.	1934		9.3 percent.
1910		3.5	1935		7.7
1920		10.5	1937		11.0
1931		11.7	1938		12.2
1932		10.3			"

The proportion of grant revenue rose rapidly between 1900-1920. After 1920 its progress is meagre. On the contrary there was a definite downward movement after 1931 due to several cuts in Government contributions. Towards the close of the period there has been some improvement in the relative position.

Miscellaneous Receipts;- Besides the items of revenue usually shown under this head, we shall also consider certain other items like the fines, notice and warrant fees, etc. By their very nature these latter items can more appropriately be discussed as miscellaneous receipts, the figures of miscellaneous revenue are as under.

Year.	S	Revenue.	J	Year.	I	Revenue.
	{	Re.	1		I	Re-
1910		4,299		1934		49,462
1920		5,830		1937		46,291
1926		22,649		1938		60,190
1931		29,258				

It **is** clear that the real increase **in** receipts occurred after 1920. This increase, it should be noted, is partly genuine and partly the result of transfers of certain revenue items from other heads to miscellaneous head. Only the more important of these items need to be considered.

income from Private Services:- The fees charged by the municipal authority for **certain** specific services rendered to private individuals are credited to this separate head. This item of revenue was non-existent prior to 1924. The recent receipts from private municipal services have been as under.

Year.	Revenue.	J	Year,	Revenue.
I	"s.	J	I	*s.
1925	3,714		1935	14,888
1928	3,978		1937	14,330
1931	5,978		1938	14,834
1933	14,007			

The emergence of this revenue item after 1924 was due to the fact that the amounts received for cleaning of sullage water from Police Lines and Civil Hospital areas which were previously shown under "conservancy receipts" are now credited under this head. The abrupt rise after 1932 has also been the result of a similar transfer of cess pool fees to this head. The cess

pool cleaning service was not self supporting for a long time. The expenditure of the service amounted to more than Ps. 10,000 while the receipts from the cesa were about Rs. 5,300 only. The municipality has however accepted the suggestion of the Government auditors to raise the fee from Ps. 5 to Rs. 9.

The other important items are the Notice and Warrant fees and fines levied for various offences by the municipal magistrates. The notice and warrant fees are levied on those rate-payers to fail to pay their rates and taxes within a prescribed period. The receipts from such fees are now in the neighbourhood of Rs. 4,000. The fines imposed for various offences usually amount to Rs. 10,000. Both these items are variable in nature. On the whole, the miscellaneous receipts contribute about 4 per cent of the total municipal revenue.



MUNICIPAL EXPENDITURE

The first section of this note was devoted to the study of the growth of revenue resources of the municipality during the period of thirty-eight years. The following pages are now devoted to the consideration of municipal expenditure during the same period. A discussion of expenditure of a public authority inevitably leads to an examination of its various activities on which the expenditure is incurred. This section, therefore, devotes to the study of the development of municipal services and activities. It is not possible, however, to touch each and every municipal activity\* and hence only the more important of these services will be dealt with. The figures given below will convey a general idea of the growth of municipal expenditure since 1900.

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Year.	{	Expenditure.	5	Year.	5	Expenditure.
	J	Ps.	0		9	
1900		2,66,765		1932		9,67,617
1910		4,10,693		1934		9,31,565
1916		4,59,691		1935		11,71,082
1920		7,24,302		1936		11,72,473
1925		7,30,659		1937		12,30,827
1930		9,50,000		1938		11,20,523

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Unlike the municipal revenue, expenditure indicates a fairly continuous growth. During the period of thirty-eight years it rose by 320 percent. The rise during the first twenty years is 171.5 percent and about 54.7 percent during the next eighteen years. Thus the rate of increase is more rapid during the first period. It is well to note that much of the increase pertaining

to the first period of twenty year, occurred between 1916-1920, when expenditure moved up by 57 percent. The total municipal expenditure is usually classified as under.

Year.	Administration, Rs.	Public Safety, Rs.	Health And Convenience, Rs.	Education, Rs.	Other Miscellaneous, Rs.
1900	26,959	25,502	1,57,484	23,920	30,900
1910	40,767	37,253	2,68,687	40,772	19,205
1920	93,411	64,501	3,40,328	2,06,633	18,429
1925	85,638	84,394	4,15,144	1,16,468	29,015
1930	1,04,503	94,548	4,66,615	2,44,457	38,030
1933	96,716	1,12,581	4,55,769	2,43,460	34,340
1935	1,00,896	91,991	6,84,087	2,64,609	28,812
1937	1,15,660	2,16,393	5,85,012	2,79,087	33,731
1938	97,503	1,35,989	5,59,890	3,05,588	20,901

It will be observed that since 1900 expenditure under each item has increased continuously and at a rapid rate. An explanation of this remarkable growth of expenditure can be rendered more clear and convincing by considering each one of these heads separately and in some detail.

**General Administration:-** Here we are concerned with the expenses incurred on municipal administrative machinery, that is, the Chief Officer and his staff of all grades. The figures of expenditure are shown in the accompanying table.

The figures indicate a definite but irregular rise. This irregularity is due to the presence of certain variable items of expenditure like building construction, extensions, repairs, etc. If the figures of normal expenditure alone are considered, there is a rise of 332 percent since 1900. Again, the major part of the expenditure is absorbed by staff salaries. The increased expenditure under this item is the result of two main factors, viz., net

Year.	{Establish- j raent. fi { / RS.	{ Contin- gencies. / 5 { " C	I! Building j Inspection. 5 Tepot. I " U.	{Building repairs {and Altera* Jtions. / RS.	5 Total { expendi- ture. / 1 RS.
1900	-	-	-	-	10,662
1910	8,636	3,349	3,192	-	15,769
1915	16,877	4,372	2,968	8,350	33,137
1920	17,675	5,567	3,896	14,664	44,266
1925	25,182	6,830	4,703	1,25?	37,967
1930	28,628	6,426	4,493	1,698	45,555
1933	28,881	4,980	4,213	659	40,262
1935	28,443	6,586	4,510	1,816	42,966
1936	29,365	4,885	7,156	16,364	58,151
1937	-	-	-	-	46,047

addition to staff personnel and enhancement of scales of salaries from time to time the relevant figures are given below.

Year, Staff Personnel!! Cost per month.

		Rs.
<b>1900</b>	<b>33</b>	<b>588 - 688</b>
<b>1916</b>	<b>47</b>	<b>1,995 - 2280</b>
<b>1924-37</b>	<b>41</b>	<b>2,054 - 2969</b>

It **will** be seen that the influence of enhanced scales of salaries on total cost has been predominant. The salaries of the staff were revised in 1916 in the light of conditions created by **the** growing administrative duties. The lowest starting pay **for** the clerical staff was fixed at Rs. 16 per month. The effects of **this** revision were **soon** nullified **when** prices shot up abnormally as war progressed and the municipality was required to grant additional special allowances to its staff. The establishment schedule was again revised in 1924 with the intention of amalgamating the allowances permanently with the schedule scales and also of introducing time-scale pay in lieu **of** graded pay. During the more recent years the local authority found it necessary to employ additional staff to deal with the question of encroachments. This new staff was subsequently permanently retained and then amalgamated with the inspection department.

The rise in the contingency charges is the result of the enlargement of administrative machinery. Expenses under repairs, alterations, etc. depend on the extent and character of repair work and new construction carried out. The increased outlay in 1920 and 1936 was due to extensions made to municipal buildings.

Now as regards increased expenditure under building inspection section, the same main factors, viz., rise in staff personnel and enhanced salaries were in operation. The relevant figures are as under.

Year.	5 staff Personnel.	{ Cost of Inspector.
	{	ii Rs.
1900	11	Ps. 15 to 25 per month.
1916	14	Rs. 20 <sup>+</sup> 30 - "s. it p*r month.
1924-37	10	Rs. 42- 3/2 - 72 per month.

It appears that though there was a slight reduction in the strength of staff, the expenditure has risen owing to increased scales. The more abrupt upswing in 1936 seems to be due to the amalgamation of Inspection and Encroachment departments.

Collection of Taxes and -ate..:- since separate establishments have been maintained for collection of direct and indirect taxes, it is more convenient to consider the respective collection costs separately. The staff employed for collection of octroi duties is also entrusted with the work of tolls recovery. The expenditure incurred on this joint establishment is debited to two taxes according to their yield. The figures of expenditure are shown below.

Year.	ii Expenditure.	Year.	Expenditure.
		i	
1900	7,383	1930	24,716
1910	13,571	1933	24,682
1920	25,606	1936	24,407
1925	23,334	1936	25,726

During the first twenty years expenditure rose by over 246 percent. After 1920 expenditure has been practically static.

This means that since 1920 there has been no change in the cost of collection. The rise of 246 percent between 1900-1920 may be due to enlargement of the collecting machinery or rise in salaries or both. The figures of staff personnel and the cost per month are as under.

Year.	( Staff Personnel, 0	j I	Cost. Rs.
1900	59		761 per month.
1916	69		1,018 " «
1924-1937	65		1,560-2,225 per month.

It will be seen that though increased staff personnel contributed to rise in the cost of collection the influence of enhanced salaries is more prominent, since 1920 there has been no material change either in the strength of the establishment or in the scales of salaries.

The work of collecting tolls on the Hope Bridge was entrusted till 1909 to a contractor who paid a fixed sum to the four local bodies referred to in the first section. Afterwards the work of collection was undertaken by the municipality. After having worked the tolls departmentally for about fourteen years the municipality once again farmed it out with a view to determining whether the municipal income suffered through unfair means. In 1927 the work was transferred to a Joint [Boc.ru](#) representing the four local authorities concerned.

The municipality pays every year a certain sum to the B.B. **6c** C.I. Railway Company for the supply of daily figures of imports into the city. This remuneration was formerly Rs. 300 and was later on increased to Rs. 900 per year. It is a fixed

charge.

The contingencies charges, first shown under this head in 1910, touched the maximum during 1916-20 due to high prices of materials. Nevertheless this is a variable and insignificant item and need not be detailed.

Collection of Direct Taxes and Rates:- The separate establishment maintained for collecting asbessec taxes and rates is divided into two sections, the outdoor and indoor staff. The expenditure under this head is shown below:-

Year.	Establishment. Rs.	Contingency. Rs.	revision charges. Rs.	total. Rs.
1905	9,117	356	-	9,473
1915	9,042	1,539	-	10,581
1920	15,141	2,620	-	17,761
1925	15,119	2,973	-	18,092
1930	15,600	2,343	2,123	26,610
1933	19,920	2,009	1,169	23,098
1935	19,274	1,879	-	21,153
1936	19,226	3,338	4,106	26,672

The expenditure rose by 87.4 percent during the first fifteen years and by 50 percent during the next sixteen years. The rise during the whole period is 181.6 percent. The major part of the expenditure is absorbed by staff salaries. Increased cost under this item is the result of rise in the scales of emoluments and in the staff personnel.

Year.	Staff Personnel.	Cost.
1900	14	Rs. 173 per month.
1916	47	" 778-788 per month.
1924-36	45	" 1139-1669 per month.

In spite of the slight reduction in the strength of establishment after 1916, the total cost continued to increase owing mainly to enhanced salaries. The payment of special and provisional allowances to the staff during the period of the late war also helped to swell the expenditure. These provisional allowances were subsequently amalgamated with pay. The municipality is often required to employ additional staff to expedite the work of collection as well as for carrying out the periodic valuation work. The expenditure incurred on this additional establishment explains the temporary upswings in the total cost as recorded in 1930, 1933 and 1936.

The one reliable criterion of assessing the efficiency of the collection work is usually provided by the figure of percentage relation between the cost of collection and the total revenue collected. Here again it is desirable to consider separately this relationship in respect of direct and indirect taxes.

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Year. Octroi and Tolls, and Assessed or direct taxes and rates.			
1910		6.6	percent.
1920	-	6.9	
1926	6.7	3.4	"
1930	9.1	5.9	"
1933	7.4	6.0	"
1935	7.4	3.6	
1936	7.6	4.6	

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Short period variations in percentage proportion between cost and revenue depend on the total amount of revenue collected. If the collection is large, the percentage cost indicates a decrease and vice versa. The collection machinery cannot be contracted if revenue shrinks temporarily. The above figures indicate that the cost of collection of octroi and tolls is higher than that of



assessed taxes and rates. But does the lower cost necessarily suggest efficiency? The figures of percentage cost do not always provide a good criterion of assessing the efficiency of collection. The other test is provided by percentage relation between the total demand and total recoveries and the extent of revenue written off as irrecoverable.

Year,	j Arrears.	5 P.C. of arrears to	( Amounts written off.
	\$ T's.	j demand.	\
1930	1,69,102	26.6 percent.	46,410
1932	1,37,060	21.5 "	20,760
1934	1,67,019	20.6 "	27,874
1935	1,45,900	19.6 *'	28,149
1936	1,40,121	19.0	27,759
1937	1,52,901	20.7 "	22,778

In spite of the gradual decrease in the percentage of arrears to total demand, there is still wide scope for improvement in the collection work. A special staff of servants has been engaged since 1928 to cope with the increase in work and reduce the arrears, "but it seems yet to be proved whether this staff has in any way justified its continuance from year to year", the Examiner Local Fund accounts observes, "with the increase in staff, the efficiency would seem to have decreased. It may be pointed out that as at present the work of account and collection done by the Department is hopeless. There is entire absence of supervision over the work of the staff who is devoid of any sense of responsibility and is negligent and entirely out of control. There is considerable leakage of revenue as the system of taxation per family provides a good field for audit in the absence of strict supervision by officers over the work of low-paid staff. A thorough over-hauling of the whole department is urgently called for."

Year.	<b>8.</b> <b>5</b> <b>I</b>	Establishment. Ps.	<b>5</b> { {	Maintenance charges. Rs.	{ <b>5</b> [	Total Expenditure. Rs.
1900		-		-		8,291
1905		6,904		241		10,326
1910		9,564		7,066		19,369
1915		10,799		8,721		19,887
1920		14,182		9,004		23,723
1925		17,864		6,785		31,000
1930		17,842		4,220		23,183
1933		19,103		5,235		24,408
1935		19,391		5,383		25,033
1936		19,559		6,700		29,646
1937		-		-		64,779
1938						26,058

Fire Protection service:- The frequent outbreaks of fire epidemics in Surat during the closing years of the last century forced the local authority to pay special attention to the fire fighting service and make the city secure against its old inveterate foe, the fire. We shall briefly take a review of the development of this service during the period of thirty-eight years. The figures showing the expenditure on the service are given in the accompanying table.

If figures of normal expenditure alone are taken into account, there is an increase of 202.2 percent during the period of thirty-eight years. The rise between 1900-1920 is 186.1 percent and between 1920-1938 only 5.6 percent. This means that the real increase in expenditure occurred during the first twenty years and since 1920 expenditure has not much appreciated, secondly, the maintenance of the fire brigade establishment absorbs the major part of expenditure. Additions to the staff personnel and rise in the scales of emoluments have both contributed to increased expenditure under this item.

Year, JJ	Staff Personnel.	Cost. Ps.
1900	49 Permanent -f* 28 Temporary.	Rs. 472 per month.
1916	68 " + 15	" 796-837 per month.
1924- 37	77	" 1,590-1,825 "

The next important item is the maintenance of the fire brigade equipment. It may be noted that before 1906 there were no steam fire engines and the work of fire fighting was mostly done with the help of manual engines which did not require much recurring expense. Between 1906-1911 the local body added three

steam fire engines, and the employment of these new machines entailed additional expenditure on their upkeep. During the period of the ~~it~~ war the maintenance charges much increased owing to high prices of materials. In course of time the old horse-drawn steam fire engines were gradually replaced by petrol motor fire engines. The employment of better types of engines facilitated the abolition of wheel-burrow stations and thus reduced the cost of maintenance.

The abrupt upswings in expenditure recorded during certain years were due to execution of works of capital nature. The building of a few fire stations in 1910 costing Ps. 2,600, the construction of residential quarters in 192£ involving an expense of Ps. 4,200, and the construction of fire brigade station and quarters for the staff during 1936-37 costing Ps. 21,384, are some of the instances of capital works executed.

It is necessary now to inquire whether the growth of expenditure has been accompanied by corresponding improvements in the fire fighting service. It appears that in 1900 there were about fifteen manual engines and 356 hydrants. There were in all about sixteen fire stations situated in different parts of the city. The engines were, it is reported, very old, unwieldy and labourious to work. There were no fire escapes, ropes or ladders at several stations. The fire brigade staff was practically untrained and no rules existed for the guidance of the members of the brigade. The service was much hindered owing to lack of sufficient water pressure in the mains. The absence of residential quarters for the staff adjacent to fire engine stations hampered the efficiency of the service. In course of time, however, many improvements were introduced both in regard to the equipment and personnel of the service. The municipality added during 1905-1911

three steam fire engines and constructed new fire engine stations and quarters for the staff on a docest scale.

**llb** Greenop who was appointed **in** 1918 to report on the state of efficiency of the fire service, observed "After carefully inspecting the appli<sup>ee</sup>, **etc.** and carrying out certain tests it is found th.it the efficiency is not all that might be **deBired.**" He suggested the abolition of minor fire stations and centralization of the plant, use of modern and uptodate fire brigade implements, better water arrangements by carefully ijianu- pulating the system of sluice control, and deputation of the members of the staff to Bombay for training. The urgency of other civic needs and the bad state of municipal finance prevented the immediate adoption of the reforms suggested by th? ireeno<sup>^</sup> and hence the progress has been very slow. The municipality replaced during 1924-28 horse drawn steam engines by petrol motor fire engines. The centralization of the plant was effected by gradual abolition of minor fire stations. The department was placed under the control and supervision of a trained superintendent and mem- bers of the staff **are** sent outside for training in fire fighting. There are at present three Petrol motor and **two** steam fire engines<sup>^</sup> The latter have still to be drawn by mannual labour. There **are** three motor stations and twelve wheel-barrow stations and **one** water sluice station, in all sixteen stations. The local body maintains its own telephone system with about forty telephone connexions. All the fire stations are linked with one another and these with the central station. The present equipment is con- sidered sufficient and the city is rendered secure against fire epidemics which were once very notorious anc' adversely affected city's population and prosperity. The efficiency of the service,

however, is still much hampered owing to inadequate supply of water and low pressure in the water mains. The department is manned by seventy-seven servants and residential quarters have recently been provided for the staff costing about Rs. 21,000. The fire brigade is often sent out to help fire fighting in Suburbs, **ancer, etc.**

Lighting service:- The lighting of public streets and open spaces **has** been the primary function of the municipality. The first twenty years between 1900-1920 witnessed the most remarkable changes both in the scope of operation and nature of the lighting service, the expenditure on the service since 1900 is shown in the separate table.

If capital expenditure is excluded from calculations, there is a clear increase of 340 percent during the period of thirty-seven years. The rise during the first twenty years is 145 percent and during the succeeding seventeen years it is only 79.4 percent. The rate of increase thus appears to be very rapid during the first period. If, however, capital expenditure is taken into account the increase during the second period between 1920-37 would amount to 296.3 percent. The real development of the lighting service took place during this second period.

It should be noted that expenses on oil consumption are mixed up with the staff expenses. Separate figures are not available. The increased expenditure under this item may, therefore, have been influenced by increase in the strength of the lighting establishment, enhancement of the scales of remuneration, increased consumption of oil or rise in the prices of oil. So far as the staff personnel and its cost is concerned the following figures are helpful.

Year.	Staff Personnel.	\$	Cost. Ps.
1900	82		565 per month.
1916	79		691
1924-37	71		1,049 - 1,094 per month.

It is clear that enhanced wages of lamp lighters swelled the cost of establishment even though the strength of the establishment itself declined. Consequently, the consumption of oil generally depends upon the number of lamps in use and also the period during which they are usually kept burning, **AS** regards the latter factor there is no definite information, **AS** to the number of lamps in use the following figures may be given.

Year.	No. of lamps.
1900	2,140
1909	2,218
1927	2,286

The increase does not appear to be appreciable. The increased cost under this head is probably due to rise in the prices of oil. The more abrupt upswing in cost during the period of the late war was clearly the result of high prices of Kerosene oil\*. The introduction of electric lighting after 1922 fall in the prices of oil combined to reduce the expenditure on Kerosene oil lamps. The work of replacement of oil lamps by electric lamps was pushed forward with vigour after 1925. The sudden drop in expenditure on oil lighting after 1930 was principally due to this re--

replacement. The expenditure reached the lowest limit in 1937 when practically all the parts of the town were provided with electric lamps.

Expenditure on electric lighting depends on the rate tariff, the number of lamps in use and the amount of electrical energy consumed. The relevant figures are given below:

Year.	No. of lamps.	Consumption of energy	Rate per unit.
1922	270	28,162 units.	Rs 4 per unit plus one anna for each unit as maintenance charge.
1928	993	1,04,890	»
1932	1,259	2,01,657	»
1934	1,241	1,96,851	»
1937	3,270	6,09,368	A graceo rate from Ann-\ 1.00 to Annas 3.0 per unit.

The history of electric lighting in Surat dates back to 1882 when the Eastern Electric Light and Power Company offered to undertake the contract either supplying and erecting machinery and plant requisite for lighting streets, etc, with the Brush system of Arc lamps of 2,000 candle power or with the Lane Fox incandescent lamp of 10 to 100 candle power. The local authority decided to enter into the necessary contract with the company, the introduction of electric power was new, there was no controlling legislation like the Indian Electricity Act and the question of responsibility for accidents threw the municipality into a vortex of agitation. The floods of 1883 led to fresh squabbles with the company over the question of fine for stoppage of lights during the floods and ultimately the company went into liquidation and electric light ceased to exist in the city.



Nearly thirty-one years after the question was once again taken up by starting negotiations with the Killick Nixon and Company and Messrs. Calender's Cable and Construction Company. An agreement was executed on 18th April, 1916. Owing to the prevalence of War conditions in Europe it was not possible to obtain the necessary materials and machinery, and therefore the scheme of electric lighting could not much progress. A fresh agreement was entered into on the 14th December, 1921 and the ceremony of turning the first switch was performed on the 16th April, 1922. The new agreement was to be in force for a period of fifteen years. The rate of energy was fixed at four annas per each unit plus one anna as maintenance charge. The municipality guaranteed to the Company a minimum supply of 30,000 units per annum.

In 1923 the electric lighting system was further extended and 77 additional poles were laid by the Company at a cost of Rs. 18,120. An additional guarantee of 7,000 units was agreed upon. The municipality also provided electric lights on the Hope Bridge and a minimum guarantee of Ps. 2,000 units was fixed. Thus the municipal authority undertook to pay for a minimum consumption of 39,000 units whether used or not. The progress of electrification of streets continued without any hitch till the year 1932 when, however, the work of extension was held up owing to dispute regarding the rate tariff. It was repeatedly pointed out by Auditors that the rate of annas five per unit was too high. At Surat the cost of lighting one electric lamp came to about Rs. 3-8-0 per month as against Rs. 1-1-0 per lamp at Broach and Rs. 2-6-0 per lamp at Godhra. Reduction in the rate of energy was, therefore, absolutely necessary if the scheme of extension was to be completed. The long standing dispute was finally settled

in 1935 and a fresh agreement for a period of seven years was entered Into.it was decided to extend electric street lights to the remaining parts of the city within a period of two years. The work of extensions made very rapid strices after 1935, and the number of electric lamps rose from 1,241 to 3,270 and: the consumption of energy increased from 1,96,861 units to 6,09,368 units in 1937. It is worth while to note that though the consumption of energy had risen very rapidly after 1935, there was a reduction in the maintenance charges. The reason is to be sought in the new rate tariff which was definitely lower than the old one. The new rates have been as under.

- (1) For the first 20,000 units consumed per month at a rate of Annas 3.0 per unit;
- (2) For the next 15,000 units consumed per month at a rate of Annas 1.25 per unit; and
- (3) For all units consumed per month in excess of 35,000 units at a rate of Anna 1.00 per unit.

The municipality has guaranteed a minimum consumption of 2,00,000 units per annum. The above rate are, however, subject to variation in accordance with fluctuations in the price of fuel oil on the basis of 0.005 annas per unit for each complete rupee by which the price of fuel oil varies from a basic figure of Rs. 50 per ton.

The increased outlay on new installations during 1936 and 1937 was due entirely to the rapid extension of electric light\* In the city. The progress of electric lighting in surat since 1922 is illustrated in the accompanying table.

Water Supply service:- Before the completion of the Varchha Water Aorks the people of Surat derived their supply for drinking and other purposes from private "thankas" or underground masonry cisterns, public wells and the river Tapti. The supply was both inadequate and impure. The constant visitations of epidemics

	Capital Expendi- ture. P B .	S Establish- ment. Jjj Rs.	Liaintenancej! { Charges. J Rs. j	Total Expendi- ture. ^b.	I Normal 1 Expendi- ture. PB.
1900	-	-	-	24,682	24,682
1905	-	-	-	37,963	37,963
1910	5,437	6,837	35,976	48,250	42,813
1915	10,636	8,479	31,824	50,939	40,303
1920	1,405	11,176	33,620	46,201	44,796
1925	6,795	16,695	52,372	75,862	69,067
1928	4,016	18,141	42,359	64,516	60,500
1930	10,451	18,194	45,467	74,112	63,661
1933	42,03?	17,835	43,054	1,02,921	60,889
1935	19,636	16,632	47,522	83,790	64,580
1936	23,911	16,697	47,883	88,491	64,580
1937	1,134	-	-	63,132	61,998
1938	1,925	-	-	64,617	62,692

like Cholera and ravages of fires uncerained public health and prosperity, with a view, therefore, to ensuring an abundant supply of pure water to the people and also to preventing avoidable loss of life and property due to fires, the local authority undertook in 1895 the construction of Water works at Varchha. The scheme was estimated to cost Rs. 8,50,000 and provided a common supply to Surat and Gandhinagar. Thirty-nine tanks holding on average about 1000 gallons were constructed. The city was supplied by a 22" inch main from the high level reservoir, subsidiary pipes varying from 6" to 2" inches in diameter were laid, the mains were calculated to deliver the full supply of 10 gallons per head, there were about 3,683 house connexions, mostly 1" inch in diameter. Before the construction of Water works, sickness, epidemics, and loss of valuable life and property by fires were of frequent occurrence, a state of things very much changed by the abundant water supply. The accompanying table illustrates the growth of expenditure on Water Supply.

Calculations based on normal expenditure indicate an increase of 153 percent in expenditure during the period of thirty-eight years, the rise during the first twenty years amounts to 81 per cent and during the next eighteen years to 39 percent only. The rate of increase is thus slow during the second period. The expenditure touched the maximum of 180 percent rise in 1925, declined thereafter and during the past many years it is practically stationary. We consider each item of expenditure separately.

The increased cost under establishment is the outcome of increased staff personnel and rise in the scales of salaries as indicated below:

Year.	5	Staff Personnel.	5	Cost.
	5		E	Ha.
1916		29		722-812 per month.
1924-37		36		1,396*1,686 per month.

The payment of special and provisional allowances during the period of the late war and their subsequent amalgamation with basic pay, rapidly increased the establishment charges after 1915.

The increase in the cost of maintenance is due to the fact that with increasing demand for water the pumping engines at the water works had to work for longer hours. The expenses on the pumping stations increase, other things being equal, with the increase in the quantity of water pumped. The figures showing the quantity of water pumped per day for different periods are as under.

Year.	5	quantity.	5	Year.	5	Quantity.
1902		12 to 15 lacs gallons.		1933		32,73,407 gallons.
1927		26,32,950 gallons.		1936		34,96,855 '*
1930		27,40,623 "		1937		36,48,839 "

The second factor which influences cost of maintenance is the prices of coal, oil, and other materials necessary for the working of the pumping machinery. The high prices of these articles during the period of the late war and some years thereafter raised the maintenance charges, with the fall in prices the cost went down. During the more recent years the local authority has successfully kept the cost at as low a figure as possible although

the quantity of water pumped has increased appreciably. The running expenditure of the water works is shown below.

Year.	water Pumped Per Pupee.	No. of connexions.
1930	22,008 gallons.	12,136
1932	22,934 "	12,596
1933	25,454 »	13,013
1935	26,380	13,721
1936	26,784 "	14,239
1937	26,971	

While considering **the adequacy** of the existing water service it **is** well to remember that the original water works **were** intended to **supply** the needs of 1,18,000 souls with 10 gallons as average consumption per head. The history **of** water service at **Jurat Renters** round the endeavours made by the municipal authority to cope successfully **with the** ever increasing demand for **water**. It is a fight for water, more **w-ter**, **anu** still more **water**, the main obstacles in the solution of this important civic problem lay in the inadequate yield at the Head **Water Works** and want of sufficient pressure in the mains. The **first** important task was **that** of increasing the output of **water**. The root of the trouble, however, lay in the greatly increased rate of consumption **of** water and the diminished rate of percolation in the wells, the question required the most urgent consideration as it was thought criminal to temporize with the difficulty. Overhauling of the engine and boiler at the Head **Water Works** and duplication of the mains connecting the collection well with the **Jacr.well** was undertaken in 1922. New pipes were laid in the river bed to increase the **supply**.

In 1933 the local body decided to construct two balancing tanks and increase the size of the main from **urda Gate** to **chowk Bazar** and municipal office. This project, however, ignored one aspect of the question, viz. increase in the output at the

Head water works. The municipality, therefore, accepted a new scheme of increasing the output by sinking two more supply wells and laying 300 feet of porous pipes and enlarging the size of the mains in the city. The construction of the two wells was completed in 1926 with the result that supply increased considerably. It was also proposed to increase the supply of drinking water by opening out old wells and fitting them up with electric pumps and motors and by utilizing this supply for road watering and fire extinguishing purposes. But the problem of low water pressure had still to be tackled. The local body sanctioned Rs. 90,000 out of the loan money for enlarging the mains. In 1931 the main from Murda Gate to Chowk was enlarged at a cost of Rs. 2,82,368 and a 4" inch diameter main was also laid throughout the length of the Station Road. As a result of these improvements the city was able to secure a normal supply of more than 32 lacs of gallons per day of 19 hours and 42 lacs of gallons per day of 24 hours.

During the past few years the municipality has devoted special attention to the improvement of the distribution system. Large amounts are every year spent on enlarging the water mains in different parts of the town. But the complaints about low pressure still persist and are not likely to be removed unless the present city water works are thoroughly overhauled. This however, dependent on the completion of the drainage projects, so long as drainage is not introduced, any efforts at increasing the present quota of water supply would be highly detrimental to public health and sanitation. The present distribution system was originally intended to deliver about twelve lacs of gallons per day while the average daily supply drawn at present is already thrice this rate, and it may be seriously pondered whether it

would be wise to pour into the city still greater quantities of water before providing an outlet for waste water. The two questions are interdependent.

Drainage:- Drainage is undoubtedly one of the most important but so far neglected problems of civic life. For a very long time Surat had no storm-water or surface drainage. The dirty water of the household use together with the solid excreta was collected in the cesspools. After 1897 the scavenging service was introduced; but the sullage water still continues to be collected in cesspools in close proximity and in some cases in houses. Before the construction of the water works, people used to derive their supply from wells, tanks and the river. Naturally they used water very economically. But with the advent of a regular and abundant supply, water connections multiplied and consumption of water increased inordinately. And today they are importing into the city about 36 lakhs gallons of water and this whole quantity is allowed to be absorbed in the subsoil either through the cesspools or storm drains. Probably all sickness and high mortality in Surat can be traced to its inefficient and insufficient methods of disposing of urine and sullage water.

The figures of expenditure on drainage are shown in the accompanying table.

Before 1910, all expenditure on pitching Khadi and making new roadside drains was debited to road account, since that year these charges along with expenditure on repairing, cleansing and covering roadside drains and clearing drains are shown under this separate head. The figures of normal expenditure show an increase of 313 percent during 1910-1938. This increase is very irregular and fails to indicate any definite policy with regard to drainage expenditure. After 1920 there is no material rise in the normal



expenditure. Secondly, there is no permanent staff in this section. The work is usually done by temporary employees; and it is hardly possible to determine the cost of the floating staff in the absence of separate cost accounts. Because the cost of establishment is mixed up with the repair charges. Expenditure on repairs generally depones upon the extent and nature of the repairs executed during a year. It may be noted that the Khadi improvement scheme was undertaken in 1930 and the total cost amounted to Rs. 1,08,000.

We shall now turn to the important problem of the drainage scheme and its progress during the past thirty years. It was in 1910 that the question of providing an underground drainage for surat was first taken up. Plans and estimates costing Rs. 18,70,000 were prepared and submitted to Government for approval and with a request for grant-in-aid. A special Committee set up by Government for this purpose, recommended Government financial aid to the municipality to the extent of 66 percent of the estimated cost of the drainage scheme. Government<sup>^</sup>however<sup>\*</sup> informed the municipal authority that their contribution would not exceed half the aggregate cost. The scheme had to be postponed owing to the outbreak of war in Europe.

The question was again taken up in 1923 and revised plans and estimates costing Rs. 64,68,000 for works and Rs. 12,58,000 for establishment, tools and plant charges were prepared. The local body expressed desire to take up the work if Government were prepared to contribute 50 percent of the cost. Government were not prepared to make any definite promise of a grant equal to half the cost but agreed to advance a loan to the local

\*1 G.P.No. 4882 of 21st June, 1915, G.D.

body, at a rate not less than 5 percent per annum. These terms were not acceptable to the municipality. It is possible, however, that had the local authority gone in for a drainage project Government would have contributed at least about 40 percent of the estimated cost, if not more. During 1930-31 the Provincial authorities were once again approached with a request to advance money on easy terms and a grant-in-aid. Once again Government refused to contribute anything towards the cost. In short, when Government were offering 50 percent, the municipality claimed 75 percent and when Government would have offered about 30 to 40 percent, the municipality wished to have 50 percent grant, and now Government are not in a position to offer anything, under the recent orders, it appears, even the tools and plant charges would also be claimed by Government. It must be admitted that the scheme is a costly one which it would be very difficult for a local body with an annual revenue of Rs. 10 lakhs to finance single-handed, that it would have been much better had the scheme been taken up at least fifteen years back, if not earlier.

Owing to the unsympathetic attitude of the Provincial authorities, the municipality decided to carry out the project by floating a loan of Rs. 50 lakhs and submitted proposals of taxation for the purpose, the loan application and the taxation proposals were sanctioned by Government; but the present war conditions have prevented the execution of the scheme.

It is indeed difficult to apportion blame for the neglect of this important civic problem. Undoubtedly the local authority is mainly responsible for its failure to undertake the work when Government were prepared to share half the cost. The root cause of the delay and hesitation seems to lie in the unwillingness of the city fathers and people to bear the new taxes without which

	i	1915-16	i	1920-21	!	1925-25	1923-29	1930-31	1933-34	j	1935-35	j	1933-37	i	1937-33
Health Officer and •Sanitary Inspectors.	j														
I. Salaries of Health Officer and Sanitary Inspector.	[ i ..]	5,294	j	6,439	j	12,322	14,034	13,353	14,940	!	16,142	j	16,907	!	
2. Travelling expenses of the staff of the Department	 } ..]	-	1		i	-	14	11	j		97			j	-
3. Propaganda for Sanitary Improvement	i J .. »	-				-	-	-	i	-	!	73	J	11	j
Total Expenditure	. J	6,294		i,439	j	12,322	14,093	13,364	14,940	j	15,312	J	15,918		
Vaccination	ca - r . c s ..}		i		]		!	J			J		J		
										J	i		i		

	Establish- ment of weepers,	{Removal of Refuse. fi s .	i repairs to Dust Dins and carts. *>8.	5 New Dust Bins and carts. 8 .	{ Total Ex- penditure. *s .
1900		-	-	-	18,362
1905	18,273	-	763	989	20,015
1910	21,182	-	894	94	22,170
1915	8,168	20,848	1,170	4,977	35,747
1920	21,017	18,666	355	-	40,066
1925	21,685	25,550	1,057	1,800	51,848
1930	21,854	24,000	166	493	49,031
1933	21,139	19,250	280	491	42,277
1935	21,097	23,000	347	1,025	46,465
1936	20,995	25,208	• 314	999	48,541

it was impossible to pilot and execute the scheme. The same unwillingness and studied opposition were in evidence when the taxation measures were submitted to Government for sanction. Government is also to be blamed for their attitude of leaving the local bodies alone to their fate with regard to major sanitary projects. We close this topic with the fervent hope that the municipality after the termination of the present hostilities! will lose no time to carry out the scheme and make the city healthier to live.

Conservancy;- The conservancy service usually comprises (a) Road Sweeping, (b) Road "watering", and (c) scavenging. Each one of these services is important from the view point of public health and sanitation and the magnitude of the expenditure involved.

Road Sweeping:- The general cleanliness of a town is generally judged by the efficiency of sweeping, refuse collection and disposal. The service consists of two main processes, viz. sweeping of roads and collection and disposal of refuse. The expenditure on the service is shown **in ~~the~~ <sup>a</sup> separate table\***

During the period of thirty-six years expenditure has risen by over 164 percent. The rise during the first twenty years is 118.2 percent while during the next sixteen years it is only 21 percent. Between 1900-1920 the rise is continuous while during the succeeding years it is marked by fluctuations. The expenditure reached the maximum rise of 182 percent in 1926.

A very large part of the expenditure is absorbed by wages of sweepers. The increased cost under this item is the result of enhanced wages and increased staff personnel.

Year.	jj 5	staff Personnel. 5	& Cost per month, s .	i J	V-uge Rate.
1900		100	600		Rs. 6 per month.
1916		126	860		" 6 to 7 per M,
1937		200	1,950		" 13 per month.

The rapid increase in the cost of establishment after 1915 was also influenced by the payment of provisional allowances, grain compensation and their subsequent amalgamation with wages.

Separate cost figures for refuse removed are available only after 1910. Previously these charges were included in the cost of establishment. The work of refuse removal was conducted by the local authority departmentally till the year 1916. Owing to high cost of maintaining a staff of drivers, bullocks, and other incidental charges, the municipality entrusted the work to a contractor who was paid at the rate of Rs. 25 per cart per mensura. Owing to high prices of fodder the rate was later on raised to Rs. 29 per cart. In 1923, the contractor was required to engage Motor lorries for refuse removal work and was paid Rs 25,550 per year. At present the work is done by contract system and the equipment consists of six motor lorries and about eight carts with bullocks.

The efficiency of the sweeping service mainly depends on the strength of the staff and the methods adopted. Till very recently the staff of sweepers was totally inadequate to carry out the work satisfactorily. The city is expanding in its area and population, the vast open spaces which formerly were desolate, are now being rapidly strewn with buildings, and an increase in staff personnel was an urgent necessity. It is reported that about

one-third of the town receive no regular sweeping service\* The staff strength was raised in 1937 to ,200 sweepers, but it is still considered inadequate. The municipality proposes to use mechanical power for sweeping purposes. The lack of funds, however, prevents the adoption of this urgent reform.

The work of refuse collection, removal and disposal is likewise in hopeless condition, ^his is chiefly due to the fact that the work is carried out by contractors. The local authority itself has condemned the work of the contractors times out of number but has iu~i^a so far to change the system for a better one. It is futile to expect that the contractor, whose real interest centers round his rate of remuneration, would devote more attention to the efficiency of his work, whatever improvements were introduced in the service, were always at the instance of the local authority, it is true that the municipality has powers of supervision and control and can even fine the contractor for negligence. Unfortunately, however, municipal supervision and control have never been strict nor does the fear of penalty induce the contractor to mend his ways. This branch of conservancy is not likely to improve unless the local body itself undertakes the work and execute^/it departmentally.

Scavenging service:- Before the introduction of municipal scavenging service, the citizens were required to make their own arrangements for the removal and disposal of nightsoil. The local authority could exert very little control over the conduct of citizens. Pressed by Government authorities, the municipality undertook the work in 1868. The expenditure on the service since 1900 is shown in the accompanying table.

During the period of thirty-six years expenditure has

risen by 76.5 percent. The rise during the first twenty years is about 140 percent and during the succeeding sixteen years there is a decrease of over 26 percent, "The expenditure reached the maximum of Rs. 1,20,464 in 1920. It is necessary to explain briefly the movements of expenditure under the more important sub-heads.

The increased expenditure on supervision staff of Health Officer, Sanitary Inspectors and t-iocadams is the consequence of rise in staff salaries and personnel.

Year.	Staff Personnel.	Cost.
1900	26	Rs. 517 per month.
1916	28	" 1129- 919 "
1937	30	" 1373-2173 " "

The municipality also maintains a large staff of scavengers to clean private and public latrines. The nightsoil is then collected and removed to depots outside the town. The work of removal and disposal of nightsoil is executed by a separate staff including cart drivers and sweepers. The increased expenditure on the staff is the result of rise in wages and staff strength\*

Year.	Staff Personnel,	Cost.
1900	190	Rs. 1,464
1916	416-441	" 3,386-3,661
1937	Do.	Do.

It is to be noted that during the more recent years there is some reduction in the staff which has, however, failed to arrest the rising expenditure. The sudden increase in cost in



1920 was due to the payment **of** special allowances to the staff as well as to the scarcity **of** labour.

It is rather difficult to account for movements **of** expenditure on maintenance of bullocks and their purchases. Variations in cost under this item are largely influenced by the total live-stock maintained and the prices of fodder prevailing during a period. There is very little information available regarding the strength of livestock or the prices **of** fodder prevailing from time to time. Nevertheless, it is certain that the upward swing in the cost **of** maintenance during 1915-20 and early post-war period was due to high prices **of** articles of food for animals. -\gain the sharp drop after 1925 was the result of the introduction of motor transport for removal of nightsoil and sullage water which has since then rendered maintenance of live-stock unnecessary. This replacement has now been practically completed.

We shall next consider the efficiency of the establishment and the adequacy of the scavenging service. The qualified staff in the department consists of one Health officer, one Chief Sanitary Inspector, five Inspectors and ten Sub-Inspectors. Referring to the efficiency **of** these servants the President **of** the Municipality remarks, "In spite of the serried ranks of the Inspectors, Head inspectors and Health Officer, the sanitary condition of the city is anything other than what it ought to be". Again he observes, "The sanitation of the city is the despair of all. Parts of the city are hellish and the sanitary staff during the fifteen years of its existence in its full strength has been unable to effect any appreciable improvement." Nevertheless it must be conceded that the present staff is inadequate and the municipality should have at least two chief Inspectors and seven inspectors. "Reduction in the staff of maddams has, during recent

years| adversely affected the supervision work.

The scavenging department is also uncermaned. Many scavengers have more than 75 privies each to clean. **At** present there are about 325 scavengers} but the number ia so inadequate and the existing staff so heavily buraeneo with work that the scavengers often go on strikes, whatever **the** reasonableness and justice of the other demands of **these** JlalalGores, the local body had admitted that their grivances about shortage of hands in genuine.

The arrangements for the removal and disposal of night-soil were formerly most insanitary. A responsible sanitary officer once remarked, "The removal of filth by hand and carts and its conversion into poudrette or its dumping into hallows on a site situated but a short distance from the town are procedures which cannot be too strongly condemned." There was only one depot at Gotalwadi which was a disgrace to the city and danger to public health. During the past fifteen years, however, many improved methods have been adopted. The Gctalawadi depot was removed and a new depot opened near Salabatpura where nightsoil is disposed of by the famous Nasik system. This system is now almost officially considered as an iceal one for cities without underground drainage system. The depot is working very satisfactorily. Similarly, Improved methods of removal of nightsoil have been introduced since 1925. Formerly the municipality used carts for the purpose. The work is now done with the help of motor larries. At present there are seven motor lorries which carry practically all the nightsoil from the city. After 1934 even the sullage water was removed by lorries. But the question of cleansing cesspools has practically baffled solution. The

	1900-01	1905	1910	1915	1920	1925	1930	1933	1935	1935	1937
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i											
r											
* fl 1./lstafcliohraeat		1,403	4,995	3,346	5,203	11,153*	3,435	6,994	3,514	3,40^	3,557
n											
i											
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..											
Repairs to											
i Orries <b>d</b> Carta		653	934	99/	1,344	1,139{	1,320	1,625	12,9351	9,390	10,556
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J,5. Contingencies		377	392	551	511	999!	,337	,5-3			
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-ot^1 Expenditure	5,139	5,702	6,371	9,353	3,053	15,771i	<b>0,203</b>	13,373	20,557!	.9,93^	17,437

existing method of disposing sullage water is antiquated and unscientific and sooner it is displaced the better. But except the underground drainage no other substitute is possible.

Poad Watering:- Regular watering of roacs is a great necessity in towns where the roads are weak. In surat this service was undertaken by the local body towards the beginning of the period of review. The expenditure on the service since 1900 is shown in the separate table.

There is a rise of over 181 percent in expenditure during the thirty-seven years. The rise during the first two decades amounted to 30 percent only while during the next seventeen years it is over 116 percent. The expenditure reached the maximum of about 233 percent in 1935 after which year there is a decrease of 15,5 percent.

Formerly road watering was done with the help of bullock carts and hydrants. Watering by carts was entrusted to a contractor who was paid at the rate of **Pe . 18\*5-0** per month per pair of bullocks and a driver. The expenditure shown under establishment is the payment made to the contractor for his work as well as the expenditure on the separate staff maintained by the local body for road watering. After 1925 the municipality employed motor sprinkling lorries, and by 1932 there were six lorries and 18 carts in the department. In 1934 the contractor failed to implement the terms of the contract, and the municipality decided to take aavantage of the new situation and discontinue the contract system. At present the work is carried out by the local body departraentally with the help of eight lorries. The abrupt rise in the repair charges during the recent years is due to the inclusion of contingency charges, formerly shown under a separate sub-head, In the repair charges as well as the cost of

petrol and motor accessories rendered necessary by the introduction of motor sprinkling lorries.

Hospitals and Dispensaries:- It is the obligatory function of the municipality to provide free medical facilities to the needy citizens, it maintains, for this purpose, its own hospitals and **dispensaries where** patients are treated without charge. It also contributes towards the support of local medical institutions whose **main** idea is to make available free medical **aid** to the poor people. The expenditure of the municipality on medical relief is shown in the accompanying table.

During the period of thirty-three years expenditure on medical relief has increased by 699 percent. If the abnormal expenses **in** 1937 are excluded from calculations, the rise would be 436.4 percent. The increase during the period 1906-1920 **is** 98.0 percent while during 1920-1936 it is 170.8 percent. Thus the rise in expenditure is more rapid during the latter period.

A substantial portion of the total expenditure is devoted to maintenance of medical staff. Now increase in cost under this head may result owing to rise in **salaries** or staff personnel or both.

<b>Year.</b>	<b>J</b>	staff Personnel, if	Cost.
1916	12		Rs. 162 per month.
1924-36	13		" 294-434 per month.

It will be clear that increased cost of establishment since 1916 at least was due mainly to enhanced scales of salaries of the medical staff. There have been since 1934 some important changes both in regard to staff personnel and their

scales of emoluments. The Parekh hospital is now having an F.P.C.S. as the Chief Medical Officer and an M.B.B.S. as Resident Medical Officer, **AS** a result of these changes cost figures have moved up after 1935.

Expenditure on medicines is determined by the prevailing prices of drugs and accessories and the extent of purchases made during a year. During the period of the late War and some years thereafter exorbitant prices had to be paid for medicines and medical instruments. Increased expenditure during the post-war period was also due to high prices **as** well **as** comparatively large purchases of drugs, etc. The abrupt rise during 1935-1937 was due to large purchases of surgical instruments and accessories consequent on the conversion of the Parekh Dispensary into **a** surgical hospital.

The municipality is made responsible since 1916 for the maintenance of lunatics coming from the municipal district and treated at Government lunatic asylum. The municipal contribution seems to depend on the number of lunatics sent to the Mental Hospital from the municipal limits and; the rates of maintenance charged by Government\*

The Lepers Act III of 1898 was applied to Surat in 1913. But the charge on account of treatment of lepers appears after 1930 only. At present these lepers are treated at the Parvatibai Lepers Asylum, it is, however, seriously contended that the charges recovered from the municipality on account of lepers and lunatics are an unjust burden since in "any cases lepers and lunatics are not permanent residents in the municipal district but generally come from the surrounding villages to the city. It is both reasonable and just that the maintenance charges of these **outside** lepers and lunatics should be borne by the local

authorities from whose jurisdiction they to the city.

The expenditure under medical grants and contribution has increased owing mainly to the fact that many new medical bodies have been aided by the municipality and in some cases contributions to old institutions have been enhanced.

Before we turn to the next item, it is desirable to take a brief review of the growth of medical facilities provided by the local authority during the period. It may well be noted that in 1900 the Parekh Dispensary was the only medical institution maintained by the municipality. The expenses of this dispensary were met from the interest of an endowment fund, Government grant and municipal contribution. A donation of Rs. 22,000 from Mr. Barjorji Byramji enabled the municipality to start in 1907 another dispensary at Vanki there were thus two municipal dispensaries. The Parekh dispensary was practically supported by the municipality though it could exercise very little control over its staff. The Peetonjee dispensary was a purely municipal institution and under the control of the local authority.

In order to check the enormous rate of mortality among Infants, the municipal authority decided in 1914 to entertain, as an experimental measure, a female sub-Assistant surgeon and two lady visitors. This special staff was expected to get into touch with all the midwives practising in the town and to show the modern methods of treatment of childbirth and after treatment of the mother and infant. But in 1918 the municipality suddenly came to the conclusion that there were defects both in the original conception and working of the scheme which militated against its success. The staff was, therefore, discontinued from 1919. For a long time thereafter no efforts seem to have been made to enlarge the scope of medical service. The maternity facilities were

conspicuous by their absence nor did the municipality provide for the treatment of infectious diseases and the needy citizens had to rush to the civil Hospital where admittance was often restricted.

It was only after 1935 that genuine efforts were made for expanding the scope of medical relief. The Parekh Dispensary was turned into a full-fledgea surgical hospital to alleviate the suffering of the ailing citizens. The establishment of the hospital was overhauled and considerable funds were expended on the purchase of surgical instruments and accessories. The hospital is making rapid progress but its work is greatly handicapped owing to insufficient indoor accommodation. In 1937 the municipality acquired land for the hospital and the proposed extension would shortly be completed. Provision for a small building for the treatment of infectious diseases was also made in the 1938-39 budget. Till very recently the question of provision of maternity facilities did not receive adequate attention at the hands of the municipality. A donation of Rs. 20,000 has now enabled it to construct an up-to-date and fully equipped maternity Home.

Lastly, we deal with certain Government instruction in regard to municipal expenditure on medical relief. Formerly the Provincial authorities were content with impressing upon the local bodies the desirability of spending adequately on medical services. Since 1924 they have prescribed a definite standard. Municipalities were advised to increase their expenditure on medical relief to 4 percent of their total normal expenditure. The percentage proportions of medical expenditure of the Surat Municipal authority during the past few years have been set out below.



Year,	g	Proportion.	
1932	2.4 percent.	1935	3.4 percent.
1933	3.3 "	1936	3.4
1934	3.1 "	1937	4.9

It will be clear that except during 1937-38 the medical expenditure has never reached the prescribed limit of 4 percent; and Government Auditors have repeatedly pointed out the desirability of increasing medical expenditure upto that limit either by increasing grants to medical institutions or by starting new municipal dispensaries, etc. In view, however, of the conversion of the Parekh Dispensary into a surgical Hospital, and the prospects of the opening of a Maternity Home in the immediate future, it is likely that normal expenditure on medical services would soon reach the minimum laid down by Government.

Markets And slaughter houses:- Provision of suitable marketing places and sanitary buildings for slaughtering animals is one of the important municipal functions. We shall briefly consider the development of these facilities in Surat since 1900. The figures of expenditure are given in the separate table.

The expenditure shows an increase of 742.8 percent during the period of thirty-eight years. It appears, however, that the sharp rise in 1938 was due to some non-recurring expenditure. If the figures of normal expenditure alone are considered there is a rise of 275.3 percent between 1900-1937. The rise is 122 percent during the first twenty years and about 69 percent during the succeeding seventeen years. The expenditure showed a sharp rise in 1935 and again in 1938 owing to execution of certain capital works.

The major part of the expenditure is absorbed by staff salaries.

Year.	J j	staff Personnel. <sup>5</sup> i	Cost, "s .
1900		15	180 per month.
1916		13	186-201 per month.
1924-35		13	291-406 per month.

Thus the rise in the establishment charges is due entirely to enhanced salaries of the market staff. The increased cost of establishment after 1935 was probably due to employment of additional staff consequent on the opening of a new vegetable market.

Expenditure on repairs depends largely on the extent and nature of the repairs effected during a year. The contingency charges are also a variable item. The large expenditure under acquisition in 1935-36 was due to the payment made to Government for the purchase of land for the vegetable market.

Tracing the development of marketing facilities we find that there were formerly four meat and fish markets in different parts of the city. Vegetables and fruits were sold in open spaces outside these markets as well as in private shops. In 1917 a small market was built near the Syedpura meat market and it proved very popular. It is, however, surprising that Surat, with a population of over one lakh souls and considerable business activity, should not have for a long time possessed a central market for the sale of vegetables, fruits, etc. Since vegetables were sold in private shops and places the local authority could not effectively control the quality of the stuff sold in the city. It was an important question concerning public

health. Again, the existence of a central marketing place affords great convenience to the citizens and has the most wholesome effect in regulating prices and thus confers a real benefit on the poorer classes. It was only in 1932 that the local body really moved in the matter, A suitable plot of land was acquired at a cost of Rs. 32,000 and plans and estimates for the construction of the market building were prepared, the work of construction was completed in 1936 and the vegetable market was declared open, thus supplying a long felt want of the citizens of Lurat.

But the market facilities at present cannot be considered to be either adequate or satisfactory. The Zampa, Navasari Bazar markets are reported to be very old, ill-ventilated and small for the requirements of the localities concerned. The municipality has realized the desirability of reconstructing model meat markets at convenient places. Even the new vegetable market has not proved as popular as was expected on account of high rents of stalls and want of accommodation for the village vegetable sellers, rents have been recently reduced but the question of sufficient accommodation still requires consideration. It is necessary to extend the market at the southern end and also to construct additional market at the Navasari Bazar.

The question of food inspection and control cannot be divorced from the general problem of market facilities. It appears from municipal records that the evil of adulteration of food and foodstuffs had at one time assumed alarming proportions and threatened to prove a constant danger to public health. The Prevention of Food Adulteration Act was not enforced in the municipal district as late as 1933. The work of food inspection was carried out by the Market Superintendent who was also required to collect the rents. The said Act was enforced and a special Food Inspector

	{ i i	Establi- shment. PS.	{ /	Buildoing. r.s.	S t {	^oau truction and Mainte nance.	-J jj i	Miscella- neous works* rs.	- I ji I	Total Pub- lic works. Expenditure. P.B.
1900		2,292		757		30,143				33,192
1910		4,1P7		3,854		60,053		1,488		69,682
1915		4,614		774		61,017		2,827		69,232
1920		8,546		600		49,143		2,557		60,846
1925		9,984		598		55,457		3,170		69,209
1930		15,714		5,965		82,735		5,356		1,09,770
1933		16,878		2,776		68,464		3,507		91,625
1935		17,626		8,231		2,45,508		9,711		2,81,076
1936		17,099		8 j 596		1,63,888		4,876		1,94,469
1937		16,450		860		1,82,460		3,937		2,03,707
1938		14,745		1,626		1,55,568		7,490		1,79,429

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was appointed in 1934. The inspection of food and foodstuffs, especially milk and ghee, is made regularly. Meat, fish, vegetables and fruits are inspected weekly, samples of milk and ghee are sent to Government Chemical Laboratory for analysis. Those who are found trading in adulterated milk and unwholesome food are prosecuted and fined. Large quantities of unwholesome fruit, vegetables, meat and fish are destroyed on inspection.

The slaughter houses are situated towards the south-east and just within the city walls. There are three sheds, floored with iron slabs, with slopes towards suitable gutters. There are sufficient <sup>adequate</sup> arrangements for flushing the platforms. The slaughter houses are reported to be in good condition and are working satisfactorily.

Public Works:- Here we have to consider the municipal expenditure on local public works with special reference to road construction and maintenance, secondly, owing to the passage of the river current through the heart of the city, Surat is often flooded during the rainy season; and the local authority is required to devote considerable attention and money towards the flood protective works. The municipal expenditure on the public works services is shown in the accompanying table.

During the period of thirty-eight years, expenditure has increased by 440 percent. The rise during the first twenty years is 83.3 percent while during the succeeding eighteen years it is about 195 percent. Thus the public works expenditure increased at more rapid rate during the second period ending 1938.

Establishment Charges;- These charges include the salaries of the public works supervision staff including engineers, overseers, draftsmen, etc. The rise in expenses under this item is due both to increased staff personnel and enhanced salaries.

The expenses had practically doubled during 1915-20 due primarily to the payment of special war allowances.

Year.	J J	Staff Personnel, f	jj f	Cost, Ps.
1900		7		191 per month.
1916		13		511 to 611 per month.
1924-38		26		1,093 to 1,573 per month.

Buildings:- Expenditure under this item is a fluctuating one and often depends on the extent and nature **of** the building works carried out during a financial year. The same is the case with regard to expenditure on miscellaneous works. Opening of the municipal worksh<sup>^</sup> accounts **for** the increased expenses after 1930. These charges reached the maximum of Ps. 9,700 in 1936 on account of the special repairs made to the Flood **Protective riOrks.**

Roads:- Surat has a very long mileage **of** narrow roads most of which have not been laid out on any plan but are the result of the whims of householders. Such a system, or rather the absence of system, of roads is very uneconomical in upkeep. Again, Surat has a much longer mileage of roads than its finances can maintain in satisfactory **condition.** During the more recent years, however, genuine efforts have been made to improve the condition of roads by adopting modern methods of road construction. **The** growth of road expenditure is set out in Qar.ial- separate table.

During the period of thirty-eight years road expenditure has appreciated by 416 percent. The increase during 1900-1915 was 102 percent and during 1915-1930 it was only 35.5 percent. After 1930, however, expenditure rose very rapidly when

schemes of road construction were pushed on with vigour.

Where expenditure figures will not indicate improvements in road condition during the period. On this point the following figures of mileage of roads of various kinds will be interesting.

Year.	Metal Roads.	Year.	Gravel Roads.	Year.	Paved Roads.	Year.	Kachcha Roads.
1900	10.13	1904	21	1900	.66	1904	80
1915	31.50	1930	30.570	1930	5.22	1915	46.70
1930	35.088	1937	29.815	1937	9.092	1923	31.23
1937	27.421					1937	26.6

These figures will amply bear out the fact that roads of inferior structure have gradually been converted into improved roads, the conversion of unmade or Kachcha roads into metal roads was effected mainly during 1900-1916. The length of Kachcha roads declined by 67 percent since 1904. There is still enough scope for further conversion of Kachcha roads into better ones. It will be observed that the length of metal and gravel roads which in 1930 stood at 35.085 and 30.570 miles respectively declined subsequently to 27.421 and 29.815 miles respectively. This decline does not indicate any deterioration in road condition. On the contrary it is the result of the introduction of improved methods of road construction, viz. asphalt roads.

We have already observed that after 1930 road improvement schemes made very rapid progress. A contract was given for applying two coats of spray max on the station Road at an estimated cost of Rs. 24,000. The work was completed in 1932 and



the total cost amounted to Ha. 26,880 at the rate of He. 8-11-0 per 100 square feet. The surfacing of the road eliminated the need for watering, mud removal and patch work here and there, and the municipal authority considered the investment of Ps. 26,000 as a sound economic gain and sanctioned a further sum of Ps. 24,000 for spray-roading the road from the Mission House to the Makai Bridge. The road programme was more extensive and elaborate during 1934, 1935 and 1937. It **was** now adopted as a policy to treat with surface dressing any road which was being re-metalled. The total length of asphalt roads which in 1932 was only 4.442 miles in 1935, 7.284 miles in 1937 and about **10** miles in 1938.

The advent **of** abnormal motor traffic in the city during recent years has been primarily responsible for the construction of improved types of roads. It was discovered, on close observation, that traffic on the Station main road had tremendously increased in as much as 4,500 vehicles of all kinds passed up and down this road within twenty-four hours. It was, therefore, considered advisable to asphalt the road in its entirety instead of frittering away small amounts every year on repair work. It was found that money spent after repairing roads according to the old waterbound macadam method was practically wasted within less than six months. The asphalt treatment of roads was, therefore, **the** proper, safer and more economical method. But there have been many factors which obstructed road development schemes. For instance, **the** existence of shopboards on public roads **was** a positive hindrance to growing vehicular traffic. These shopboards were **to be** abolished even at some loss of revenue. The second difficulty is the absence **of** underground drainage and **the** existence of cesspools which necessitate frequent digging up of public roads- It is not far from truth to say that

the absence of drainage and the existence of cesspools throughout the town are **to** a large extent responsible for the unsatisfactory condition of roads. The question of better roads is thus linked up with the drainage question; and unless ~~the~~ latter problem **is** satisfactorily solved, the town cannot expect improved types of roads in the major part of the city. The lack of adequate funds with the local authority for financing the road schemes **is** the third obstacle, **and** the municipality has been advised to float special loans for the purpose so that the present rate-payers may not **be** unduly burdened. At present, however, the policy of pay-as-you **go** has been adopted and the road schemes are financed **from** the current revenues.

The progress **of** road schemes, however, suffer from one serious **defect viz.** lack of **melinite** program, i.e. the local authority annually votes large amounts but these grants usually lapse owing to want **of** any programme of road construction. Thus in 1934 the municipality voted **Rs.** 92,311 for roads but only **Rs.** 45,907 were actually utilized. Again, it earmarked **Rs.** 31,396 for spray-maxing but only **Rs.** 13,646 were spent as there was not sufficient time to utilize the whole grant. The total number of roads sanctioned and those that were actually completed during the recent years are shown below.

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Year.	No. of Roads <u>Sanctioned</u>	No. of Roads completed.
1934	37	20
1935	27	15
1936	25	17
1937	17	3

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It is objectionable from the view point of sound finance

that large sums should be provided in the budgets without deciding upon some programme of works to be undertaken with the result that the budget provision either lapses or is diverted to some other purposes. It is offered for consideration whether a complete programme for a definite period, say five years, for new metal and gravel roads and that for repaving and regravelling should not be prepared and scrupulously followed till completion.

Public Instruction:- For many years after the establishment of the municipality, the activities of the local authority in the sphere of education were practically confined to contributions towards the support of local primary schools managed by Government and private agencies. It was in 1886 that the local body was called upon to conduct the Local Fund Schools. There were fourteen such Local Fund Schools and the first annual amount voted by the municipality was Rs. 9,330. The next few pages are devoted to the growth of education expenditure and the general progress of primary education in Surat since 1900.

During the period of thirty-eight years education expenditure has increased by 1,177.5 percent. The increase during the first twenty years was 763.8 percent and during the next eighteen years it was only 47.8 percent. Much of the increase pertaining to the first twenty years occurred between 1915-20 when expenditure moved up by 230 percent, we shall briefly account for these movements of education expenditure.

The rise in education expenditure is the result of the growth of primary education in the city. Various factors including the increase in the number of municipal schools, students attending these schools, and the teachers employed by the local

body and more particularly rise in the rates of emoluments of teachers, have all contributed to this increase.

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Year. J	No. of Schools. <b>5</b>	No. of students. <b>I</b>	No. of teachers.
1900	14	3,852	130
1905	25	4,530	178
1910	27	4,785	243
1919	<b>40</b>	5,986	345
1920	64	9,183	417
1923	42	1,752	421
1925	63	9,329	
1930	<sup>6 3</sup> 63	12,033	
1934	68	13,175	
1937	<sup>6 7</sup> 67	14,702	

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It will be seen that the progress of primary education was fairly rapid and continuous till the year 1919. But the year 1920 witnessed the most rapid and unparalleled developments in the domain of education. There was a sharp rise in the number of schools, pupils and teachers. This rapid progress within a short period was due to the introduction of compulsory primary education in the city. During 1921-23, however, educational activities received a set back as a result of the non-cooperation movement when students left the Government aided municipal schools and joined the National schools. The municipal authority had to close some of its schools though it could not much reduce the teaching staff. Normal conditions were soon restored with the virtual amalgamation of municipal and national schools in 1925. During the next twelve years the strength of students and the teaching staff steadily increased, there is some decrease in the number of schools after 1930 owing mainly to the amalgamation of some municipal schools effected during recent years as a measure of retrenchment.

But the most important and influential factor causative of increased education cost has been the enhancement of the

scales of salaries of teachers from time to time. Complete information regarding teachers' scales prior to 1919 is not available. It appears, however, that salaries were first revised in 1905 and as a consequence of this revision expenditure moved up by Rs. 7,512. During 1908-11 the minimum salaries of teachers were raised to Rs. 9 each per month, in 1913 the establishment schedule was revised and teachers were granted the Code scale pay laid down by Provincial authorities, **A** special gymnastic allowance of Rs. 2 each was also paid to about thirty-one teachers. During the period of the late war it was found necessary to pay special allowances to the teaching staff with a view to affording some relief. The municipality paid them in 1918 war allowances and a time-scale pay. During the following years the local authority had to conform its scales to those laid down by Government both

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for trained and untrained teachers, there is no doubt that the increase of about 230 percent in education expenditure during 1915-20 was to a great extent due, to revised scales of salaries and payment of special war allowances to the teaching staff.

After the termination of the War the question of scales of salaries of primary school teachers was once again considered by Government and new scales were laid down in 1922-23 for unqualified, untrained and trained teachers. These new scales were much higher than those laid down in 1919-20 and as a result of the enforcement of the new scales cost of education mounted up rapidly. Moreover, the Education Act of 1923 had provided for the payment of attendance allowances to Head Masters and First Assistant teachers. The effects of all these factors on the cost of education have well been summed up in the following remarks of the President of the municipality. He observes, 'The cost of primary education has increased abnormally during the last ten years and

and it is primarily due to the increase in the pay of teachers, and also probably due to the unnecessary increase in the number of teachers. The salary which the teacher uses to draw in 1919 has practically been doubled in 1923 while the number of pupils has not appreciably increased . . . . .".

The payment of special attendance allowances was discontinued from 1930 as the system led, more often than not, to unnecessary distinction and disharmony among the teaching staff, when the Government education grant was subjected to a twenty percent cut, the local authority was obliged to reduce its education by retrenchment. The scales of teachers appointed after 1923 were reduced and the salaries of the school Board Staff were also reduced by 6 percent. It will be noted that the scales were now the same for all teachers whether employed before or after 1923.

A very reliable indicator of the growth of expenditure is provided by figures of average cost of education per pupil.

Year.	5	Cost per Pupil.	1	Year.	5	Cost per pupil.
						Ps.
1900		5.2		1930		16.8
1910		7.8		1932		17.1
1915		11.3		1935		15.9
1920		20.6		1936		14.4
1925		18.6		1937		16.6

The local authority has been trying during **recent** years to keep the cost as low as possible without prejudicing the efficiency or the progress of education. The decrease in cost after 1932 especially was, therefore, the result of various measures of retrenchment and economy adopted by the municipality.

Lastly we shall consider the expenditure on contributions made by the local authority to local primary schools. Before 1925 expenditure on such grants did not much figure in the educational budgets. With the constitution of the municipality as Local Authority for purposes of primary education, increased the responsibilities of that body vis a vis other primary schools. But for many years the municipality did not contribute anything from its own funds towards the support of non-municipal primary schools. Government expected the Local Authority to assist these schools as required in Primary Rule No. 9, but the municipality, owing to its financial difficulties, was not prepared to do so, especially as it took up the work of distributing grants to approved schools. In 1926 on the express condition that it would distribute what it received from Government and not add anything towards it from its own funds. It was only in 1935 that provision for grants to approved non-municipal schools was made in the budget. These grants were repeated during the following years.

Before we turn to the next item, it is desirable to briefly consider the progress of primary education during the period and with particular reference to compulsory education scheme. It must be admitted that both the scope and methods of instruction have much improved during the period. A fair idea about the scope of instruction obtaining in 1905 can be gained from the remarks of the Education Inspector. He observes, "only one school teaches full primary course, and only two schools teach upto sixth standard. The absence of the more important standards in so many schools cannot be said to be the result of teachers' want of energy or qualifications or unwillingness on the part

of guardians of students, standards must be made to fit the boys and not the boys to fit the Standards<sup>11</sup>. Conditions have much improved since then. At present there are five schools leaching the full primary course and eight schools teaching upto the sixth standard. Special instruction in music, physical culture, etc. is also provided in the municipal schools.

Secondly, primary education is imparted free of cost in all the municipal schools. The scheme of compulsory primary education was introduced from January 1920. It should be noted that Surat was one of the very few municipalities in the Province to introduce such a measure even before the Education Act of 1923 was placed on the statute book. The scheme was adopted with full sense of responsibility and enthusiasm in as much as the local body had decided to levy a special education cess to defray the cost of the scheme. The municipality expected that the provincial authorities would appreciate the measure and assist the enterprise by sharing two-thirds of the **coBt** thereof. request to that effect was made but it was turned down by Government saying that no case for special treatment had been made out by the

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local authority. Lack of encouragement and help from Government and the political unrest during 1920-22 combined to impair the progress of compulsory education during the following many years. Even after the passage of the Education Act of 1923 and the constitution of the municipality as Local Authority, no steps seem to have been taken to enforce compulsion. The President of the Municipality observed in 1927, "The inadequacy of funds has had a reflex action in progress towards better equipment or

\*1 G.C.No.3012 of August, 1919. H.D.



increase in the number of schools physical culture, etc. All attempts towards putting up better sanitary school buildings, supply of open play-grounds have proved Ineffectual, the aim and object of compulsion has failed. Compulsion is a read letter." It was only after 1933 that conscious and serious endeavours were made in the proper direction. Census registers were revised and completed in 1933 as required in Primary Education Pule, 125» It is unfortunate that the work was much handicapped owing to inadequate staff of attendance officer and inspectors. The following comparative statement for the six years ending 1937 shows what steps were taken by the local authority to enforce compulsion.

	51932	51933	81934	51936	{1936	{1937
Notices under P.E.Pule 127	750	1318	728	825	616	675
Notice under section 19 of the P.L.Act.	74	468	846	662	530	625
Attendance Orders.	38	123	152	290	219	215
Prosecutions.	13	23	34	50	40	40

Above 1733 and 1593 children of schoolgoing age were still outside the schools in 1936 and 1937 respectively. The following figures indicate improvement in the attendance at municipal schools.

Year.	Attendance.	Year,	Attendance.
1931	62.4	1935	81.5
1933	69.5	1936	80.9
1934	77.2	1937	81.5

In spite of these encouraging factors, the progress of compulsory primary education is not all that was expected when the scheme was first put into operation. The progress is inadequate, if not disappointing. Various factors have been responsible for the inadequate results. The first and the most important is the apathy of **the** Provincial authorities towards educational reform measures initiated by the local authority. Not only have they thrown **out** proposals for increased grants but, on the contrary, also adopted the policy of disallowing lawful expenses for grant purposes. Later on they even shirked their legal responsibilities in **the** matter by reducing the education grants on grounds of financial stringency, the declining assistance from the Provincial Government and the insufficient local resources prevented the local authority from taking the necessary steps for the successful working of the scheme. Secondly, the political unrest during the past twenty years in the country did much to undermine the municipal zeal and enterprise; and the continuance of divisions amongst teachers according to political proclivities for a long time adversely affected the day-to-day working of the municipal schools. Lastly, the Education Act of 1923 was itself defective in many respects. It is said that "the preliminaries took a long time before the <sup>i</sup> parent was prosecuted. The fine **inflected** was very trivial and some parents even managed to avoid its payment as recovery was generally left to the local body and <sup>u</sup> because the default was not punishable with some rigorous steps. . . . ."

Technical Institution:- This "Splendid little institution", established in 1862, owes its origin to the late Mr. F.S.Parekh who donated Rs. 46,500 for the establishment of the school with the stipulation **that** interest thereof along with

technical Institute Expenditure	1917	!	1920	!	1925	!	1930	!	1332	!	1935	;	1936	!	1937
1. Establishment	7,237	J	a,545	!	10,554	!	12,727	j	13,517	;	1?,309	!	11,755	!	15,594
2. Scholarships	511	!	553	!	53'	j	535	j	639	!	575	j	539		528
3. Maintenance charges	2,041	!	2,240	!	3,023	!	2,552	!	1,321	!	1,324	!	2,660	j	2,534
4. Contingent charges	419	!			63:..	'	3 14	I	363	!	• 7	i			259
^6. 3uildin^ ^ Repairs	134	!	259	!	37^	;	1,743	!	1,055	!	7	j	115	!	311
6. Purchase of Machinery, Lana, etc.	343	!		!	3,615	1	2,7			!	1, /6	!		j	
				i		-I									
Total Expenditure	13,749		13,307		19,574		21,		13,??3				1J,37...		20,262
													_____i_____i		

a Government grant equal to the amount of interest be devoted towards the maintenance of the school. The school was closed temporarily for " V had failed to confer on the town of ^urat that benefit which might have been anticipated from it". The municipality took interest in the revival of the institute and decided to contribute  $\text{Rs. } 1,000$  annually towards its expenses. The grant was raised to  $\text{Rs. } 1,500$  in 1907 and again to  $\text{Rs. } 2,000$  in 1916. The Government grant which previously amounted to  $\text{Rs. } 2,000$  was raised in 1910 to half the salary grant which usually varied from  $\text{Rs. } 2,500$  to  $\text{Rs. } 2,900$ . In 1912 it **was** again raised to  $\text{Rs. } 4,000$ . The institute was turned into a purely municipal institution after 1917. The expenditure of the Institute since then is shown in the accompanying table.

There is an increase of 47.3 percent in the total expenditure during the period of twenty years. The real increase, however, occurred between 1920-25 and during succeeding years the expenditure is practically steady. The main part of the outlay is absorbed by staff salaries; and the increased expenditure under this item is due to additions to the staff and enhanced salaries.

Year.	Staff Personnel.	Cost.
	5	" s.
1903	15	391
1924-1937	20	100 <sup>^</sup> -1305

The schedule and the scales were revised in 1924 and have not undergone any material change since then.

The **B**teady progress the Institute **i**s making is evidenced **b**y the fact **t**hat in 1921 the number of students on **r**oll was 32 **a**nd there was only **o**ne branch of instruction, namely lower grade Mechanical Engineering, while at present **t**here **a**re about 158 students on roll and instruction **i**n six branches of technical education is imparted, Viz. (a, Higher Grade Mechanical Engineering; (b: Mechanical Apprentice, (c) Carpentry, (d) Electrical Wiremen, (e) Automobile Engineering, **a**nd (f) Automobile Apprentices or motor mechanics courses. The Institute attracts **s**tudentB from all parts of the presidency and possesses a **n**ice, **w**ell-ventilated hostel **a**nd a good library. It **i**s said **t**hat there is much scope for expanding the Institute by adding to it some **c**ollage industries, **v**xz. (a) handloom weaving; (b. Power-loom weaving, (c) Golden-thread work; (d) Lacquer works, etc. There are some 3,000 power looms **i**n the district; **a**nd students trained in power-weaving at this school will be very useful to this local industry. The Institute is described as "**o**ne of **t**he **b**est equipped and best managed technical Institutes in the Presidency,"

Miscellaneous Expenditure:- Under this head are usually included such items as the interest charges paid **f**or loans, cost of services rendered private citizens **a**nd other sundry charges such as election **a**nd census **e**xpenses. The figures of expenditure **s**ince 1900 are shown in the separate table.

It **w**ill be **s**een that the figures do **n**ot indicate any definite tendency throughout the period. This is probably due to the fact that the items included under the head **a**re variable from year to year **a**nd from period to period. Let us consider the loan charges. At the beginning of the period the municipality had to pay interest on four separate loans amounting to Rs.

Rs. 5,43,500. The rates of interest varied from 4 to 5 per cent. Of these four loans, that of Rs. 2 lacs raised for road widening schemes was paid back in full during the first decade; but another loan of Rs. 1 lac was raised at 4 percent during the same period. The Plague loan of Rs. 1,50,000 was fully repaid in 1913. The liquidation of this debt and the annual repayment of the principal of other debts reduced the annual interest charges. In 1924 the local body borrowed Rs. 3 lacs for the drainage and water improvement schemes. The sharp rise in the interest charges in 1925 was the result of this new liability. The old water works loan was fully liquidated in 1927 and the new loan raised in 1924 was also fully repaid in 1933.

#### Municipal debt.

We shall give some consideration to the loan operations of this municipality during the last fifty years. This includes the examination of the conditions of each loan operation, viz. its total amount, rate of interest, duration and mode of repayment, etc. It may be remembered that loan operations of all the local bodies are conducted according to the Local Authorities Loans Act, 1914 and are closely supervised by the provincial Government.

The first loan of this Municipality was raised as far back as the year 1889 for widening roads in the localities which were devastated by fires. The total amount raised in the open market was Rs. 2 lacs, at 5 percent interest, and repayable within a period of 20 years. The general revenue of the local body was offered as security. The loan was repaid in full between 1905-10 by equated instalments of principal and interest.

The Construction of Water works at Varchcha necessitated floating of another loan of Rs. 6 lacs in 1896. It appears,

however, that only Rs. 4,70,000 were actually taken up. The loan was raised in the open market, at 4 percent interest, repayable within a period of 30 years and was secured against the general revenue of the municipality. The loan was fully liquidated in 1927 by the system of equated instalments of principal and interest. This was the biggest loan raised by the local body and its repayment was effected smoothly and without default.

The sudden outbreak of plague epidemic in surat in 1897 pressed so heavily on municipal revenues that the municipality was obliged to float a loan of Rs. 1,50,000 in the open market with a view to meet the charges on account of plague preventive measures. The loan was raised at 5 percent interest and was to be repaid within a period of 15 years. It was fully liquidated in 1913,

The second water works loan was taken up in 1908 in the open market. The total sum borrowed was Rs. 1 lac at 4 percent interest. The period of repayment was fixed at 19 years and general revenues of the local body were offered as security for the loan. The loan was paid back in full in 1927 by the system of annual equated instalments along with the big loan of Rs. 4,70,000 raised for the same purpose in 1896.

The third water works and drainage loan was floated in 1925. It was required for the improvement of the Khadi and storm water drains and construction of two balancing tanks. The total amount borrowed was Rs. 3 lacs and was raised in one instalment. The rate of interest was 7 percent and the loan was to be repaid within eight years from 1925. The municipality provided a Sinking Fund at 4 percent with the option of redeeming the debentures at 3 months' notice. The loan was fully paid up in 1933.

During the years 1922-24 the local body was confronted with acute financial crisis. In order to tide over the difficult

position It resolved to take an advance of Rs. 60,000 from Government. Government agreed to make the necessary advance free of interest on the condition that the loan was to be repaid before end of May, 1924. Interest at 7½ percent was, however, to be levied on the amount remaining unpaid after that period. In the meanwhile the municipal finances improved and the advance was not taken by the local body.

To sum up the results of this study it may be stated that in all five loans were raised since 1890. They were all floated in the open market. Of these, three loans were intended for the construction and improvement of Water Works and Water distribution system, one loan was raised to meet plague expenditure and the other for road widening purposes. Of these five loans, three were raised during the 1st decade of 20th century and only two were taken up since 1900. All the loans were, however, liquidated during the period of our study. The rates of interest charged varied from 4 to 7 percent. The higher rate charged for the 1925 loan was due to the tight condition of the money market during early post-war years. The maximum period of repayment was 30 years in the case of the old water works loan and the minimum period was 8 years in the case of the loan raised in 1925. All the loans were secured against general revenues of the municipality. As regards the method of repayment it should be noted that four loans were liquidated by the system of annual equated instalments of principal and interest and only in one case the sinking Fund system was adopted. At present the municipality has no debt to repay. In 1938-39 it was decided to float a loan of P.s. 50 lacs for the drainage scheme. The execution of the scheme has, however, been postponed owing to prevailing war conditions. Consequently the loan operations were not execu-



OJAT D^U

lime\* of India, cated 25th  
February, 1941,p, 12.

The advieibility of immediately proceeding with the Surat Drainage ^cheine, which is estimated to cost about ^s. 54,00,000 is suggested by Mr. P.A.Collett, nonsuiting Public Health Engineer to the Government of Bombay, after visit to our.t.

The scheme was shelved following Government's opinion, when its permission was sought for the floatation of a loan soon after the outbreak of war, that it was not likely that a loan could be raised at less than four percent interest.

Mr.Collett points out that the Municipality can borrow today at four percent anc: that most of the expenditure is on articles manufactured in Incia, whose prices have not risen more than 10 percent. He suggests that Municipality shoulc once again apply for Government permission. Mr. Coliett believes that the whole scheme could be completed In eight years and has given an outline of the first four years' programme•

## N A ^ i

Nasik, in north latitude  $20^{\circ}$  and east longitude  $73^{\circ} 61'$ , the head-quarters of the Nasik District, lies on the right bank of the Godavari, about four miles north-west of the Nasik Road Station on the Peninsula railway. The Marathi proverb that Nasik was settled on nine hills supports the view that the origin of the name was Navshikh or the Nine-peaked. Nasik is neither an industrial nor commercial town of any magnitude, but, in a way, it has an importance equalled only by few other towns of equal size and population. Being one of the foremost Pilgrim^centers, it is all the year round and especially once every twelve years, visited by thousands of pilgrims from all parts of the country, secondly, the city has certain natural acvantages which few cities in this province can boast of. The climate of Nasik is healthy and pleasant. Even in kay, though during the day the wind is hot, the nights are coj^l and refreshing. An excellent climate throughout the year and its convenient distance from Bombay added to its holiness are attracting a large number of people to this city **as** a health-resort. Thirdly, on account of the establishment of schools, secondary and **well** as primary, and a college, Nasik has become an educational center. Its capacity for inducing outsiders is only limited by its housing accommodation anr' water supply.

The Nasik Municipality **was** established on the 1st of May, 1864 **ana** in 1874 it **was** raised to the status of a city municipality. In 1900 the municipal council consisted of 12 elected and 13 nominated members, including the president. In 1908 Government

sanctioned the extension of elected members to two-thirds of  
 the whole number. They also conferred on the municipality the  
 privilege of electing their own President. The municipal council  
 thus contained 24 members of whom 16 were elected and 8 nominated  
 by Government. The total number of councillors was raised in  
 1922 to 30 members inclusive of the President, of whom 24  
 were elected and the remainder nominated. Of the nominated mem-  
 bers **three** were to be salaried servants of Government. In 1927  
 the council contained 38 members of whom 33 were elected and  
 5 were nominated. At present, however, all the members on the  
 council are elected by the citizens.

The population of Nasik shows a continuous growth during the last forty years. The factors which account for the influx of population have already been noted. The census returns since 1881 are given below.

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1881	-	24,101	I	1921	-	38,211
1891	.	24,429	I	1931	-	45,709
1901	-	21,490	1	5	Estimated population in	
1911	-	30,098	4	!	1937	- 50,000

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The population of the city has increased by 112 percent since 1901. The area under municipal control has also increased on account of the development of new sites especially on the Bombay-Agra Road. The area under municipal control which in 1881 was 357 acres has risen to 725 miles. The growth of population as well as the extension of the city limits has much increased the responsibilities of the municipal authority especially in the matter of sanitation, water supply, etc

\*1 G.P.N\*. 4614, dated 16th July, 1908. G.D.

\*2 G.F..N8. 1191. dated 3rd March. 1909.a.n.

The municipality derives its income chiefly from taxes and service rates, landed property and grants and contributions. The total net municipal income since 1900 has been as under.

Year. 5	Net Revenue	Year, 11	Net Revenue.
	T>S.		RS.
1900	51,876	1930	3,31,804
1910	1,21,226	1932	3,69,083
1915	1,24,262	1935	3,72,147
1919	2,15,724	1937	3,80,310
1925	3,07,150	1938	3,87,468

The total municipal Income has increased by about 647 percent since 1900. The Increase during 1900-1919 was 315.8 percent and during 1919-1938 it was only 79.6 percent. Thus the rate of increase was more rapid during the first nineteen years than during the succeeding years. Between 1919-1925 the rise is 42.3 percent but between 1925-1938 It is only 26.1 percent. It will thus be seen that municipal revenue has increased very slowly since 1925.

Of all the municipal taxes and rates, octroi duties have by far been the most Important. The figures of octroi revenue since 1900 are as under:

Year. 5	Revenue.	5 Year, 11	Revenue.
1900	••'s. 12,442	1932	r>s. 97,851
1910	ft 30,024	1935	" 89,674
1915	u 31,667	1936	'i 95,544
1919	?i 40,747	1937	" 97,659
1925	" 77,859	1938	? 93,496
1930	>> 86,340		

Octroi receipts have increased by over 651 percent since 1900. The increase during the first nineteen years was

Class of articles*	1900	1910	1915	1919	1925	1930	1935	1937	1938
			<i>Eds •</i>			ads	Mis*	ja&&	Mds
1 Grain.	£, 87, 775	3, 51, 852	4, 51, 520	60, 14, 665	12, 18, 560	11, 81, 305	13, 64, 079	14, 53, 621	13, 62
2 Refined sugar*	1	24, 074	13, 336	4, 49, 416	36, 709	43, 060	41, 222	33, 370	31
3 Unrefined sugar*	11, 979	9, 349	11, 063	1, 58, 186	17, 017	14, 197	16, 352	13, 806	14
4 Ghee*	4, 11b	5, 267	4, 690	5, 16, 700	7, 095	5, 812	5, 763	6, 072	5
<b>Class I - Articles of Food Drink*</b>	<b>4, 34, 046</b>	<b>6, 27, 931</b>	<b>5, 36, 705</b>	<b>71, 39, 167</b>	<b>12, 79, 332</b>	<b>12, 44, 374</b>	<b>14, 27, 916</b>	<b>15, 11, 669</b>	<b>14, 33</b>
5 oils of sorts.	619	1, 560	3, 619	2, 66, 720	12, 446	24, 609	26, 149	50, 859	13
Class II oil, oilseeds, etc*	24, 901	1, 61, 041	1, 63, 579	9, 49, 091	3, 87, 242	3, 15, 946	3, 29, 747	3, 53, 952	3, 51
Class IV Building materials-	9, 902	73, 154	33, 502	1, ( 0, 000	66, 960	59, 989	66, 393	60, 435	58
Class V Drugs * spices etc.	9, 023	60, 762	11, 880	1, 43, 790	22, 668	19, 480	18, 891	15, 909	17
Class VI Tobacco*	2, 408	4, 567	6, 325	4, 00, 000	10, 593	14, 968	15, 396	17, 440	19
Class VII Cloth, etc.	3, 855	4, 83, 810	7, 305	20, 26*200	17, 542	19, 895	19, 129	*2, 337	21
Class VIII Metals.	3, 973	2, 1d, 030	6, 618	6, 64, 380	36, 211	29, 066	27, 902	27, 042	26,

227 percent and during the succeeding nineteen years 129.4 percent. Between 1919-1925 receipts rose by 91 percent, but during 1925-1938 they moved up by only 20 percent.

The increase in octroi revenue is due firstly to increased imports of dutiable articles and secondly to enhanced rates of duties and imposition of duties on new articles of trade. The octroi rates were increased in July 1910 and income from duties rose rapidly in that year. After 1915 import trade suffered on account of War conditions and octroi revenue could not rise much. After 1919, however, receipts increased rapidly partly due to the revision of octroi rates but chiefly to the heavy imports of dutiable articles in the town owing to the fair held in that year, in 1925 rates of octroi duty on certain articles were once again raised and in certain cases octroi duty was newly imposed. Thus receipts rose by about Rs. 21,217 on account of the revision of the schedule of octroi rates, enforced with effect from 1st July, 1926. After 1929 revenue decreased slightly on account of depression in trade conditions but the position soon recovered with the return of normal conditions. It may, however, be added that during the past eight years octroi revenue has remained practically steady. We have already observed that development of import trade has been a contributory cause of increased octroi revenue. The relevant figures since 1900 are given below. The heavy imports during 1919-20 were due to the fair held in that year when thousands of people had assembled in the town. Nevertheless imports under each class of articles indicate a definite increase during the period of thirty-eight years on

\*1 G.O.No. 5966, dated 9th October, 1906. G.D.

figures in rupees ;

Class of Articles.	1900	1910	1915	1919	1925	1930	1935	1937	1938.
I Grain.	4,496	6,728	8,990	17,684	29,381	31,316	33,932	37,586	32,697
Class I Articles of food and drink.	8,466	17,108	19,213	22,930	39,823	42,680	45,142	47,593	41,791
Class III oils and oilseed, etc.	919	3,799	3,655	5,140	15,561	18,188	23,076	27,809	24,770
Class IV Building materials.	625	2,868	2,843	5,667	7,306	7,318	6,319	6,302	6,239
Class V Uroga and spioes, etc	769	893	1,064	1,565	2,684	2,630	2,518	2,249	2,546
Class Tl Tobaeoo	301	887	1,496	1,865	1,775,	2,385	2,633	2,775	3,023
Class Til oloth&a«	958	1,865	2,317	2,195	4,528	5,132	4,727	5,752	5,486
Class TTTI Metals	407	2,598	1,077	1,385	6,181	5,496	5,259	5,099	5,387
Total Inoome	12,442	30,024	81,667	40,747	77,859	86,340	89,674	97,559	93,496.

on account of the growth of population *in* the city a\*\*, partly due to the rising standard of living of the people. As regards the composition of octroi revenue and the relative productivity of each class of articles the following table may be found interesting.

The major part of octroi revenue is derived from articles of food and drink, in 1900 about 68 percent of octroi revenue came from Class I articles. The proportion gradually decreased to 60 percent in 1915 and 49.4 percent in 1930. In 1938 over 44 percent of octroi receipts were derived from food and foodstuffs, the decrease in the proportion of revenue from Class I articles indicates that the burden of octroi taxation has gradually been shifted to other Classes of articles especially Class III articles, viz. oils, oilseeds, etc. It is, however, necessary to note that the burden of taxation on Grains has not relatively declined during the period. In 1900 duties on grains contributed about 36 percent of total octroi income. The proportion decreased to 28.3 percent in 1915 but again rose to 36.2 percent in 1930 and 37.8 percent in 1935. In 1938 also duties on grain contributed about 35 percent of total octroi revenue. The next in order of productivity come the Class III articles and in 1938 about 26 percent of octroi income was derived from duties on these articles. It was only after 1925 that revenue from this Class developed.

Lastly, we shall consider the comparative importance of octroi as a source of municipal revenue. Figures indicating the percentage proportion of octroi revenue to total municipal revenue are as under.



Year. 5	Proportion.	il	Year. J	Proportion.
1900	23.9 peijcent.		1935	24.0 peijcent.
1915	25.4 *		1937	25.6 »
1925	25.3 "		1938	24.1 "
1930	26.0 "			.

It will be seen that ofttoi taxation occupies at present the same important position in revenue structure as at the beginning of the period. Its productive importance in relation to other revenue sources has remained unimpaired during all these years.

House Tax:\* The municipality was empowered to levy a tax on local real estate ever since it began to function. It is a fruitful source of revenue to the municipal treasury. The figures of revenue since 1900 are as under.

Year. 5	Income. *?s.	{	Year. {	Income, ^s.
1900	9,462		1932	48,226
1910	10,161		1935	62,572
1915	14,058		1336	50,310
1919	18,595		1937	61,570
1925	42,642		1938	61,076
1930	46,538			

There is a total increase of 545.4 perlcet during the whole period. Between 1900^1919 the rise -fau96.6 percent while during the succeeding nineteen years it is 228.4 percent. Thus the rate of increase was more rapid during the latter period. It may also be noted that the rise during 1919-1925 was 129.3 percent while during the succeeding thirteen years it was only 44.3 percent. The house tax revenue is increasing very gradually

during the more recent years.

The general rise in income under this head since 1900 might be the outcome of various factors, namely, rise in the rate of taxation, increase in the earning capacity of properties, and increase in the number of taxable properties in the town. How far these factors were present in the case of this municipality and the extent of their influence on property tax revenue will be considered briefly.

In 1881 there were about 3,709 habitations in Nasik, 1,123 of them houses of a superior and 2,586 of an inferior class. It is not, however, known how many of them were liable to house tax. Before 1915 there were about 3,516 houses assessed to house tax. In 1938 the number of taxable houses was 4,628. There is thus a ufinite increase in the number of taxable houses.

Before 1918 the house tax was a graded tax. Properties were classified into ten main groups according to their rental values and rates were levied on a graded scale for each class of properties. But the tax in its actual working Imposed a relatively higher burden on properties of lesser values. It was abolish-ed in 1918 anc a uniform rate of Rs. 6-4-0 percent on the rental valuation was introduced. The old maximum assessment of ^s. 26 was given up In favour of Ps. 60. But in 1919 even this new maximum limit of Rs. 60 was abolished. Income from the tax rose briskly after 1920 owing partly to the introduction of a uniform rate ana partly owing to the systematic revisions of assessment effected in 1920 and 1925 when many newly built houses in the town were for the first time assessed to house tax. The increase in income after 1925, though comparatively slow, was due to normal increase in the rental valuation of properties and probably also to construction of new houses in the town. At present the tax is leviabale on all buildings ana lands situated within

the limits of the municipality at the rate of one anna per rupee of the annual rental value. Properties with annual letting value at Rs. **5** or less are exempt. The following figures of percentage proportion of house tax income to total municipal revenue would show that it is a fruitful source of revenue and has not lost its relative importance throughout the period.

Year. j	Percentage Proportion.
1900	18.2
1915	11.3
1925	13.8
1930	14.0
1935	16.8
1938	15.7

Wheel tax;- a wheel tax is leviable on all vehicles and animals used for riding, draught or burden kept for use, within the municipal limits, whether they are actually kept within or outside the sale limits, at the rates sanctioned by the municipality from time to time. The income from the tax since 1900 is shown below:

Year. { i	Revenue.	{ Year. J 8	5	Revenue.
1900	283	1932		13,480
1915	464	1935		7,828
1919	7,320	1936		3,526
1925	8,802	1937		1,873
1930	13,380	1938		2,434

There is an increase of 760 percent in wheel tax revenue since 1900. Between 1900-1919 there was a rise of 2,484 percent

but between 1919£1938 there is a decrease of 66.7 percent. Income rose suddenly during 1919-1925; it declined equally suddenly during 1932-1937.

It appears that for a long time wheel tax was levied on carriages used for private purposes, and carriages plying for hire were assessed to toll tax. It was brought to the notice of the local authority that the practice of levying tolls on vehicles plying for hire within municipal limits was in contravention of the terms of section 59(ii) of the District Municipal Act of 1901. The conveyance tax schedule was therefore thoroughly revised in 1917 and enforced from 1918. The rates on private vehicles remained unchanged. But carriages plying for hire were, for the first time, brought under the operation of this tax. The rates on conveyances plying for hire were kept at more than twice those fixed for private conveyances. Pack and riding animals and cycles were for the first time assessed to this tax. All these innovations resulted in a substantial increase in the assured income of the municipality. The abrupt fall in income after 1934, was due to the fact that vehicles plying between Nasik and outside town which hitherto used to pay wheel tax, were assessed to toll tax from 1935. The subsequent decrease is partly due to decrease in the number of vehicles and partly to exemption granted to cars used by Government servants.

The schedule of wheel tax, in force in 1917 and at present, is shown in a comparative form in the accompanying table. It would appear that vehicles are not properly classified according to the practice in vogue in other towns that is, according to wheels attached to a vehicle. Similarly, cycles which were taxed formerly are now allowed to ply tax-free. The rate on Tongas

used for hire which formerly was Pe. 1-4-0 has now been raised to **PS**. 2 per month. Special rates have been prescribed for animals and vehicles used for burden which were absent in the 1917 schedule. The other rates have been substantially the same.

Toll Taxi- This is one of the old municipal imposts levied on all loaded conveyances including motor cars and animals entering the municipal district. The figures of toll tax revenue since 1900 are as under:

Year, jj «	Revenue. RS.	{ Year. { 5	Pevenue. Rs.
1900	8,288	1932	27,438
1910	14,483	1935	33,246
1915	15,593	1936	26,222
1919	16,541	1937	24,960
1925	19,858	1938	24,836
1930	15,628		

There is an increase of 199.6 percent since 1900. Between 1900-1919 receipts rose by 99.5 percent and between 1919-1938 they went up by 50 percent only. It may also be noted that revenue rose continuously till 19<sup>36</sup>, in which year, however, vehicular traffic much decreased owing to the depression and this adversely affected the receipts. With the return of normal times thereafter receipts once again went up and reached the maximum level in 1935. During the more recent years a definite decline is in evidence.

The general rise in the toll tax revenue is due principally to the widening of the scope of the tax. Vehicles and animals which formerly were not taxed at all or were assessed to wheel tax have now been subjected to tolls. The tax schedule in force in 1917 was a very vague document and did not specify

separate rates for each type of vehicle or animal. The rates provided therein were also very low. But the schedule which came into operation in 1932 and which was the direct cause of the increase in tolls receipts after that year, classified the vehicles according as they were used for private purposes or for burden and also included more vehicles than were included in the old schedule. Income rose by Rs. 10,094 in 1932 on account of the introduction of new tax rates. In 1936 income rose abruptly owing to the fact that vehicles which formerly used to pay wheel tax were henceforward assessed to toll tax. But receipts declined equally sharply the next year on account of a new Government order concerning toll taxation in municipal limits. All motor vehicles passing as through-traffic along Provincial roads lying within municipal limits were exempted from tolls\* since this new Government order was bound to effect municipal revenue, Government offered to pay to the municipality a lump sum commensurate with their income from tolls under the Motor vehicles Act. The municipality received Rs. 15,505, which in their opinion was the true representative figure of the municipal revenue from tolls. It is learnt, however, that only Rs. 7,265 only have been sanctioned by Government for this local authority. Revenue further declined in 1937 owing to the fact that toll was leviable only on vehicles other than motor cars.

Water Rate:- It is curious to find that Nasik has no regular municipal water supply service for a very long time. The present water works were completed in 1913 and the water rates rules were framed and introduced in 1914\* The revenue from these rates since 1915 has been as under:

Year.	Revenue.	Year.	Revenue.
	*8.	I	s.
1915	14,065	1335	63,733
1919	26,690	1936	60,509
1925	41,197	1937	76,397
1930	53,803	1938	71,386
1932	57,081		

Water rate revenue indicates a rise of 407.5 percent during the whole period. Between 1915-1925 the rise is 192.9 percent while during 1925-1938 it is only 73.2 percent. The increase in revenue can be traced to two main factors, namely, rise in the number of private water connexions and secondly rise in the water rates, the evidence at disposal however, indicates that the first factor was more prominent in the present case.

In 1913 there were only 285 private water connexions. The number gradually rose to 619 in 1915 and 790 in 1918. At present there are 2,003 pipe connexions and 265 meter connexions classified as under.

Pipe connexions;-	(a) 1/2 inch -	1925
	(b) 1 inch -	78
	(c) 1 1/2 inch -	<u>nil.</u>
		2003
Meter connexions:-	(a) 1/2 inch -	161
	(b) 3/4 inch -	60
	(c) 1 inch -	<u>34</u>
		255

So far as changes in water rates are concerned there have been none. The rates prescribed for private water service in 1914 have been substantially the same.

	J Rate in 1915	I rate In 1938
<u>Water for domestic purposes:-</u>		
• <b>1/2</b> inch pipe.	Rs. 18 per year.	Ps. 18 per year.
1/2 inch pipe,	" 36 per year.	*1 36 per year.
<u>Metered supply:-</u>		
(a) Govt, offices;	Annas 3 for 1000 gallons.	Annas 3 per 1000 gallons
(b) Gardens measuring more than 625 sq.ft.	6 for "	6
(c) Lawns.	6 for "	6
(d) Houses supplied by means of a pipe exceeding 3 inch.	6 for	6
The metered supply subject to following minima of monthly charges:-		
1/2 inch pipe.	Rs. 3 per month.	Ps. 6 per month <b>*1</b>
1/2 inch pipe,	" 3 " "	" 3 " "
1/2 inch pipe.	" 1-8-0 per month	" 1-8-0 per month

General Water Rate:- A special water rate is levied on those houses which have no private water connexions. Formerly, this general rate was based on the annual rental value of houses. Whenever, therefore, the valuation of properties was revised, it reached (if facts favourably on the general water rate income. The rate which was based on a graded scale was changed in 1919 and the new rate was fixed at pies 6 in a rupee of the annual rental value subject to a maximum of Rs. 6. Houses not situated within a radius of 1,000 ft. from any public fountain or stand-post and

\*1 G.P.No. S.91(56), dated 5th September, 1930.



and those yielding annually a rent of Ps. 5 or less and public buildings used exclusively for religious and charitable purposes and which yield no rent are exempt from the general water rate.

Revenue from the water rates is a growing and important one. The proportion which it bore to the total municipal income during the period is indicated below:

Year. 5	Proportion.	i Year.5	Proportion.
1916	11.3 percent.	1935	17.1 percent.
1925	13.4 percent .	1938	18-4 percent.

It may well be noted that water rates revenue occupies a more important position, from the view point of productivity, than the property tax income in the scheme of municipal revenue.

sanitary Rates:- These rates have been imposed with the main intention of defraying the cost of special and general sanitary services. The special sanitary rate is leviable on those who derive direct advantages of special conservancy service, and the, general rate is recoverable from all the householders who participate in common in the general **sanitary** advantages made available through municipal agency. The figures of revenue from both the rates since 1900 are as under.

Year.J	Special Pate.	5 General Pate.	/	Total.
I	Ps,	J	/	Ps,
1900	-	~		9,110
1910	-	-		10,158
1915	-	-		11,735
1919	-	-		14,636
1925	10,471	16,119		26,590
1930	10,244	14,397		24,641
1935	12,569	16,606		29,175
1937	13,671	16,475		30,146
1938	13,296	16,566		29,862

Income from both the rates indicates a rise of 227.7 percent since 1900. Between 1900-1919 the rise is 60.6 percent while during the succeeding nineteen years it is 104 percent. The larger part of the increase pertaining to the latter period occurred between 1919-1925. when receipts went up by 81.6 percent. After 1926, however, there is not much progress in revenue.

Before we examine factors responsible for increased receipts under the special and general cesses, it is well to note that prior to 1918 there was only one "conservancy cess". The old schedule was included in the set of rules sanctioned under the Acts of 1873 and 1884. It imposed "a conservancy cess" on all houses at rates which differed with the estimated rental value of a house. This cess we may call the general cess. If a house was provided with a privy, the amount of this cess was doubled. This doubled rate may be called the special cess. The Act of 1901 split up the original "conservancy cess" into a special sanitary cess and a general sanitary cess. The introduction of the new schedule in 1918 resulted in an increase of about Rs. 2,500 a year in municipal income. In 1919, it was decided to alter the special sanitary cess so as to make each privy seat of every house liable to a rate of Rs. 3. Similarly, it was resolved that when more than one house owner used the same privy or privies, each of them should be made liable to be taxed separately at the rate of Rs. 3 for each privy. These changes were sanctioned by Government. In 1925 the special cess was again raised with a view to cover the expenditure on special sanitary service. The changed rates were.

	{	1924	/	1925-38
Rach privy having one seat.		3 per year.		Rs.4-0-0 per year^
For every additional seat.		<b>Re.</b> 1	»	« Rs.3-0-0 " "

The increased revenue under special cess was thus partly due to enhanced rates of the cess. Another factor causative of increased income was the increase in the number of private privies cleaned by municipal agency and therefore liable to pay the rate. The number of privies in use since 1924 is detailed below:

Year.	Private privies.
1924	2,086
1928	2,305
1931	2,747
1935	2,983
1937	3,200

The rise in income under the general cess can be traced to two main factors. It may be noted in the first instance that the general cess is linked with the house tax and consequently the revisions of assessments licit for the house tax purposes do not fail to react favourably on the general cess revenue\* in the second place, the general rate itself has been enhanced during the course of the period. The old and the prevailing rates have been as under.

1. Each house assessed to House tax at Rs. 3 or more	5	Ps. 3 per year.	5	Rs. 4-8-0 per year
2. Each house assessed to House tax at less than Rs. 3	1	" 1-8-0 "	1	" 2-0-0 "
3. Each house exempted from House tax on account of the rental value thereof being Rs. 5 or less.	5	Annas. 12 "	5	Annas. 12 "

\*1 G.O. No. 91(56), dated 15th March, 1937. G.O.

To sum up, the rise in income from sanitary rates is due mainly to enhanced rates and partly to increase in the number of private latrines and a rise in the rental values of properties on which they have been levied. It will be observed that since 1925 revenue has not shown any appreciable rise and is not expected to move up unless the prevailing rates are substantially increased.

Pilgrim Tax:- Nasik is a center of pilgrimage where thousands of people from all parts of the country gather together and perform sacred rites. The presence of these outsiders once a year and more particularly once every twelve years puts a great strain on municipal authorities who have to look after the sanitary arrangements **in the city and take** such other measures necessary for the prevention of ~~map~~ <sup>any</sup> outbreak **of epidemic in the city**. This activity naturally entails such a heavy expenditure of money **as** is clearly beyond the resources of the municipality to meet. For this purpose the municipality has **been** empowered to levy a pilgrim tax on all persons visiting ~~it~~ <sup>it</sup> on pilgrimage. The revenue from this source is not a regular or a continuous stream but depends on the number of pilgrims visiting the city. Wide fluctuations in income are therefore inevitable.

Year. /	Revenue. Rs.	2 Year. /	Revenue.
1900	2,794	1930	1,760
1910	9,409	1935	9,164
1915	7,829	1936	11,124
1919	18,954	1937	10,513
1925	21,348	1938	8,848

There were large collections during 1919-20, 1920-21, and 1925-26 owing to large number of visitors on account of

certain special fairs falling during those years. The year 1920 was a Jinhast year and the municipality was required to make special arrangements for conservancy and water supply necessary for the expected rush of pilgrims, the pilgrim tax of Annas 4 was, therefore, raised to Annas 6 per pilgrim for the Linhaet period. The large increase in receipts during that period was partly due to great influx of pilgrims and enhanced rate of the tax. The rate of Annas 6 was again reduced to Annas 4 from September, 1921.

The raiser d'etre of the pilgrim tax is to be found in the fact that the local authority has to incur enormous expenditure on sanitary measures with a view to maintaining healthy and sanitary conditions in the city. It was, therefore, decided that receipts from the tax should not be merged in the general funds of the municipality but should be credited to a special fund called the Pilgrim welfare Fund. This fund was started in 1926 and it is utilized for meeting expenditure in connexion with pilgrim arrangements. It is, however, found that this sound principle is not always observed in the administration of the tax and instances have occurred when the proceeds of the tax were credited to other revenue items. The rate of the tax at present is Annas 4 per head and is payable by all persons visiting Nasik on pilgrimage. Followers of every religion other than Hinduism as well as people too poor to pay, are exempted from the tax. Similarly, bona-fide residents of the city and persons owning houses in the city but living outside for the time being are also exempted.

We have so far considered municipal revenue from taxes and various rates. Figures showing revenue from this main source

Year.	( ^ents of Lands, { Houses, etc. jj Rs.	5 Conservancy 5 Receipts, I Rs.	\$ Markets And i Slaughter I Houses, j Rs.
1900	744	1,869	410
1910	3,781	2,905	843
1915	4,157	2,509	2,375
1919	6,222	5,046	12,136
1925	13,304	8,093	13,230
1930	11,451	4,581	13,306
1935	7,996	5,433	13,743
1936	6,324	4,544	15,209
1937	12,008	5,058	15,761
1938	9,439	4,912	18,930

and its relation to total net municipal revenue from time to time are given below:

Year.	j j̄	Revenue. Ps.	/ /	Proportion to total Revenue.
1900		45,366		87.4 percent.
1915		95,415		76.7 percent.
1930		2,46,080		74.1 percent.
1937		3,03,774		79.8 percent.
1938		2,92,538		75.4 percent.

The proportion of tax and rate income declined after 1900 and now it varies between 76 and 80 percent. The main increase in income occurred between 1920-1925 when most of the rates and taxes were revised to procure more income and balance the budget. After 1925, however, there is no appreciable progress and income appears to be practically stagnant.

The local authority obtains some revenue from its property in land and other assets. Income from this source since 1900 has been as under.

Year, j̄	Revenue. Rs.	{ Year, j̄	Revenue. Rs.
1900	4,019	1930	34,202
1910	12,023	1935	32,985
1915	12,609	1936	30,220
1919	26,656	1937	38,443
1925	37,950	1938	39,428

There is a rise of 881.0 percent in income since 1900. Between 1900-1919 income rose by 563.2 percent and during the

next nineteen years it rose by 47.9 percent only. Income rose more rapidly during 1915-1919 when the rise was about 111 percent. The chief forms of property yielding regular Income are the municipal lands, houses let at rent on leases and shops in the markets which are usually auctioned every year t<sup>i</sup> highest bidder<sup>^</sup>.

Similarly there is some demand for manure from the rural parts and this manure is prepared in large quantities at the nightsoil depots according to the famous Nasik system. Revenue from "Rents" depends upon the amount for which plots on the river banks are auctioned, similarly income from the sale of manure is determined more by the demand for manure. Income from stalls in the markets and from slaughter house fees is more regular and does not indicate any wide fluctuations. It is necessary to note that during 1919-20 and 1920-21 revenue from rents and markets was very large principally due to increased utilization of lands and plots on the river banks due to Sinhast year. Moreover, the sharp rise in market revenue in 1919 was also due to transfer of Bazar fees from the head "Rents" to the head "Markets, etc" There was a temporary lw<sup>±</sup> in the market revenue on account of the decision of the local body to stop the Beef Market. Thi<sup>^</sup> decision was rescinded and receipts moved up again. The local authority does not obtain any income from its investments. This is due to the fact that expenditure is increasing more rapidly than income and there is usually no surplus available for productive investments. The absence of this item (of interest) from the statement of "Revenue is one indication of the miserable state of municipal finance at Nasik.

To assess the productive importance of property revenue in relation to total municipal revenue the following figures of



Year.	Government Grants. Rs.	5 Local Fund Grants. Rs.	II Grants from other sources. Ps.	Total grants
1900	2,076	-	-	2,076
1910	32,044	208	126	32,377
1915	12,737	85	-	12,822
1919	43,485	109	-	43,594
1925	11,005	-	-	11,005
1930	39,233	482	-	39,715
1932	35,762	528	-	36,290
1935	30,920	-	-	30,920
1936	32,915	1,340	-	34,255
1937	31,798	617	-	32,415
1938	40,745	465	10	41,210

Year.	j 5 f	General Grant.	/ \$ J	Educational Grant.	i J 5	Sanitary Grant.	{ Total Govern- ment Grantg. }
1900		-		-		-	2,076
1910		27,500		4,544		-	32,044
1915		380		12,357		-	12,737
1919		29,801		13,684		-	43,485
1928		-		30,653		3,628	34,281
1930		-		35,141		4,092	39,233
1932		1,064		30,903		3,795	35,762
1935		-		28,786		2,134	30,920
1936		-		29,530		3,385	32,915
1937		-		28,371		3,427	31,798
1938		-		37,737		3,008	40,745

of percentage proportions are helpful.

Year. j	Proportion.
1900	7.7 percent.
1915	10.1 "
1930	10.3 <b>n</b>
1935	8.8 "
1937	10.9 it
1938	10.1 n

Broadly speaking,, municipal property contributes annually about 10 percent of the total revenue.

Grants And Contributions:- The local authority receives grants from the provincial government, Local funds and private individuals for general, educational and medical purposes. Of them all, the education grant receivable from the provincial government is the most important. The total revenue from grants and contributions since 1900 is shown in the separate table. There is an increase of 18,850 percent in the grant revenue since 1900. The factors responsible for increase in normal grant revenue may now be considered under each item, in the beginning the Government grant for education was fixed at 1 of the municipal expenditure on education in a particular year. Since 1896 municipal revenues in the province were much crippled by plague and famines and any extension of primary education was clearly impossible unless Government aid to local authorities was substantially augmented. In 1903 Government sanctioned additional grant to primary schools with a view to enabling the municipalities to extend primary education, especially female education. **The** ratio of education grant was, therefore, raised from 1 to 1 of total municipal expenditure on education. Even though the rate of

\*1 G.P.No. 1749, dated 29th August, 1903, Ec.D.

grant was raised, the old defect of calculating the grant on municipal expenditure during a particular year was present in the new scheme. The effect was that **in** course of time the government grant became a fixed amount and **did** not vary with year to year municipal expenditure. This drawback in the grant system was removed in 1918 when government decided to give grants at half the sum expended during the preceding year. As a result of this change, municipal income from education grant increased after 1918. The sudden drop **in** education grant **in** 1925 is not significant as it arose out of mere book adjustments in municipal accounts in the absence of definite orders from government **in** regard to them. There is a decline in grant receipts after 1930 and it continued till the close of the period. This decline was due to the fact that government education grant was subjected **in** 1931 to a 5 percent cut and a further cut of 20 percent in 1932. Towards the close of the period grant revenue again improved owing mainly to the restoration of the cut **in** education grants.

The municipality has also received during **the** course of the period additional government grants for educational purposes. But these were non-recurring in nature and intended for specific educational purpose. Thus during 1906-1910 extra grants were given for raising the minimum salary of teachers from Rs. 7 to Rs. 9. In 1915 and 1934 special grants of Rs. 5,105 and Rs. 3,853 respectively were given for school buildings.

The government grant for sanitary or medical purposes assumed a regular and definite character only after 1916 when the Central and provincial authorities offered to assist the local authorities towards the maintenance of qualified sanitary staff. It appears that this municipality received for the first

time in 1922 a sanitary grant of Rs. 2,000 for the maintenance of a second grade Health Officer. The amount of this grant augmented as the salaries of the health officer and inspectors appreciated on account of normal increments. The sanitary grant decreased after 1930 mainly on account of the 10 percent cut in 1931 and partly also on account of the appointment of a Health Officer on initial salary. But the position soon improved in 1936 when the cut in the pay of the sanitary staff was restored and grant on full pay was received.

The fact that Nasik is a great center of pilgrimage imposes very heavy responsibilities on the shoulders of the local authorities especially in respect of sanitary arrangements during the fairs. It is natural that the resources and expert sanitary knowledge at the disposal of the local body are too inadequate to meet the situations as they arise. For this reason the provincial government have to make special sanitary grants to the municipality with a view to enabling it to take all necessary measures to maintain sanitary conditions especially during the period of fairs. The Government also lend the services of their expert sanitary staff to the local authority or agree to share the additional expenditure if the municipality itself engages extra sanitary staff. These sanitary grants and help is clearly non-recurring in nature. A few instances of such grants might be quoted. In 1901 a grant of Rs. 20,000 was made for sanitary projects. During 1910-11 a special grant of Rs. 50,000 was received for town improvement and removal of congestion. During 1919-1921 special grants were given for construction of drains and for other effective measures for the Sinhast year.

Grants from local funds and other sources do not much figure and need not be considered. Lastly, we shall review the

position of grants in the scheme of municipal revenue from time to time. The relevant figures of proportion of grants revenue are given below:

Year.	ji	Proportion.
1900		4.0 percent.
1915		10.3 <u>u</u>
1928		10.8 <u>u</u>
1930		11.9 <u>π</u>
1935		8.3 <u>u</u>
1938		10.6 <u>π</u>

The main development of grant revenue took place between 1900-1920 when the rate of the education grant was raised and the sanitary grants introduced. The sharp decline in proportion in 1930 is already explained and it arose out of cut in the government education and sanitary grants which, however, was fully restored at the close of the period. broadly speaking, therefore, the grants and contributions contribute about 10 percent of total municipal revenue.

revenue shown under the Miscellaneous head is not considerable in amount nor very significant from the view point of our study. The items of receipts shown thereunder are variable in nature and the sharp movements in their revenue are more often than not the result of mere book adjustments. Without discussing any more the movements of miscellaneous receipts, we shall next turn to the expenditure side of Nasik municipal finances. The development of municipal expenditure during the period of thirty-eight years can be discerned from the following-

Year. 5	Expenditure. Rs.	ii Year. j	Expenditure.
1900	57,699	1932	3,70,344
1910	95,787	1935	3,52,202
1915	1,76,816	1936	3,41,489
1919	1,87,869	1937	3,72,018
1925	2,60,304	1938	3,76,902
1930	3,48,328		

The total municipal expenditure increased by **670 percent** since **1900**. Between **1900-1919** the increase is **226.6 percent** while between **1919-1938** it is only 105.9 percent. Expenditure rose more rapidly during the first nineteen years. It may also be noted that the rise during **1919-1930** is **85.4 percent** while during **1930-38** it is only **11 percent**. After **1930** expenditure actually declined and towards the close of the period it rose again.

We shall review municipal expenditure under some of the important items and trace the causes that have governed their movements during the period.

General Administration:- Under this head are usually shown charges on account of the chief officer and his staff of superior and inferior servants engaged in the administrative branch of municipal affairs. In this municipality, however, expenditure on the Health supervision staff used to be included under **this** head for a long time. This practice was discontinued later on. The fact needs mention merely because such shifting of items from one head of expenditure to another creates movements of expenditure which are not important from the view point of our study. The figures of expenditure under administration since **1900** are set forth:

Year.	5 I 8	Establish- ment. PB.	8 8	Contingency! PS.	5	Printingj Ps.	5	Pent. He.	8 I 8	To* al. w .
1900		3,137		187		-		-		4,122
1910		7,437		464		-		-		7,901
1915		9,548		932		-		-		11,277
1920		9,384		493		-		-		11,479
1925		10,501		954		2,961		1,518		16,798
1930		-		-		-		-		19,181
1935		11,289		1,488		2,245		1,500		16,629
1936		13,646		1,127		247		1,600		16,713
1937		13,396		2,061		3,477		1,000		20,176

The administrative charges increased by 178 per cent between 1900-1920 and by 75 percent between 1920-37. The major part of these charges are devoted to payment of staff salaries. The two main factors which usually determine the amount of expenditure under this item are the strength of the staff and the scales of remuneration. These points little information is available for the period prior to 1917. The schedule of 1917 shows that there were 37 servants in the Huzur office of which, however, 9 servants belonged to the Health Supervision section and 5 servants to the general service section. Thus the actual staff service in the chief officer's office consisted of 23 servants. The schedule now in force shows that 22 servants are engaged in that office. Thus there is no addition to staff strength since 1917 at least, as regards the cost of establishment, the total monthly bill amounted in 1917 to Rs. 761 minimum and Rs. 996 maximum. At present the same amounts to Rs. 860 minimum and Rs. 1,355 maximum. To conclude, therefore, the increased expenditure under establishment was due solely to enhanced scales of salaries.

The sudden upswings in the printing charges in 1925, 1935 and 1937 are due to book adjustments and are not important. The municipality appointed a chief officer probably for the first time



Collection of Assessed taxes.	1900-01	1910-11	1915-16	1920-21	1925	1934	1935-36	1936-37	1937-38
1. Establishment	753	975	816	1,667	1,633	4,773	5,471	6,246	6,721
2. Revision - charges*		40						396	80
3. Contingency	340	56	49	SOS					
Total expenditure«	1,094	1,071	865	1,870	1,633	4,773	5,471	4,642	4,801
Collection of Octroi, tolls &o«									
1. «gtfidli3h»«Bt	4,513	4,841	5,813	8,557	11,334	12,757	13,203	1»,911	16,292
2. Contingency	821	130	193	2,438	118	242	53	138	29
3. Sew Ifeke and Baka Repairs	84	127	172	2,403	226	26	32	126	5
Total expenditure	5,419	6,098	4,278	13,398	11,678	13,025	13,288	16, 175	16,326
Total collection charges*	6,513	6,171	T,143	15,268	18,311	17,793	18,759	22, 817	23.127

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in 1908-09 when the elective element was extended in the council and official control withdrawn. The fees charged by government for auditing municipal accounts were first fixed at **₹** B . 500 per annum.

\*1

Later on they were abolished. The audit charges used to be shown under this head. The charges on axx general administration amount to about 5 perlcnt of the total municipal expenditure.

Collection of Taxes and Rates:- 'he municipal --ima-  
ged for the collection of rates and taxes is uiviued into two branches of which the one branch is engsiged in collecting assessed taxes and rates while the other branch is employed for collecting octroi and toll taxes. The octroi establishment is also divided into indoor anc outdoor sections. The figures of collection charges since 1900 are given below.

Year, jj 8	Expenditure. Rs.	{ Year. { { i	Expenditure.
1900	6,513	1930	15,766
1910	6,171	1935	18,758
1915	7,144	1936	22,814
1920	15,268	1937	23,127
1926	13,311	1938	21,822

^he rise in expenditure since 1900 is 235 percent. During 1900-1920 the rise is 134.4 percent and during the next eighteen years it is only 43 percent. The collection charges of octroi and other taxes may be considered separately. The relevant figures are given in the accompanying table.

It will be observed that most of the expenditure is In-  
curred on the maintenance of staff and the rise in expenditure under this item is due partly to increased strength of establishment

\*1 G.R.No. 1665, dated 2nd April, 1908. F.D.

and partly to enhanced salaries paid. This fact is illustrated below.

Year.	Strength of the establishment.	Cost per month	Cost per year.
		Rs.	Rs.
1917	49 servants.	556-•626	6,672-7,512
1938	64 Servants.	1,417-•1,840	17,004-22,0P0

The establishment which is mainly engaged for collecting octroi duties at Nakas also collects the tolls and Pilgrim tax. Before 1918 the whole collection charge on account of Naka establishment used to be shown under the head "collection of tolls". Since that year, however, the principle adopted has been to allot expenditure on the basis of the amount of each of the three taxes collected, viz. octroi, tolls, and Pilgrim tax. The rise in the collection cost in 1920 was abnormal and was due partly to payment of war allowance to the staff but mainly due to the appointment of a temporary staff of ten clerks, one inspector and two peons, the year being the Sinhast year. In 1926 again Increments were granted in the pay of the establishment. After 1930 the municipal income went down and a cut was effected in the remuneration of the staff. But this measure could not bring down the cost as the municipality had to employ more often than not, temporary staff for pushing on recoveries and enforcement of coercive measures. After 1936 expenditure moved up appreciably due to (a) abolition of cut in salaries, (b) periodic increments in salaries and (c) maintenance of temporary staff for collection work as well as for the quadrennial revision of assessment lists.

In spite of the fact that the municipality has maintained a *l&vg\** staff for the collection work, arrears **of** rates and taxes/continueJ(to increase. The arrears which in 1935 amounted to s- 1|11,0U rose to \*a. 1,34,699 in 1936 ant^Ra. 1,32,127 in 1937. It is learnt that the local authority requisitioned the services o^^government servant^to expedite the collection work, and though some improvement was achieved the work still suffers on account of certain defects in the Taxation **Recovery** Pules, especially in respect of distress warrants on immoveable property. But this serious drawbac. ~ Resent everywhere and the municipality cannot be absolved from its responsibilities in the matter on this one ground, in view of the fact that about one-third'**pf** its total revenue is carried forward from year to year as arrears,to the detriment of public interest.

Fire service:- There is a small equipment for fire fighting purposes with a staff which is considered both adequate and efficient in their work. That the municipal expenditure on this civic service is not very considerable in amount, will be apparent from the following figures.

Year	Establishment. Ps.	New Hoses, ^ipes. Rs.	Repairs, i Ps.	Contingen- cy. Ps.	Total, s.
1900	116			407	524
1915	416	222	124	-	764
1920	795	1,527	192	-	2,514
1925	679	117	21	-	817
1930	613	112	12	30	768
1932	539	560	24	80	1,204
1935	590	569		26	1,209
1937	628	430		52	1,034
1938					1,096

There is an increase of 109 percent in expenditure since 1900. About half of the expenditure is absorbed by staff salaries,

Year, $\frac{jj}{5}$ j	Staff, j	Kerosene Petrol oil, etc. $\frac{5}{8}$	New -s, etc. $\frac{5}{8}$	Chimney \	Electric energy.	II { /	Total. RS.
1900	753	1,384	-	-	-		2,331
1910	1,026	4,359	-	-	-		5,386
1915	1,291	3,942	967	-	-		6,248
1920	2,159	6,814	460	-	-		9,574
1925	2,299	6,548	249	-	-		9,322
1930	3,635	7,604	1,903	-	-		13,143
1932	3,776	8,512	1,676	4,736	-		19,013
1935	1,156	1,577	-	15,160	-		17,893
1936	626	924	-	18,974	-		20,524
1937	577	1,461	-	15,461	-		17,499
1938	-	-	-	-	-		22,589

which, however, do not indicate any rise after 1920. On the other hand, there is a decline in cost under that item. Before 1917 there were two servants in this section and the annual cost varied between Rs. 240\*Ps. 300. At present there are only three servants in the fire service and the annual cost now varies between Rs, 480 ^ Rs.600. The fire fighting equipment consists of one steam fire engine purchased in 1923 and another petrol motor fire engine purchased in 1929 at a cost of Rs. 1,600, It appears, however, that the service has not yet received much attention and there is no development either in the scale or in the equipment of the service since 1900. It is not known whether the present equipment is sufficient for the needs of the town or whether the staff is adequate and trained, it is essential that municipality should devote careful thought to these aspects of the fire service. At any rate fire service has yet to develop in Nasik.

Lighting Service;- The local authority maintains a special branch for the lighting of public streets and roads and there is a distinct improvement in the service since 1930. Municipal expenditure on lighting during the period is shown in the separate table.

During the whole period of thirty-eight years expenditure rose by 869 percent. The rise during the first twenty years is 310.7 percent and during the succeeding years it is 135 percent. The real increase during the second period occurred after 1930 when expenditure moved up by about 72 percent mainly on account of the electrification of streets in the city, it will be noted that staff salaries do not figure much in the lighting expenditure. In 1917 the lighting staff consisted of 16 servants and their annual pay bill varied between \*PS. 1,560^1,800. With the increase in the number of Kerosene oil lamps, the staff had to be strengthened and the cost of establishment seems to have reached the maximum of Rs. 3,776 in

1932. The introduction of electric lighting since that year has rendered^/maintenance of a large staff unnecessary mC a decline in the staff cost became more evident towards the close of the period.

The next important item of expenditure was Kerosene oil and petrol since for a long time the system of kerosene lamps and petromax lamp^ obtained in the city. The oil charges rose rather briskly during the last war period partly on account of high prices and partly also on account of additional lamps during the oinlast year, 1920. The expenditure reached the maximum level in 1932 and then declined sharply on account of the electrification of the city. Expenditure on electrical energy increased very rapidly between 1932-1935 when most of the installation work was completed. The electric charges are expected to rise with further extension of electric lights In the town.

The scheme of electrical street lighting was introduced in Nasik at a late stage and the present arrangements of electric lighting have failed to satisfy the needs of the population and the local authority. The **Differences** between the local electric concern supplying energy and the municipality had once reached a stage when it was feared that the re-introduction of oil lamps would be necessary to combat the unreasonable terras of the company Even today there does not exist any agreement between the company and the municipality regarding the conditions of service and the rate of energy. It thus appears that the lighting service has yet to be placed on a systematic and satisfactory basis so as to avoid all public inconvenience and ensure an adequate supply of energy at reasonable rate. About 6 percent of the municipal expenditure is devoted to lighting service.

Water supply: - it is surprising that the population of Nasik has to depend on the river water for a fairly long time. The present water works were constructed in 1915. But before that year sources of water supply were scanty. The water of the Godavari, was contaminated by thousands of people bathing daily in it, by the trodding of cattle and by discharge of town sewers into it. The bed of the river is intersected by a number of Kunds or pools, more or less deep. Every year before the commencement of the hot season, the local body had to take precautions to ensure a sufficient supply of wholesome water to the people and to flush up the Kunds every day as far as the supply of water permitted. But in spite of all such precautions, water proved to be unwholesome and scanty. The evil became aggravated in a dry season succeeding a scanty rainfall. The construction of a new water works was therefore a crying need of the city. The municipal expenditure on water service has been as under. Expenditure under more important items is also shown in the separate table.

Year.	Capital Works.	Maintenance charges.	Total.
Rs.	Rs.	RS.	Rs.
1900		927	927
1910		3,456	3,456
1915	50,000	32,808	82,808
1919	706	30,663	31,389
1925	8,319	41,540	49,859
1930	46,190	35,746	81,936
1932	2,616	53,491	56,107
1935	4,254	38,433	42,687
1937	6,927	38,245	45,172
1938	6,888	47,996	54,884

Expenditure on maintenance and repairs makes an abrupt appearance in 1915 when the water works were completed and water supply was commenced, since then the maintenance charges have risen by over



46 percent. The water works scheme was submitted to Government in 1908 with the request to them to bear half the cost of the same and to lend the rest of the money as loan at low rate of interest. In 1912 a loan was taken from Government and out of this loan the municipality placed Rs. 1,50,000 at the disposal of the Government public works department for expenditure on water works, the scheme was completed in 1913 and in the first year about 286 water connexions were granted to householders. Another loan of Rs. 60,000 was taken up in 1914 and the whole sum was transferred to Government to meet the excess of expenditure on water works and also paid the arrears of maintenance charges. The Government transferred the control and working of the pumping installation and the reservoirs to the municipality from 1st April, 1921. Since then the Nasik Water works are managed by the local authority. The consumption of water per head amounted to 16 gallons in that year. During the period that followed extension of mains in the different parts of the town was pushed on. In 1929 an elevated tank of 24,000 gallons capacity was erected at Panchawati. This measure made the supply of water to Panchawati independent of other parts of the city. A **new service reservoir of 5 <sup>lacs</sup> ~~lacs~~ gallons capacity was constructed** at Bara <sup>a</sup>fian<sup>low</sup> in 1930 at a cost of Rs. 42,000 to remove shortage of water. The question of purification of supply was not also neglected. A new Paterson Filtering Plant was installed at a cost of Rs. 3,100 at the Pumping station to give a protected water supply to the public. The local authority had, however, realized the fact that the supply was hardly sufficient for the needs of the town and that the question of the augmentation of the Water Works required serious consideration.

The supply of water is intermittent and very scanty, and the per head consumption about 20 gallons per day. The reservoirs do not contain the full supply required for the day which is over 11,00,000 gallons while the total capacity of water compartments is only 8,30,000. This is found to increase the difficulty in proper chlorination of the supply as the necessary equalization and rest cannot be had between the reception and discharge of supply, in 1936 the city was faced with a grave scarcity of drinking water owing to accidental loss of some storage from the Anandwatti reservoir, and the municipality had to make the last effort at pumping supplies from the stagnant pools upstream in the river and allowing these to flow down to the Head Works. It was, however, felt that it was dangerous to tamper with this important civic problem and some definite and lasting scheme was eminently necessary to set at rest all the anxieties regarding adequate water supply.

The question of augmenting the present supply has been engaging serious attention of the local body for the past few years. Various alternative schemes were considered and out of them the Chakratirtha water supply scheme was found to be the most favourable from various view points. The proposed scheme, though a Pumping scheme to start with, lends itself to the possibility of working it as a Gravitation scheme with certain restrictions in future, if at all such a proposition is found to be cheaper with the increased population and consumption in future, say after 15 to 20 years. The proposed project allows for making best of the present water works, viz. Pumping Station, Rising Mains, pick up weirs at Anandwatti at least for some years with some extensions or improvements here and there. Thus the scheme can be fully developed and worked in suitable instalments or stages as the increase in population and consumption demands, the

annual recurring cost adjusting itself to the proportion in which the consumption goes on increasing.

^^-^estimated cost of the scheme is Rs. 7 la^s without rapid filters and about Rs. 10 lafs with rapic filters. In the meanwhile, however, Government have asked the municipality whether they could purchase water from Government in case they take up the Walcevi scheme. The municipality has called for the details of the scheme for consideration.

The increased expenditure under establishment is due partly to increased staff personnel and partly to increased salaries. In 1917 the staff consisted of 32 servants while at present it consists of 45 servants. The monthly cost of establishment in 1917 amounted to Rs. 349-387. At present the cost per month varies between Rs, 926-1,193.

Cn the average of five years ending 1938, expenditure on water supply service amounts to about 13 percent of total municipal expenditure.

Drainage;- In Nasik there is no regular underground drainage system and for a long time municipal expericiture under this head was devoted to constructing storm water drains, opening, cleaning and repairing intercepting and cross drains. The municipal expenditure on this item since 1900.

Year,	j i I	Capital 'orks. 5 Rs.	Establishment Repairs, 8 / etc. { Rs.	Total Expendi- I I ture. Rs.
1900		-	298	298
1915		-	807	807
1920		28,776	549	29,325
1925		1,888	2,217	4,105
1930		5,535	736	6,271
1932		6,443	865	7,308
1935		10,429	910	11,339
1936		13,939	875	14,814
1937		6,410	933	7,343
1938		7,631	540	R.171

It will be seen that the maintenance and repairs charges hardly exceed P.s. 1,000 and so far as the capital expenditure is concerned it is only after 1919 that some progress was made. In 1919 the work of constructing a big drain on the left bank of the river was undertaken. Towards this work, Government contributed Rs. 29,790 in 1919 and Rs. 17,285 as a 'sanitary' grant. Lierious efforts were made after 1925 to supply the town with underground drains. It was believed that if the programme of constructing new drains was steadily followed it would contribute towards the improvement of sanitation and thus relieve the town from Malaria and other diseases.

A scheme of Intercepting drains was prepared in 1930 and the local body requested Government for a suitable grant towards the execution of the scheme. The scheme was estimated to cost Rs. 1,86,000. The Government accorded their sanction in 1934 and the work of construction was started in 1935. The two stages of the scheme were executed towards the end of 1936 and the third part of the scheme was under construction in 1937. In the meanwhile the Golf Ground drainage **scheme** was completed in 1937 thus providing a great amenity to the new extensions in this part of Ilasik.

It is true that the local authority has done much during recent years towards the construction of new drains in the city, and with the completion of the Intercepting drainage the river has been got rid of the greatest source of pollution and it has thus afforded a great relief to the citizens and particularly to the pilgrims. In view, however, of the fact that the present consumption of water is from 18 to 20 gallons per head and that more water is likely to be consumed with the completion of the Chakratirtha scheme, it is offered for consideration whe-

whether the local authority should not prepare a comprehensive and scientific scheme of underground drainage for the town as well as for the new extensions and developed parts of the town. It is admitted that such a project would involve enormous expenditure and it will have to be executed by stages during a period of years. Since Nasik is a great centre of pilgrimage and people from all parts of the country and particularly from the Bombay province flock to the city every year, the Provincial authorities are equally responsible for the execution of such a sanitary project.

On the average of five years ending 1938, municipal expenditure is devoted to conservancy service which induces road cleaning and watering and scavenging. The health and sanitation of a town depends predominantly on the efficiency and adequacy of these services. The importance and magnitude of conservancy in a pilgrim centre like Nasik can easily be realized and the provincial authorities themselves have to bestow special attention to the efficient carrying out of the conservancy services. The municipal expenditure under this head since 1900 is shown below.

... \*\* \* \* \* \* \* ^

Year. 5 Expend it ure. { Year, jj } • expenditure.

1900	15,937	1932	58,375
1915	21,218	1935	63,340
1919	35,023	1936	61,382
1925	50,161	1937	64,243
1930	63,093	1938	65,486

There is a total increase of 310.8 percent in expenditure since 1900, During the first nineteen years the rise was 119.7 percent and during the succeeding nineteen years ending 1938 the rise is 86.9 percent. It may also be observed that since 1930

expenditure has not much increased, we shall next consider the main branches of the conservancy service. The road sweeping service is an important branch and it usually makes for the general cleanliness of the town. It is said that roads are the mirrors in which the sanitation of the city is reflected. Expenditure on this branch is as under;—

Year	J 8	Expenditure. ^8.	8 /	Year.	\$ 8	Expenditure. " s .
1900		7,221		1932		16,193
1915		9,004		1936		16,172
1920		6,088		1936		17,1F6
1925		12,239		1937		16,738
1930		16,012				

The sweeping charges rose steadily (and continuously till 1930 after which year, however, there is not much increase. There is a total increase of about 131 percent in expenditure since 1900. The main item of expenditure under **this** head is the cost of establishment. And the total increase in expenditure was partly due to increased staff personnel and partly **to/rise in** wages paid to sweepers, etc. The relevant figures are given below.

Year,	8 8 8	Staff. J ii 8	Wage Rate. Rs.	i 8 (	Cost per month. Rs.	l 8 j	Cost per annum. RS.
1917		81	4-8-0 Female. 8-0-0 Male		508		6,096
1937		119	11-0-0 Female. 14-0-0 Male		1,491		17,892

The refuse removal work is done with 10 bullock carts and 2 motor lorries. In monsoon an additional lorry is made available by converting a water sprinkling lorry into a refuse lorry.

Total amount of refuse removed by a bullock cart per day is **27** tons, and the total expenditure of one refuse cart is **Rs. 65** per month. The cost of refuse removal by cart is **Rs. 1-10-0** per ton and cost of motor transport **Rs. 1-4-0** per ton. The total municipal area is **7.25** square miles, and the average length allotted to each pair is **3,400** ft.

scavenging service:- in **Lahore** there is no underground drainage system and the nightsoil from private and public latrines has to be collected and removed **by** scavengers. Expenditure **on** this branch is considerable in amount. The details of expenditure are shown in the accompanying table.

There is a total rise of **289.5** percent in scavenging charges since **1900**. The sudden increase in **1920** was the result of additional staff engaged during that year for the **sinhast** arrangements. Expenditure reached the maximum level in **1930** and declined thereafter.

The establishment charges constitute the main item under this head and the rise in these charges was due to increased wages and increase in the staff strength.

Year.	Staff.	Rate of	Rate of	Cost per	Annual Cost.
	8	Rs.	Rs.	month.	Rs.
	t			Rs.	£
1917	91	5	Female Bhangi.	654-660	7,848-7920
		8-9	Male Bhangi.	(	
1937	139	11	Female Bhangi.	1936-1939	23,232-23,268
		15	Male Bhangi.	(	

It appears that the special staff engaged during the **Sinhast** year, *Jiz.* **1920**, was continued thereafter. The feeding charges rose sharply during the War period on account of the high prices of cattle and fodder. During **1919-1920** and **1920-21**

the local authority had to maintain additional bullocks for the Sinhast fair to cope effectively with the increased work of nightsoil removal. The decline in the prices of fodder and reduction in the number of bullocks after 1926 reduced the feeding charges. The present scavenging arrangements do not provide for the transport of nightsoil by motor lorries. There are 65 line sweepers who collect nightsoil at 16 street centers within the congested areas, and nightsoil in the developed parts of the town is carried to two travelling carts by line sweepers. All the filth is removed by 24 carts driven by bullocks to the depot. There are in all 65 line sweepers, 20 roadside nightsoil pickers, 10 cartmen and 2 for urinals. Thus there is a total staff of 105 sweepers for cleansing and carrying filth from 3,200 private and 466 public latrines. The staff strength is much below that provided in the schedule. Each line sweeper has to cleanse 56 seats. But actually the number of seats per worker varies from 40 to 70.

The total number of scavenging staff is, however, very low as compared with the standard 250, as against the present number 122. The total number of public seats is 465 as compared with the standard of 750 if the population were to be considered as 50,000, that is, 285 seats less than the standard. Moreover, the local authority has not yet considered the desirability of introducing improved types of conveyances for the removal of filth from the city.

On the average of four years ending 1937, scavenging expenditure amounts to about 10 percent of the total municipal expenditure.

Public Watering:- Expenditure on watering of roads hardly exceeds Rs. 1,000. The present equipment consists of



one lorry of 300 gallons capacity and 4 bullock: carts each of 150 gallons capacity. During the monsoon the watering lorry is converted into refuse removal lorry, and during the wet days the watering work, whenever necessary, is done by bullock carts only, in all about 4 miles of road length is watered. The permanent staff consists of four servants and their monthly cost amounts to **KB . 1, P92**.

We have considered the chief branches of the conservancy service, their equipment and adequacy. It may also be noted that till the year 1919 the cost of the General Service used to be debited to General Administration. Thereafter the cost is debited to the head conservancy.

On the average of five years ending 1938, expenditure on conservancy services amounts to 17.6 percent of the total municipal expenditure.

Health Supervision Charges;- Under this head are included the salaries paid to superior and inferior staff maintained for the supervision and control of sanitary services.

Year, J	Expenditure.	5	Year, j	Expenditure.
/	Ps.	5	/	Ps.
1915	960		1932	11,024
1919	2,172		1935	9,068
1920	4,964		1936	10,466
1925	9,419		1937	9,982
1930	10,395		1938	8,648

For some time charges of the Health Supervision staff used to be debited to the "General Administration" head. It was only after 1915 that these charges were shown under a separate head. It is not known as to how this staff was manned and whether it was qualified?e\*->e4. There is reason to believe that organi-

organization of the supervision branch was effected only after 1915 as a result of the Resolutions of the Central Government on the subject, and the pressure and assistance from the Provincial authorities. In 1917 the establishment consisted of 9 servants and the monthly cost amounted to Rs. 198-f220. There was only one Sanitary inspector and two sub-inspectors. During the financial year, 1920, the municipality **W H S** advised to appoint Health Officer. Though this appointment was a temporary one, it was continued for some years until the local authority was asked to appoint a permanent Health Officer and three sanitary Inspectors as per

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Government instructions. As a result of these important additions to the Supervision staff, expenditure rose abruptly in 1920 and again in 1925. The subsequent rise in cost is not very appreciable and is due to normal increments in the pay of the Staff. **Tka**-decrease after on initial pay. At present there are 26 servants in this section and the monthly cost varies between rs. 9,216 to 13,476.

Medical relief:- Though the maintenance of charitable medical institutions is one of the primary functions of a municipality, in Nasik there was no municipal effort at the organisation and administration of medical relief for a very long time. In the town there is one Civil Hospital conducted by Government and this hospital was deemed sufficient to cater to the needs of the population of the town. All that the local authority did in the matter was to make an annual grant to the Government Hospital. After 1914 an additional grant was made towards the maintenance of the local Nursing Association, whenever there were any outbreaks of epidemics, and they were by no means uncommon, the

\*1 G.R.No. 368 of 1st September, 1921 G.L. and G.R.No. 2815, dated 14th February, 1923. G.D.

municipality had to take all preventive **and** curative measures to combat the **scourge**. In this task **also** the provincial Government used to come to the rescue of the local authority **by** lending the services of their medical officers as well **as** by giving suitable advances. But there were no medical dispensaries or health **centros** started and maintained by the municipal authority, the figures of medical expenditure since 1900 are **set** out in **the** separate table. It is necessary to point out that certain items **of** expenditure which **by** their nature **fall** under medical expenditure are actually excluded from this head in the official **and** municipal statements of accounts. For instance, grants given to medical bodies, contribution of **the** maintenance of lunatics and lepers, etc. are not shown under medical expenditure. They have, however, been so included **in the** accompanying statement. Secondly, it is desirable, while determining **the** rate of increase in medical expenditure during the period, to exclude charges **on** account of **Epidemics** which are variable in nature **and** sometimes indicate wide fluctuations.

Expenditure shows **a** sudden rise **in** 1910 and again in 1930. At the commencement of the period, the municipality used to make a grant to the civil Hospital only. Afterwards similar grants were made to other local medical bodies which **were** also engaged **in** making available to the needy poor, cheap medical **aid**. **in** 1914 **the** local body started **giving** an annual grant to **the** **local** Nursing Association. During the **same** year **of** 1920 special medical measures had to be taken for the prevention of **any** outbreak of epidemic in the town and for maintaining healthy and sanitary conditions. Two hospitals were opened temporarily for the treatment of ailing pilgrims. Government had also lent gratis the services of seven assistant surgeons to the municipality for these two hospitals. The other necessary staff was, however,

engaged by the municipality itself. The abrupt increase in expenditure after 1928 was the result of the opening of an Ayurvedic dispensary. This was the first medical institution to be opened and conducted from municipal funds. There is one Lady Health Visitor to attend on delivery cases of poor women and to advise would-be mothers. The pay of **this** Lady Visitor was transferred from this head after 1932 to the "Conservancy" head. The Ayurvedic dispensary staff consists of 3 servants including one Vaidya and the monthly cost of the staff amounts to Rs. 90\*135.

The **work turned out** by the dispensary during recent years is shown below.

Year, j	No. of Patients treated.	Cost per Patient.
1930	26,765	Anna one.
1934	31,093	Anna one.
1936	36,927	Pies eleven.
1937	37,678	Pies eleven.

The local authority desires to start a dispensary for female and one or two infant welfare Centers. But nothing so far has been done in the matter.

4\*fedlcM7\*k\i&ff:f Uptil now the local Civil Hospital and the Valebai Charitable dispensary in Panchwati were the only two institutions which afforded medical relief to the poorer classes. With the limited means at the command of these bodies it was not possible to cater to the needs of the whole town. The new Ayurvedic dispensary has supplied this want to a great extent. The municipality has arranged with the local branch of Seva **Jan** for the relief of would-be mothers by contributing a **sum** of Rs. 1,000 to that institution, on condition that the

Seva Satian appointed a Lady Health Visitor for the purpose.

Expenditure on plagut-preventive measures and on other epidemic measures has become a normal charge on municipal funds. A special staff for rat trapping has been permanently maintained and the municipality had to spend from Ps. 200 to/270 per month over it during some years. The charges on account of maintenance of lunatics and lipers are more or less fixed charges.

In regard to medical expenditure, it is laid down by Government that municipalities should **spend** at least 4 **percent** of their total expenditure on medical service, in Naflik the proportion of medical expenditure during recent years is shown below.

Year, j)	Proportion. \	Year. \	Proportion.
1934	2.7 percent.	1936	2.3 percent.
1935	2.05 percent.	1937	3.3 percent.

The rise in proportion in 1937 was due to heavy epidemic charges. Otherwise municipal expenditure on medical relief is much below the standard. The municipality has been advised to increase medical expenditure by expanding the present medical facilities either by starting municipal dispensaries or health **centos** or by giving additional assistance to local medical institutions.

Markets and slaughter Houses:- Provision of sanitary slaughter houses and meat and beef markets attached thereto and markets at central and convenient places for the sale of vegetable^ fruits, etc., **is** one of the important duties of a municipality. From the figures of expenditure given below it will be seen that municipal/ expenditure under this item was negligible in the beg-

Year.	1 J (	Staff. Rs.	5 11 5	Repairs. R8.	i   i	Water for flushing. RS.	I i 	Total. Rs.
1900		-		96		-		96
1910		35		22		-		57
1915		732		1,000		-		1,732
1920		2,031		1,548				4,071
1925		2,392		417		-		14,309 <sup>(*1)</sup>
1930		2,534		1,428		160		4,112
1932		2,508		1,327		200		4,036
1935		2,497		2,746		150		5,393
1936		1,864		868		150		2,882
1937		2,897		810		150		4,409
1938		-		-		-		7,657

(\*1) New Market - Rs. 11,500

beginning. There is reason to believe that marketing facilities were not properly organized and there was no regular municipal staff to inspect and control these markets and slaughtering places and the quality of articles sold therein, it is only after 1910, that the local authority began to devote regularly funds for the repairs and maintenance, of markets and a special establishment to look after the markets and slaughter houses. It is learnt that some improvements were effected in 1910-11 and 1915-16 in the beef and mutton markets and slaughter houses at considerable cost. After 1915 expenditure increased on account of payment of war allowances to market staff. In 1917 the staff included 5 servants and their monthly salaries amounted to Rs. 56-66. The market Superintendent was paid Rs. 20-30 and was not a qualified officer.

It is noteworthy that for a long time there was no municipal vegetable and grain market large enough for the population. The local body seems to have moved in the matter in 1924 when considerable expenditure was incurred on the acquisition of land for the vegetable market. At present there is one slaughter house for mutton and another for beef, each with its own market nearby. A private market and slaughter house exists just beyond the municipal district and it is learnt that it has a very bad effect on municipal administration and control of markets. The present staff for the markets consists of 8 servants and their monthly cost amounts to Rs. 175-249. The market Superintendent is a qualified person and receives the scale of Rs. 45-85. It is, however, learnt that the inspector in charge of market affairs has to devote his attention mainly to the collection of fees. It is suggested that the collection work and inspection work must be bifurcated and independent officers be appointed.

Year,	5 staff. { { <u>Rs.</u> il	J Build- ings. Rs,	l 5 { Rs.	Roads. Rs.	{ Misce- { llaneousil { Rs.	5 Acquisi- tion. { Rs.	B { { <b>T?S.</b>	Total
1900	283	-	800	374	-	-	1,458	
1910	427	1,580	28,154	-	.	-	30,161	
1915	-	456	10,619	-	-	-	11,816	
1919	941	295	8,386	-	-	-	9,522	
1925	1,797	97	23,761	10,711	-	-	36,561	
1928	2,819	68	25,971	7,405	-	-	36,966	
1930	5,079	43	14,964	15,590	-	-	35,807	
1932	6,447	43	26,976	18,364	-	-	51,973	
1934	3,387	2,590	15,954	241	24,742	-	46,914	
1935	4,057	15,243	13,604	160	28,063	-	61,127	
1936	4,130	15,153	19,420	108	6,296	-	45,907	
1937	4,870	34,606	25,081	173	8,042	-	72,772	
1938	5,659	9,693	61,533	201	-	-	77,086	



Motor Section of P.W.D	{ 1930-31\$	1932-33J	1934-35 i	1935-36 I	1936-37J	1937-38
1. Establish- ment.	911	1,719	1,419	1,367	1,797	2,051
2. Petrol, etc.	2,441	1,757	1,440	1,352	1,632	1,398
3. Motor - Repair.	872	1,635	996	865	1,044	1,349
4. New Motors.	-	-	-	-	-	-
5. Insurance.	-	-	-	64	.	.
Total Motor Section.	4,225	5,112	3,855	3,648	4,373	4,798

iorjwo/sets of duties.

Public works; - ,\n increasing part of municipal expenditure is devoted to public works activities which usually include maintenance and repairs **of** public buildings and roads and construction of new buildings and improved types **of** roads. In Kasik there is **not** much **town** planning done through municipal agency. **A Town** Planning Scheme No. 1 which **was** prepared by the local authority and submitted to Government in 1926, **was** sanctioned in 1936, - that is, after more than ten years. - It is really regrettable **that** such a long period **of ten** years should **have been** lost in preliminary proceedings. The scheme has **now** been made applicable to the part of the town.

For a long time there **was** no establishment for public works worth mentioning. The schedule **of** 1917 shows **that** there were only two servants in **the** section **and** their monthly salaries varied between Rs. 37-60. The section was headed by a Maistry and **was** not properly organized. It appears that it was only after 1925 that the establishment contained a staff qualified **and** adequate enough to cope with the growing activities **of** the public works department. At present the establishment is divided into three **main** branches, viz. the Supervising staff **of** one Engineer and two overseers, the Mechanic staff and staff for the Road Polling work. After 1930 a proportionate cost **of** motor establishment was included under P.W.D. Establishment.

It will be observed that expenditure on municipal buildings was negligible till very recently. A sudden increase after 1934 in these charges was the result **of** construction of a new building for housing municipal offices. In 1932 the local authority had decided to set apart Rs. 7,000 every year for the municipal building. As soon as Rs. 25,000 were collected in the

special fund, the work of construction was to be started. The building was completed in 1937.

Expenditure on roads accounts for the major part of the total charges shown under this head. The year to year variations in the amount spent are determined by the total extent and nature of work executed. After 1932 expenditure usually incurred on the construction and upkeep of old-fashioned macadam roads was diverted, to some extent, to constructing improved types of roads. A scheme for asphaltting the main thoroughfares in the town was undertaken and executed with commendable zeal. The scheme, which was a semi-grouting process has minimized the dust nuisance and provided decent and lasting roads to the citizens. The road development work was still in progress and enormous expenditure was being incurred over it. In 1938 about Rs. 61,533 were spent on roads, which is a record figure during the period. On the average of five years ending 1938, road expenditure (including acquisition charges) amounted to about Rs. 40,041 per annum which is about 11.1 percent of the average municipal expenditure.

The total average expenditure on public works activities during the five years ending 1938 was Rs. 60,761 which was about 17 percent of the total average municipal expenditure.

Public Instruction:- Maintenance of schools for the promotion of elementary education has always been an important function of the local authority, and after 1920 primary education has been one of the obligatory duties of the municipalities. The municipality has also to assist local primary schools and other educational institutions and libraries. The expenditure on education since 1900 is given below.

Year,	i	J	J	j	{	Total.		
	J	Rs.	J	Rs.	5	Rs.	J	6.
1900		7,501		100		50		7,651
1910		14,048		100		100		14,248
1915		18,499		200		100		18,799
1919		32,950		285		150		33,385
1925		55,536		698		-		56,234
1928		66,825		-		-		66,825
1930		71,700		-		-		71,700
1932		70,898		-		-		70,898
1935		70,599		2,096		-		72,695
1936		74,993		2,682		-		77,675
1937		78,105		1,386		-		79,491
1938		81,896		1,297		-		83,193

Expenditure has risen by 987 percent since 1900. During the first nineteen years the rise was 336 percent and during the succeeding nineteen years it was 149 percent, will rjso be noted that expenditure increased steadily till 1916 and thereafter it moved up very rapidly. This rate of increase was well maintained till 1930 after which year, however, expenditure received a check for some time. Towards the closing years again there is a rapid movement upwards. The increase in expeniture can be measured in another way by re-grouping the periods. Turing the first fifteen years from 1900 to 1915 the rise is 145 percent. During the succeeding fifteen years from 1915 to 1930, the rise is 281 percent. After 1930 expenditure has risen by 16 percent, only.

Many a fae^xj u«v« uecai responsible for the remarkable growth of educational expenditure. The number of schools have increased and with them the teaching staff and the number of students. The scales of salaries of school teachers have also undergone frequent and significant changes and these also have a bearing on educational expenditure. The relevant figures indi- cating the growth of municipal schools, students and the teaching

staff are given in the following table.

Year.	No. of Schools.	ii No. of Classes.	No. of students.	No. of teachers.
1900	7		752	49
1917	-		-	88
1920	<b>11</b>		-	90
1925	11	11	3,484	111
1928	<b>15</b>	<b>4</b>	3,909	124
1930	<b>15</b>	<b>3</b>	4,222	124
1932	<b>16</b>	<b>5</b>	4,672	133
1935	<b>16</b>	-	6,067	131
1936	<b>17</b>	-	6,343	136
1937	<b>16</b>		6,60F	136

In the beginning there were only seven municipal schools including two for girls. In 1903 two more girls schools were opened since Government had increased their grant for the advancement of female education. /, night-school for day labourers and another school for depressed classes were started in 1908. Thus at the end of the first decade the local authority was maintaining eleven schools. It seems that between 1910-1920 there was no addition to the number of schools. After 1926 the municipality had to bear increased responsibilities in the matter of primary education. More schools were started and grants were paid to local primary schools. Two more schools were added after 1930 but one of them was soon closed. The usual process of opening new schools was the conversion of municipal classes into schools.

The number of students in schools is increasing steadily. Since **1925** the number has risen by 60 percent, the teaching staff increased after 1920. Between 1920-1928 about 34 new teachers were appointed. This was due mainly to the opening of new schools. After 1928 eleven new teachers have been engaged. The proportion of teachers to students during the period was as below.

Year. {	Proportion.	Year, j	Proportion.
1900	1 : 15	1930	1 : 34
1925	1 <i>i</i> 31	1937	1 <i>j</i> 41

These figures indicate that while the students are increasing in number, the strength of teaching staff is not rising proportionately. This only shows that the teaching staff is hopelessly inadequate to cope with the growing number of pupils. Even though the growth of educational expenditure can be traced to factors we have so far considered, namely, the increase in the number of schools, pupils and the teaching staff, the most predominant factor responsible for the increased cost of education has been the enhanced rates of salaries paid to teachers. The cost of establishment rose briskly for the first time after 1907 when the minimum pay was raised from Pe. 7 to 8 or 9. But the increase that occurred then appears insignificant when compared with the abnormal rise in the cost of establishment that occurred after 1915. Between 1915-1925 expenditure moved up by 199 percent. This abnormal rise was due mainly to repeated increments in the scales of salaries, selection grades and grant of war allowances to teachers. Salaries were revised firstly in 1915, then in 1918 and again in 1921.

The passage of the Education Act of 1923 and the constitution of the local authority in 1925 further added to the financial responsibilities of the municipality. New schools were opened and aid was granted to local primary schools under Rules of the Education Act. In 1929 the municipality once again revised the scales of salaries according to Government Resolution of 1929.

\*1 S.P. No. 3.72, dated 12th July, 1929. Ed.D

This step was taken mainly with a view to removing the growing discontent among the teachers. The annual additional cost on account of the new scales amounted to about He. 2,000. In the same year the school Board accepted the Government Model Provident Fund Rules and the scheme of Provident Fund was introduced with effect from 1st April, 1930.

Although the education cost did not rise after 1930, the municipal share of the expenditure continued to rise on account of emergency cuts in Government grant. The education grant was subjected to a cut of 5 percent in 1931 and again to a 20 percent cut in 1932. The effect of these cuts in grants was to throw increasing financial burden on the shoulders of the local authority. But the resources of the municipality were limited and it was thought eminently necessary to undertake measures of retrenchment and somehow balance the education budget. In 1932, under these circumstances, the local body introduced a 10 percent cut in the salaries of teachers and office staff, and discontinued the special attendance allowances granted to Head Masters and First Assistants.

It seems probable that these retrenchment measures created much discontent among the teachers and the local body had soon to retrace their steps. Although the government grant was cut down, the local body restored in 1935 the emergency cut of 10 percent in the pay of teachers. It was also decided to abolish the permanent cut of graded nature in the pay of school board office staff. The result was that educational expenditure which had slightly declined after 1930, once again began to mount up.

It may be noticed that this remarkable growth of expenditure occurred even though the scheme of compulsory education was

not given effect to. it is true that such a scheme was prepared and submitted to Government in **1925** for sanction. It received Government sanction in **1927**. But the scheme could not be brought into operation owing to want of funds. But the absence of compulsion did not prevent the upward trend of education expenditure. The cost of education per pupil during recent years is given below.

Year. J Cost per pupil in Municipal schools.

<b>1900</b>	*s. <b>9.9</b>
<b>1934</b>	« <b>15- 1- 0</b>
<b>1935</b>	" <b>13-12- '0</b>
<b>1936</b>	" <b>13- 0- 0</b>
<b>1937</b>	<b>13- 0- 0</b>

It is already pointed out that the Government grant has not increased proportionately with the rise in total expenditure, with the result that an increasing burden has been thrown on the local resources. This fact is borne out by the following figures.

Year. I	Government Share.	{	Municipal share.
<b>1925</b>	<b>53.5</b> percent.		46 percent.
<b>1930</b>	46.4		47.6 <b>it</b>
<b>1935</b>	40.6 "		<b>56.7 M</b>
<b>1937</b>	<b>38.0</b>		<b>58.9 if</b>

With the restoration of a cut in grants in **1939**, the share of the government would probably increase. But the question is whether the present proportion of Government aid would be adequate enough to enable the local authority to introduce the scheme of compulsory education and carry it out till the purpose of compulsion is served. In **1937** the Board had submitted a scheme



of compulsory education for boys and girls within municipal limits and it is possible that the scheme would have received Government sanction. The percentage proportion of pupils under instruction in all schools to total population was 19.8 in 1937. This proportion is unusually high and indicates the backwardness of the town in the matter of primary education. If the scheme of compulsion is soon introduced, it would be necessary to open new schools in different parts of the city, strengthen the teaching staff, which at present is hopelessly inadequate, and encourage local primary schools by making increased grants. There were in 1937, sixteen municipal schools wherein 6,608 students received instruction. The teaching staff consisted of 136 teachers and of them 54.8 percent were trained. Of the 16 municipal schools, 3 were in municipal buildings, 9 in rented buildings and the rest in rent-free buildings. The local authority makes grants to registered institutions only. There were in 1937 one aided school and two recognized schools wherein 256 students were educated.

On the average of five years ending 1938, expenditure on public instruction amounts to about 21.6 percent of the total municipal expenditure.

We have so far considered the progress of municipal revenue and expenditure during the past thirty-eight years and attempted to explain as clearly as possible the main factors that have influenced and determined their course during the period. It is however to be admitted that such a historical study does not necessarily indicate the present financial position of the local body or its future trend unless a deliberate effort in that direction is made, with this purpose in view we shall briefly consider the more recent figures of municipal revenue and expenditure.

Year.	{ I	-evenue. "s.	J II	Expenditure. PS.
1934		3,79,267		3,39,559
1935		3,72,147		3,52,202
1936		3,42,771		3,41,489
1937		3,80,310		3,72,018
1938		3,87,468		3,86,902
Average.		3,72,392		3,58,434

On the surface it would appear that the expenditure is well kept within the bounds of municipal revenue and that the coat is being cut according to cloth. It would also appear that the local body is in a position to save something for future capital works. But the actual state of affairs is quite different, the sources of municipal revenue are inelastic and the natural rate of increase is depressingly slow, whenever there was any abrupt rise in revenue, it was mainly due to enhancement of rates or taxes. But for the past eight years revenue has not much moved up. The consequence has been that the local authority has to check the pace of expenditure by deliberately curtailing many of the necessary items of expenditure. To cite an example to indicate how acute is the financial position, the local body could not make for the last three consecutive years the repayment of instalment of Rs. 10,000 of the loan borrowed from the Water Works Department Fund. This unhappy position is partly due to inefficient working of the municipal machinery. Heavy arrears of municipal dues are mounting up year after year and have become a normal feature of municipal affairs. Due partly to lack of civic sense among the citizen and partly due to serious drawbacks in the taxation recovery rules, there does not seem to be any immediate prospect of improvement in the matter. Secondly, the contractionist policy of the Government has added to the difficulties of the local body. The studied policy of disallowing

certain legitimate items of educational expenditure for grant and the subsequent reduction in the sanitary and educational grant have thrown an increasing burauen of administration on the shoulders of the local bouy. Thirdly the lack of sufficient enterprise and boldness on the part of the local body has prevented the exploitation of local resources. While many of the important schemes of civic welfare are helc over for want of funcs, no

vtly been made to explore possibilities of additional taxation, "his is especially the cast with the house tax. It was fixed at a uniform rate in 1919 anc since then it is allowed to remain at the same old level although expenditure is rising and needs to rise further if the increasing demands for amenities are to be adequately met. It is coucuaaa that measures of higher taxation would provoke popular opposition and even bitterness; but if the proceeds of higher taxation are to be utilized for increasing civic amenities and if the addition of these new amenities are likely to make civic life happier, and healthier, the public discontent would gradually wane with the progressive appreciation of those amenities anu conveniences\* w hat is needed, therefore, is ^ foresight and courage to face the problems and difficulties that confront the municipal authority at every turn and taCKle them squarely and satisfactorily.

THE PCUNA CITY MUNICIPALITY\*

Historical:- It was in the year 1856 that Government of Bombay established a Municipality in this ancient and historical city. But the actual administrative machinery began to function in the year of the Mutiny. Till the year 1877 the annual reports of the Municipality were not printed & made available for public information. The first annual report was published for the year 1877-78. The report for the year 1879-80 contains an appendix which gives a short account of the administrative and financial system that prevailed during the period 1858-79. Figures are available regarding the total population of the city in 1872, total revenue of the municipality, and total expenditure incurred by the municipality during the same period. It mentions the sources from which the city population received its water supply, the arrangements made for conservancy and promotion of health and convenience of the people and their education.

Conservancy:- It was performed by manual labour. Night-soil was collected by Halalcores in baskets, and deposited in Iron cylindrical carts kept at convenient centres. The carts were removed to a Depot 2 miles out of the city on the South. It was then treated into manure and stored in heaps for sale. The conservancy service was introduced in 1878-79.

Public Health:- The municipality did not employ special staff to register vital statistics of the city. They were registered at the police stations in the city, statistics of births and deaths previous to 1868 are not available. There were only two municipal Vaccinators.

Markets:- The municipality had no market building of

its own till the Reay Market building was constructed- The principal vegetable and fruit market of the city was held daily on the open ground in front of the Shanwar wada. There was a small private vegetable market in the building known as Kotwal Chawadi. There were three municipal meat markets in the city. The municipality hired buildings in Ganesh and Aditwar Peths for two more meat markets. There was also a private fish market in Aditwar Peth, licensed by the municipality.

Water Supply;- The municipality had no water works of its own. The following were the main sources from which the city received its water supply.

1	The old Katraj aqueduct.	6,50,000	Gallons.
2	The Khacakwasala aqueduct.	6,50,000	"
3	Chaochari's aqueduct.	50*000	"
4	Nana Fadnavi's aqueduct.	1,00,000	"
5	Rastia's aqueduct.	50,000	"

The Utha river on the north of the city and the Nagzari Nalla which runs through it provided water for washing and ablution to a large portion of the population. There were 1,282 wells in the city which provided drinking water to the people. The municipality had to pay about Rs. 10,000 per year to Government for taking water from the Khadakwasala Canal. The average daily consumption of water was over 6,00,000 gallons in 1879.

Roads:- The city had sixteen miles of macadamized main roads, sixteen miles of roads of lesser importance also macadamized besides fourteen miles of lanes kept in repair with Murum and sand. The expenditure on Roads was Rs. 14,499 in 1858-59; and Rs. 16,986 in 1879-80. The streets were lighted with Kerosene lamps. The number of such lamps was 460 in 1879-80, and the cost of lighting Rs. 7,048. The principal thorough farces were watered, and its

cost was Rs. 2,327 In the same year.

Hospitals Dispensaries:- Upto 1877-78 the municipality contributed yearly - G . 1,000 towards the maintenance of a charitable dispensary in ^hanwar Peth. In 1878, the municipality discontinued the grant, and started a Dispensary under its own control, The municipality used to pay an annual grant of Rs. 12,000 to the David Sasoon infirm Asylum in the city.

Public safety:- The municipality maintained four fire engines which rendered valuable assistance to the public particularly during the great fires of 1877-78 and 1880-81. The municipality maintained at its own cost 50 constable in the city. The expense on this item was Rs. 5,376. These arrangements were introduced in 1869. ,e have also noted the arrangements made for street watering and lighting. The total expenciture on Public Safety was Rs. 2,771 in 1859-60. It rose to Ps. 15,509 in 1879-80.

Eoucation:- The early efforts of the municipality in the field of education were confined to annual grants to Government and private schools in the town. The municipality did not conduct its own schools, primary or technical. The expenditure on education in 1879-80 did not go beyond Rs. 980.

Finance:- Till the year 1866-67 no direct taxes were levied, and the municipal income consisted mostly of indirect taxes, music fee, license fees, rents, sale proceeds of lands and manure, etc. in 1858 indirect tax contributed Rs. 25,737 out of the total income of Rs. 28,005. Other miscellaneous Items amounted to net more than<sup>p</sup>s . 2,268. The incidence of taxation was Rs. 0-4-7. The incidence of total income per head being Rs. 0-4-9.

The municipality levied direct taxes like the house tax from ttie year 1866-67. in that ye&rjpiirect taxes amounted to

R b . 25,039, indirect tax to \*>s. 3: ,/10 in the total revenue of Rs. 63,063. During the peritx. lbou to 1879 income increased by about 168 per cent. The inciuce of taxation per head was Rs. 1-12-4.

During this period the municipality was levying the House tax, .water Rate, and Halalcore cess. There were about 11,434 houses in the city in 1872, and house tax, based on the annual rental value, amounted to Rs. 17,762. In 1876 the number of water connexions was only 95. But in 1880 about 967 houses had their own water connexions. The municipality paid Rs. 10,000 to Government for the use of Canal water. ,c aepray this expense, the municipality levied the water Rate. It was not till 1878-79 that the receipts from the rate had equalled the amount paid to Government. The municipality also levied the wheel tax. lhe income from this source was Re. 2,967 in 1878-79. The Halalcore cr sanitary tax was introduced in 1878-79. In 1880-81 the receipts on this account amounted to Rs. 29,694, anc the Halalcore service became self-supporting from that year. The other items in income were the music fee, rents, sale proceeds, fines, receipts from pounds. The municipality received no grant either from the provincial or Central Governments.

Debt:- The municipality had no cebts worth speaking. It possessed no property beyond the three small meat markets, and strips of roadside lands yielding an yearly income of Rs. 500 only.

General aspect of the city:- The total area of the city was about 4 sq. miles, the area of the urban section alone was 2f sq. miles. The streets were for the most part mecadamized, but they were crooked and narrow. The houses had generally one story, the better ones having two, and few having three stories. A

portion of the city had been provided with underground sewers, the eastern parts, which were then of comparatively recent origin, had cesspools which were emptied periodically. The population of the town consisted of Inamaars, Political pensioners, and retired government pensioners\* The city has the aspect of comfort and contentment.



MUNICIPAL EXPENDITURE.

It is the purpose of this note to trace the development of expenditure of the Poona City Municipality and to try to account for the same. The task is rendered sufficiently difficult owing to a variety of causes. In the first instance, there have been frequent changes in the Budget procedure. The classification of the items of expenditure is twisted from time to time, and without making these changes sufficiently clear in the budgets or Annual **Reports**. Therefore, It is difficult to compile and compare the data of one year with that of another year, secondly, all the important and indispensable information for the investigational work is not either available or in existence in the Records office. This is due to the practice of destroying much of the old records after a lapse of years. Therefore, only the broad and general facts have to be considered in many cases. Thirdly, one single function or service is often entrusted to a number of different authorities for management. The water supply, for instance, is managed **by** the Engineering and Development Departments. The same is the case with regard to Roads and Drainage. The investigator is often tossed from one office to another, and has to be contented with whatever material he gets from the authorities. Full and complete information is very difficult to secure. In spite of these initial difficulties, a modest attempt is being made in the following pages to describe the expansion of municipal expenditure\* on different services during the past **fifty** years and more.

In the discussion of this subject, it has always to be borne in mind that the city has developed remarkably during the last half a century. It has grown both in its area and

population. There were 99,622 people in 1885; 1,18,790 in 1895; 1,11,381 in 1901; 1,33,227 in 1920; and 1,63,100 in 1930. Had it not been for the heavy loss of human life during 1897-1908 caused by Plague and during 1918-1919 caused by Influenza, the figures would have indicated a much larger increase in population. Again, about eight years have passed since the last census, and it will not be a surprise if the census in 1940 counts over two lakhs of people in the city. Similarly, the city has extended onr the North, West and south. The village of Parvati, the Bhamburda village and the area round about the Fergusson College have all been included in the city. The Municipality has been called upon to meet the needs of this growing population and extended areas- It was essential to enlarge the scale of services which already existed. Again, with changing circumstances and changing notions about municipal function?, it was necessary to enlarge the scope of municipal activities. There was a gradual addition of new services and activities to those that already existed, *tie* cannot also forget that the municipality was occasionally called up to face such emergencies as the outbreaks of epidemics in the city when huge funds had to be expended for the health of the city. Similarly the position of price level in the country cannot be ignored. It is well known that during the Great war and some years after its termination, the prices of commodities had gone up very much, and with it the standard of living of the people. The Poona Municipality had also to face this situation while framing its budgets. We have to view the development of Municipal expenditure with this essential background, with these general observations, the problem itself may now be presented.

The following statistics may give an idea of the expansion of expenditure at a glance.

Year,	General Administration.	Public Safety.	Health & \$ convenience.	Education.	Loads.
	Ps.	Rs.	Ps.		Ps.
1901	73,055	12,913	1,59,371	21,073	21,417
1910	38,014	24,216	2,20,884	41,916	59,630
1915	50,187	27,287	2,91,063	55,345	59,981
1920	86,148	39,799	5,11,941	1,13,873	67,031
1925	1,04,546	43,663	10,98,973	1,70,874	1,43,906
1930	1,32,691	56,588	12,91,366	4,18,905	2,03,149
1934	1,48,031	66,318	10,11,230	3,23,229	1,88,731
1936	1,61,033	64,702	9,00,312	3,65,113	1,85,235

During the same period the total municipal expenditure has grown as under.-

1901 -	Rs. 2,70,633	1930 -	Rs. 21,45,919
1910 -	3,33,263	1935 -	17,95,965
1920 -	" 9,13,957	1936 -	" 17,92,196

The total expenditure increased in the first decade by 23 per cent; in the second, by 174 per cent.; in the third, by 134 per cent.; and during 1930 and 1935, it decreased by about 16 per cent. During the whole period, the expenditure rose by 563 per cent. This growth in the total expenditure is shared, though unequally, by all the important heads. The explanation for this growth of expenditure can best be given by treating each head separately and in detail.

General Administration:- This item usually includes the charges of the President's office, the Chief officer and his staff, the Accountant's staff, the Auditor's office, stores, and contingencies. **Recently**, the expenditure on special Magistrate's Court has been included under this head. In the past, it was shown

under the Miscellaneous head, the figures of expenditure are as follows:-

Year.	President's office.	Chief Officer's staff.	Accountant's office.	Auditor's office.	Continu- gencies (Press etc)	Total.
1905	255	9,265	1,246	325	4,995	17,636
1910	300	9,244	2,256	84	5,967	20,674
1915	339	9,332	2,868	-	9,876	25,310
1920	532	16,107	4,119	-	23,394	50,456
1925	720	20,607	6,654	-	9,999	53,603
1930	74-1	22,994	5,539	-	14,169	67,577
1936	744	26,888	8,097	4,206	15,398	58,736

In 1885 and 1896, expenditure on general administration was Rs. 16,844, and Rs. 18,482 respectively. Various reasons can be attributed to this growth of expenditure. The pressure and volume of administrative work were increasing with the expansion of municipal activities. To cope with them the staff had to be strengthened from time to time. In 1901, the Chief Officer's office consisted of 12 employees. The Accountant's Office consisted of one Accountant, one Treasurer, and one clerk. There were then only two Auditors, the stores department had one store keeper, one clerk, one Mocadam, and two watchmen. The Press maintained one compositor, one printer, and two pressmen. The Magistrate's office maintained six clerks and two peons. In 1935, the Chief Officer's staff consisted of 30 employees. The Accounts office maintained 12 employees. The Audit Office maintained 6 employees. The Magistrate's Court consisted of six servants. The Municipal Press maintained 16 servants. These figures speak for themselves.

Secondly, the scales of salaries have been revised from time to time. Particularly during the period of Great War, much of the increase in salaries had taken place. Again, the Municipal employees were given special war allowances, which, however were

stopped after 1920. But the scales of salaries which were raised, continued even after the war. In 1901, the Municipal Secretary (now called the chief Officer) was paid Rs. 300 P.M. At present the Chief Officer's scale is 760-50-1,000 plus 100 motor allowance; the Accountant's 150-10-250; the Auditor's 150-5-200. In 1901, 12 servants of the secretary's office received Rs. 217 per month. The salary of Head Clerks was Rs. 50 that of ordinary clerks varied from Ps. 40 -p^m\* to Rs. 9 p|\*u Peons were paid from Rs. 9 to Rs. 7 These scales have changed much since then. In 1935 2 servants from President's office received Rs. 60 p\*gu; 30 servants from Chief Officer's office crew Rs. 1,860 minimum, p.m. This may increase to Rs. 2,270 p^m\*- with periodic increments in salaries; 12 servants from Account's office Rs.545 p.m. minimum rising to Rs. 645 p.m. maximum; the 6 employees of Audit Office Ps. 355 p.m.- as minimum rising to Ps. 405 p^m\* maximum; six servants from Pleader's and Magistrate's office Rs. 246 p.m. minimum rising to Rs. 370 maximum; about 16 servants from Press draw Rs. 397 -p\*&r minimum rising to Rs. 490 p.m. maximum; 9 employees from stores Rs. 290 prior It is not necessary to deal this point further. The figures speak for themselves. The heavy charge on account of Provident Fund and Gratuities must also be considered. In 1920 it amounted to Rs. 18,920 (including certain allowances); in 1925 to Rs. 12,129; in 1930 to Rs.18,680; in 1935 to Rs. 15,011. The charge is bound to increase during long periods, though it may vary during short intervals.

Collection of Taxes and Rates:- The Municipality has to maintain an increasing staff of clerks and other servants to collect the various taxes, rates and fees from the public. It is necessary to divide this head into two sub-heads. (1) Collection

of Octroi, and (2) Collection of other Taxes and Rates. Again, some care has to be taken in comparing the figures, because, in the past, the refunds were generally included in expenditure but which, in fairness, ought to be excluded. Refunds are not expenditure.

Year.	\$	Octroi Collec- <sup>5</sup>	Other taxes	Total,
	j	tion. {	and rates. j	Rs.
	j	*a. }	*s.	
1885	-	-	-	14,452
1895	-	-	-	19,908
1905	17,385	3,774		21,159
1915	21,686	4,804		28,525
1925	55,634	20,711		76,345
1930	64,253	27,263		91,516
1935	91,134	3a,976		1,31,110

The causes which explained the growth of expenditure on General Administration may also be attributed to the above increase in expense. There is increase both in the staff personnel employed for collection, and in the scales of salaries paid to these employees. In 1901 the Vasuli office consisted of 10 servants They were paid Rs. 250 per month. The Superintendent and Deputy superintendent received Rs. 100 and Rs. 60. The salaries of clerks varied from Rs. 17 to Rs. 12. The Bill servers were paid Rs. 8 each. At present the Vasuli office is divided into two divisions. North and South. There are 24 employees in the Northern Division, and they are paid Rs. 960 minimum rising to Rs. 960 maximum per month. There are 22 employees in the Southern Division Office, and they receive Rs. 751 minimum rising to Rs. 791 maximum per month.

With regard to the expenditure on octroi it must be remembered that the import and export trade of the city increased

much during the last fifty years and with it the collection of octroi levied by the Municipality on the incoming articles. To collect this growing revenue the staff had to be strengthened and the number of octroi Makas increased from time to time. In 1901, the Octroi department consisted of 72 servants who received Rs. 809 j?.m. The collection of Registration Fee required 5 clerks and 11 peons who were paid Rs. 135^p,my At present there are about 138 employees in the octroi department and their monthly pay bill amounts to about Rs. 4,083.

A word of criticism need~ . added. Though the expen. j.;ure on collection is adding to itself year after year, the work of collection itself is not executed as satisfactorily as the public can justly expect. The arrears of taxes and rates are increasing every year, and there seems to be no end to this state of affairs in spite of the remarks of the Auditors and public criticism. Does it need to be auded that a time has come when the Municipality should tackle this question boldly and on scientific lines. It is still more regrettable that some of the city fathers themselves are among the habitual defaulters. Can they not set a better example to the public? The figures of arrears and amounts written off during the past five years are as below.

Year.	{	Arrears.	8 Amounts written off.
		Rs.	P.c.
1930		1,42,759	17,284
1931		1,58,877	19,388
1932		1,65,983	9,336
1933		1,76,343	8,489
1934		99,733	16,101
1935		1,33,102	-
1936		1,61,288	15,652

As far back as the year 1885, the municipality had

endeavoured to deal with the question of arrears, it was then declared that a discount of half an anna in a rupee\*, or a little over 3% might be allowed to ratepayers who would pay off their bills on or before a certain date, and that defaulters, on the contrary would be made liable to a penalty of one anna in the rupee or 6%. It is not known how far this system worked successfully. The Municipality has of late introduced the system of employing extra clerks for the collection work and also of giving some bonus to the clerks as an inducement to expedite the work. But the above figures of arrears do not indicate any improvement in the work, and the question still remains where it was.

Public Safety:- Under this general head are included two important items of expenditure, namely, the Fire service and lighting. The figures of expenditure on Public Safety:-

Year.	Rs.	Year.	Rs.
1901	12,913	1925	43,662
1905	23,071	1930	56,588
1910	24,216	1935	57,139
1915	27,287	1936	64,702
1920	39,793		

The expenditure on Public Safety has developed much more gradually than that on other heads. It may be due to the fact that there has been little capital outlay either on fire or lighting. From 1901 to 1935 the expenditure increased by 342 per cent. The causes of this increase can best be explained by treating each sub-head separately.

(a) Fire Service- This Municipality has been maintaining its own Fire Brigade ever since the last sixty years to render timely help to the needy citizens. No special Fire Rate is being charged as is being done at Bombay for instance. The Service is



entirely free. The figures of expenditure are as follows:-

Year.	Establishment. Rs.	Contingencies. Rs.	Hoses & Appliances. Rs.	Telephones Rs.	Total. Rs.
1905	1,739	909	1,489		5,036
1910	1,599	1,195	1,781		6,711
1915	1,523	1,188	1,814	672	5,623
1920	3,529	1,561	1,862	2,687	10,088
1925	5,362	1,242	1,237	-	9,953
1930	9,063	-	1,924	1,346	12,847
1935	6,742	373	99	1,238	9,642

During the period 1905 and 1935 the expense on fire increased by more than 50%. Much of this increase is absorbed by the establishment alone. In 1901 there were three steam and four ordinary engines. The staff consisted of 15 servants who were paid Rs. 173... at there are 17 employees who receive Rs. 507 plus 26 P\*\*\* It is well to bear in mind that in the past the fire engines had to be driven to the place of fire with the help of the citizens. There were few motor engines. Naturally it took much time to reach the spot. Again, there were no telephonic connections, and the news of the fire was received late. Owing to these factors, there was much loss of property and life. But at present, the municipality possesses motor engines which can reach the place of fire in a few minutes only. There is no dearth of water supply as in the past. Big tanks of 900 gallons capacity are fixed on the engines, and the firemen use this water first, and then the number of fires are extinguished without having resort to the water from the mains. Fires can now be promptly reported with the help of the telephones. All these factors denote a definite improvement in the efficiency of the fire service. Large amounts are spent every year to purchase new hoses and machinery so as to maintain

units per month, (c) the rates per energy quoted in (a) and (D) above will be subject to a discount of one anna in each whole rupee provided the full amount of the bill is deposited at the Company's office within **15** days from the date on which the bill is delivered to the Municipality. The progress of electric lighting and its increasing charge on the Municipality will be illustrated by the following statistics.

Year, jj	Units, j	Hours, 5	Charge. 5	Hate. i	Bebate. J	Lamps.
			Rs.	Annas.		
1930	-	•	22,637	8		538
1932-33	76,619	2,805	28,508	»?		844
1933-34	93,833	3,569	33,889	»x		969
1934-35	1,01,128	2,672	36,030	n	-	1,033
1935-36	1,37,928	4,147	36,599	4j; & 3i	2,433	1,648
1936-37	1,93,512	3,195	39,558	ft » *	3,024	2,041
1937-38	2,35,860	-	52,067	n	3,461	2,333

The Municipality has to pay for a minimum of **10,000** units per month at the above rates subject to discount as provided for in clause **4(c)** quoted above. It is complained that the rates are still exorbitant, and the burden of electric lighting is too heavy for the citizens to bear. There are two alternatives to meet the situation: (a) The Municipality itself should generate electrical energy and supply it to the citizens. This enterprise requires large capital outlay which the Municipality can incur from borrowed money only. The question whether it is in a position to undertake this costly scheme in view of its present resources and commitments, should be carefully investigated before any decision is taken. The other alternative is to suggest Government to control and supervise the working of private electric supply companies with a view to guarding the interests of the consumers.

Public Health and Convenience;- This head is too unwieldy to be studied with convenience and clarity. It needs to be redivided into two groups, viz, (a) Public Health, and (b) Public works. The several items of expenditure under these two main groups may now be considered. But before this is done, it may be observed that the major portion of the municipal funds has been expended over Health and Convenience, and it is growing steadily with the increase in the amenities provided to the citizens, During the period under review the funds have been disbursed as follows:-

Year, fi	Expenditure. 5	Year, jj	Expenditure.
	Rs.		Rs.
1901	1,59,371	1925	10,98,973
1905	2,38,423	1930	12,91,366
1910	2,20,884	1935	9,38,978
1915	2,91,063	1936	9,00,312
1920	6,11,941		

During the first fifteen years the rise in expenditure was not very appreciable. It is due to the fact that the Municipality did not undertake any great schemes involving heavy capital expenditure. But after 1915, and till the year 1930, the expenditure has gone up by leaps and bounds. During this latter period the Municipality had undertaken the water works and drainage work construction, the Town Planning Schemes and such other big schemes where large amount of capital was sunk. Most of these schemes were completed by about 1930, and so the expenditure figures show a downward trend.

Water Supply:- The Municipality, for a very long time, had no water works of its own. The water supply was derived from

the wells, private aqueduct\*, and the Khadakwasla canal. The Municipality had to pay Rs. 10,000 to the Government for the canal water. But with the growth of population and the extension of Municipal limits, the then existing arrangements proved inadequate and unsatisfactory. The Municipality floated in 1912-14 a loan of Rs. 10 lakhs for the construction of water works and drainage. The Government contributed Rs. 10 lakhs as grant-in-aid. The scheme was completed by 1923-24. But the question was not settled as yet. The growing population, and particularly the conversion of basket into flushing privies necessitated an abundant supply of water. The Municipality undertook in 1930-31 the work of enlarging the water mains in the city. The total expenditure on the old and new water supply schemes amounted to Rs. 5,02,574 and Rs. 5,91,334 respectively. It is necessary to study how the funds are normally spent over this service.

Year.	Establishment.	Capital expenditure.	Repairs and Maintenance.	Water treatment.	Government charges.
5	5	I	l	5	5
	Rs.	Rs.	Rs.	Rs.	Rs.
1895	886	23,848	2,897	-	16,069
1905	341	6,629	3,893	-	10,000
1915	357	144	13,182	-	14,905
1925	2,295	-	10,670	13,712	55,813
1930	901	45,905	1,22,797	14,951	89,720
1932	-	1,80,017	1,52,575	17,164	1,16,124
1934	-	28,469	1,67,116	13,603	1,31,227
1935	2,358	20,616	1,75,600	14,439	1,36,239

To avoid confusion it must be stated that till 1925 expenditure on Repairs and Maintenance did not include that on chemical treatment of Water and charges paid to Government. It will be observed from the above figures that expense on

establishment forms not. a significant part of the: u, val expenditure. In 1901 there were 10 persons in the establishment who received Rs. 101 monthly. At present there are 18 servants on the staff who receive Rs. 715 per month.

The charge of repairs and maintenance is growing every year, and the major part of it is paid to Government Irrigation Department for Canal Water. The following figures may explain why this charge of the canal water is increasing

Years.	Rate.
1911-1924	Ho. 1 per 62,500 gallons.
1924-28	Re. 2 per 62,500 gallons.
1928-1933	Rs. 2-8-0 per 62,500 gallons.
1933-1937 daily.	Hs. 2-8-0 per 62,500 for the first 60 lacs gallons; Rs. 4 per 62,500 for the next 90 lacs gallons; and Rs. 8 per 62,500 for the next 90 lacs gallons.

The Municipality has been protesting against the raising of the rates arbitrarily time and again. The Minister for Local Self-Government replied in 1933, "there is not a single town in which the rate works out to as low a figure as one Anna three pies per 1,000 gallons and there is no reason why it cannot be raised". It must be admitted that the consumption of water has increased very much owing to the system of flushing and wash privies, and that there is also much waste of water which the Municipality can avoid if it so desires. There is an increase in the number of water connections and per head consumption of water. The following figures may well explain this fact.

Year.	<b>5</b> <i>i</i>	No. of Water connections.	Year.	<b>J</b>	Per head consumption.
				<b>5</b>	
<b>1923</b>		2,651	{ 1878		15 gallons.
<b>1925</b>		5,339	{ 1926		<b>35</b> gallons.
<b>1928</b>		6,209	{ 1936		56 gallons.
<b>1930</b>		6,755		<b>i</b>	
<b>1932</b>		7,504			
<b>1936</b>		8,765			
<b>1937</b>		9,176			

It will now **otj** clear that the increasing consumption of water in the city and the enhanced rates of canal water have been responsible for the growing expenditure on maintenance. In order to lighten this burden, the Municipality has been trying to economize **the** use of canal water. It is preventing wastage by **a-u^**uing in **Lur-nil** tent **By** si dm of supply. It is **3aid** that Rs. 200 are saved daily since the adoption of this system. **.ieconuly**, the Municipality takes the canal water in the day time, and at night water from Katraj tank is utilized for filling up flushing tanks, etc. The Municipality has also submitted a scheme of its own water works to Government for sanction which is awaited since long.

Drainage;- Before 1923-**24** the drainage system of the town was considered as most unscientific and prejudicial to public health. The first drainage scheme was completed in 1923-24. Again in 1925 the Municipality undertook the Drainage Improvement Scheme, which has now been completed except a few items and only small works are being carried out as occasion requires. The total expenditure on the old and new drainage schemes amounted to Ps. 8,44,283 and Rs. 27,97,111 respectively. The execution of these two schemes has helped much to improve the general health ana sanitation of the city. The expense incurred on this service is as below:-

Year.	( Establishment Ac 1 Repairs.	« i	New dories.	J Pumping sta- i tions.
	Rs.		Rs.	Rs.
1895	8,585		3,159	
1905	8,875		4,943	22,534
1914	11,874		2,78,079	97,338
1925	67,145		4,17,007	40,000
1930	37,049		2,80,222	4,877
1934	40,680		1,12,313	16,844
1935	42,243		20,616	22,804

The worst form of budgeting is evinced in compiling these statistics. Certain items are included in one year, certain others are excluded in the next year; and all this is done without making a specific note of it. With the construction of new Drainage works, the expense on establishment and Repairs is increasing every year. The main item is the expense on the Low Level and Subsidiary pumping stations. The structure of them increases or decreases according as the stations are in working (the whole year or for some months only. The establishment of drainage consists of 6 permanent and 104 temporary servants who are paid Rs. 1,475 per month on average. There is also a special drainage Department for completing house connections.

Conservancy:- The following items are usually included under this head; (a) General supervision of establishment, (b) Road Cleaning, (c) Bhangy service, (d) Municipal Kachra Depot, (e) Road catering, and (f) urinals and latrines. Each of these items may be considered separately.

(a) Supervision of establishment:- Under this head generally included the salaries of the Health Officer, Sanitary Inspector, Mocacams, etc who supervise the work of the menial staff. Since 1915, however, the salaries of the Health officer

in the mileage of roads, the staff or road-sweepers had to be strengthened from time to time. Expenditure rose more rapidly in 1920 when salaries of sweepers increased. In 1885 there were 150 sweepers who cleaned 36 miles of roads daily and 16 miles of lanes every second or third day. In 1901 the number had increased to 203 sweepers who were paid from Rs. 5 to Rs. 4 each. About 1900 the Government took over the work. Present there are 270 sweepers who are paid from Rs. 10 to Rs. 12 each. Their monthly wage-bill now amounts to Rs. 2,573. The refuse removal staff consists of 144 employees. The work of removing street refuse is often done by the Municipal agency. In 1915 the system was discontinued and the municipality itself undertook the work. The contract system was again resorted to in 1925, in spite of the protests from the Health Department. But in 1932-33 the Municipality once again undertook the work. The number of sweepers is being increased every year to suit the new extension of the city, and they will still have to be increased as many new roads are being constructed in the extended area of the town. The roads of the city, tarred though they are, get full of dust in a short time and this improvement in the old macadamized roads has not still relieved the public from the dust nuisance.

Bhangy Service:- This service is the most important one from the view point of public health and sanitation. The Municipality has been spending large amounts over the last many years. But recently the compulsory conversion of basket privies into flushing and wash privies has led to progressive decrease in expenditure on this service.



Year.	Expenditure on Bhangy.	Year.	Expenditure on Bhangy.
1895	52,046	1930	1,16,879
1905	52,927	1932	38,490
1915	55,121	1934	13,787
1920	1,22,000	1936	10,919
1925	95,634		

Since 1915 the expenditure was almost steady and the increase was slight. But during the period 1915-20 the expenditure more than doubled due to revision of the salaries of Bhangis and special allowance? paid to them which, however, were discontinued after 1920. The expense rose to Rs. 95,634 in 1925 due to this latter reason. It again rose to Re. 1,16,879 in 1930 due to increase in the staff personnel, but afterwards there is a progressive decline in expenditure. It was due to the fact that rapid compulsory conversion of basket into flushing privies rendered the services of Bhangis unnecessary, and the Municipality had to curtail the staff gradually. But then, there was the danger of a Bhangi strike which would have been very harmful to the public health and sanitation. Therefore, in order to compensate the dismissed staff, the Municipality decided to grant gratuities to those Bhangis who had rendered long and loyal services to the public. The following statistics may show the staff of scavengers, the amount of work they had to do, etc.

Year.	Diff.	Private latrines.	Public latrines.
1895	29*	7,040	60 with 310 seats.
1895	<b>327</b>	7,971	84 " 397 "
1915	34!	6, POP	59 " 403 *
<b>1925</b>	<b>-</b>	8,971	<b>426</b>
1930	380	4,010	rtft«i 1925 all public latrines were of the flushing type
<b>1931</b>	<b>123</b>	<b>1,606</b>	
1932	<b>78</b>	504	
<b>1936</b>	<b>65</b>	171	

The figures of the flushing privies are not given since they are not served by Bhangis. In 1901, about 343 scavengers were paid Rs. 2,621 per month. The salary of every scavenger varied from Rs. 9 to Rs. 5 p.m. At present the individual salary varies from Rs. 13 to Rs. 16 p.m.

Night Soil and Kachra Depot:- In order to dispose of the street rubbish, Kachra and nightsoil there should be some place at a conveniently long distance from the city. The Municipality often utilizes the rubbish for reclaiming unhealthy marshy places and filling up the ditches in the ground, whatever is left is taken in motor lorries to Parvati tank, Kothrud depot during dry months and to Bibewadi Depot during the monsoon. In the past the work of removal was executed by contract agency. The contractor was allowed to convert the rubbish into manure and sell it. He was to pay a fixed amount to the Municipality from the sale proceeds. But the work was done r^oerly and there was also much loss of revenue from pondrette manufacture. Since 1932 the work is undertaken by the Municipality and the depots have become a source of some income to the Municipality. The expenses on this service have developed as under:-

Year.	\$ Expenditure.	5 Year,	g Expenditure.
	Rs.		RS.
1895	13,179	1920	6,179
1905	8,735	1930	4,979
1915	9,895	1936	8,513

In 1901 about 74 persons were engaged on the depots who received Rs. 517 p.m. At present, however, there are only 37 persons engaged on the depots who receive Rs. 514 p^m. There is a close co-ordination between this and road-cleansing

departments and there is often intermingling of of expenditure.

Road watering:- The figures of expenditure are:-

Year, j	Expenditure, j	Year. j	Expenditure.
Rs.	Rs.	Rs.	Rs.
<b>1886</b>	2,671	1920	<b>6,267</b>
1895	-3,681	1930	11,190
1905	3,556	1935	13,375
<b>1915</b>	4,660		

Till recently the work was done by carts and Bhistis. In 1885, about 2,60,600 Rg.feet length of roads were watered. In all, 15 wards were served, 12 peths twice in a day, 2 peths once, and one peth thrice in a day. Prooenvly,. however, the work is done by motor lorries and carts. There are about seven water sprinkling lorries and 21 peths are watered.

Hospitals and Dispensaries:-\* Though there has never been a central municipal hospital in the city, there are small dispensaries in different wards of the city where free medical aic is maae available to the poor. Funds have been expended in the following manner.

Year.	i Estab- 5 Contin- 1 Medici- 1 Lunatic ilGrants. J Total.
j	j
Rs.	Rs.
1905	1,970
1915	2,346
1925	12,063
1930	16,317
1932	17,466
1934	20,812
1935	23,666

It will be observed that the Municipality did not spend much over medical service till 1925. Even after 1925, thi larger part of the expenditure Is absorbed by such items as

grants to local hospitals, establishment.

The figures showing the strength of the Medical establishment and its monthly cost are as under:-

Tear, fi Staff Personnel, jj		Cost.
		Rs.
1900	5 Servants.	63 p.m.
1936	38 Servants.	1,252 to 2,205 p.m.

The cost of medicines does not indicate any striking increase when compared with other items. Large amounts are distributed every year as grants to local Medical Institutions and the number of such Institutions is on increase. Again, the Municipality has to contribute towards the cost of maintenance of such lunatics as come from municipal limits to the Lunatic Asylum. The number of such lunatics is growing and with it the cost of their maintenance.

**-:dumm \tTa** 1885 there were three municipal dispensaries. In 1895 there were about five. In 1905 the number again dropped to 3. In 1925 there were five dispensaries, and this number increased to 8 in 1936-37. There are now seven allopathic dispensaries and one Ayurvedic. One more Ayurvedic dispensary will soon be opened in Shukrawar Peth. It is regrettable that the Municipality should not as yet open special dispensary for females and children when there is a great need for it since long.

As regards the statistics of patients treated in the dispensaries, about 99,883 patients were treated in 1895; the more recent figures are 28,061 in 1920; 1,63,011 in 1925; 2,51,351 in 1931-32; 3,09,149 am in 1934; and 4,05,861 in 1936.

The figures will fully illustrate that the present arrangements are meeting very urgent needs of the poor people in the city. But then, it is very likely that there may still be a large section of the poor who are ignorant of these facilities but who need them none the less. Free medical aid is the right of every poor citizen. Has not the time come when a big Municipality like that of Poona should maintain a central hospital of its own? There are the pressing needs of the present times which need consideration and speedy action. At present the medical service does not appear to receive all the attention it deserves and we have to note with regret that the Municipality does not spend even 4 percent of its expenditure on the service as laid down by Government.

^ Markets and slaughter Houses;- There were vegetable markets and meat markets in the town in the past as at present. But there is an important difference which should be noted. The old markets were small and scattered. It was inconvenient for the Health Department to inspect them and ensure their cleanliness. The first attempt to bring together these small stalls in one place was made in 1884-85 when the Feay market was constructed. In regard to the meat and fish markets the same promptness was not witnessed. It was only in 1930 that the large meat and fish markets were constructed costing Ha. 50,627 and Rs. 8,629 respectively. But the question of market still remains to be solved. The Heay Market is now too small to accommodate all the sellers under the roof; and the people living in the Eastern and western extensions of the city find it inconveniently situated. The construction of new markets in these areas is a pressing necessity and is receiving attention. The following figures will explain the progressive growth of expenditure over markets.

Year.	us.	Repairs,	Total.
			Rs.
1905			6,812
1915	3,502	1,294	6,489
1920	9,322	3,493	16,616
1925	14,993	—	24,510
1930	16,949	164	54,561
1934	17,734	1,653	22,621
1935	18,696	1,158	24,570

The figures showing the strength of the establishment and its monthly cost are given below:-

Year.	5 Staff Personnel.	Cost.
		Rs.
1000	30	262 p.m.
1936	56	1,209 p.m.

Attention may now be given to those activities which come under the second sub-head, viz. Public works. The most important item involving heavy recurring outlay, is obviously Roads. The city has witnessed a remarkable development of roads and of expenditure thereon.

Year.	5 P.R.D. Estt.	ii Road widening and opening.	ii Repairs and maintenance.
	Rs.	Rs.	Rs.
1885	3,229		25,409
1895	4,225	19,873	24,860
1905	4,734	22,582	34,153
1910	5,136	17,008	42,202
1915	7,036	11,882	48,099
1920	14,087	6,089	61,441
1925	20,489	92,429	50,516
1930	24,768	86,201	80,494
1935	26,682	89,201	1,11,278

In 1900 the Public works establishment consisted of 15 servants who were paid Rs. 364 Dim. At present there are

29 servants on the staff who receive **Rs.** 1.603 minimum rising to Rs. 1,973 maximum.

In 1885 there were 36 miles of roacs and 18 miles of lanes, in all 54 miles. In 1915 there were 68 miles of roads and lanes; the more recent figure is 92 miles in 1936. The Development of roads in the city will be explained by the above figures, with the increase in the mileage of roads, the charges for their maintenance and repairs are bounc to increase.

To remove congestion and facilitate the growing traffic in the city, new roads are being constructed and old ones are widened, "the follow/ing are the important road schemes:

(a) East-,vest Road:- The scheme was started in 1920, and a number of properties had to be acquired for the purpose. The total receipts and outlay on the scheme from 1920 to 1937 amounted to ?s. 8,19,031 and Rs. 10,52,668 respectively. The scheme **in** expected to be a financial success in view of the great **or-** of adjoining sites, ana high prices paid for them.

ilak ^oaa:- The Scheme was completed in 1933. The total receipts from the sale of plots upto 1937 amounted to Rs. 2,19,872 while the total cu^t of the scheme is Hs.2,71,794. The financial success of the scheme is doubtful, unless there is a brisk demand for the plots.

(c) Peay Market to Goviad Kalwai Ghowk Toac:- The scheme is approved by the Government, and the Municipality is allowed to flcat a loan of Rs. 1,50,000 for the purpose. The scheme, very recently put into operation, is expected to be completed soon, **uptil** now about Rs. 12,389 are spent over acquisition of properties.

The other schemes to be noted are the Ganesh P.oac,

North-South Road schemes. Recently the Municipality has completed the asphalt-road scheme at a total cost of Rs. 11 lakhs, The first experiment was made in 1934 when 1.60 miles of roads were asphalted at a cost of Rs\* 26,333. The main work was started in 1936, and was spread over a period of four years. It is expected that as a result of the scheme, the recurring charges on repairs and maintenance would decrease.

The Municipality has of late undertaken a few improvement schemes which deserve some consideration.

Town Planning Scheme No. 1:- The work was started in 1931 and is now almost complete. During these six years large funds have been expended over the construction of roads and bridges, drainage and water connections in the area of the scheme. The plots were then sold to individuals and co-operative bodies and there is considerable land which is still to be sold. The financial history of the scheme may be summarized as follows:-

Year. <b>8</b> <b>II</b>	Total Expenditure Rs.	<b>5</b> <b>1</b>	Year. <b>1</b> <b>8</b>	Total Receipts. Rs.
. 1931	2,74,699		1931	1,58,913
1932	3,01,884		1932	77,688
1933	1,06,189		1933	1,29,989
1934	86,034		1934	1,08,068
1936	60,047		1935	36,011
1936	16,965		1936	18,403
Total.	8,43,808	<b>1</b>	Total.	5,28,072

Expenditure:-Rs.8,43,808

Receipts :- " 5,28,072

Rs. 3,15,736

To make the scheme a complete financial success, the Municipality must receive at least 3,20,000 Rs. from the sale



of plots and materials and from betterment charges.

T<sup>h</sup>iver Improvement:- Since the construction of the Janshetji Bund in 1850, the Mutha river has become a breeding place of Malaria and other diseases. The Municipality has been requesting the Government for the last 12 years to lower the level of the water at the Bund. But no action was taken by the Government. It was only in January 1934 that the Government agreed to lower the water level by 3 feet from 1st April and by 5 feet from 1st May, 1934, as a last concession and informed that the permanent lowering of the level would in no circumstances exceed 2 feet in future. The work of improvement was started immediately, though the Municipality expected a more generous attitude from the Government.

The length of the river to be improved measures 8,600 and Rs. 1,50,000 have been sanctioned for the scheme. The work, when completed, would rid the city of a number of diseases and improve the health of the city. The expense on the scheme since its inception amounts to about Rs. 70,000.

Nagazari Improvement:- The work consists of canalizing the stream during its course within municipal limits. About Rs. 43,306 were spent over the scheme before 1930, and Rs. 79,293 were spent over the same.

The other Schemes under consideration are the Town Planning Schemes No. 2 and 3. These have been recently prepared, but no material progress is made as yet.

Public Instruction:- Though founded as far back as 1856, the Municipality had no powers till 1884 as regards imparting of primary education in the city. Whatever schools then existed belonged to Government and private individuals

and institutions. The Municipality could only give annual grants to some of these. It was only in 1884-85 that Government decided to transfer the management of their primary schools to the Municipality. The Municipality was to receive **J** of expenditure on schools from the Government as grant-in-aid. With the development of primary education in the city during the past 50 years, the Municipal expenditure on this function has developed very remarkably. The following statistics may be interesting:-

Year,	School Board Establishment <b>I</b>	Rs.	Salaries. <b>S</b>	Rs.	Rent. <b>5</b>	Rs.	Repairs. <b>I</b>	Rs.
1885		992		8,936		1,591		
1895		1,481		18,261		3,149		534
1905		1,089		16,411		2,938		-
1915		1,632		36,372		6,897		1,235
1920		3,756		55,946		9,607		1,068
1925		7,072		1,08,714		17,146		3,675
1930		15,617		1,70,158		37,007		4,218
1936		17,571		1,62,372		49,711		4,371

The expenditure on establishment did not rise much till 1920. But with the transfer of primary education to the local body after 1920 the establishment had to be strengthened sufficiently to cope with the new administrative work. The rise in salaries also was steady, but after 1920 it became more pronounced, owing to appointment of many new teachers, and also owing to the introduction of compulsory education in certain parts of the town. Again the changes in the scales of salaries must not be overlooked, some interesting figures are available. In 1885 the salaries of head masters varied from Rs. 15 to Rs, 3 *pr*m. The scales in force in 1926 and 1936 were as under.

Teachers.	{ I	1926 P.8.	1	1936 ?s,	5 Selection 5 Grade.	
3rd year Trained.	40	-2/3-	50	-1-60	40 - 2 - 80	100
2na year Trained.	35	-1/2-	46	-1-60	36 -3/2-	65
1st year Trained.	30	-1/3-	35-1/2-4C		30 - 1 - 50	65
Qualified teachers.	25	-1/5-	30		25 -1/2-	30

increase in payment of salaries is due to frequent revisions in the scales, and also to the increase in the number of teachers. The rent charges have also shown similar growth, due to the fact that there is an increase in the number of houses housed in municipal buildings. The grants to private institutions and schools have increased much, particularly after the reforms of 1925. The Municipality has been empowered to approve private primary schools and to inspect them and give annual grants as per Primary Education Act 1923. With the increase in the number of these approved schools the amounts of grants have also increased.

There was a rapid growth of primary education from 1885 to 1896. This growth was arrested during the period from 1896 to 1908 when the city was in the grip of the terrible epidemics. After 1909, however, the progress was continuous.

But it again received a setback in 1918-19 and 1919-20 when the city suffered from Influenza. After 1920 the progress has been remarkable. The following statistics are interesting.

Year.	il No. of il Schools.	il studentail il ii	Teachers.	il Trained. I	I Untrain- i ed.
1905	33	2,872	118		
1910	37	3,506	163	„	«
1915	43	4,367	190	„	
1920	35	4,398	202	95	107
1925	39	6,918	285	171	114
1931	57	11,544	381	207	174
1936	57	13,143	421	224	197

The Technical schools- The school was established by the Municipality in the last quarter of the 19th century for imparting technical education. It appears that the school was in a good condition even in 1696. There were 61 students of which 3 were girls. The number rose to 79 which has not still being surpassed. In 1835 there were about 56 students. It is complained that the citizens are not taking proper advantage of this institution as they did in the past, special Drawing and Weaving classes are attached to the school for the benefit of those who cannot attend the school as regular students. The present building of the school was built in 1895 at the cost of Rs. 21,507. The expenditure on the School during recent years is shown below:-

Year.	5 Establishment. il Rs.	J Contingency, 5 Rs.	il Total, I Rs.
1930	7,196	1,866	9,336
1932	7,566	2,189	10,419
1934	8,135	1,257	9,915
1936	8,091	582	10,025

Compulsory Primary Education:- The question of introducing compulsory primary education in the city was much discussed in the past. It was finally resolved in 1926 to introduce

the scheme in those parts of the towns in the first instance which were backward educationally. The scheme was enforced in 'A' group area consisting of Nana, Bhavani, Ganj, Ghorpadi and Gultekdi Peths. In 1931-32 the Local authority decided to introduce compulsion in 'B' group area comprising somwar, Mangalwar, Kasba, Bhamburda and Yerandavna. The Government refused to approve the scheme on the grounds of financial stringency.

In 1931-32 there were six boys' and girls' compulsory schools. The number of schools is still the same. In that year about 715 boys and 734 girls attended the compulsory schools, in 1936-37 there were 771 boys and 747 girls or about 1,548 pupils in the compulsory schools. In 1930-31 there were 38 teachers while in 1934-35 there were 37 teachers. In 1936-37 these figures were the same. Government, however, has sanctioned only 35 posts of teachers for grants. In addition to teachers, there are ten call-women, only one of which is sanctioned by the Government. The administrative staff consists of one attendance officer, one clerk and one peon. The recent figures of expenditure are as below:-

Year, g	Total. Hs.	₹	Year.	₹	Total. Rs.
1931	23,7		1934		19,964
1932	20,426		1935		19,982
1933	18,006		1936		19,110

To enforce compulsion the Local authority has been issuing first general and ordinary notices to the defaulting parents. Prosecutions are lodged in the Courts and parents are fined. In suite of the strenuous **attempts of\* ths local**

authority the scheme of compulsory primary education has not made much progress during the last nine years mainly because Government have refused to contribute towards the expenditure of new schemes of expansion. The Municipality itself is not in a sound financial condition to enforce compulsion in other parts of the city and bear the whole cost of the scheme. But the purpose of compulsion will not be served if that compulsion is not enforced in the whole of the city. It is now increasingly felt that the success of educational schemes cannot be assured unless adequate financial help is forthcoming from Government in the form of grants-in-aid.

**a J L T A H A.**

Satara, north latitude 17° 31' and east longitude 74° 31' so called from the seventeen or satara **wui**-s towers and gates which the satara fort was supposed to possess, is the headquarters **of** the Satara district and sub-division, with a height **of** 2,320 feet above sea-level, Satara is about sixty miles from the coast, sixty nine miles south of Poona, and seventy-six miles north **of** Kolhapur. Satara town is bounded on the north **by** the new Poona-Satara road, on the west by the Yevteshwar Hill, on the south by the fort, and on the East by an offshoot of the fort hill, Its greater length from east to west is about 2 miles and from north to south about a mile and a half. Seen from a distance of nearly three miles on the Poona-satara road, the town is situated at the base of the fort, in a semi-circular recess on the south-western border **of** the valley formed by the fort and the Yevteshwar

In ancientness and historicity, satara ranks very high in Indian towns and cities. It enjoys the rare honour of having once been an Imperial City. The earliest mention of Satara appears to be in the reign of the fourth Dahamani King, Muhammad Shah (1358-1375) when with other forts, the satara fort is said to have probably been built. In 1579 Chandbibi, the dowager queen of Ahmednagar, was sent to Satara fort as a prisoner. In 1673 Shivaji laid siege to Satara fort. But it was only in 1699 that Pajaram, at the suggestion of Panhanchra Pant Bavdekar, made Satara the seat of the Maratha Government. The fort was besieged by Azam Shah, son of Aurangzeb, in / 1700 and taken after a very hard struggle. The fort received

Azara Shah's name and was called by the Emperor "Azam Tara". The fort was made over to Shahu in 1708, Until the death of Shahu in 1749, Satara was the centre of political activity. During this period Switches of the entire Maratha Empire were turned from satara, and Satara used to inspire and dictate all the civil military, political and public activities of the territory under its sway. With the death of shahu, however, satara lost much of its importance. The Peshawas usurped most of the sovereign powers and the ^ajas of Satara were little more than tools in their hands. In the last Maratha War on the 8th of March, 1818, the united army of General Smith and General Pritzler went to Satara and the fort surrendered on the 10th. The British colours were hoisted but only to be replaced by Bhagava ^enda, the flag of the Marathas. with the fall of the karatha power in 1818 all that man-made greatness and glory departed from this town. All that has still remained to Satara in all its freshness and bloom, is its natural greatness, its superb natural scenery and its excellent bracing climate. The present Importance of Satara lies practically in its being the Headquarters of a large and populous district inhabited by people whose forbears were empire-builders.

Since the advent of the British ^ule the story of Satara is a story of one long, continuous and unarrested decline. Almost all the elements which made for satara's greatness have passed away one after another and the tragedy of the whole affair is that no effort was ever made to check its fall or to restore its place. During the pre-British period Satara was not only the Capital of the Marathas, but was a commercial centre of considerable magnitude, it had then a thriving weaving industry pottery works, and banking agencies doing business all over



the Maratha Kingdom, The population of the town then estimated at about 40,000 souls. But after the annexation of the Satara State in 1848 the population decreased gradually, since a large number of people who were dependents of the late ^ajas and his nobles gradually migrated to other places. Moreover, since 1896 plague and famine have done considerable havoc in the city and helped to reduce the population still further.

At present satara has no trade or industry worth mentioning and the majority of the people are poor. The great modern factor for stabilizing the indigenous and attracting fresh population has been conspicuous by its absence from Satara. This city is shunned by industries and commerce no less than by Railways. The Southern Maratha System works its line about 10 miles off the city limits at the minimum. This isolation has not only directly told and is telling upon such trades and industries as there are in Satara, but has indirectly affected and is affecting Satara's chances year after year in its economic race with other towns apparently less important and more favourably situated in point of distance to a Railway station. This is the chief reason why there is slowness of trade; and the artificers who had made Satara their home, have been finding better prospects elsewhere.

The city truly received another discouragement some years back. Satara possesses some very valuable special aptitudes to become a permanent military station. The town had the importance of a considerable military station in the early days of the British rule. The first blow to this importance came in 1904 when the troops stationed at Satara were removed from there. Subsequently, the station was utilized for a number of years by the

establishment of a Training school Viz, "The School of small Arms". The army headquarters removed in 1923 even this School from Satara much to the regret of the public and the detriment of city traces and a valuable attraction, the last vestige of the military importance of Satara has been taken away.

i Satara has thus been a neglected town. The consequences of this neglect were strongly enough strengthened by ravages of plague and pestilence. During the period from 1896 to 1915 plague was a normal visitor to this town and in **ingots** population every time. It also had its reactions on the finances of the municipality. It increased expenditure and decreased income by crippling trade and partially depopulating the town. During this period not only were all civic improvements at a stand still, but even the primary municipal obligations such as road repairs, conservancy, lighting, etc., were **but** very inadequately discharged.

Municipality and its remocratization:- Satara was annexed to the British territory in 1848. A municipality was constituted on the 1st of August, 1853. **It** was declared a Town Municipality in 1875 under Act VI of 1873. Like other municipal bodies, the satara Municipality was an official body, pure and simple. It functioned under the supervision, direction, and control of the District Collector who was the ex-officio President of **the** Municipal Council. In 1893 the council consisted of 25 members of whom 12 were elected by the ratepayers and the remaining 13 members, including the President, were nominated by the Government. The minimum amount of qualifying tax was Rs. 4. In 1908 the municipality was granted the privilege of electing Its President from among the non-official members instead of ex-officio members of **the** council.

In consequence of the appointment of an Executive officer, the municipality was empowered in 1913 to have two-thirds of its members elected by the ratepayers. The Council now consisted of 24 members of whom 16 were elected and 8 nominated by the Government. The President was an elected non-official member of the council. In 1919 the minimum amount of qualifying tax was reduced from Rs. 4 to Re. 1 only, **AS** a consequence, the number of voters increased from 1,277 to 2,620. Again in 1922 the minimum amount qualifying tax was reduced from Re. 1 to Annas 8 only. The number of voters now increased from 2,620 to 4,167. In 1923 the Government of Bombay were pleased to direct that on and after 1st April, 1923 the Satara City Municipality was to consist of 30 members of whom 24 were to be elected and the remainder nominated by the Government and that of the nominated members 3 might be salaried Government Servants. There was no change for a long time either in the composition or character of the Municipal Council. The Bombay Municipal Boroughs Act, 1925 was recently amended, and the Satara Municipality, in common with other Municipalities, now possesses a fully democratic council that is, all the members of the council shall henceforth be elected by the citizens, the system of nomination being given a decent burial. The municipal franchise has been sufficiently widened in consequence of the new electoral rules framed by the Government for Provincial elections.

Municipal Expenditure: - Ever since the constitution of a municipal body in Satara, it has been entrusted with a number of functions indispensable to public health and welfare. With every elevation in the status of the municipality there

has been an addition of new functions and powers. It shall be our purpose now to assess the adequacy and character of the manifold services rendered to the citizens **and** to study a number of allied questions. The figures of expenditure on various services are given in the separate table. Expenditure under some of the more important heads will now be dealt with separately and **in** some detail General Administration.

General Administration;- Every Municipality has to maintain a staff of servants to deal with work which is mainly administrative in character. Every addition to the volume of administrative duties necessitates enlargement of the administrative machinery. Any improvement in the quality of the staff is likely to cause improvement in the scales of salaries. Thirdly, the rise in the level of prices and standard of living also necessitates an increase **in** the rate of salaries. All these facts have to be borne in mind while the growth of expenditure is being explained.

Year,	jj	Establishment,	jj	Contingencies.	5	Total.
5	Ps.	jj	^s.	5	Ps.	
1886	-	-	-	-	-	1,958
1900	2,270		352			2,622
1915	3,537		421			3,958
1925	5,559		<b>795</b>			6,354
1930	8,036		<b>1,266</b>			9,292
1932	8,503		<b>693</b>			9,196
1935	8,535		<b>769</b>			<b>9,304</b>

Between 1886-1900 expenditure rose by 33 percent, between 1900-1915, by 50 percent, and between 1915-1930, by 134 percent. Since 1930 there has been no material increase in the expense. Much of the increase occurred during 1915-1930, We have to explain the causes thereof.

In 1915 the Huzur office staff consisted of 13 servants whose monthly salaries amounted to Rs. 288 minimum and Rs. 326 maximum, the schedule of establishment was revised in 1917 with the view to giving relief to employees during the period of high prices. In addition, the municipality paid special war allowances to the servants. In 1921, however, it was resolved to discontinue these special allowances and in lieu thereof to revise the entire scales of salaries. This was done in 1923. Since then the schedule has undergone periodic revisions and alterations. The latest schedule of establishment shows that the Huzur office staff now consists of 12 employees whose monthly cost amounts to Rs. 425 minimum and Rs. 529 maximum. It will be observed that the rise in expenditure on establishment is due not so much to the increase in the staff itself, but due mainly to improved scales of salaries.

While considering the efficiency of general administration it may be noted that at present the chief officer of the municipality has two-fold duties to perform. As the chief executive officer he is required to direct, supervise and control not only his own office but a number of other departments for maintaining a uniform policy of administration, secondly, as the chief Engineer, he has to devote special attention to the Engineering section. He is called upon to prepare plans and estimates of sanitary and other projects, and supervise their proper execution. It is proved by experience that these two functions cannot advantageously be entrusted to a single individual without detriment to administrative efficiency. The municipality, therefore, decided in 1936 to appoint an Assistant Engineer to help the chief officer in respect of the latter's duties as the chief Engineer. These changes were sanctioned by the Govern-

Government. But in the meanwhile the municipality decided not to fill the post of the Assistant Engineer, since then old things have been continuing. The Chief officer is no doubt assisted by the Secretary in his administrative duties} but a greater amount of efficiency and promptness in work can be obtained if the Engineering section is entrusted to an independent officer. The Auditor frequently blames the chief officer for allowing arrears of taxes to mount up year after year, for inadequate control over the Permission department"and so on. Things are not expected to improve unless the aforementioned suggestion is given effect to at an early date.

The other important point is the proportion of expenditure over administration.

Year. 5	Proportion. j	Year. }	Proportion.
1886	3.4 p.c.	1925	6.0 p.c.
1900	4.8 p.c.	1930	8.1 p.c.
1910	3.7 p.c.	1933	7.8 p.t;.
1920	7.0 p.c.	1935	6.5 p.c.

The proportion was much higher in 1900 due to abrupt fall in municipal income. There **was** again a rise in proportion during 1910-15 the causes of which have been explained. During the post-war period, however, the net income of the municipality improved more rapidly than the expenditure on administration.

Collection of Taxes;- In view of the considerable magnitude of income from Octroi, it is imperative to study separately the cost of octroi collection and the cost of collecting other taxes and Hates.

Octroi Collection.

Year.	Establishment. Rs.	Printing and contingency. Ps.	Total cost. Ps
1900	3,003	271	3,274
1910	3,098	382	3,480
1915	3,619	342	3,961
1925	5,827	954	6,841
1930	5,850	759	6,609
1932	5,724	633	6,357
1935	5,455	575	6,030

The cost rose very gradually during 1900-1915. It increased rapidly between 1915-1920. After 1925, however, there has been a slight decrease. In 1915 the octroi collection staff consisted of 39 employees whose monthly salaries amounted to Rs. 315 minimum and Rs. 359 maximum. This schedule was revised in 1921. The staff in 1921 comprised of 34 servants whose monthly cost amounted to Rs. 418 minimum and Rs. 487 maximum. The schedule of 1937 reveals that the staff consisted of 34 servants and the monthly cost amounted to Rs. 409 minimum and Rs. 494 maximum. It will be easily understood that since 1921 there has been no material change either in the strength of the staff or scales of salaries. The following figures show the proportion of cost of collection to total revenue from Octroi from time to time.

Year.	Proportion.	Year,	Proportion.
1900	15 p.c.	1925	21 p.c.
1910	14 p.c.	1930	18 p.c.
1915	14.08 p.c.	1932	18 p.c.
1920	15.5 p.c.	1935	14 p.c.

Let us set the above figures against similar proportions at Poona and Sholapur.

	<u>Poona.</u>			<u>sholapur.</u>		
Year.	{	Proportion.	il	Year,	fi	Proportion.
1905		8 p.c		1878		9.4 p.c.
1915		11 p.c.		1900		13.5 p.c.
1925		12 p.c.		1920		11.4 p.c.
1930		12 p.c.		1925		7.0 p.c.
1935		14 p.c.		1935		7.7 p.c.

From this statement of figures it will be easily understood that the cost of octroi collection is much higher at Satara than in the other two cities. And it is only in 1935 that the proportion at Satara has come down to 14 percent owing to a sudden increase in octroi revenue. The reason for the high cost seems to be that income from octroi at Satara is neither expanding nor considerable in amount. And it is only recently that it has shown an upward trend. In spite of the limited income from octroi, the municipality has to maintain the machinery for collection. The disadvantages of high cost of collection have been aggravated by defective and inefficient collection. There is much smuggling. There is little cooperation between the Railway and Postal authorities and the municipality so far as the checking of articles into the city is concerned. It is **Difficult** to check and assess goods entering the city by motor transport. At present there are ten Nakas or Toll Bars of which five are the more important.

Collection of Assessed Rates and Taxes.

Year,	g Establishment.	/	Printing and Con-	jj	Total.
	5	g	tingency.	5	
	g PS.	g	PS.	g	PS.
1900	407	-			407
1910	979	-			979
1915	820	-			820-
1925	1,973	278			2,252
1930	2,532	292			2,824
1932	2,415	153			2,568
1935	2,339				2,479



The figures indicate that the expenditure till 1915 was not considerable. During the period of the late War, however, the municipality paid special allowances to the collection staff. These allowances were discontinued later on. To give the staff relief of a permanent and definite nature the municipality revised in 1921 the scales of salaries.

In 1915 the staff consisted of 7 servants whose monthly pay bill amounted to Rs. 76 minimum and Rs. 86 maximum, in 1921 the staff consisted of 8 servants and the monthly salaries amounted to Rs. 129 minimum and Rs. 164 maximum. The schedule of 1937 shows that the establishment consisted of 9 servants and the monthly salaries amounted to Rs. 148 minimum and Rs. 181 maximum. The increase in expense on establishment is due not so much to increase in the strength of the staff as to the improvement in the scales of salaries.

It is useful to see what proportion the cost of collection bears to total revenue collected. Only the recent figures are available and for some rates only.

Year.	5	'Water Rates.	jj wheel Tax.	i	Toll Tax.
1929		1.9 p.c.	2.5 p.c.		12.4 p.c.
1930		6.8 p.c.	4.7 p.c.		9.8 p.c.
1932		6.5 p.c.	6.5 p.c.		9.2 p.c.
1934		5.4 p.c.	5.4 p.c.		9.3 p.c.
1935		4.6 p.c.	4.6 p.c.		6.2 p.c.
1936		4.8 p.c.	4.8 p.c.		12 p.c.

The higher proportion of cost in the case of Tolls in 1929 is due to the fact that tolls were levied for the first time in that year and receipts could not be recovered in full. Again in 1936 the high cost is due to the abolition of tolls in 1935 and when the receipts were naturally dwindling. In respect of other two rates, however, the cost has shown a progre-

progressive downward trend. This is due to increasing incomes from Water rates and wheel tax. The figures also indicate that the cost of collecting assessed rates and taxes is very much lower than that of octroi collection.

Fire Service:- This service was instituted soon after the constitution of the municipality. The following are the details of expenditure.

Year.	Establishment.	{Repairs to {Engine, En-fi {gine sheds, jj carts. jj	Buckets Hoses,   Sonda. J}	Contingen- cy.	Total Ex- pende.
	^s.	^s.	^s.	^s.	"s.
1886			—		1,035
1890					1,061
1900	717	82	38	29	865
1910	679	60	37	38	814
1915	822	4	3	13	842
1925	1,183	64	15		1,262
1930	1,301	24	36		1,361
1932	1,182	7			1,189
1935	1,158	5		5	1,168

→ It is said that the service was in good condition till the year 1835. But during the twenty years following it was very much neglected. During the period 1900-1915 the municipal finances were much disturbed owing to incessant visitations of plague. Since 1926 there has been some improvement in expenditure but not so marked as to need elucidation.

There is only one fire station **in** the city equipped with two hand pumps. Besides there are about           hydrants. Satara is a **small** town and '           resent scale and equipment of the service **is** considered sufficient to meet public needs.

**AS** regards **the** proportion of expenditure on fire service we give **below** the comparative statement for Poona, Sholapur, and satara.

Year.	5	Poona.	ii	sholapur.	\$	Satara.
1900		1.3 p.c		.3 p.c.		1.9 p.c.
1915		1.3 p.c		.4 p.c		1.4 p.c.
1920		1.1 p.c		.5 p.c.		1.3 p.c
1925		.6 p.c.		.5 p.c.		1.2 p.c.
1930		.6 p.c		.4 p.c.		1.1 p.c.
1935		.5 p.c		.5 p.c		.8 p.c.

The figures suggest, in the first place, that the proportion in case of Satara shows a decrease year after year, though the total sum of expenditure on fire increases. Secondly, the proportion has always been higher at Satara than in other two places. But this statement is likely to be misconstrued\* Personal observation of the condition of service at three places will, easily indicate that the fire brigades at Poona and recently at sholapur are more efficiently worked and fully equipped than the one found at Satara.

Lighting Service:- **Thio** service, undertaken ever since the constitution of a municipal body has changed both in its scale and method.

The figures of expenditure are as under:-

Year.	\$ Establish- ment.	J 6 !"	"Repairs	Kerosene   [Cil, Pet-ji romax & & Electric} {Energy, \$	Contingen- cy.	J i	Total.
	\$	ii	Ps.	Ps.		i	Rs.
1884	-						903
1890	-		.	-		"	986
1900	352		64	441	18		874
1910	391		162	610	8		1,171
1915	661		452	1,815	10		2,938
1920			"	-	"		3,557
1925	782		974	4,418	"		5,476
1930	837		180	3,225	"		4,242
1932	1,161		95	2,908	-		4,164

The expenditure on Lighting service was almost stationary till 1915 after which year, however, it gradually rose. Between 1896 to 1915 Plague was hanging like a dark cloud over the city taking its heavy toll of human life, the people usually vacated the city which looked like a deserted and desolate place. During this period the service was very much disorganised. There were 147 Kerosene lamps in 1884, the number rose to 166 in 1895. But subsequently it went down to 70 lamps in 1899. The cost of establishment which was Rs. 561 in 1896 **Decreased** to Rs. 340 in 1898 and Rs. 310 in 1899. There was no development in the service until after the Great War when new methods were adopted and the scale of the service increased.

The establishment of the service in 1890 consisted of 7 lamp lighters, in 1915 the staff consisted of 9 servants whose monthly wages amounted to Rs. 66 minimum and **Rs**. 76 maximum. In 1921 the staff remained the same, but the monthly cost increase to Rs. 99 minimum and Rs. 114 maximum. In 1937 there were 10 servants whose monthly cost amounted to Rs. 100 minimum and Rs. 120 maximum. With the advent of electric lighting the expenditure on establishment is likely to decrease.

In the past all the lamps were Kerosene lamps. But the expenditure on Oil never exceeded Rs. 700. During and after *wit-* the war the prices of Kerosene oil went up and with them the expenditure on Oil. The Kerosene lanterns used to give poor light, with a view to adopting a more economical and more satisfactory system of street lighting, the municipality introduced in 1923 hired incandescent lamps hung high on specially tall lamp posts at central places in the Town. The number of these petromax lamps was increased every year as the experiment proved

successful. Incandescent lamps were given a permanent place **in** the system of street lighting. It enabled a reduction to be made in the number of lights as well as in the lighting staff. The expenditure on lighting which was Rs. 5,476 **in 1926** was reduced to Rs. 4,242 **in 1930** and Rs. **4,164 in 1932**. There were **203** Kerosene and **47** petromax lamps **in 1930**; and 172 Kerosene and 87 Petromax lamps **in 1934**.

A new development, however, soon took place in the method of street lighting. It was the introduction of electric lighting of the town. A short account of the scheme may not be out of place. Messrs. H.G. Ievi and Co. Ltd., Satara, offered themselves at the beginning of May, **1932** to go into the possibility of a hydro-electric scheme for Satara Town lighting, utilizing the head available from the new gravitational mains of the City water Supply Improvement scheme. Accordingly, they submitted a skeleton scheme on 16th May, **1932**. The scheme was approved by the municipality and sent up to the Chief Electrical Engineer to the Government of Bombay for scrutiny and opinion. The scheme was eventually approved by the Chief Engineer. **In** the meanwhile, Messrs. Devi and Co. Ltd., applied to Government for Electric License. A representative was sent up by the municipality to the Government P.W.P. to hold over a grant of license until the municipality decided the terms and conditions on which the right to use the water power from their gravitational water mains could be leased to the prospective licensee. The municipality accepted on 14th November, 1932. Mr. Devi's offer with certain modifications as the most advantageous offer. Accordingly, the Government were informed to grant the license to Mr. Devi who has secured the requisite electric license from the Government.

The municipality entered into a contract with the said company on 28th March, 1934. Some of the important terms of the agreement are as under;-

(1) The Company shall pay to the municipality an annual royalty of Rs. 3,000 for the use of the water power.

(2) The municipality shall lay at its own cost 12" cast iron mains from the Grit Chamber to the settling tank for a total length of 3,915".

(3) The Municipality shall construct at its own cost the settling tank in three compartments of the total capacity of 3,00,000 gallons and shall be bound to supply to the Company 25,000 gallons regularly per hour barring accidents. The Settling tank to be controlled and owned by the Municipality. The company shall have the right to construct additional works at their own cost, if the company requires greater discharge of water to meet their power demand.

(4) The Municipality agrees to purchase the whole of its requirements of electric energy for lighting purposes from the company at the rate of Annas 5 per unit and the company agrees to supply electric energy for lighting purposes to the public of satara also at the same rate.

(5) The Company's net profits over ten percent dividend shall be divided equally between the municipality and the company.

(6) The municipality shall be at liberty to subscribe as many shares as it chooses out of the company's first and subsequent issue of capital.

(7) The agreement shall come into force from after the completion of the new water supply project and shall continue in force for a period of forty years or alternatively as long as the Satara Electrical Company or their assigns or successors

operate the Satara Electric licence, 1933.

How far the conditions of the above agreement are advantageous **to** the municipality? The municipal authorities have now come to feel that they have lost a very unique venture. The annual royalty of Rs. 3,000 is not at all commensurate with the advantages of water power conferred on the company. Ever since the agreement was signed the municipality has never had the occasion **to** share the profits of the company. Owing to its own peculiar financial position it could not subscribe to the share capital of the company. They now feel that they could have waited for a more favourable time when the municipality itself could have financed this scheme. Again, the rate per unit of energy is considered to be much higher than the company should reasonably charge. On the other hand, the company has failed to carry out the stipulated work of extending the lines to those parts of the town that are still lighted with Kerosene lanterns. The municipality has lost both ways. It has denied to itself a very profitable business proposition. Secondly, it is required to spend large sums every year on Kerosene lamps. Thus the advent of electric lighting has not as yet bestowed those advantages of economic and superior service which are found elsewhere. In 1934 there were 172 Kerosene lamps and 87 Petromax lamps, the number decreased to 162 and 69 in 1936 and to 138 and 57 in 1937 respectively. Though the municipal expenditure on Kerosene and Petromax lamps is much lower than before yet it ought to be sufficiently reduced at an early date. The total number of electric lamps in 1937 were as below:-

No. of lamps. 5	Wattage. 1	No. of lamps, f	Wattage. •
6	100 each.	67	40 each.
22	60	47	26 "
Total electric lamps - 142.			

Thus the total number of lamps in the city is 138 - 57 - 142 - 337. At Poona there are 1,025 Kerosene and 1,109 Electric lamps, at sholapur there are 1,450 Kerosene and electric lamps, one feature of this service that stands prominently before us is that in none of these places have the municipalities been able to do away with Kerosene oil lamps though a fairly long period has elapsed since electric lighting system was inaugurated. A conscious attempt needs to be made to extend this undoubtedly superior method of street lighting to those parts where there is still much scope. We have now to consider the proportion of expenditure on this service at these three places.

Year, j.	Poona.	B	Sholapur.	J	Satara.
1900	3.3 p.c.		2.6 p.c.		2.0 p.c.
1915	5.0 p.c.		4.6 p.c.		5.0 p.c.
1920	3.3 p.c.		2.6 p.c.		4.5 p.c.
1925	2.6 p.c.		2.5 p.c.		5.4 p.c.
1930	2.0 p.c.		2.9 p.c.		3.6 p.c.
1935	2.6 p.c.		2.6 p.c.		3.9 p.c.

The figures clearly indicate that the proportion of expenditure has always been higher at Satara than in the other two places, though the actual amounts spent may be larger at Poona and Sholapur.

Water Supply;- The "ater Supply of the Town consists of three systems of Water t<sup>o</sup>i<sup>^</sup>s, the Yeoteshwar, the Mahardara, and Kas works. The two former were constructed by the late Raja's of satara and the last were planned and constructed at a cost of Rs. 3 lacs, as the supply of Aater from the olc works was insufficient. The Yeoteshwar works tap\$ all the springs on the range of hills to the west of the Town, the united waters of which are conducted to the Town in a closed earthern ware channel of about 2 miles in length. The Mahardara works draw



their supply from a storage tank in the Mahardara Valley, a mile to the west of the Town. The Kas works consist of a large storage reservoir enclosed by an earthen dam, 720 feet in length and 60 feet in height, in the valley of the Urmodi river, 12 miles distant from the Town, and an open earth channel 14 miles in length, running for most part along the sides of a wild range of precipitous hills and following all their windings. The water derived from Yevateshwar hills is pure spring water, but that of Kas probably gathered impurities in its course over an open channel of 14 miles and required to be properly filtered. Hence a temporary filter was provided at the place where Kas water was let into the Yeoteshwar aqueduct.

The water works suffered from three serious defects; (a) there was no arrangement for filtration and settling tanks to treat the water chemically. The water supplied to the citizens was, therefore, impure; (b) earthenware water pipes were liable to frequent leakages and required frequent repairs. These leaking mains prevented a continuous and regular water supply and increased the cost of maintenance; (c) there were certain parts of the Town which were not provided with municipal water supply. The water distribution, therefore, needed extension to such parts.

The municipality could not remedy these defects for a very long period owing to extreme financial stringency, stricken hard by successive visitations of plague, its revenue decimated, its treasury interrupted and its finances embarrassed, the Satara municipality could not undertake, during the pre-war period any project involving heavy capital outlay. The plans and estimates for filter beds, settling tanks, improvements in the distribution system of supply, amounting to Rs. 4,52,000, were

prepared in **1913** and sanctioned by Government in **1919**. But these could not be undertaken owing to want, of funds. Nevertheless, it should be noted that although for many years the need for improving the water supply system had been realized and although the municipality had enjoyed an yearly surplus amounting to Rs. 4,000 from the water service, the municipality had never made any attempt to fund this surplus against an emergency or to provide for the carrying out of improvements. A definite beginning was, however, made in **1923** when the municipality spent Rs. 7,794 on replacement of pipes. It was also decided that the work be done, so far as possible, in such a manner that it might not be required to be undone in any comprehensive scheme in the future. The work of iron piping was continued. In the meanwhile the municipality resolved to split up the entire scheme of water works into two parts with the intention of taking the more immediate part in hand first leaving the other to be taken up after the commitments and liabilities in connection with the first were liquidated. A new scheme was prepared which was later administratively approved and technically sanctioned in **1929**. The municipality then requested Government to grant a loan of Rs. 1,84,000 to carry out the project. But the request was negatived. The municipality then applied for permission to raise the funds in the open market. The Government sanctioned in June, 1932, the raising of the loan of Rs. 1,84,000 in the market.

In conjunction with the Water Supply improvement scheme the municipality was anxious to explore the possibilities of a Hydroelectric Scheme. Accordingly, they decided to have a combined Hydro-electric and Water supply scheme for the town. The scheme above, was completed and the Water supply through the new mains was commenced from 9th September, 1935. Thus,

water now supplied is treated with alum at the settling tank and sterilized with adequate chlorine dose. The quality of the water is improved. The quantity supplied has also increased much, the problem of adequate and pure water supply has been fully satisfied and, it is said, the present water sources are enough to meet the needs of 60,000

We have now to consider the expenditure incurred on the maintenance of water works.

Year.	Repairs to Iron pipes and Khaspi-5	Establishment.	Total Normal Expenditure.	Total Capital Expenditure.	Total expenditure.
	Rs.	Rs.	Rs.	Rs.	Rs.
1890	-	•	1,092	3,105	4,197
1900	460	1,108		1,209	2,317
1910	1,343	1,001		2,121	3,122
1915	1,835	1,116			4,454
1925	4,756	2,206	8,489	-	8,489
1930	5,218	2,278	7,995	-	7,995
1931	5,199	2,253		865	8,757
1932	2,197	2,219		74,109	84,434
1935	1,826	2,170	5,233	69,438	74,670

If the details of expenditure on water service at Poona, Sholapur, and Satara are compared, one would find the absence of such items as purchase of water as in Poona, working of pumping stations involving enormous consumption of coal, wood and oils as in both Poona and Sholapur. The reason is that Satara is favourably situated on the slopes of a hill and the water current reaches the city by natural gravitation. Secondly, the Satara municipality owns its water works; it is not required to purchase water from Government. Whatever expense is normally incurred is on the establishment and maintenance of the water works. Therefore, the cost of maintenance of the water service is much lower

than that at Poona and sholapur.

The figures of normal expenditure exhibit a persistent, if not continuous, growth. It rose rather briskly between 1920-25. Ever since the construction of the Kas Water works in 1880-82, the municipality had not undertaken any big project. In 1923, however, the municipality started the improvement of the distribution mains, replacement of Kharpr^ ....^s by iron piping. The work was continued till 1932 the progress of the work was arrested owing to the decision of the municipality to overhaul the water works and the distribution system.

The expense on establishment has been continuous and growing. In 1915 the staff consisted of 12 servants whose monthly pay bill amounted to Rs. 101 minimum and 114 maximum. In 1921 the strength of the staff remained the same) but the monthly cost rose to 151J minimum and Ps. 171 maximum. In 1937 the staff consisted of 13 servants whose monthly **salaries** amounted to Ps.155 minimum and Ps. 194 maximum.

The next important question to be considered is regarding the extent of the service and its development during the period of this note. There are two tests to appraise thi. **deve-**lopment, the one is the per-capita consumption of water in the city. The daily average supply amounts to 8,69,890 gallons and per head consumption of water is about 36 gallons at present. Thus the supply of water is adequate. The second test is the number of water connexions in the city. **We** learn that in 1905 there were 471 private water connexions of which there 1" inch} **3"** inch and the remaining 467 connexions of }" inch diameter. In 1910 the number of water connexion rose to 601. During the next ten years, however, the number rose to 622 only. In 1930 there were **912** private connexions. In 1937 there were over **1,244** conn'e-

practically all being of 12" diameter, There are over 5,000 houses in Satara. It appears, therefore, that the number of private water connexions is not commensurate with the total number of houses. But the municipality has been greatly assisted in respect of water service by the private charitable Hauds or Cisterns constructed by the late Rajas and sardars of Satara for the benefit of the poor.

Drainage.- There **is** no system of underground drainage in this Town. Open gutters are provided along the sides of roads and streets, and the situation of the Town on the hill slopes is so greatly to advantage that the storm water **and** suliage are carried in 10 big nalas which run through the Town and serve as natural channel. This being a natural advantage, no attempt has ever been made towards **an** underground drainage.

Impervious surface drains have always found **a** place among the most pressing needs of civic life. But the municipality appears very much intent on exploiting the sloping situation of the Town and postponing the question of drainage construction. In 1913 it requested the Government sanitary Engineer to prepare plans and estimates of a surface drainage project. But he advised the adoption of an underground sewerage system involving an expense of Rs. 4<sup>1</sup> lacs. The municipality thought it beyond its financial ability to undertake such a large project, no action whatsoever **was** taken till the year 1919 when the municipality constructed paved concrete open storm water drains in Sadashiv Peth and Pratap Ganj at a total cost of Rs. 10,000. Similar drains were constructed a few years later in Phorwada. During the next ten years there was complete silence in this respect. In 1932 however, the municipal Council resolved to spend Rs. 1,000 every year for the construction of roadside gutters of course

rubble masonry, serious attempts were made ~~for~~ a year or two,, and there has been a lull again. Three reasons suggest themselves for this stfc^cied indifference of the municipality to the drainage question, (1; ' he essentially sloping situation of the town, ^ (2) Limited and inelastic resources of the municipality, The absence of help from Provincial Government.

It may be noted that the Government used to make grants to Local Bodies for Sanitary works to the extent of half the total cost, hen the municipality constructed storm water drains in Sadashiv and Pratap Ganj Peths and some portion of Dhorwada in 1919-20 the Government came forward with a grant of Ps. 5,000. Such grants were withheld afterwards on the score of financial stringency.

secondly, the municipality will have to raise their own funds for the purpose either from current savings, if possible or by raising a loan in the market. It may perhaps be required to ra-i.se the present Sanitary Fates by some annas in such a way that the proceecs therefrom would be enough to meet the consequential debt charges. The question of drainage should not be postponed any longer in view of the fact that there has been increased consumption of water in the city as a result of the improvement of water works and distribution system.

we produce below the figures of expenditure on arainages

Year.	fi -epairs to drains jj and bridges. \ ^s.	5 Repairs to Ka-8 \ las and Gutt- \ ers. ' s. <b>I</b>	Total. Ps.
1900	8	284	292
1910	70	377	447
1920	-	-	1,179
1925	309	1,644	1,953
1930	309	1,278	1,587
1932	112	1,498	1,610
1934	398	3,194	3,592
1935	100	2,741	2,841

The figures suggest, more or less continuous growth in expenditure. It varies generally according to the nature and extent of rem'rs to be effected annually. After 1932 particularly, there is **soiLe** rise owing to the decision of the municipality to spend at least Rs. 1,000 on gutters ana nalas. The expenditure needs to be increased considerably on the construction of new drains and culverts, the neglect of which is likely to affect public health adversely.

The next important service to be considered is conservancy. But this is not a single service. It includes road cleaning, road watering, Bhangee service etc. It is intended to analyse the expenditure as between these components separately in order to see which items were more prominently associated with rising commitments.

Poad Cleaning:- The municipality employes sweepers and rubbish fillers whose duty generally consists of (a) road surface cleaning, ana (b) disposal of street sweepings. The municipality has also to maintain bullock carts for removing the refuse from the city. The figures of expenditure on sweeping service are as below:-

Year.	5 Establish- j ments. l	^otor Driver- J s. l	U Bullocks jj for Dust l Carts.	H \$ 1	Total.
	P.S.	RS.	RS.		R S .
1900	1,203	-	388		1,771
1910	1,065	-	521		1,705
1915	1,561	-	791		2,652
1925	2,579	-	1,768		4,748
1930	2,092	1,203	-		5,599
1932	2,752	612	-		5,277
1934	2,776	330	-		4,694
1935	2,844	365	1,090		6,434

During 1900-1915 the rise in expenditure is very gradual. The service was thoroughly disorganised owing to annual visitations of plague when people generally evacuated their homes. After 1915 the rise is more appreciable, we have to explain this increase in various ways.

The expenditure may increase owing to increase in the amount of work to be done. There may be increase in the length of streets and lanes to be swept. At Satara, however, this phenomenon is absent. But the total amount of work may increase if it is done more thoroughly that is, if streets and lanes not swept before, are now served, or, swept at intervals, are now served daily, at present, streets and lanes in Satara are more regularly and thoroughly cleaned than before, secondly, the expense may increase if the establishment is strengthened. In 1893 there were 18 sweepers. In 1915 there were 30 sweepers, in 1930, **22** sweepers and 6 rubbish fillers, and in 1937 there were **27** sweepers and 5 rubbish fillers. It will be seen that since 1915 there has been no marked addition to the staff.

Thirdly, the expense may increase if there is a rise in the scale of salaries, we have unfortunately no information regarding the scales of salaries prior to 1915. The schedule of 1915, however, shows that the staff consisted of 30 sweepers and the annual cost amounted to T;s. 1,464 minimum and Rs, 1,862 maximum. In 1921 there were 30 sweepers and the annual cost amounted to T's. 2,196 minimum and Rs. 2,718 maximum. The schedule of 1937 shows that there were 27 sweepers of whom 23 were paid @ **7£** Rs. j two special sweepers on Rs. 10 each, and two Rharmashala sweepers \$ **Rs.** 2-5. The annual cost amounted to **PS.** 2,358 minimum and Rs. 2,430 maximum. To these must be added the cost of rubbish fillers whose number was 5 in 1937.



In 1928 the municipality introduced motor truck for the removal of refuse outside the city. In the past bullock carts were mostly used for the purpose. The expense under motor trucks includes cost of maintaining driver and cleaner. During the initial stages this cost was high. It was Ps. 1,006 in 1928 and Rs. 1,203 in 1930. Subsequently however, it went down much, and in 1936 it stood at Rs. 337. The work of refuse removal, it is said, was executed more speedily, regularly and economically. This method reduced the expenditure on bullocks, carts, and cart repairs. In 1936, however, the Police Authorities condemned municipal motor lorries for want of thorough repairs'. The refuse motor lorry is now permitted to run for six months only.

Bhangy service:- This most important service from the view point of public health and convenience, has been undertaken by the municipality ever since it began to function. It employs a staff of halalkores for cleansing public and private latrines. The night soil is collected and removed to **the** trenches dug at Genda Mai by bullock carts and motor lorries specially employed for the purpose. The night soil is then covered with whatever (ashes, dry earth, powder) can effectively destroy the noxious smell. The poudrette so manufactured is then sold as manure. The night soil depot is a source of income to the municipality. **The** expenditure on this service is given below in detail-

Year,	jj Establish- S ment of 3h- •angis. 9 P s .	jl Bullocks I for carts, { Rs. 5	Ccntingen- cy. Rs. 5	j) Total Ex- I pentiture. Rs.
1900	3,807	893	57	5,303
1910	3,561	1,056	99	5,426
1915	4,110	1,245	63	6,140
1925	8,043	2,096	129	11,961
1930	8,797	-	1,102	11,828
<b>/fir</b>	"7,47?		' - - -	

The figures indicate a gradual rise in expenditure between 1900-1916. It rose rapidly after 1915 due to the payment of special War allowances, grain compensations and Increments in salaries of the staff. After 1925, however, it is practically steady. These tendencies have to be explained, we have to consider the strength of the staff from time to time. In 1880 there were 41 bhangees, in 1888, 43 bhangees, in 1898, 88 Bhan-gees. The staff decreased to 43 in 1900. In 1916 there were still 45 halalcores only. This number rose to 66 in 1926 but subsequently came down to 41 in 1930. In 1936 the staff consisted of about 50 halalcores. It may thus be observed that establishment in 1936 does not indicate any marked increase over that of either 1888 or 1900. The rise in expenditure due to addition to the staff cannot be appreciable, is it then due to any improvement in the scales of wages? In this connection figures indicating the level of wages obtaining during different periods, may be found helpful.

Year.	5 /	Level of Wages. Rs / '	5 I	Total monthly cost. Rs .
1880		From 5 to 7 each.		268
1915		" 6 to 10 "		368
1921		" 9 to 15 "		554 to 662
1937		" 10 to 18 "		571

It will thus be clear that the rise in the expenditure is due more to improvement in salaries than to any marked addition to the staff.

A few years back the night soil and sullage water was removed with the help of bullock carts, in 1929 the municipality purchased two motor trucks at the cost of Rs. 6,287 for the transport of nightsoil and sullage water. The cost amounted to

P.s. 1,000 in 1930; Rs. 829 in 1933; Rs. 529 in 1935 and Rs. 375 in 1936. Regarding the use of motor lorries the **Retrenchment** Committee remarked in 1932 that the experiment of engaging motor trucks for the removal of night soil and sullage water which was undertaken in 1928, has shown **that** they go out of order every now and then and the work of removal is hampered very much. Besides, their maintenance cost is also very high. As far as the question of removal of sullage water is concerned, there is no necessity of speed as the car is required to take halt at every house. Moreover, motor cars cannot go in narrow roads and lanes. In 1936 the Police Authorities condemned the use of municipal lorries for want of proper repairs. The night soil and sullage water motor lorries have since then been replaced by bullock carts. Since the introduction of motor trucks, expenditure under contingency increased by leaps and bounds. It induces cost of oil, petroleum, spare parts of lorries, etc.

It is to be noted that motor lorries have been increasingly used elsewhere for nightsoil, refuse, and sullage water removal because the municipal authorities have found this new method not only more efficient but economical. It is possible that the use of motor trucks may not bring about in smaller towns like Satara **that** economy in cost which is found possible in big cities like Poona or Sholapur. Our own view in this matter is **that** the municipality should not hesitate to introduce efficient methods in their services even though it means to a certain extent additional expenditure.

The next important question is: How far the work of halalcores has increased? and whether the present staff is sufficient to cope with the work adequately? In 1900 there were

1,475 private and 30 public latrines. The proportion of a halal-core to latrines was 1:35 in 1900. In 1926 there were 1,400 private and 21 public latrines served by 66 Bhangees, the proportion being 1:21. In 1936, about 1,426 private and 30 public privies were served by 50 Bhangees, the proportion of a Bhangee to latrines being 1:29.

It will be observed from these facts that, in the first place, the number of private latrines has not increased since 1900. The sanitary authorities have been complaining that the number of latrines is not commensurate with the number of houses (about 5,000) and population in the town (about 25,000). Though the number of public latrines has not increased, the existing public privies are more satisfactorily built. In 1893 there were 30 public privies with 311 seats, in 1936 there were 30 privies with only 209 seats, since recently the municipality has been spending more funds on new latrines. These minor sanitary works are to be more readily undertaken if the Provincial Government **revive** the sanitary grants which are withheld at present.

Medical Service:- We have now to review the medical facilities normally afforded by the municipality and steps taken by it in times of emergency to preserve and promote public health. It should be noted that at Satara there are no medical dispensaries permanently maintained by the municipality. The municipal authorities are of the opinion that the Government Civil Hospital has been affording adequate medical facilities to the people in the city and that there is no need to maintain special municipal dispensaries for the purpose. The municipality makes an annual grant to the Civil Hospital as a contribution towards its expenses. The expenditure of the municipality on medical service is as under:-

Year.	{ Grants II to Medi- 5 cal Ins- {titutes. I	{ Maternity Hospital. 5 j I	i Total pla- gue expen- citure. 8 {	II Total Vaccif -nation. jj 1	Total.
	Rs.	Rs.	RS.	Rs.	Rs.
1897	-	-	63,392	620	64,625
1900	373	-	2,768	610	3,761
1910	367	-	6,343	445	7,155
1920	224	-	3,767	573	4,714
1925	169		4,199	692	5,583
1930	327		2,100	867	4,006
1934	719	696	2,430	644	4,263
1935	300	1,444	1,755	667	4,641
1936		2,633	1,683	659	6,642

It will be observed that expenditure on the suppression and prevention of an outbreak of plague looms large in these figures. The bubonic plague made its first appearance in the city in 1897 and thereafter till the year 1916, it was practically an annual visitor, in the beginning the municipal authorities and the public were not conversant with the methods of combating this disease. There was much confusion, suffering, and loss of human life. People, sunk deep into the mire of superstition and ignorance, fought shy of inoculation. They had to be persuaded. They were reluctant to leave their homes. They had to be encouraged to evacuate their homes and remove outside the city. During the prevalence of the disease, the municipality, the municipality had to construct iron sheds outside the city for the people, make arrangements for water supply, conservancy, etc. Poor people avoided inoculation as it meant loss of employment for some days. The municipality used to compensate this loss by giving doles to the poor and labourers. The campaign for trapping rats in the city was used to be conducted on a large scale. The Provincial Government were fair enough to come forward with liberal grants and advances to encourage and help such activities as

inoculation, evacuation and rat trapping. They also deputed special medical officers to help and expedite the work of inoculation. During the period of immunity the municipality continued such preventive measures as rat trapping, and Oatara had a fairly long spell of immunity from this scourge commencing from about the year 1914. It made its appearance again in 1923 in all its severity. After a lapse of four years, it broke out in 1927 and again in 1933. The municipal authorities and the citizens were now sufficiently trained to face such emergencies. In 1917 about 5,786 people were inoculated. But in 1933 over 16,000 people were inoculated. Nevertheless, expenses on preventive plague measures have now become\* a normal feature in municipal budget.

We have already observed that the municipality does not maintain its own medical dispensaries\* It contributes annually Ps. 150 to the Government Civil Hospital, since recently, however, it has been making similar grants to other local medical institutions such as the Aryangla Vaicyak shala, the Lady Dufferin Fund, Lady Wilson Village Maternity Association, Satara District Nursing Association, etc. In 1930 the municipality shouldered a new responsibility by taking over the control and management of the King Edward Memorial Maternity Hospital on the condition of maintaining the same mostly out of the municipal revenue, the hospital has been put on a firm basis, and made an attractive and serviceable institution. The building for the hospital was completed in 1933

which consists of 9 lying-in beds in addition to facilities as nursing home. The hospital staff consists of six servants and the monthly cost comes to Ps. 108 - 170. Rs. 108 minimum and Rs. 170 maximum.

The municipality has been providing the citizens with facilities for vaccination since long. The services of vaccinators,

who generally are Government servants, are ^ at the disposal of the municipality. It has to bear a part of expenditure on their **maintenance**. The <sup>vac</sup>**vaccine is also** provided by the Government under its seal, and the contribution of the municipality is based on the total population of the city. The satara municipality has to pay Ps. 60 annually to the Government for the Vaccine supply. In times of emergencies such as an outbreak of small-pox in the city or in the surrounding villages, the municipality has to employ additional vaccinators. In 1930^the municipality employed two special vaccinators                      Lai peon for mass vaccination to avert a probable epidemic of small-pox. The figure's of expenditure on this item indicate a very gradual growth. The major part of the expenditure is devoted towards the maintenance of the establishment. In 1915 the staff consisted of two servants whose monthly cost amounted to Ps. 24-25. In 1921 the strength of the staff remained the same but the monthly cost rose to Ps. 33 minimum and P s **P W** maximum. In 1937 the strength as well as the monthly cost remained practically the same.

It may be noted that ex\* ^ure on the maintenance of lunatics is here Included under medical service though in the municipal accounts It is shown uncer Miscellaneous head, **AS** per Government **Resolution**, the municipality is made liable to share the cost of maintaining those lunatics whc are residents of Satara and in whose case the cost cannot be recovered from their relatives. The municipal authorities have of late been complaining against this imposition. They maintain that lunatics from surrounding villages very often make their way into the city before they are taken to the Yerwada Mental Hospital. Hence such lunatics cannot properly be called residents of Satara and as such the cost of their maintenance cannot, in fairness, be imposed uoon the

municipality, secondly, -' ' difficult to trace the relatione of these lunatics. Even **if** they are found, it is still more difficult to assess their capacity to share the cost of maintaining the lunatics. In the opinion of the municipality, the present minimum income to bear the burden (rs. 860) is too high and net o a to be considerably reduced if the relatives of the lunatics are to be made liable for the burden.

V/e have sufficiently discussed this service and a few remarks on the entire service ex . r '••"} conclude the topic. The Provincial Government in their resolution of 1924 have laid down thct the expenditure of Local Bodies on the Medical Service should not be less than 4 per cent- of the total normal expenditure. For a long time the satara municipality did not or could not fulfil this condition. ,e shall consider only the recent figures.

Year.	\$ Expense on medi-	5 Percentage Propor-
	1 cal service.	1 tion.
	/	& ^ s .
1930	4,007	3.4
1931	3,272	3.1
1934	4,253	3.7
1935	4,541	3.7
1936	5,542	4.4

Since the assumption **oi'** \he responsibility of maintain- ing the Maternity Hospital, the ratio of municipal expenditure on medical Service <sup>- "fee -></sup> Is on^increase.

Public v>orks Department; - There are four sub-heads under which expenditure is normally incurred. <sup>fr</sup>hese are:- (a) Establishment, (b) Buildings, Repairs and New Work; (c) Foads, Fepairs and New work; and (d) stores section.



The expenditure figures are as under:-

Year.	Establishment. ^8.	Buildings.	Total P.W. Expenditure. 5 Ps.	Total P.W. Expenditure. J Ps.
1900	853	623	1,279	2,841
1910	875	936	1,115	2,934
1920	1,112	392	2,141	3,645
1925	1,022	676	5,997	7,700
1930	388	1,245	10,709	12,342
1933	423	2,114	18,123	20,660
1935	746	500	8,876	10,138
1936	434	721	9,189	10,359

It will be seen that expense on establishment forms a small part of the total expenditure. Generally, it indicates a gradual increase from 1900 to 1925 after which year, however, there has been a steady decrease in expense on staff. Information is not available prior to 1915. In respect of either the strength of the staff or the scales of salaries. But the schedule of 1915 shows that the staff consisted of 4 employees whose monthly salaries amounted to Ps. 94 minimum and Rs. 129 maximum. In 1921 there were four servants in the P.W. section and the monthly cost was Ps. 112j minimum and Ps. 132 maximum. In 1937 the strength of the staff was 5 and the monthly cost Rs. 88 minimum and Rs. 125 maximum. The municipality had resolved in 1935 to appoint an Assistant Engineer on Ps. 75 - 5/2 - 125 + 15 allowance. But this resolution was not given effect to. Administratively, the chief Executive officer is the head of the Public works Department\*. He is assisted by a sub-overseer. It is not known why a part of the salary of the Chief officer, as the head of the P.W. Section, should not be debited to Public works account. Again, we are at loss to explain the recent decline or variation in expense on the staff. Where is absolutely no uniformity in the grouping

of items of expenditure and the result is confusion in the comparison of accounts. Regarding the efficiency of the staff, the President of the Municipality remarks, "The work of the department has suffered for want of sufficient supervision. The Chief officer, entrusted with two different duties Viz., chief executive officer and Chief Engineer, is unable to discharge both the duties efficiently." The decision of the municipality to appoint an Assistant Engineer was unfortunately rescinded. The salary of the present Chief officer is reduced from Rs. 400 to Rs. 200 and the municipality can now easily appoint an assistant to help the Chief Officer in respect of his duties as Chief Engineer and thus help to remove the present administrative inefficiency.

Road repairs and Road Construction absorb the major portion of the allotted revenue. Between 1900 -1915 roads in the city were in the most wretched condition. The municipality, financially bankrupt, had neither the necessary leisure nor sufficient funds to keep the roads in satisfactory condition. After 1915 there has been a steady increase in expense on this item. How are we to account for this steady increase? Is it due to any increase in the length of roads? In 1896 the total length of roads was 30 miles. In 1935 the length of metalled roads was 16 miles and unmetalled roads was 12 miles that is, 28 miles in all. The increase in expense is then due to the fact that more funds are now expended on the same roads than hitherto. Has there been any definite policy in respect of road expenditure? The President remarks, "There is no definite programme in this respect. The Chief officer was long ago directed to survey and make out a definite programme of road repairs so as to have all main and by-lane roads attended to within a certain period by rotation, hitherto no action has been taken", The main roads

which are under heavy traffic are very frequently required to **be** repaired and the result is that other roads remain unrepaired for year **8** together.

The average rate for maintaining a first class road is **Rs. 29-4-0** per **1000** sq. feet and the same for maintaining a second class road **is Rs, 19-3-0.** per **1000** sq. feet.

It should be noted that at Satara there has been no roadwidening activity, no acquisition of properties for removing congestion, similarly schemes of town improvement **and** development are conspicuous by their absence. The problems of development and extension, very acute **in** cities like Poona, Sholapur and Ahmedabad, emerge owing to the economic prosperity and the consequential increase **in** population. **Satara** has no industries worth speaking of. **Satara** it **has** very little trace. Nor can it claim to be centre of educational and intellectual activities. Satara is a stagnant city, its population showing a downward trend every decade.

No attempt has so far been made to asphalt even the main roads in the city. In this connexion, no experiments have been made with a view to adopting the new types of roads. The work cannot be undertaken, it is contended, owing to want of funds. The municipal authorities are at present contemplating to entrust the work of asphalt roads to a contractor who, it is said, has agreed not only to execute the scheme but also finance it from his own pocket and recover the expenditure so incurred by easy instalments from the municipality.

Control of Food and Foodstuffs:- At present **there is** no permanent machinery designed by the municipality to ensure the prevention of sale of articles unfit for human consumption, especially **in** hotels and boarding houses which **are** increasing in

number every year. The same holds good in the case of vendors of milk. In 1930 the city municipality resolved to enforce the Bombay Prevention of Adulteration Act in the city. Suitable rules were framed for the purpose and sent to Government for sanction. In the meanwhile, the suburban Municipality was requested to combine with the city municipality for the equipment of a laboratory to carry on the analysis of articles as it would have been more economical than sending the samples every now and then to the Public Health Laboratory at Poona. The offer was negatived by the suburban Municipality. Hence the city Municipality has no course open to postpone the matter till finances improve.

**Registration of Births and Deaths:-** Prior to 1887

there was no special agency for the registration of births and deaths within municipal limits, the work of registration was then entrusted to collectors of taxes. The same system prevailed at Sholapur during the initial stages. The tax collectors, being entrusted with a function of different nature, were not expected to carry out the registration work satisfactorily on the advice of the Commissioner, C.D., the municipality decided in 1887 to maintain a separate staff for the registration work. The following figures show the expenditure on this establishment:-

Year.	H 8	Expenditure, -s.	jj 5	Year.	8 8	Expenditure. Ps.
1890		185		1925		180
1900		131		1930		228
1910		96		1936		237
1916		120		1936		240
1920		120				

The municipality long ago framed rules and by-laws on this subject and which were duly sanctioned by the Government.

In addition to framing and republishing the by-laws and prosecuting the defaulters, a reward of **AS. J** is offered to each informant, who is a municipal servant, of the birth and death.

The important question in this connexion is regarding the accuracy of registration work. The statutory duty of reporting every birth is not yet known to the public. Nor are the advantages and necessity of these reports adequately realised. Besides receiving reports from such citizens as know their duty in the matter, the municipality requires the staff to hand in such information on the subject as they can collect. Usually the municipality has to depend upon the reports of sweepers so far as births are concerned, in other words, the system of registration of births is defective and accuracy in the matter is yet to be attained. The difficulties and deficiencies of birth registrations will disappear only in proportion to the awakening amongst the public to the advantage of the system. This is one of those subjects where the public, through a platform can with profit cooperate with the municipality by educating the public opinion on the subject.

On the whole, deaths are registered far more accurately than births, as funerals have to pass this or that octroi Naka and they are not allowed to pass unless the deaths they represent are registered at the Naka concerned. The defect here is that the entry in the cause of death column of the register is made almost at the dictation of the member of the funeral party who pauses to report. The accuracy, therefore, of the report as to the cause of death varies in direct ratio to the reporter's love of accuracy, a scientific assignment of causes generally can be facilitated by the enactment of a rule that no funeral shall pass a Naka in the absence of the production of a medical certificate of death. But there must be public opinion behind such a rule.

The municipality has yet to realize the sociological importance of marriage registration. An attempt in that direction is desirable and socially necessary.

We shall now devote our attention to the municipal activities in the domain of Public Instruction\*- we have to trace the growth of education and the development of municipal expenditure thereon. In the discussion of this important topic, the stagnant position of the town and its decreasing population should always be borne in mind.

Year.	<b>I</b>       schools. -s.	<b>i</b> <b>5</b> 5 Grants to other Schools. ^s.	<b>  </b> <b>  </b> Libraries Museums.	<b>a</b> <b>I</b> <b>  </b> Total. <b>PS.</b>
1900	7,112		56	7,168
1915	10,502	490	100	11,092
1920	21,327	875	100	22,302
1925	31,293	1,547	-	32,840
1930	34,765	3,088	.	38,915
1933	39,417	1,672	.	41,201
1935	42,801	. 2,902	.	44,216
1936	40,711	3,074	.	43,603

\*he increase in expenditure on education **was** gradual between 1900 - 1915. It practically doubled between 19<sup>15</sup>-1920. The rise **was** again spectacular **between** 1920-25. During the **last** ten years from 1925 to 1936, the rate of increase has been more gradual than during the proceeding two periods. We have to account for these tendencies of expenditure. Unfortunately, however, we could not secure the details of expenditure for all the years. They are available for some years only namely, 1906, 1926, 1930 **to** 1936.

The expenditure must increase if there **is a rise in** the number of schools maintained by the municipality, in the number of students in municipal schools, or increase in the strength of the teaching staff. In 1890 there were 10 primary schools

Year,	Teacher* Pay.	Office Establishment	Servant* pay.	Schools Rent.	Pension Contribution.	Provident Fund Contribution.	Grants to Aided Schools.	Expenditure on Municipal Schools.	Total Expenditure
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1905	5,965		296		354				
1925	23,134 +581	646	1,523	1,468	1,828		1,546	31,293	32,841
1930	26,211	2,318	1,406	2,044	2,499	-	3,088	-	38,915
1933	27,200	2,174	1,079	2,024	1,838	3,255	1,672	-	41,201
1935	31,029	1,971	-	2,110	2,652	1,598	2,902	-	44,216
1936	32,656	2,005		2,152	-	1,678	3,074	-	43,603

Satara.

low-paid teachers to Re. 9 per month, such grants were repeated in 1909, 1910, and 1914. we have already observed that municipal expenditure had increased from Rs. 11,092 in 1915 to Rs. 22,302 in 1920. what led to this sudden growth? There were only 9 schools and 1666 pupils in 1920. Information is not available regarding the changes in the teaching staff. Assuming the proportion of students to a teacher to be 30;1, the strength of the staff in 1920 cannot be expected to exceed 55. It then means an increase of 12 teachers over the assumed staff in 1913. But an addition of 12 teachers is unlikely to double the total expenditure on education. The real explanation seems to be that during the period of high prices from 1915 to 1920, the municipality was obliged to grant higher scales to the teachers besides the temporary war allowances which also were not inconsiderable in amount. During this period the provincial Government assisted the municipality by special grants for war allowances to municipal teachers.

A similar remarkable rise in the expenditure is witnessed between 1920-25. In 1925 the number of schools remained the same namely, 9; but the number of students rose to 2,255. The staff consisted of 73 teachers of whom 40 were trained and 33 untrained. The proportion of students to a teacher stood at 32:1. The average cost per pupil rose to Rs. 13-14-0 and the cost per teacher to Rs. 325. All these factors contributed to increase the total expense. But the principal cause, we believe, is the introduction of the scheme of free and compulsory education in the city.

The Satara city municipality is the first in the District and one of the few municipalities in the Presidency that introduced Free and Compulsory Primary Education within their limits. The scheme was first introduced in the year 1919 when



it was calculated to involve an additional expenditure of **PS. 4,000** a year, but as the Government raised the salaries of primary school teachers the additional expenditure went up to **He. 8,000**. As the Government would not give permission to introduce the scheme unless the municipality found means to defray this additional burden, the municipality on the advice of the Commissioner, C.D. levied a Sanitary cess in 1921 yielding an annual income of about **Rs, 8,000**, thus relieving the burden on the general tax and making it available for education. Thereupon the Government accorded their sanction to the scheme on 19th January, 1921. The scheme was made applicable to boys only. Accordingly, a notification specifying the 1st of July 1921 for the introduction of the scheme was published in the Government Gazette. A census of boys of school-going-age is annually taken. An attendance Officer has been appointed as required under the Education Act of 1918. No harsh measures have been taken so far as most parents send their children to schools willingly.

The municipality adopted the double shift system for giving free and compulsory education to some boys for three hours in the morning and to others for three hours in the evening under the same teachers. There is much waste of energy owing to this shift system. It is adopted because it is, we learn, more economical and enables boys of poor parents to earn money by employment during leisure hours.

The municipality, thinking that its finances were greatly affected by the compulsory education scheme, approached the Government time and again with the request to increase the proportion of the education grant from  $\frac{1}{3}$  to  $\frac{2}{3}$  of the total municipal expenditure. These requests were always turned down.

In 1923, however, the Government made a special grant of Rs. 2,000 to compensate the municipality for the added burden of a revision in the salaries of teachers.

As a result of the Education Act of 1923, the responsibilities of imparting primary education were transferred to Local Bodies. The Satara City municipality was declared a Local Authority from the 1st of April, 1925 under the said act. It is to be noted that the Act of 1923 added new duties and responsibilities in this matter to those already shared by the municipality in 1921. The municipality, as the Local Authority, has to inspect and supervise not only municipal schools, but also other private primary schools and make annual grants to them, it has now to maintain a staff of Administrative Officer, Attendance Officer, a Census superintendent and Supervisors. It will now be clear that the introduction of compulsory education scheme in 1921 and the addition of responsibilities in 1925 helped to increase the expenditure from Rs. 22,302 in 1920 to Rs. 32,840 in 1925. The teaching staff in 1925 consisted of 73 teachers, the proportion of students to a teacher being 32.1. The average cost per pupil and per teacher rose to Rs. 13-14-0 and Rs. 326 per annum respectively

During the period from 1925 to 1936 the rise in expenditure is more gradual. In 1930 there were 10 municipal schools with 2,505 pupils and 4 Aided Schools with about 400 pupils. The teaching staff remained the same but the cost per teacher rose from Rs. 325 in 1925 to Rs. 398 in 1930. The cost rose in spite of the reduction in the staff effected in 1928 as a measure of economy. The average expenditure per student rose from Rs. 13-14-0 to Rs. 14-5-0 in 1930. The proportion of students to a teacher stood at 35:1. The Government, owing to their financial difficulties, reduced the grants to Local Bodies by 10 percent. The

municipality was, therefore, compelled to make retrenchment in the salaries and allowances of school Board employees in 1932. Salaries were reduced by 6% to 15 per cent and allowances by 25 per cent, with all these attempts at economy and retrenchment, the municipality found it impossible to arrest the upward march of education expenditure necessitated by scheduled increments in salaries of teachers, increase in the number of schools and classes, a rise in the number of students and fresh additions to the teaching staff. In 1936 there were 11 municipal and 4 Aided Schools where about 3,824 pupils were educated. The staff consisted of 88 teachers of whom 44 were trained and 44 untrained. The proportion of students to a teacher rose from 35:1 in 1930 to 37:1 in 1936. In view of the fact that the same proportion for Sholapur is 34:1 and for the Presidency 31:1, it becomes obvious that the teaching staff at Satara needs to be strengthened. The average cost per student at Satara was Rs. 14 in 1934 and 15 in 1936. The average cost per pupil was Rs. 15.1 at Sholapur in 1934 and Rs. 22.7 in all the municipalities in the Presidency. It appears, therefore, that the Satara Local Authority has been managing its schools with utmost economy. The cost per teacher has come down from Rs. 398 in 1930 to Rs. 375 in 1936.

We have not so far considered the relation of the municipality as the Local Authority with other private primary schools. In the town, since 1925 the municipality has assumed the responsibility of inspection and supervision of local primary schools. The annual grants payable to these schools are now paid by the Government through the Local Authority. It is, however, painful to note that there has been a definite set-back to private enterprise in primary education. There were in 1925 seven Aided

schools with about 800 students. In 1935 there were only three Aided schools with 474 students. In 1936 there were four Aided Schools with 563 students. It is difficult to assign any definite reasons for this decrease in Aided Schools. Moreover, the progress of municipal schools cannot be said to have offset the deteriorating condition of the Aided schools.

We have now to answer a question of a general nature namely, how far the city municipality has furthered the progress of primary education in the town? In view of the fact that the city has developed very little both in its area and population during the past twenty years in particular, we feel that the educational progress has been satisfactory and that the municipality has been doing all in its power and financial ability to maintain that progress. The percentage proportion of students to the total population was 7.8 in 1888, it came down to 6.1 in 1900 and subsequently rose to 9 in 1913. Recently the proportion was 12.0 in 1931, 14 in 1934 and 15.9 in 1936. At Sholapur the same percentages were 5.3 in 1890 and 11.3 in 1936.

The Satara municipality was one of the very few municipalities in the Presidency to introduce free and compulsory primary education even before the Education Act of 1923 was placed on the Statute Book. The scheme has been confined to boys alone. But the purpose of the scheme cannot be achieved unless the principle of compulsion is made applicable to all children of school-going-age. Irrespective of considerations of sex. **AS** a matter of curiosity, a census was once taken of girls of school-going-age. It revealed that about 433 such girls did not attend any school. To bring them all under instruction, it is estimated that from three to four more girls' schools will have to be opened with an annual additional expenditure of Rs. 3 to 4 thousands. The municipality

does not feel that it can undertake this scheme and bear the consequential financial burden from its resources, unfortunately, however, the Provincial Government failed in their duty to encourage and help the municipality through the extension of the scheme. On the other hand, they reduced whatever grants were legally payable to the municipality. All these grants have now been restored by the present popular Government and, we feel, any reasonable proposal for the extension of compulsory education will receive a more generous consideration than hitherto.

There is no Industrial school maintained by the Municipality, Satara is industrially backward and the municipality does not think that the establishment of such a school would help industrialization. There is, however, one Industrial Institute of the District Local Board, and the municipality makes an annual contribution towards its maintenance.

We shall next consider the percentage of expenditure on education at Satara and compare it with similar figures for Poona and Sholapur.

Year.	Poona.	Sholapur.	Satara.
1900	7.7	13.0	16.5
1915	12.8	12.4	19.0
1920	12.4	15.8	28.
1925	11.3	12.7	32.6
1930			30.0
1935	18.1	12.4	32.7

It is obvious from the figures that the proportion has always been higher at Satara than in the other two places which fact reflects great credit on the Satara Municipality in spite of its anemic finances.

The last head of expenditure to be dealt with is that of Miscellaneous expenditure. Here we come across a large number

of heterogeneous items all grouped under this head. The figures of expenditure are:

Year.	I 5 Private Services. Ps.	5 I Printing and Postage. Ps.	8 I Interest on Loans. Hs.	5 5 i Total. Rs.
1900		341	8,821	11,533
1910	61	514	2,214	3,491
1915	41	557	-	1,832
1920	168	336	-	9,841
1925	213	271		1,889
1930	248	483		1,754
1933	202	557	-	1,662
1935	487	811	7,209	10,517
1936	261	638	11,071	14,082

It is necessary to state that expenditure on the maintenance of lunatics invariably shown under this head is excluded from the above figures as it belongs more properly to medical relief expenditure. During the period from 1900 to 1913 the miscellaneous expenditure was considerable in amount. It declined afterwards but again showed an abrupt rise during 1918-1920. After 1920 there was again a sharp decline which lasted till the year 1933. After 1933 it is again on an increase. It is necessary to account for these tendencies of expenditure.

Expenditure on payment of interest on loan is generally shown under this head, and it is this one item which brings about fluctuations in the total expenditure. The municipality had contracted in 1880 a loan of Rs. 3 lacs for the Water Works. The debt was fully liquidated in 1913. It was the heavy interest payment that accounts for the enormous expenditure during 1890-1913. In 1918 there is again a sharp increase occasioned by war allowances paid to municipal employees. Secondly, the municipality had opened a cheap grain shop for providing necessaries of life to its servants at cheaper rates. The expense incurred on account

of this shop was also shown under the miscellaneous head. The war allowances and the cheap grain shop were discontinued soon after 1920 and hence there is a sharp fall in expenditure. It rose once again in 1935 as a result of the new liabilities incurred by the municipality for the Water Works improvement Scheme. The enormous interest payments that are at present being made, are swelling the figures of miscellaneous expenditure.

#### Municipal Revenue.

We have so far considered the various heads under which municipal expenditure is incurred. We have also discussed at great length some of the prominent services rendered by the municipality and appraised their extent and character. Now, how are these services financed? what are the sources wherefrom the municipality derives its wherewithal? How far these sources of income have developed during the past half century? How far the growth of revenue has supported a corresponding development in municipal expenditure? It shall be our endeavour now to discuss these and other questions intimately connected with municipal finance. In such a discussion, however, it is eminently desirable to pay due attention to those vital factors that have influenced and are still influencing the economic development and prosperity of this historic city.

The most important source of municipal revenue is undoubtedly the • income. There are two taxes that have been levied. The first is Octroi imposed on all articles that are imported and consumed within the municipal district. The Other is a tax on houses and lands, situated within municipal limits. The next important source is the income from Service Rates. These rates are levied on those who derive benefits from municipal services. Then there are certain fees levied for regulatJ

controlling certain trades and professions in the town. The municipality, as a corporate body, owns some property which yields yearly income to the municipal treasury, AS a local Authority, the municipality imposes fines on those who violate municipal laws, and also penal fees on those who fail to pay municipal taxes within specified period. The revenue from Grants is considerable. The major portion of these grants is received from the Provincial Government, <sup>^</sup> <sup>^</sup> t s are also received from the District Local Board, Suburban municipality and citizens.

An attempt will be made to study each one of these sources of income and assess their position in the financial structure.

17ax Income:-

(a) Octroi:- Ever since the constitution of a municipal Government in Satara, it has been empowered to levy duties on articles imported into the city for consumption. Income from these duties has always formed a very vital part of the total municipal income. The figures of octroi receipts are as uncerj-

Year.	11	Octroi Revenue	1	Year.	8	Octroi Revenue.
	8	Fs.			8	Ps.
1880		31,000		1915		25,698
1886		34,323		1920		31,478
1890		30,733		1925		32,032
1895		32,203		1930		35,748
1897		18,852		1933		29,354
1900		21,638		1936		40,532
1910		24,040		1936		41,150

That there has not been any remarkable development in octroi receipts, will be apparent from these figures. The receipts of 1930 indicate only a small increase over those of 1886. If the time factor is taken into consideration, this small increase has to be regretted. It is necessary to explain the



the inelastic nature of octroi and its oscillations from period to period.

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The long distance railway line from the city has adversely affected Satara's trade. The traders and artisans who had made Satara their home, left the city when they found bright prospects elsewhere, the other towns in the district like Karad, Pahimatpoor, etc., which in former days had considerable commercial relations with Satara, decided, after the advent of the railways, to have direct trade contacts with Poona and Bombay. Satara was left far behind such towns and could not share the advantages of industrial and commercial development in the country.

Octroi revenue has also been affected by periodic outbreaks of epidemics and famines. From 1897 to 1915 plague was hanging like a dark cloud over the city. Imports dwindled, and trade was seriously disorganized. Octroi receipts which in 1895 amounted to Rs. 32,203 were reduced to Rs. 18,852 in 1897 and could not reach their former level till the year 1920. The recovery after 1920 was very slow. There was a temporary set-back in 1933 due to plague. But receipts again rose to Rs. 34,762 in 1934. The most spectacular rise in income took place in 1935 when the receipts rose to Rs. 40,532, This was occasioned by a thorough overhaul of the octroi schedule and the inclusion of a large number of articles, previously not taxed, into the schedule.

The composition of octroi is an important aspect and needs to be given some attention. The articles liable to octroi duties are divided into eight classes according to their character and use. Class I includes all articles used as food, and drink for men and animals. The major part of octroi income is derived from this class of articles. The figures of receipts under Class I

articles with their percentage proportion to total octroi receipts are as under:-

Year.	8	Receipts.	8	Percentage	5	Incidence of Tax.
	8		8	Proportion,	I	
	8		8			
1902		12,427		60 p.c.		Annas • 9
1925		17,815		55.3 p.c.		• 14- 3
1930		20,921		58 p.c.		rt 14
1937		20,225		A c ° p.c.		"" 14- 1

The <sup>cu^u</sup> fall in percentage proportion in 1937 is the result of increased revenue from other classes.

Class III induces oils, oilseeds, and articles used for fuel, lighting and washing, income from this class, which hitherto had shown a steady growth, rose more abruptly after 1934. The receipts are:-

Year.	fi	Revenue.	8	Percentage Proportion.
	8	Rs.	J	
1902		2,199		10.7 p.c
1920		3,554		11.2 p.c.
1930		3,902		10.9 p.c.
1935		8,738		21.5 p.c.
1937		10,479		23.4 p.C.

We observe in the first place that revenue rose more gradually till 1930; secondly, there is a slight fall due to prevalence of plague in 1933; and thirdly, the rise in income is more sudden in 1934, and thereafter. It resulted from the revision of schedule rates and the inclusion of a large number of articles, previously untaxed, into the list. The percentage proportion of income which in 1930 stood at 10.9 rose to 21.5 in 1935 and 23.4 in 1936. It is expected to indicate a still more higher percentage in due course.

Class IV induces articles used in the construction of buildings. The figures of income are-

Year.	jj	Class IV Receipts	Year.	Jj	Class IV Receipts.
	<b>5</b>	<b>Rs.</b>		<b>5</b>	<b>PS.</b>
1902		516	1933		956
1910		910	1935		1,089
1920		629	1937		1,539
1930		1,234			

The rate of increase has been very slow and the income itself is not considerable in amount. It reflects that there has never been any brisk building activity in the town. In this respect, Satara **stands** in sharp contrast with Poona, Sholapur, and Ahmedabad where the building enterprise is prospering rapidly due to new developments and extensions.

Class VII includes cloth, piece-goods, articles of clothing, and manufactured articles of dress.

Year.	<b>S</b>	Class VII Revenue	<b>%</b>	Proportion,
	<b>il</b>	<b>Ps.</b>	<b>Percentage</b>	<b>p.c.</b>
1902		3,425	16.7	p.c.
1910		3,765	-	
1920		9,311	29.5	p.c.
1930		6,067	16.0	p.c.
1933		4,491	-	
1935		6,125	15.1	p.c.
1937		6,750	15.0	p.c.

From the view point of productivity, this class ranks third in the schedule. But the rate of increase of income is not rapid. It reflects the stagnant and a relatively conservative population in the town.

Class VIII includes metals and all articles of metal. Satara possesses considerable business in pottery.

Year,	jj	Revenue.	jj	Year.	J	Revenue,
	j!	Re.	l		J	VB.
1902		928		1933		1,451
1910		1,317		1935		2,008
1920		1,188		1937		1,489
1930		1,889				

The income is practically steady, the municipality hesitates to impose any burden that may hamper the local pottery which has already been declining.

A new class of miscellaneous articles has been mentioned in the schedule of 1937. It contains such articles as silk, cement etc. The total net imports under this class valued Rs. 64,515 upon which the net tax imposed amounted to Rs. 671.

From the foregoing examination of the octroi composition it would be clear that class I articles, chiefly grain, have been contributing the major part of total income. The burden on this class has of late been slightly lessened by the increased revenue from class II, and the inclusion of a new class IX. The reflection of a stagnant population is found in the inelastic incomes from classes I and VII. The total absence of town development is reflected in class, IV. The municipality avoids to impose new burdens on classes VI and VIII articles as it may be detrimental to whatever industrial enterprise as is existent in the town. The expansion of class III and the addition of class IX have raised the total income considerably and the municipality hopes to tap these sources more thoroughly.

The system of refunds and their proportion to total receipts are topics which need some attention. Refunds are given in case of goods in transit that is, on goods exported within seven days next after their import into the city. The

rules of refunds are generally similar to those prevailing at Paona and Sholapur. But at Satara the municipal authorities have Jaj^Bee^unnecessary^ ^ t n thra nrr^p jgi proportion of refunds. Let us examine this question, lhe figures of total net octroi receipts and the amounts of refund during the past few years are given below:-

Year.	£	Net Hevenue.	5	Refunds.
	5	₹ B .	{	Ps .
1929		37,03s		735
1930		35,748		800
1932		34,568		911
1933		29,354		1,190
1934		34,762		999
1935		40,532		1,199
1936		41,150		757
1937		44,719		966

It appears that the amounts of refund are not out of proportion to total net revenue and hence need not give cause for anxiety to the municipality. Though the total revenue rose rapidly after 1934, refunds have failed to indicate a proportionate increase. In fact, the municipal authorities should have welcomed this tendency.

The fact which should really cause alarm is the large amount of smuggling of goods into the city. This is a question that cannot be ignored further if the municipal resources are to be developed. The municipality requested but failed to secure the cooperation of Pailway and Postal authorities in the work\* of checking imports. The municipal Naka clerks find it difficult to check and assess goods imported through passenger motors.

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**Bifurcation** of goods traffic from passenger traffic would remove the difficulties of checking imports which at present are freely smuggled into the city.

We believe, therefore, that income from this tax is likely to be increased not by stiffening the refund rules, but by strict vigilance in collecting the tax and prohibiting smuggling of goods.

(b) House Tax:- The municipality has been deriving considerable income ever since this tax was levied, the figures of income are as under:-

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Year. <b>i</b>	House Tax Tevenue	<b>A</b>	Year, <b>j</b>	House lax Pevenue.
5	Ps.	8	<b>I</b>	Ps.
1879	7,073		1925	9,986
1890	5,998		1930	13,676
1900	&f168		1933	14,096
1910	7,688		1935	16,679
1915	7,555		1936	16,349
1920	7,256			

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The house tax income did not show any increase till the year 1920. After 1920, however, it showed a tendency to move up and that tendency has been maintained to this day. Turing the period from 1897 to 1915 the collection work was much handicapped owing to the prevalence of plague, and revenue returns sometimes dwindled much. Thus in 1897 income amounted to Rs. 5,185 and in 1907 to Rs. 5,106 only. After the Great War, however, values of real estate went up and with them their income-earning capacity. But the one factor that can adequately explain the increasing returns from the tax after 1920 is more frequent and systematic assessment of property valuations.

The method of rating is an important aspect of property taxation deserves careful study. It is interesting to note that before 1896 market or selling value of houses was the basis of rating. The houses in the town were divided into four classes

according to their market values **and rates** were fixed accordingly.

Class I	Houses.	*s-	8	per	year.
Class II	"	v.	4	»	"
Class III	»	Ps.	2	"	"
<b>Class IV</b>	"	Fe.	1	"	"

Houses belonging to poor people **and in** dilapidated condition were exempted from the **tax**. The municipality resolved **in** 1889 to change the mode of **assessment** and **to** determine the **tax** according to the income yielding abilities **of** houses instead of their market value. This system received sanction in G.H.G.D. No. 1391, 21 April, 1891 **and** was given effect to from the 1st April, 1896. The rates have been fixed **as** under:-

<u>Class of Houses.</u>	<u>Annual Amount of Rent.</u>	<u>Amount of Taxation</u>
I	From Re. 1 to not more than Rs. 6.	Exempted.
II	Above Rs. 6 and below Rs. 12	0- 8- 0
III	From Rs. 12 and below Rs. 18	1- 0- 0
IV	From Rs. 18 and below Rs. 24	1- 8- 0
V	From Rs. 24 and below Rs. 30	2- 0- 0
VI	From Rs. 30 and below Rs. 36	2- 8- 0
VII	From Rs. 36 and below Rs. 48	3- 0- 0
VIII	From Rs. 48 and below Rs. 60	4- 0- 0
IX	From Rs. 60 and below Rs. 72	5- 0- 0
X	From Rs. 72 and below Rs. 84	6- 0- 0
XI	From Rs. 84 and below Rs. 96	7- 0- 0
XII	From Rs. 96 and below Rs. 108	8- 0- 0
XIII	From Rs. 108 and upwards at 8 per cent i.e. Re. 1 for every additional rental of Rs. 12 or part thereof.	

The house tax which was previously 4 per cent on the rental value above Rs. 107, was changed into 8 percent. This change was brought into force from 1st October, 1916. Refund is given if the house remain unoccupied continuously for sixty days. Since 1920 buildings used exclusively for charitable, religious and educational purposes and which do not yield any rent, are exempted from the tax.

The schedule of house tax rates clearly indicate that not only the tax is based on the income yielding capacities of

the real estate but there is a gradation of rates for different rental capacities of houses. In this respect the system corresponds to the one prevailing at Sholapur and stands in sharp contrast with the proportional system which is more commonly auoj/teu. it may, however, be noted that the tax rates as provided in the schedule are regressive in their incidence since they impose a heavier tax burden on the poorer properties. For example, the rate on houses with rental varying from Rs. 6 to Rs. 38, is 8.33 percent while on houses whose rental exceeds Rs. 108, the rate is 8 percent.

The system of rating is not only unjust and inequitable but the tax income also does not increase as rapidly as at Poona or Sholapur. The reasons are obvious, satara is not a developing town like Poona or Sholapur. There has been no appreciable addition to the total number of houses in the town. In 1880 there were 4,522 houses in the city; in 1900, about 4,691. In 1930 the number of houses was estimated at 5,000. Since then, it is said, there has been no addition to this number. Thus during the last fifty years there has been an addition of about 500 houses only which cannot be considered as remarkable. Out of these 5,000 houses in the city, only 2,500 houses are said to be taxable and the remaining 2,500 houses are such that their annual income hardly exceeds Rs. 6 and hence have been exempted. These facts should be sufficient to explain why the house tax income at Satara could not develop at the same rate at which similar incomes have increased at Poona and Sholapur. Secondly, there has been no change in the tax rates since 1896. whatever increase in income is observable since the last ten years is due mainly to frequent revisions. In view of the fact that many important schemes of civic health and welfare are pending owing to want of funds, the municipality may well be advised to examine the schedule of rates carefully and revise them with a view



to obtaining^increased revenue.

Tax Income;- We have considered in detail the tow taxes levied by the municipality. The income from these taxes is the only tax income. It is desirable to study the position of this tax income in the municipal finance. The figures indicating the percentage proportion of tax income to total net income of the municipality during the last sixty years, are as under:-

Year.	5	tax Income,	{	Total Net Income.	{	Proportion of
i	i	2	5	3	fi	2 to 3.
		Ps.		-s.		
1879		31,673		35,347		89.6 percent.
1890		36,731		51,752		70.9
1900		27,806		46,703		59.5
1910		31,728		60,211		52.6
1920		38,734		77,863		49.7
1930		49,423		1,14,439		43.1
1935		57,211		1,41,460		40.4

The figures are full of interest, while the income from taxes has increased remarkably especially after 1920, its proportion to the total income has shown a continuous downward trend. This suggests that the dependence of the municipality on the tax income has been decreasing every decade. It also suggests that other sources of municipal income especially Hates have developed more rapidly than the income from the two taxes. It is doubtful whether this tendency of decreasing dependence on taxes can be maintained in future unless the municipal authorities develop resources which are still untouched. The comparison of these figures with similar data pertaining to Poona and Sholapur would make «ev interesting reading.

Year.	J	Poona.	5	Sholapur.	1	Satara.
1900		53.5		39		59.5
1910		55.0		-		52.6
1920		52.6		34		49.7
1930		46.4		42		43.1
1935		48.9		46		40.4

The proportion of tax income is highest at Poona and lowest at Satara at present. These proportions have been decreasing gradually at Poona and satara. but at sholapur it has shown an upward trend since the last fifteen years. Nevertheless! the three municipalities have been deriving the major part of their revenue from taxes, the average being 45 percent in 1935.

The second important source of income is the Pate income. Pates are levied on those who derive direct benefit from municipal services. These are; the Water Rates, Sanitary rates, the wheel rat< etc.

Water ^ate:- The water supply service was undertaken in 1882 and to defray the cost of the service and meet the liabi- lities incurred for the same, the municipality imposed a water rate on those who had special water connexions from the municipal mains. The scope of the service has increased much during the past fifty years and the water rates have been making a very valuable and increasing contribution to the municipal treasury. The figures of income are as under:-

Year.	8 Private Water Rate.	IS General Water Pate.	31	Total income.
1900	5,652	"		5,652
1905	6,744	3,674		10,418
1910	6,331	387		6,718
1915	8,024	-		8,024
1920	12,785	1,233		14,018
1925	13,529	1,570		15,099
1930	15,590	2,107		17,697
1935	18,759	2,588		21,347
1936	21,102	2,523		23,625

For about twenty years after the introduction of the service in 1880. income from the rate was very limited. It was due to the fact that many people did not take advantage of the service, and the municipality was unable to extend the water mains to all the parts of the city. Income rose briskly during 1902-1910; it again went down considerably. There is again a sudden rise between 1915-1920. During the next ten years the rise in Income is more gradual. After 1930, there is again an abrupt increase, and we have to account for these tendencies of income from water rates.

Income from these rates is likely to increase if there is an expansion of the service that is, if there is a rise in the number of private water connexions. Secondly, an increase may take place owing to changes in the rates. In 1905 there were 471 private pipes, this number increased to 601 in 1910. During the next ten years there was an addition of 61 connexions only. In 1920 there were 662 connexions. This number rose to 912 in 1930 and at present there are about 1,244 private water pipes. Thus the number of pipes has more than doubled since 1905. Most of these pipes have been of the 6-inch diameter.

There have been frequent changes in the rates. The original rate was Ps. 9 per year for a 6-inch pipe. There was no general water rate. In 1902, however, a general water rate was imposed to enable the municipality to repay the plague loan of Ps. 45,000. It was levied on a sliding scale from Annas 8 to Rs. 3 a year, on all houses and buildings, that paid the house tax but had no private pipe connexion. The special water rate was enhanced from Ps. 9 to Rs. 12 per year for a 6-inch pipe. This change in rates accounts for the sudden rise in income in 1905. In 1907 the provincial Government remitted the entire balance of the plague loan. Consequently, the special taxation levied for the purpose of paying off the loan

was taken off in 1908. The general water rate was abolished and the special rate was reduced from Ps. 12 to Pa. 9 again. Naturally, the income suddenly went down in 1910 to Hs. 6,718. In 1916 the municipality revised the water rate rules. The general water rate was once again imposed on a sliding scale and the special rate was revised from s. 9 to Hs. 12 per year for 1" inch connexion. In 1920 the rules were revised again with the result that the rate on 1" inch pipe was increased from Hs. 12 to Ps. 15 per year. The rate of water supplied by meter to the Camp area was increased from Annas 2 to 3 per 1,000 gallons. These changes effected in 1916 and 1920 may very well explain the abrupt increase in water rate receipts during 1916-20. Between 1920-1935, the increase was more gradual and definite, in 1935 the rates were revised. These are as under.

Water supplied for "domestic purposes" is charged at the following rates:-

- (a) By means of 1" inch pipe - Hs. 18 per year.
- (b) By means of 3/4" inch pipe - Hs. 48 "
- (c) By means of 1/2" inch pipes- for hotels and restaurants and teashops - Ps. 24 per year.
- (d) Supply to gardens, lawns, over 900 sq. feet in extent, the produce of which is not sold, is by 1" inch pipe and is charged at the monthly rate of Annas 7 per every 500 sq. feet or part thereof after deducting from the area the minimum 90s sq. feet exempt from water rate.
- (e) No connexion greater than 1/2" inch is given to gardens and lawns.

The general water rate is recoverable in respect of those houses which have no private water connexion, it is not a flat rate,

but a sliding one according to the rental values of houses.

Every house yielding or capable of yielding annually

- (i) Rent not exceeding Rs. 12 - (0-4-0) water rate per year.
- (ii) Rent exceeding Rs. 12 but below Rs. 25 (0-10-0) " " "
- (iii) « « « 25 " " " 35 (0-15-0) " " "
- (iv) " " " 36 " " " 50 (1-4-0) " " "
- (v) " " " 50 " " " 75 (1-14-0) " " "
- (vi) " " " 75 " " " 100 (2-8-0) " " "
- (vii) " excess of Rs. 100 for every Rs. 25 or part thereof -(0-10-0) per year.

We have so far explained the growth of income from water rates. Comparison of the present water rates at Satara with those prevailing in Poona and Sholapur would be instructive. But it must be borne in mind that at Satara 5 inch pipe is the only important connexion, pipe connexions greater than 5 inch are very few. Hence it would be enough if we compare the present water rates for 5 inch pipes only.

	5 Poona. Ps.	5 Sholapur. Ps.	5 Satara. Ps.
(a) 5 inch for domestic purposes.	18	20	18
(b) 5 inch for domestic purposes.	32	40	48

In view of the fact that 5 inch pipe is the only Important connexion at Satara, it can be said that the rates are equal in Poona and Satara, but higher at Sholapur. But since the Poona City Municipality has now decided to enhance their water rates, it can be concluded that under the existing circumstances the rate per pipe is lowest at Satara.

How far the present rates are sufficient to defray the cost of the service? or How far the Water Service has been self supporting? we produce below the water works accounts for recent years.

Year, $\text{jj}$ II	Revenue. Ps.	$\text{jj}$ jj	Expenditure. Ps.	$\text{jj}$ /	Surplus. T?s.
1930	17,695		9,809		7,889
1933	19,382		10,841		8,541
1934	19,679		16,657		3,020
1935	21,346		17,643		3,703
1936	23,624		23,440		184

The figures indicate that the municipality has never been called upon to make good any loss on account of the water works. Not only the service is self supporting but the municipal treasury has been deriving considerable profits from it. The position\* has changed since 1933. In that year the municipality incurred a debt of Ps. 1,84,000 for the financing of water improvement scheme. The payment of interest on the debt has been made since 1934. In 1936 municipality began to pay a part of the principal also. A depreciation fund has been Instituted and Ps. 1,000 are yearly diverted to that fund. Thus the payments of interest, apart from the principal amount and depreciation fund have increased the expenditure on water works consicerably, and it is bound to continue for many years to come. The question is as to whether the present income is sufficient to bear this additional burden. We believe that there is no reason whatsoever to enhance the present water rates any more. These have already been raised in 1935 in view of the new liabilities incurred, if the inspection of water connexions is thoroughly made periodically and the collection of water rates efficiently carried out, we believe, the

the municipality will have no occasion to increase the rates for the present at least.

Sanitary Hates;- Although the municipality had undertaken the conservancy service long before, no conservancy rates were levied till the year 1921. The expenditure on account of this service was defrayed from the general revenue of the municipality. What led the municipality to introduce these rates in 1921? During the period from 1915 to 1920 the municipality found itself in a state of financial bankruptcy, while the expenditure was increasing by leaps and bounds, municipal resources did not show any sign of improvement. The provincial Governments had frequently suggested to the municipality to increase the income by raising the then existing rates and introducing new ones. Secondly, the municipal authorities were also desirous of introducing free and compulsory primary education within city limits. This scheme was expected to involve an expenditure of Rs. 8,000 every year. The Government refused to sanction the scheme unless the municipality made provision for this additional expenditure. Hence the municipality at the advice of the Commissioner, C.I., levied a sanitary cess yielding an annual income of about Rs. 8,000, thus relieving the burden on the general tax and making it available for education. It should be noted that the Sanitary rates were levied not for defraying the cost of conservancy service, but for the compulsory education scheme. The income from these rates is given below.

Year.	special Sanitary Cess. Rs.	General Sanitary Cess. Rs.	Total. PS.
1925	3,845	2,383	6,228
1927	4,425	2,619	7,044
1930	4,452	2,780	7,232
1933	4,830	2,376	7,206

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Rs. 3-0-0 on each house assessed to House Tax at more than Ps, 5 but less than Rs, 8.

Ps. 4-0-0 on each house assessed to House tax **at** Fs. 8 or more.

Houses exempted from the House tax are exempted from the General Sanitary Cess also.

It will now be observed that the special cess is based on the number of seats of the private privy, in this respect the system at Satara agrees with that **at** Sholapur. The general sanitary Cess is based on the amount of House tax levied. Here the system differs from the one obtaining at Sholapur. At sholapur the general Sanitary Cess is based directly on the rental values of houses. At Satara this relationship between the rate and the rental value is more indirect. The rate is based on the amount of House tax.

The next important question in connection with Sanitary Rates is their sufficiency to meet the expenditure normally incurred on the Sanitary or Conservancy service. The recent figures of Conservancy account are:-

Year.	8 /	Revenue. ^.	8 8	Expenditure. ^s.	8 8	Difference. Rs.
1930		7,948		18,117		- 10,169
1934		8,400		17,345		- 8,945
1935		15,692		18,708		- 3,016
1936		14,992		17,801		- 2,809

That the municipality has been **suffering** heavy deficits on account of their conservancy service will be clear from the above statement **of** accounts. In 1935 **and** 1936 revenue appears to have increased suddenly. But the fact is otherwise. The municipality decided in 1934 that 40 percent **of** the House Tax be debited to the Conservancy Account. Income from house tax is shown under the receipts. But this is mere eye-wash. It is, therefore, erroneous to assert that income from Sanitary rates or from conservancy



sales has increased so suddenly as the figures try to represent.

**The** losses on account of conservancy services are as heavy **at** present as before. Why these losses? These are due to the low rates of the Sanitary Cess, we have already observed that the rate of **Rs.** 4 per privy is much lower than that **at** Sholapur. The municipality is not in such sound financial position as to afford conservancy facilities at such cheaper rates, to ask the general public to bear losses of a service which benefits only a few, is unjustifiable and reflects little credit on the financial outlook of the municipal authorities, secondly, this injustice is still more aggravated by allowing the owners of privies freedom to escape the general Sanitary Cess. Those who possess private privies must pay for their proper cleaning. Payment is made for a service which is directly rendered. But they must also pay for the general conservancy of the town. The municipality spends large amounts on road sweeping, road watering, etc. Who is to pay for these conveniences? The general body of citizens must contribute towards such expenditure and the owners of private privies must not be allowed to escape the general Sanitary Cess on the score that they pay the special Sanitary Rate. We firmly believe that the conservancy account can never be balanced unless the Special Sanitary rate is considerably increased and the General rate is made payable by all house owners. The municipality has before it the scheme of gutter construction, internal drainage etc., which however, it cannot undertake owing financial stringency. An immediate increase in the present rates is therefore justifiable and eminently desirable.

Wheel Tax and Tolls:- It is doubted whether levy on animals and vehicles plying within city limits can properly be termed tax. The municipality has to maintain the roads and lanes in proper condition. This naturally involves considerable expenditure.

These roads and lanes are used by all sorts of vehicles and animals. It is therefore, highly desirable that the owners of such vehicles and animals should contribute towards the expense incurred on the roads\* sometimes such a levy on vehicles and animals is considered as a license fee of which the main purpose is to regulate and control the vehicular traffic in the city.

The wheel rate is the oldest of all rates levied by the municipality. It has been yielding considerable revenue to the municipal treasury. The figures of income are:-

Year.	Receipts from wheel rate.
1900	481
1910	423
1915	618
1920	691
1925	1,954
1930	2,539
1933	2,482
1935	1,42r
1936	806

We observe that the income decreased during 1900-1915. It was due to **prevalence** of plague in the city which made the work of collection difficult. After 1915 there was an increase which was continuously maintained till the year 1930. **This** increase between 1915-1920 is very gradual, but between 1920-1925 it is more rapid. It was due **to** thorough inspection of vehicles and the revision of rates in 1922 and 1924. The municipality revised rules regarding levy on motors and tricycles and their accessories. We cannot also ignore the growing vehicular traffic especially the motor transport industry in the town. After 1930 we notice a decrease. It was the direct result of **the** growing tendency of motor owners to pay tolls instead **of** the wheel tax. In 1935 the municipality sanctioned the rule that vehicles which ply for hire outside

municipal limits should be charged with tools and not wheel tax. This rule led to an abrupt reduction in wheel tax receipts. In 1936 the Government abolished the tolls. Consequently, the vehicles which desired to pay tolls instead of wheel tax, have now been required to pay a consolidated toll-tax equivalent to wheel tax.

The present rates are.-

Description of Vehicle.	5	5	Tax at Sholapur. Ps.
	Tax at \$ Satara. rs.	Tax at Poona. re,	
1. Motor Cars.	24 per year.	30-36	20-24
2. Heavy motors with weight of 2 tons or more.	48 " M	50-80	50-80
3. Motor Bicycles and Tri-cycles.	6 " M	15	12-18
4. Four wheeled spring carriage drawn by two horses or Ponies.	12	20	18 to 13-8-0
5. Four wheeled spring carriage drawn by One Horse or Pony.	9 "	20	18 to 13-8-0
6. Tonga or Two wheeled cart drawn by two horses or Ponies etc.	7-8-0 " "	12	9
7. Tonga or Two-wheeled cart drawn by One horse or Pony.	4-8-0 " "	12	9
8. Phamines.	4-0-0 " *		
9. Cart drawn by Two bullocks or other Animals.	3-0-0 " "		6 to 9
10. Cart drawn by One bullock etc.	2-0-0 " *		4

Note;- In case of carts used bona-fide for agricultural purposes the rates at Satara are payable at **4** th of the rate specified in the table.

We have compared in the table the rates **charged** to different types of vehicles plying within the **th** ^ towns. A

glance at the rates would suggest that these rates are much lower at Satara than in the two other places. Most of the rates were decided upon in 1915, and certain changes were effected in 1922 and 1924 in respect of rates on motors and motor cycles, We feel that the municipal authorities should advantageously examine the present rates and revise them in the light of rates obtaining at present in other towns.

Tolls:- A toll tax is levied on all conveyances and animals entering municipal limits or passing through any octroi Naka fixed and notified from time to time by the municipality, provided no conveyance or animal is charged more than once a day. Conveyances belonging to the Government, municipality and the District Local Board are exempted. All conveyances that pay the wheel tax, and also those that are liable to octroi duty, are exempted from the tolls. The rates of toll are as under:-

Description.	\$ Rate.	
	J	Rs.
1. Each four wheeled vehicle mechanically propelled.	0-	4- 0.
2. Each Motor bicycle or Tricycle.	0-	1- 0.
3. Each four wheeled vehicle drawn by one or more animals.	0-	3- 0.
4. Each two wheeled vehicle drawn by more than two animals.	0-	2- 0.
5. Each two wheeled vehicle drawn by one or two animals and reckshaw.	0-	1- 0.
6. Animals used for riding, draught or burden only.		
(a) Each Elephant or Camel.	0-	9- 0.
(b) Each bullock, buffalo, horse, pony or mule.	0-	0- 6.
(c) Each donkey.	0-	0- 3.

Provided that in case of vehicles stopping without municipal limits, but plying within its limits, the owner may, at

ms option, pay a consolidated toll-tax for six months and equal in amount to the wheel tax the vehicles would otherwise be liable to pay if stopping within municipal limits.

The toll-tax was levied by the municipality in 1921 when it was much embarrassed financially. It received considerable revenue from the tax until it was abolished by the Provincial Government. The figures of revenue are:-

Year.	Toll Receipts.
	<b>Ps.</b>
1925	3,472
1930	6,712
1935	9,726
1936	4,793

The general cause for the increase in toll revenue was the development of motor transport in the district after 1925. But after 1930 the increase was mainly the effect of the growing tendency of motor owners to pay tolls instead of the wheel tax. The ruling of the Legal Remembrance that the vehicles which ply for hire outside municipal limits should be charged with tolls and not wheel tax, benefited the municipal treasury immensely. There is an abrupt drop in the income in 1936. It was due to the abolition of tolls on Motor vehicles. All motor vehicles are now exempted from paying the tolls. But vehicles which are garaged at night in municipal area are required to pay a toll-tax equivalent to wheel tax. The loss of revenue owing to abolition of tolls is to be made good by compensation grants from the provincial Government. These grants are based on the average income from tolls prior to 1933. The municipal authorities complain that the average thus calculated is much lower than the average calculated from 1933 to 1935. The matter is still under consideration of Government.

The important question that arises in connection with the wheel tax and tolls is their adequacy to meet the normal expenditure on maintenance and construction of roads. The recent figures of road account are;-

Year.	jj j	Receipts. Rs.	( jj	Expenditure. Rs.	jj jj	rifference. Rs.
1930		9,276		12,558		- 3,282
1932		9,026		9,303		- 277
1934		8,567		10,991		- 2,424
1935		11,148		9,978		+ 1,170
1936		5,598		9,156		- 3,558

A close observation of these figures would suggest that the revenue from the two taxes is not sufficient to meet the expenditure on roads and consequently, the deficit is made good from the general resources. It is admitted that these deficits are not very considerable ~~ttiA\*NS>£~~ at Satara. **Nevertheless** the Satara municipality will soon be called upon to increase their expenditure on asphaltting the roads. But the revenue is not likely to increase much\*. On the contrary, there is a serious decrease since the abolition of tolls. In view of these facts we feel that the municipal authorities may be required to finance the whole road improvements from the general resources. Even if the improvements are financed from borrowed funds, we do not think that the present income from wheel tax and toll tax would be sufficient to **meet** the normal expenditure on roads as well as the debt charges.

So far we have discussed in sufficient detail the various taxes and rates imposed by the municipality and their adequacy or otherwise to meet the expenditure on various services, we have also assessed the position of certain taxes in the financial structure. It is necessary now to study the income which the municipality derives from its property and certain powers conferred on it. Figure^

of income from municipal property and powers are:-

Year. <b>1</b> <b>5</b>	Income • He.	<b>5</b> <b>8</b>	Percentage proportion.
1900	3,660		7.8
1910	4,126		
1915	6,163		10.7
1920	7,776		9.9
1925	8,426		
1930	9,089		7.8
1934	14,421		-
1935	14,145		9.9

A very gradual but definite growth in income from municipal property is indicated by the figures. But this is not to say that there have been no variations or occasional and sudden vacillations. It may be noted that income of Ps. 2,335 in 1884 rose to Ps. 5,389 in 1895. There was a sharp drop in 1898 and the level of 1895 could never be reached till the year 1916. During this period of nearly twenty years the town had suffered much due to visitations of plague and famine. Normal conditions, however returned after 1915 and there after the growth in income has been continuous and steady. There was an abrupt rise in 1932, occasioned by interest receipts from temporary investments of funds. These Investments disappeared after 1935 and the revenue returned to its normal level in 1936.

It is interesting to study the position of property income in the whole financial structure. That is we have to study the percentage proportion of property income to the total net income of the municipality.

Year. \$	Percentage proportion. <b>H</b>	Year. <b>8</b>	Percentage proportion.
1884	4.6	1930	7.8
1890	9.4	1932	10.9
1900	7.8	1934	11.7
1915	10.7	1935	9.9
1920	9.9		

The contribution of property income to the total municipal income though considerable is practically steady. The temporary increase in property income in 1932 and 1934 has already been explained. We shall now consider briefly the important revenue sub-head induced under this main head of property and powers.

(a) Tent:- The municipality owns many lands **in** and round about the city, buildings, sarais and Dak bungalows. These are let to tenants on short or long lease. The figures of income are:-

<u>Year.</u>	Pent	Revenue.	<u>5</u>	Year,	fi	Pent	Revenue.
<u>I</u>		Ps.	<u>I</u>	<u>i</u>		Ps.	
1890		461		1920		1,049	
1900		613		1925		1,318	
1910		641		1930		2,355	
1916		905		1936		2,304	

The figures show a continuous growth of rent revenue. **It is** due to the increase in municipal lands, buildings, etc. It must be noted here that the provincial Government have frequently granted many buildings and open strips of lands as gifts to the municipality. Still there **is** considerable **land** belonging to the Government. The municipality has been requesting them <sup>j</sup> <sup>^</sup> <sup>^</sup> <sup>2</sup> <sup>^</sup> -et <sup>^</sup> " e<sup>^</sup>~numpyoy to grant these lands on nominal rent. If the municipality can fortunately secure these lands, rent income would increase considerably.

(b) Market Pent:- The major part of the property income is derived from market rents. There are two markets, one for fruits and vegetables and the other for mutton. The vegetable market was rebuilt in 1931 at a cost of Rs. 9,000. The **stalls in** the market are auctioned at the commencement of the year. The figures of income are as under:-



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Year.	8	Market Rents.	8	Year.	8	Market Rente.
	8	PB.	8		8	PS.
1884		1,499		1925		3,295
1890		1,058		1930		4,857
1900		994		1933		6,546
1910		1,121		1935		5,428
1915		1,988		1936		6,075
1920		2,996				

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Income from markets did not tend to grow during the first twenty-five years. On the contrary there was a slight decrease over the receipts for 1884. After 1910, however, market rents increased continuously. This tendency of growth has been maintained and at present markets have become a source of considerable revenue to the municipal treasury. The municipality has now decided to construct a combined slaughter house and mutton market. With every such expansion of market accommodation, income from market rents is likely to increase still further.

Grants and Contributions;- The municipality derives considerable and growing income from grants. These grants are received from the provincial Government, listric Local Board, Suburban Municipality, and citizens. Grants are made to assist the municipality in the proper discharge of its specific or general functions. Consequently, the grants are specific and general. The provincial Government grants annual contributions to promote the educational progress of the city, and secondly, to encourage the employment of trained and qualified executive and sanitary Staff by the Municipality. The Local Board makes a small annual contribution towards the education expenditure of the municipality. But the more correct explanation would be that a large number of students from the local board area is attracted to the city municipal schools owing the high standard of instruction imparted

therein. It is fair, therefore, that the Local Board should pay **to** the municipality for the education of such students. The municipality also received occasional grants from the Government and the Local Board for water supply, plague prevention and other purposes. The figures **of** grants are:-

Year.	i Government Grants.			ii Local Boardii	
	5 Educational	5 Sanitary.	jj Total.	Grant.	\$ Total. Rs.
		PS.	Rs.	• *>a.	
1884	-	.		5,000	6,000
1890	1,949	-	1,949	5,742	7,691
1900	2,224	-	2,224	6,742	8,141
1910	3,995	4,650	8,645	5,742	14,475
1915	4,636	1,740	6,376	742	7,414
1920	11,475	610	12,085	742	12,988
1925	18,065	280	18,345	nil.	18,740
1930	18,540	nil.	18,540	1,000	19,825
1933	19,266	838	20,104	nil.	20,164
1935	24,334	407	24,741	nil.	24,801
1936	21,511	412	21,923	nil.	21,983

The income from grants rose very gradually between 1884-1900. During 1900-1910 the increase was rapid. There was **a** sharp decline in grants income thereafter particularly after 1913. After 1918 the income rose very sharply. Since then, however, it has shown a continuous and gradual growth, we have now to explain these tendencies of income.

We have already seen that during 1900-1915 the town suffered immensely on account of plague epidemics. The municipality was called upon to spend enormous amounts on preventive and curative measures. The provincial Government came to its rescue. Large amounts were advanced to the municipality which were subsequently turned into grants, with the disappearance of plague, these grants were discontinued. The second reason for the decline in income was that the Local Board stopped payment of the Water works grant of **^s.** 5,000 as the water works loan was fully liquidated in 1913. The rapid increase in income during 1918-20 was

the result of the introduction of compulsory education in the city. The scheme was introduced in 1918. The total expenditure on education rose very rapidly and with it the proportionate Government grant. After 1920 the growth of income from grants has been very steady.

It may well be remembered that before 1903 the provincial Government shared one-third of the total expense on primary education. After that year, however, the proportion of grant was increased from one-third to one-half of the total expenditure on the understanding that Local Bodies did not lessen their then existing expenditure on education. During the period from 1908 to 1910 Government gave additional help to Local Bodies in aid of raising the salaries of low paid teachers. During the period of War special grants were made for war allowances to municipal teachers. In 1923 salaries of teachers were increased according to revised time-scales, in order to compensate the municipality for added burden of such revision of salaries, the Government made special grants. But in the meanwhile, expenditure of the municipality on primary education was increasing by leaps and bounds owing to the introduction of compulsory education. In 1917 the education expenditure amounted to Rs. 14,160 but subsequently it rose to Rs. 27,191 in 1921 and Rs. 32,840 in 1926. The education Act of 1923 added new duties and responsibilities in this matter to those already shared by the municipality in starting the scheme of free and compulsory primary education in 1921. The municipality requested the Government to enhance the proportion of their grant from 1/2 to 2/3 of total education expenditure. But the Government rejected the request saying, "The proportion of the Government Contribution has been fixed by the Act of 1923 itself, and any change could only be made by the vote of the legislature. It is not

possible to make any special case or concession to one municipality without acceding to similar claims from many other municipalities". The argument appears to be very reasonable. But it is not known why the municipal contribution to local educational institutions, not strictly falling within the purview of primary education, be excluded from expenditure admissible for education grants. The attitude of the Government was becoming less and less generous towards the municipality. Even legitimate expenditure incurred by the municipality on certain important items such as gymnasium, prizes, music, Kindergarten, etc, though proportionately shared before by Government, was disallowed for Government grant, in 1932 the municipality was informed that the grant would be reduced by 20 per cent. It was due to the unsympathetic attitude of the Government that the municipality could not extend the principle of compulsory education to girls students, and consequently the progress of education in the city was arrested. The question of the legality of the cut effected by Government in their grants to the municipality for education was even forwarded to the Court of Law, and the legal controversy regarding the competency of the Government to effect cut in the education grant was decided in favour of the municipality and a decree of Rs. 1,903 was granted against the Government.

The Government also contributes towards the maintenance of qualified Sanitary Inspectors. In 1922 the grant for Sanitary Inspectors pay was increased from  $\frac{1}{3}$  to  $\frac{1}{2}$  of the total expense borne. The Government also used to contribute towards, tax expenditure on Fat Killing Campaign, **Duch** grants were received during 1911-1921. After 1921, however, they were discontinued. The request of the municipality for their renewal was turned down saying "Until the year 1921 Government were in a position to assist

Local Bodies in Hat Killing operations, out of the surplus excise revenue, but in 1921 the provision had to be greatly reduced, and since then, it has not been found possible to make any budget provision for the purpose".

In the past the Government used to contribute towards expenditure on minor Sanitary Works. It may be remembered that in 1919 Government contributed Ps, 5,000 to this municipality for the construction of surface drainage. In 1922 another grant of Rs. 4,905 was made for the construction of public latrines. Since then however, no such contribution is said to have been made by the Government for the promotion of minor sanitary works. We have already seen that the question of constructing roadside gutters is a pressing one, but which cannot be undertaken owing to financial difficulties of the municipality. Government aid is urgently required in such undertakings.

It is gratifying to note that the educational grants of all the local bodies have now been restored by the present Government and the question of Sanitary and other grants has now been engaging the attention of a committee specially appointed by the Government for the purpose. It is well to bear in mind the fact that smaller municipalities like that of Satara, with minvpaniiinfff resources, cannot be expected to carry out the mooem improvements of civic life without aid from outside agencies. In fact, such municipalities have a special claim on the attention of the Government. Improvements in the civic life can no longer be regarded as strictly local in character. To **GO** so is to go back to the mediaeval days. Progress of local well-being has always meant progress of national well-being.

The District Local Board, Satara has been equally inconsiderate towards the municipality, we have already observed

that the superior type of education imparted in municipal schools and many other facilities afforded in the city have attracted many students from the local board area and their number is increasing every decade. It is pertinent to observe that the condition which determined the Local Board grant towards city's primary education about fifty years ago, does not obtain now. The municipal expenditure has since gone up enormously, so that the cost on boys and girls under instruction in municipal schools has correspondingly increased\* The Local Board not only gave no heed to this question but decided to withhold the payment of grant of Rs. 1,000 since 1932. The late R.B.Kale, the President, threatened to refuse admission of children outside the municipal limits to the municipal schools, if the question of grant was not favourably considered by the Local Board. It is reported that the question has now been amicably settled **by** the parties concerned though the terms of the agreement are not disclosed as yet to the public.

We have discussed this head of revenue in sufficient detail. Before we close this topic it is necessary to assess the position of grant revenue in the Satara municipal finance. The figures of percentage proportion of grant revenue to total net revenue at Satara and Sholapur are as follows:-

Year.	j)	Satara.	IK	Sholapur.	
1884		9.9			p.c*
1900		17.4		2.9	p.c
1910		24.0		<u>        </u>	
1915		13.5		4.8	p.c
1920		16.6		7.3	p.c
<b>1925</b>		19.2		<b>6.4</b>	<b>p.c</b>
1930		17.3		10.5	p.c
<b>1935</b>		17.5		6.2	p.c

That the dependence of the Satara municipality on grant income has been much greater than that of the Sholapur municipality

will be clear from the figure\*. It is due to the fact that the resources of the Sholapur municipality other than grants are much more elastic and expanding than those of the Satara municipality.

Whenever there is any reduction of or cut in the grants the Satara municipality is hit more severely than the Sholapur municipality. This important difference in the financial condition of two municipalities should deserve the attention of the provincial Government when the question of allotment of grants is under consideration.

Municipal Debt and Its Management:- It is difficult, if not impossible, to carry out big projects involving heavy capital outlay from current revenues and savings. In case of smaller municipalities the resources are generally limited and inelastic, and it may not be possible to save much. Under such circumstances it becomes necessary to borrow funds from outside to finance schemes of public benefit.

The <sup>x</sup> ^ ^ ra municipality decided in 1880 to undertake the construction of the Kas water works with the view to ensuring an adequate supply of pure water to the city. The scheme was estimated to cost Rs. 3 lacs. The Government were requested to supply the necessary capital to carry out the scheme. But the Government declined. The municipality then decided **so** to raise the funds by **issu-**ing debentures in the open market. The loan of Rs. 3 lacs was taken by instalments in 1881, 1882 and 1883. The rate of interest varied from 6 to 7 percent. The loan was to be repaid within 28 years. The municipality offered the general revenue as the security of the loan. Owing to the reduction in the amount of instalments, the period of repayment was later on extended to about 32 years. The loan was fully liquidated in the year 1912 or within a period of 30 years. To meet the annual interest charges and the instalment of the principal amount the municipality had levied a special Water Rate of Rs.

... 9 per inch pipe connexion, j here was no general Water Rate.

In 1897 plague epidemic made its first appearance in the city. The municipality was required to spend enormously on preventive measures. It was already in a crippled state of circumstances owing to the heavy loan of Rs. 3 lacs, but it was now in a state of bankruptcy on account of the unexpected and enormous plague expenditure. A loan of **Rs . 15,000** was taken from the Government in 1898 for plague measures against the security of water rate revenue and sale-proceeds of water. The rate of interest was 4 percent. Before this loan was fully paid off, the municipality incurred another loan from the Government. Out of the total expenditure of Rs. 1,67,813 on plague operations from 1896-97 to the end of 1900-1901, Government made grants in-aid amounting to Rs. 1,16,157; Rs. 6,656 were spent from the loan of Rs. 15,000 obtained from the Government, and the remainder amounting to Rs. 45,000 had to be converted into a plague loan at 4 percent, repayable in 14 years. The old plague loan of Rs. 15,000 with further plague advances of Rs. 1,020 in 1901-02 was adjusted against a fresh grant-in-aid of Rs. 46,157. To enable the municipality to repay this loan of Rs. 45,000, a new General Water Cess had to be imposed. It was levied on a sliding scale from Annas 8 to Rs. 3a year, on all houses and buildings that paid the House Tax but had no private pipe connexion. The latter were required to pay an enhanced water Rate of **Rs . 12** a year as against Rs. 9 hitherto paid. The income from the General Water Cess had been estimated at Rs. 3,100, and that from the enhanced rate of private pipes at Rs. 1,000, thus making a total of Rs. 4,100 a year which was nearly equal to the amount of the two half yearly instalments payable on the plague loan of Rs. 45,000 referred to above.

All these arrangements sound good finance. But in practice the municipality found it almost impossible to meet the growing



liabilities. Owing to the continued prevalence of plague in the city, trade was interrupted, population decimated and finances embarrassed. Even the municipal administration was thrown out of joint. Receipts from trade were smaller, and collection of taxes became almost impossible during this period. While on the one hand revenue was decreasing year after year, expenditure rose very rapidly owing to enormous outlay of funds on plague operations. Instalments on the Water works loan and the Government plague loan amounted to not less than 40 percent of the total municipal income. In consideration of the unsatisfactory financial condition of the municipality, the Government converted in 1906 the amount of Rs.4,609 due from the municipality on account of unpaid instalments on the plague loan and other advances made for plague measures, into a grant-in-aid. The municipality was not still out of the wood. Eventually a representation from the municipality was made in 1907 setting forth its embarrassed financial condition, and its inability to pay off the plague loan, the Government remitted the entire outstanding balance of the loan viz., Rs. 34,029. The special taxation levied for the purpose of paying off the plague loan was taken off in 1908.

For a very long time thereafter no big project was undertaken by the municipality. The improvement of Water Supply was pending for a very long time owing to want of funds. The Government were not ready to grant a loan. The municipality was unable to save from current resources. It decided, therefore, to float a loan in the open market to finance the Water Supply improvement scheme. The Government accorded their sanction in June, 1932 to the raising of a loan of Rs. 1,84,000 in the open market. The Western India Life Insurance Company and Swadeshi Commercial Bank offered subscription at the following rates.

For the first instalment of Rs. 84,000.

(a) Western India Company: Rs. 42,000 @ 108%.

(b) Swadeshi Bank. : Rs. 42,000 @ 107%.

For the second instalment of Rs. 1,00,000.

(a) Western India Company: Rs. 50,000 @ 107%.

(b) Swadeshi Bank. : Rs. 60,000 @ 107%.

The municipality decided to have a combined Hydro Electric and water supply Improvement Scheme for the town. This combined scheme was financed from this loan. The rate of interest is 7 percent and the loan is to be liquidated within a period of 30 years. The general revenue of the municipality is offered as security for the loan. It is necessary now to study the arrangements made by the municipality for the repayment of this debt. According to the terms of the agreement effected between the municipality and the Satara Electric supply Company, the municipality is to receive an annual royalty of Rs. 3,000 for the use of the municipal water power. The municipal authorities are now grumbling that this amount is exceedingly small in view of the large profits earned by the Electric Supply Company from the Hydro-Electric project. But since the agreement is to last for 43 years, it is no use repenting over past mistakes either of omission, commission or suppression. Secondly, the municipality has raised the water rate on 1/2" inch private pipes from Rs. 15 to Rs. 18 per year. The Octroi schedule has been thoroughly overhauled and new items of goods have been incorporated into the schedule. Thus the municipality has levied octroi duty on Kerosene, petrol, motors, motor parts and accessories including tyres and tubs with effect from 1st April, 1935. The payment of equated instalments of the loan together with the interest was commenced from 1935. On the advice of the Government, the municipality instituted in 1936 a Depreciation Fund in the Water works

account and a part of the a ^ income is now being carried to this Fund. The accumulated amount of the func. would be utilised at a future date for further improvements in the Water Supply.

At present there are many schemes of public welfare before the municipal authorities. Cf these the drainage scheme and the road improvement scheme are the most urgent ones. It is essential, therefore, to inquire whether the municipality can finance them adequately from its own purse, lo ascertain the financial capacity of the municipality we shall have to examine the figures of expenditure and revenue during the last six years at least. The figures are as under:-

Year.	{ <i>I</i>	Net income. Rs.	{	Net Expenditure. Rs.
1930		1,14,439		1,17,806
1931		1,34,480		1,04,607
1932		1,12,260		1,00,045
1933		1,15,799		1,53,910
1934		1,22,683		1,96,129
19SS		1,41,460		1,92,133
1936		1,30,385		1,33,371
Average.		1,24,500	Total.	9,98,001
			Deduct capital expenditure.	1,84,000
				8,14,001
			Average Rs.	<b>1,16,285</b>

Here we have calculated the average income of the municipality during the past seven years at Rs. 1,24,600 . In calculating the average expenditure for the same period, the capital outlay on Water works namely Rs. 1,84,000 has been deducted. So the average expenditure would be Rs. 1,16,285. Other things being equal, the municipality will have a saving of Rs. 8,215 per year. Against thJc

saving we have to calculate the yearly instalment of the principal amount on account of the Water Works loan. In view of this fact, the net savings of the municipality would be small and insufficient to finance big projects, we believe, therefore, that the municipality will have to incur additional debt if it decides to undertake any scheme. But how are the consequent debt charges to be met? The answer is: by increasing some of the existing taxes and rates.

Drainage scheme;- The adoption of an underground sewerage System would involve an expenditure of about Ps. 4f lacs. In view of the present limited resources of the municipality and the liabilities, we do not believe the municipality can undertake such an ambitious scheme. What it can do under existing circumstances is to construct surface drainage in all parts of the city. This project would not involve an expenditure of more than one lac rupees. To meet the debt charges, it is essential to increase the Sanitary Rates which are too low at present. The general Sanitary cess should be recovered from all householders who pay the house tax. The question of Sanitary grants is engaging the attention of the Government at present. Matters would be rendered easier if the municipality can meet part of its total expenditure from these sanitary grants, we are confident that a very strong case for Sanitary grants exists in the case of the Satara Municipality.

Road Improvement:- The scheme of asphaltting the main roads in the city is receiving much attention. It would involve an expense of Ps. **50,000**. It is reported that a local contractor has offered to undertake the scheme and finance it. He is ready to get his loan liquidated by easy instalments. The matter should carefully be inquired into by the municipality. In the event of the scheme being undertaken, it will be necessary to enhance the existing wheel tax and toll rates, we have already pointed out that these rates are much lower than those prevailing at Poona and

Sholapur. The proceeds from the enhanced rates can be utilized towards paying off the liabilities.

The drainage scheme and the road scheme are the most important and pressing schemes before the municipality. Their execution should not be postponed any further. To do so would be detrimental to public health and convenience. To undertake them would mean increased taxation. But It cannot be avoided. Besides, the municipality will be required to give close attention to the question of arrears, revision of the House tax Schedule etc. **A** levy of a fresh tax is not a pleasant subject to deal with. But everyone who has set his foot on public service has to tackle this unpleasant problem. Democracy is expensive and entails a heavy burden on the people. But if taxes collected from the citizens are returned to them in the shape of utility services conducive to their comfort and convenience, they ought not to grudge the payment thereof. A true local Self-Government is that which exacts money in the **^ i u i** of taxes but which gives back more than any other form of Government.

SHOLAPUR.Section I - Historical.

The name Sholapur suggests that the present city has grown out of sixteen villages which, once independent, are now completely amalgamated geographically. The city, north latitude 40° east longitude 46°, the headquarters of Sholapur district, is a station on the south-east branch of the Peninsula **Railway**, 165 miles south-east of Poona and 283 miles south-east of Bombay. Sholapur is the fifth city in the Presidency, and the second in the Bombay Deccan.

Topography:- The town lies 1800 feet above sea-level on the water shed of the Adila, a feeder of the river. The city stands in the centre of a large plain, the nearest hill, Davad *Uolnk* being eight miles to the east. About four miles to the north-west is the Ekruk or the Hiparga lake. In the rainy season the surroundings of the town are green and pleasant; at other times the city looks bare and uninteresting. Its great castle is handsome and well-placed on the rising western bank of the Sidheshwar lake. Except the castle, the town has little of architectural interest. Most notable objects, besides the fort and the lake, are the municipal garden and the Karnar or Kotibag pond.

The natural drainage of the city is good, the surface water is carried **by** the Lendki on the east. The lowest part of the town is the West. The city is divided into Kasba or old town including the Navi or Goldfinch ward, and fifteen *Wardes*.

Population:- The census of 1851 showed for the city a population of 30,819. The census of 1972 showed 54,744 people

or **an** increase of about 78 per cent in twenty years, chiefly the result of the opening of the south-east branch of the Peninsula Railway with a station **at** Sholapur. The census of 1881 showed a population of 61,281, an increase of 12 percent which, however, would have been much greater had it not been for the **heavy** loss of human life during the famine of 1876-78. The census of 1891 counted 62,329 people in the city. Thus the population remained stationary during the ten years from 1881 to 1891, a combined result of plague and famine that were raging so severely during that period.

Trade:- Since 1818 when the town passed under the British control, Sholapur has grown steadily **in** importance as a trade and industrial centre. When it became free from the raids of robbers from the Nizam's territory, Sholapur became a resort of traders; and the opening of **a** railway station **in** 1859 raised it to be one of the chief markets in the Deccan. The staple trade is cotton, though since 1870 Baroda has drawn much cotton trade from Sholapur. The city has a cotton mill which began work in March, 1877 with a capital of **Rs.** 6,78,500 and managed by Bombay Bhatias.

Climate;- The climate of Sholapur is healthy and dry throughout the year, **A** hot wind blows in April and May at day, but nights are fairly cool. The prevailing wind is south-westerly. **Rain** returns for the seventeen years ending 1882 show an average rainfall of 30.73 inches varying from 10.57 to 66.42 inches.

With these historical and introductory remarks about the city, we shall now turn our attention to its Municipality. The Sholapur Municipality was established in 1863 under the provisions of the Act XXVI of 1850. It was then purely an official body, entrusted with primary civic functions. Very

little information is available regarding its working prior to 1878 in which year, however, the Government of Bombay for the first time issued a Resolution reviewing the working of Municipalities in the Presidency. In 1874, the sholapur Municipal body was declared "a City Municipality" under the provisions of the Bombay Act VI of 1873. Increased powers and functions were bestowed on the Municipality under the provisions of this Act; and it was only after 1874 that the scope of its activities was widened.

Municipal Revenue : - The total receipts of the Municipality in 1878 amounted to rs. 58,640 of which taxes and rates yielded Ps. 47,971. It is to be noted that octroi receipts alone amounted to Rs. 42,305 or about 81 percent of the total municipal revenue; tax on animals yielded Ps. 3,105, tolls and ferries Ps. 1,020, wheel tax Rs. 860, and other unclassified taxes about Rs. 880. No tax/levied on houses and lands/ and it was only after 1878 that the water rate and conservancy cess were levied. The incidence of taxation and income were Rs. 0-14-4/and, ps. 1-1-6 respectively in that year. 1v

v The period between 1878-1900 witnessed a steady improvement in the municipal resources. But this improvement would have been even greater had not plague and famine intervened to the great detriment of the city's development and prosperity. In 1900 the total receipts of the Municipality amounted to Rs. 88,347 or about 71 percent of the total income. Octroi alone yielded Ps. 48,996 or about 39 percent of the net revenue. It appears, however, that income from octroi did not rise much since 1878, and it showed a definite decrease after 1885 when it amounted to Rs. 70,764. This decrease in octroi revenue was due partly to famine and plague in sholapur and



surrounding villages, and partly to diversion of some trade by the opening of a new railway line from Hotgi to Gadak. Water rate and conservancy fees increased to Rs. 28,598 and Rs. 10,106 respectively. The municipality had not still levied the tax on houses and lanes. But considerable revenue was derived from municipal property, Rs. 24,618 or about 19 percent of the total revenue. Income from conservancy sales and markets amounted to Rs. 9,247 and Rs. 4,886 respectively, while rents from municipal lands and buildings yielded Rs. 4,980. It appears that income of grants from provincial government and local fund did not figure much in the municipal revenue. In 1900 these grants did not exceed Rs. 3,631 or 2.9 percent of the total revenue. Therefore, whatever services were rendered by the municipality to the citizens were entirely supported by municipal funds.

Municipal services:- Before the year 1878 the municipal activities were confined entirely to the maintenance of roads and lanes, cleansing and watering of streets, and street lighting. There was only one dispensary where medicines were freely distributed to the poor. Roads were **narrow** and **crooked**, and lighting and watering of streets most unsatisfactory. The municipality had not then undertaken the water supply service. There **was** neither internal nor surface drainage system maintained by the municipality, so far as halalcore service **was** concerned, the citizens **were** left to themselves. There **were** no municipal schools, primary or secondary; and the educational efforts of the municipality were confined to a yearly grant of a small sum to local fund schools and private libraries. No special arrangements existed for the

registration of births and deaths in the city. The deaths **were** registered by the clerks of the octroi nakas which were generally situated on the outskirts of the city; the registration of births was done by the collectors of taxes. No more unscientific and unsatisfactory system could have existed. Similar was the condition as regards the vaccination and veterinary service. It will now be clearly understood that not merely the scope but the scale of municipal activity **was** extremely limited.

But when the municipality **was** declared "a city municipality", its powers and functions were increased considerably. A new era in municipal functions ~~was~~ set in hereafter, we learn that conservancy service was established in 1878 and a special conservancy cess was levied to defray the cost of the service. The construction of the Ekruk water works was undertaken in 1879 and the same was completed in the year 1881 at a total cost of Rs. 2,25,935. A daily supply of six gallons of water per head was thus made available. It must be stated here that the construction of these Water works practically saved the people of Sholapur, for the time being at least, from shortage of water during famines, which were recurring in nature and particularly severe during 1876-78. The next urgent need of the city was a regular and scientific drainage system throughout the city. But the municipality could not undertake this scheme for want of funds since it had to liquidate the water works loans and it was not in so sound a financial position as to float another loan and bear the consequent yearly debt charges, so in the meanwhile the municipality decided to construct open surface drains and underground sewers every year and on a very modest scale.

Till the year 1884 the municipal expense on public instruction amounted to V.&. 1,500 only in the shape of a grant to local schools and libraries. But in that year the Government of Bombay made over the control and management of nine local fund primary schools to the municipality, since then expenditure on education had increased remarkably. In 1885 it amounted to Re. 5,308; in 1890 to Ps. 7,525, and in 1900 it rose to Ps. 20,044. The number of pupils increased from 963 to 1,573. Not only did the municipality manage its own schools, but also  
<sup>v</sup>  
C R  
awardy grants to other private schools in the city. The amount of such grants was nearly \*s. 8,276 in 1900.

It should not, however, be supposed that things had improved much in the town. The public health of the city was utterly neglected and it was not expected to improve unless the drainage system was thoroughly overhauled. The expenditure on dispensaries never exceeded Ps. 4,500. The two dispensaries that rested in 1900 were not expected to meet the demands of ya growing population in the city. The city had invariably found itself in the throes of famines and epidemics when the lot of the poor and middle classes became intolerable. The system of road cleansing and watering was crude to a degree. The markets were inadequate and scattered in various wards, making the work of inspection and control practically impossible. The slaughter houses were in extremely insanitary condition. No arrangements were in existence for the proper analysis of water contents, food, foodstuffs, milk and meat. The municipality never attempted to regulate the town development and expansion by framing and enforcing suitable building rules and byejjlaws. Houses were built back to back and without any regard for sanitation and public conveniences. No attempts were still made for the deve-

development and improvement of the many unhealthy places and ditches and that surroundec the city and were the breeding houses of many a epidemic.

It is to be admittea that the resources of the municipality were limited. They were also adversely affected by epidemics and famine conditions. Things were not any way better elsewhere. People were still inexperienced in the art of civic administration. It took nearly thirty years and over to undertake the work of town improvement and development -fisa..which **even today is still <sup>to</sup> be completed.**

## Part II - municipal Expenditure.

In the foregoing pages was described the state of municipal affairs in Sholapur before the advent of the present century. It will be our business now to deal with the present condition of municipal organisation. It is necessary to account for the development in municipal resources and the growth of municipal services since 1900,

Industrial and Commercial Development;- sholapur is no more a purely business centre. It has developed, during the past forty years, into an industrial town of great potentialities. About sixty years back sholapur, though a centre of Hand Loom Industry, did not possess any cotton yarn spinning mill to supply its needs in yarn, for the Hand Looms. It was in the year 1876 that the attention of that far-sighted Mill magnate of Bombay, the late Mr. Forarji Goculdas, was engaged by this part of the Deccan with the result that the first Mill in Sholapur^ The Sholapur ^pg. and v/vg. Co. was started with an equipment of 16,500 spindles. Two years later 4,000 more spindles and 140 looms were put in. For nearly twenty years following no further development took place in Mill industry^TM^ But the Hand Loom Industry thrived and the influx of Sali or **J££Z** Weaver community from the Nizam's ^j bminions and Southern »ide <**WM^ £** increased year after year. This gave an impetus to other enterprising industrialists and more Mills came into existence in about 1896. The old Mill was also further extended. In another ten years two more mills were started and the existing mills extended further. To-day the total equipment in sholapur, so far as Mill Industry is concerned^ amounts to 2,90,500 spindles

and over 6,000 power looms, There is also a large Power House sufficient to meet the industrial, commercial and household needs of the city. Hand in hand with the Mill Industry, the Hand Loom Industry also made great strides, the total number of Hand Looms today being 8,000. Other industries such as Oil Mills, Flour Mills, Ice and Leather Factories and Mechanical Workshops came into existence and developed. Motor communication followed suit and surrounding commercial towns and villages were brought into closer contact and trade was stimulated.

As a result of this industrial and commercial development, the population in the city increased steadily. The agriculturists in the surrounding rural parts had suffered immensely during the recurring famines. They had no alternative occupation. The mill industry in Sholapur provided this population with a more or less regular employment. The latter also p. ^ the Mill Industry with the necessary labour power. Both were benefitted as a result of this new development in the city. The census of 1901 showed 89,424 people in the city} this number subsequently increased to 1,13,888 in 1921, and to 1,36,000 in 1931. The population estimated in 1936 was 1,43,48£ But this increasing population created complex problems of civic life which the Municipality was called upon to face and tackle.

Industrialization is beneficial so far as to goes, but it brings in its train many inherent maladies. The age and hours of employment, wages of labourers and other questions of like nature are indeed outside the domain of municipal activity. But then, it was certainly the business of the municipality to provide its citizens with adequate supply of pure

water, sanitary conveniences, free medical and educational facilities and many other amenities of moral and material importance. It had to supply all these services on a much larger scale than hitherto. This meant increased expenditure. The Municipality had, therefore, to explore new sources of revenue wherefrom these services could be financed. The story about the growth of municipal revenue and municipal services, though somewhat difficult to trace and narrate, is both interesting and instructive.

institutional Evolution:- As remarked before, the Sholapur Municipal Council was a purely official body. In 1878 it consisted of 25 members of whom 17 were nominated by the Government and the other eight members were ex-officio Government servants. The Government of India soon recommended in the famous Phipson Resolution the principle of election in Local Bodies with a view to associating the Indians with the administration of their own town affairs and train them politically. In 1885 the Council contained 27 members of which 14 were nominated by the Government and the other 13 members elected by the Citizens. The election was indirect. The Municipality was still dominated by official element; and the District Collector had ample opportunities of interfering with the municipal administration through the agency of the nominated members. The municipality was empowered in 1909 to elect its President from amongst the six members whose names were submitted by the Collector for approval. The elective element was gradually increased and in 1916 the Council consisted of 27 members of which 18 members were elected. The municipal body was now predominantly dominated by the elected members. But it is curious that the total number of members was not increased though the city had grown much in

Population and area. In 1922 the total number of members was increased to 35 of which 28 members were elected and the remaining nominated. It was left for the present popular Government to abolish the system of nomination which proved to be more mischievous than beneficial. According to the recently amended Borough municipal Act, the total strength of the Council is increased to 52 and all members are to be elected.

With the foregoing background the main subject may now be considered. In the first instance we shall deal with the expenditure side with a view to appraising the increase in the scope and scale of Municipal services during the last sixty years. The growth in Municipal expenditure is indicated below:-

Year.	Expenditure.	Year.	Expenditure.
<sup>5</sup> <i>i</i>	<sup>8</sup> s.	<sup>11</sup> <i>ii</i>	<sup>5</sup> s
1878	68,106	1920	5,04,966
1890	1,30,483	1925	10,18,921
1900	1,90,101	1930	12,59,802
1915	3,02,613	1935	16,49,892

It will be observed that the increase, though definite was very gradual during the first twenty-two years from 1878 to 1900 and the next fifteen years from 1900 to 1915. The increase during the period 1915 - 1920 was due not so much to any addition of new services as to the rise in the prices of materials and the special allowances granted to municipal employees. The increase is most remarkable during the post-war period when the municipality undertook extensive schemes of town improvement and development. The most important of these



projects were the Water works scheme, Pevani scheme, Gadda Scheme, the Mangalwar Pefh Development, and the town Planning Scheme No. I. <sup>3/100</sup> capital <sup>by</sup> invested in these and other projects from the year 1925 onwards and the work of development is still in progress.

It is necessary to see as to how funds are distributed between the various heads of expenditure and whether the general increase in expenditure has been proportionately shared by all the heads.

The figures may well illustrate the fact that over 50 percent of the expenditure is incurred on Public Health and Convenience, The item is too large, and consists of a number of sub-heads which need to be rearranged under separate heads altogether. The next important item of expenditure is Public Instruction. Expenditure on education has considerably increased ever since the Municipality assumed the responsibility of <sup>1</sup>ng primary education under the provisions of the Education Act. of 1923. The item styled "Extraordinary and Debt\*" absorbs much of the municipal revenue. The Municipal executive, in sholapur and elsewhere, have been wont to spend large funds unlawfully that is, without the previous sanction of the General Body or the Finance Committee; and when there is confusion in budget making at the end of the financial year, they include such expenditure under Deposits and Advances. This practice is objectionable. It is also observed that expenditure on Public Safety has not indicated a proportionate increase since 1920, though, it is true, it has shown considerable absolute increase. It is commendable that the municipality has not allowed its expenditure on Establishment and Collection to grow out of proportion to its revenue.

we shall now proceed to discuss each item separately and in some detail.

General Administration:- The following figures indicate the growth of expenditure in retail.-

Year.	Establish- ment. Ps.	{Contin- gency. Ps.	il Print- ing. Ps.	^ Furniture. Ps.	Total. PS.
1878	-	-	-	-	3,683
1890	-	-	-	-	3,689
1900	2,189	309	Magistrate court.	571	4,697
1910	6,675	584	do.	269	7,727
1915	8,675	919	-	-	9,657
1920	8,881	1,182	272	-	10,435
1925	17,396	1,745	943	878	21,136
1930	27,716	1,163	1,029	1,596	31,836
1935	26,691	1,480	2,284	586	35,814

1935 - (Weights and Measures - 3,603)

We have already stated that though expenditure on k&ration has not increased proportionately, it has shown considerable absolute increase. It was very gradual till 1920 after which year, however, it increased by leaps and bounds. From 1878 to 1920, the increase was about 183 percent; but from 1920 to 1935, it was over 243 percent. The increase during the period of this note is 872 percent. There are numerous reasons of this increase, in the first instance, the administrative machinery of the Municipality had to be enlarged considerably to cope with the increased municipal duties and responsibilities. The Government always complained in their reports that the municipal offices were poorly manned and needed immediate overhaul and addition. The Municipality undertook this task of strengthening the establishment in 1922-25. secondly, the scale of salaries of municipal employees was revised. Special

allowances paid during the War were much reduced, though they continued even until 1932, The establishment schedule of 1912 was thoroughly overhauled in 1925 and 1935, and employees were given increased time-scale. According to the schedule of 1912 the Huzur Office establishment consisted of 28 employees whose monthly pay-bill amounted to Rs. 605 minimum and Rs. 791 maximum.

Collection of taxes: In view of the fact that receipts from octroi are over 50 percent of the total income from Pates and Taxes, it is convenient to deal with the collection of octroi and collection of the other assessed rates and taxes separately. The figures indicating the growth of expenditure on octroi collection and total collection charges are as under: -

Year.	Establishment Rs.	Contin- gency. Rs.	Print- ing. Ps.	Octroi total. Ps.	Total Collec- tion charges.
1878				4,007	4,017
1892	5,232	114	331	6,878	7,783
1900	5,901	155	360	6,627	8,840
1915	10,690	199	619	11,743	16,880
1920	11,113	313	1,221	12,771	17,819
1925	14,924	246	963	19,996	29,407
1930	20,558	369	1,043	22,605	36,384
1935	22,270	395	2,197	26,590	48,239

The increase in octroi collection charges is gradual throughout the period. During 1878-1900, octroi income increased by only 15 percent, but the cost of its collection during the same period increased by not less than 65 percent, the machinery of collection could not be reduced immediately though octroi receipts dwindled owing to abnormal causes explained before. During 1900-1920, octroi income increased by 127 percent; the cost of its collection increased by 92 percent; during

1920-1935, octroi receipts increased by 208 percent, but the cost increased by 108 percent. Thus the increase in cost is incommensurate with the increase in octroi income. The percentage of cost of octroi collection to total octroi receipts was 9.4 in 1878; it was 13.5 in 1900; 11.4 in 1920; 7.0 in 1925; and 7.7 in 1935. Thus there has been a definite improvement in the work of collection. In 1912, the octroi establishment consisted of about 66 servants whose monthly pay bill amounted to Ps. 884 minimum and Ps. 896 maximum. At present the Octroi Department consists of 87 servants whose minimum pay bill amounts to Ps. 1,977 per month.

Let us now consider the cost of collecting other rates and taxes, in which connection the following figures may be produced:

Year.	Establishment, Ps.	Contingency, Ps.	Printing, Ps.	Total, Ps.
1878	-	-	-	!0
1900	1,965	48	198	2,212
1915	4,575	13	546	5,136
1920	4,701	-	346	6,048
1925	8,736	13	692	9,442
1930	11,693	59	609	1*1361
1935	17,254	-	1,704	18,963

The cost of collecting assessed taxes and rates has increased by 757 percent since 1900. During the same period the income from these assessed taxes other than octroi has increased by no less than 1,198 percent. The Vasuli Department has undergone a complete reshuffle since 1925. The strength of the establishment has been considerably increased and an improved time-scale adopted. The machinery for collection had to be enlarged with the growth of income from assessed rates and taxes.

In 1912 the establishment consisted of 24 servants whose monthly pay bill amounted to Rs. 345 minimum and Rs. 366 maximum. In 1936 the establishment consisted of 41 servants whose monthly pay bill amounts to Rs. 1,051 minimum and Rs. 1,531 maximum.

The percentage of cost of collecting assessed taxes to their total receipts was in 1900; 5.6 in 1920, it was reduced to 2.6; in 1925 to 2.8, in 1935, it rose to 3.7. It appears, therefore, that the cost of collection is not high, and it is much less than the cost of collecting octroi.

The Sholapur Municipality to tackle the problem of arrears like many other municipalities; but it is not so very serious here as at Poona. During the last ten years about 7 to 8 percent of the total revenue demand remains in arrears. Large amounts have also to be written off every year. **The** Government Auditor remarks, "this loss of revenue can be avoided if strict executive action is taken against the defaulting citizens,"

Public safety;-

(a) Fire Service;- It appears that no provision for the Fire Service was made till the year 1878, and consequently, no expenditure was incurred on it. In the report for the year 1885, we are told that the Municipality had maintained two small fire engines, they were very crude as they had to be driven with the help of human labour. The following figures indicate the growth of expenditure on this service.

Year,	Establishment.	Houses	Appliances.	Repairs.	Total.
	Ps.	Rs.	Rs.	Rs.	Ps.
1885	.	.	.	.	522
1892	300	99		2	445
1900	300	154		95	562
1915	1,189	-		149	1,381
1920	1,392	954		13	2,378
1925	2,009	-		16	4,496
					(Building -2,448)
1930	3,075	525		656	4,267
1935	3,084	1,417		536	6,658
					(Building -1,603)

It appears that the Municipality did not spend much on the service till 1905 in which year, however, a new fire engine was purchased at the cost of Ps. 3,357. The two old fire engines were soon out of order, and could not be used. There was only one fire engine till the year 1922. One more engine was purchased in that year. The equipment of the fire Brigade was most inadequate, in 1922 about Ps. 10,054 were spent on a new engine, hose pipes and fire hydrants. The construction of the fire brigade building was undertaken in 1925, and some structural additions were made in 1934 and 1935. The municipality aims at opening three fire brigade stations in different parts of the city.

I o a-

The following figures indicate the expenditures in which Sholapur and Poona city municipalities spend money on this service.

Year.	Poona.	Sholapur.
1900	1.3 percent.	.3 percent.
1915	1.3	.4
1920	1.1	.5 "
1925	.6	.5
1930	.6	.4
1935	.5	.5

Till the year 1920 Poona spent a much larger proportion of their revenue on fire service than sholapur Municipality. Since 1925, however, there is not much difference in these proportions. But that does not mean that the fire brigades of the two cities are equally efficient or well-equipped. The Poona municipal fire brigade is the most efficient and upto date one in the Central Division.

In 1912 the Sholapur fire service establishment consisted of 14 servants whose monthly payment amounted to Ps. 170 minimum and Ps. 188 maximum. In 1936 this establishment consisted of 23 servants whose monthly payment, however, amounted to Ps. 550 minimum and Ps. 696 maximum.

(b) Lighting Service:- This service has been performed by the municipality ever since it was founded. There has been vast improvement since then both as regards the method and scale of the service. That sholapur had the best lighting arrangements in the Central Division during 1879-80 will be clear from the following information.

Town.	8 Length of j jj Poads. / 8 Miles. 8	No. of Lamps.	8 Average no. J of lamps per f miles.
Ahmednagar.	16	125	7.8
Dhulia.	16 nearly.	60	3.7
Nasik.	21	215	10.23
Poona.	46	460	10
Sholapur	16	394	24.75
Satara.	11	129	11.7
Central Divisions.	33S	2,278	6.7

As in most of the cities and towns, kerosene oil lamps were used in Sholapur for lighting purposes. A number of lighters had to be maintained, large sums had to be expended

for purchasing oil, new lamps and materials and for repairs. The growth of expenditure on this service will be observed from the following figures.

Year, g	Establish-ment. RS.	-1 Oil. Rs.	5 Lamps ana i material. Rs.	{ 8 Repairs, g Rs.	8 Total. Rs.
1878			»	»	3,560
1900	-	-	261	73	4,120
1915	3,364	7,558	2,038	672	13,634
1920	3,705	7,290	709		12,357
1925	4,999	9,896	2,311	Eletf-3,830 trie energy.	21,657
1930	4,753	7,411	252	" 4,446	26,993
1935	5,538	6,322		" 17,203	35,283

The total cost of lighting increased by only 15 percent during 1878-1900; but much of the increase occurred during the next fifteen years when expenditure rose by no less than 230 percent; during 1915-1925 by 58 percent; and during 1926-36 by about 63 percent. The total increase during the period under review was over 891 percent. It will also be clear that establishment and oil absorbed much of the revenue devoted to the service. But when the Kerosene lamp system gave way to one of electric lighting, expenditure on oil decreased gradually. But it is not known why the municipality should now maintain a large number of servants in the lighting department. The system of electric lighting does not really require a large staff of servants; and there is enough scope for economy ewr the present staff is reduced considerably. In the case of the Poona i/tunicipality we have noticed much reduction in expenditure on staff and oil since the introduction of electric lighting, we shall now consider the proportions in which expenditure on this service is being incurred both at Poona and sholapur.



Year.	{	Poona		Sholapur.
<b>1920</b>		3.3		<b>2.6</b>
1925		<b>2.6</b>		2.5
1930		2.0		2.9
1935		<b>2.6</b>		<b>2.6</b>

though during the first two **decades** Poona **spent** more on lighting than sholapur, recently the two Municipalities incur expenditure in more or less the same proportion. **The** sholapur lighting establishment **consisted** in 1912 of **6** servants receiving Ps. **60** per month. In 1936 it consisted of 30 servants receiving<sup>s</sup>. 614 **minimum and** Ps. 741 maximum per month.

The system of electric lighting was **introduced by** the Sholapur Municipality **in** 1926. The electric energy was supplied **by** the sholapur Electric supply Company **at** the **same rates** as were charged to private consumers in the city. The **Municipality entered** into an agreement with the Company in 1928. **The** following are the **important** terms of the agreement:- (a) The Company to supply electric energy to the Municipality for a period of ten years from 24th September, 1929 to 23rd September 1939 for street lighting; (b) The Municipality to pay to the Company for all electric energy supplied to them for **street** lighting **at** the rate of Annas 4 per unit of energy consumed provided that if the Company reduces its present general **charges** per unit to the public there shall be a proportionate reduction in the said charges between the Municipality and the Company. The said rate shall include the cost of replacement of lamps and maintaining the installation **in** proper condition by the Company, provided in case of breakage due to riots or unforeseen acts of God, **the**

cost of replacement shall be borne by the Municipality. (c, The Company to undertake lighting of streets mentioned in the 3rd schedule to be lighted after the completion of the streets in the 1st and 2nd schedules. The schedules are as under:-

No. of lamps under schedule I - 663  
 No. of lamps under schedule II - 506  
 No. of lamps under schedule III - 200

owing to general development and further extension of the city this figure is to be increased.

On inquiries being made it was found that the Company has fulfilled most of these conditions, there being at present about 1,450 lamps in the city. It should be noted that the Sholapur Municipality was fortunate enough to secure the electric supply at cheaper rates than those paid by the Poona Municipality. It may well be recalled that the Poona Municipality had to pay Annas. ~~88~~ per unit till the year 1934 after which, however, the rates were reduced to Annas 4j. The figures showing the expenditure of Sholapur Municipality on electric Consumption are as under:-

Year.	{ I	Expenditure.
1925		3,830
1930		4,446
1932		8,977
1935		17,203

There is still much scope for further extension of electric lighting in the city. At present there is considerable expenditure on Kerosene lamps -which can advantageously be reduced gradually by extending electric lighting. The existing

agreement with the Electric Company expiree in 1939, and the new agreement provides for the reau0?^ rate of /innas\ 3 'pies' 4 per unit of electricity.

V/e shall now consider the activities of the municipalities for the promotion of public health, sanitation, and general conveniences. The prominent among these is the supply of water to the citizens, since the efficiency of any municipality could mainly be judged from the necessary steps taken by it for ensuring an adequate supply of pure water for the city. It will be clear from the subsequent account that, in spite of the complex nature and magnitude of this embarrassing question, this municipality has succeeded to a great extent in tackling^ilife-the same.

Water Supply;- Owing to the usual shortage of rains in this district^which is known as a famine district^and the rapid expansion of the town, the problem of pure and adequate water supply has ever been a matter of anxiety to this municipality. Originally, since the establishment of the Municipality In 1853.and for a number of years thereafter till about 1880, the Shidheshwar lake formed the only main source of water supply and the municipality had to spend thousands of rupees in maintaining the same. But the lake proved to be quite inadequate to meet the growing needs of a rapidly developing town. And it was not infrequently that an extreme scarcity of water was always keenly felt during the summer time and especially during the famines which were of the worst type during 1876-78. Thus, while the municipality was looking for some other source of water during such-critical times, fortunately, the provincial canal which was then supplying water mainly for irrigation purposes from the vast lake known as the Ekruk Tank and which was then recently construct-

constructed in 1876, at last came to its rescue.

As a result, the first comprehensive water supply scheme was launched in 1881 at a cost of Rs. 2,18,799, which the Municipality had to raise by means of a loan in the markets.

The population provided for in the original works was 50,666 and the supply per head was taken as 5 gallons per day, thus making a daily supply of about 25 lakhs of gallons, which was considered sufficient for the then requirements. But with the advent of water supply facilities and the general prosperity of the town due to its industrial growth, the population increased rapidly to 89,424 in 1901, and consequently the daily consumption of water also increased from 25 lakhs of gallons to 90 lakhs of gallons per day in 1901. To meet this increasing demand the municipality had to carry out further various improvements and extensions in connexion with this water works during the years 1880-1901 so as to ensure the then necessary supply of about 10 gallons per head. But on account of a further rapid increase in the population, the works provided for upto the year 1901 had again to be supplemented, and hence, another comprehensive scheme was sanctioned by Government in 1910 and further improvements and extensions were effected in 1915-1916 at a total cost of Rs. 4,20,361, and a provision for a population of one lac with a daily supply of 15 lakhs of gallons at the rate of 15 gallons per head made.

However, the population of the town still further increased to 1,13,888 by the year 1921 and thus, it having outgrown the provision made in the scheme of 1915-1916, the overhauling of the whole water works was again found

eminently desirable. So in 1921, the Municipality in consultation with the Government Sanitary Engineer drew up a comprehensive scheme estimated to cost Ps. 20,06,500, thus making provision for a population of 1,36,000 at an average rate of 20 gallons per head. But the consideration of the details as well as the question of financing the scheme having taken an inordinate time, and the population also, **in** the meantime, having steadily increased, the provisions **in** the scheme of 1921 were found inadequate to meet the ever increasing demands of this developing city.

The proposals of the old scheme were reconsidered in 1930 and so modified as to provide a daily supply of 5 million gallons of which 4.85 million gallons will be for the prospective population of 1,80,000 of the year **W&1%** at 27 gallons per head, 0.16 million gallons will be for the industrial and commercial requirements. This whole scheme, is estimated to cost Ps. 20,48,000.

However, the financing of the scheme could not be arranged immediately, as to the Government owing to their stringent financial position, could neither promise a grant-in-aid nor provide a loan. Hence, the Municipality decided to raise a loan in the open market and applied to Government for the necessary sanction. The sanction was delayed for a very long time, but in the meanwhile the population rose to 1,35,574 **in** 1931. The Municipality was, therefore, compelled to undertake the immediate execution of the urgent stages of this scheme from its own revenues and savings. The third engine of the stand-by Pumping Plant was opened **in** 1934. Thus, in spite of the extreme delay caused for the preparation of this scheme and the sanction to raise a loan on the part **of** the Government, the Municipality, by self-help and forced

adjustment of its budget, has somehow or other succeeded in reducing the original amount of the loan, Rs. 20 lakh, to a great extent and hopes to reduce it still further to a necessary minimum of Rs. 8 lac's only.

such is the history of the sholapur water works, we have now to state briefly the present system of water supply in the city. The supply is brought from the Ikrak Tank through a Kurae Pipe gravitation main (30" in diameter and 14,000 ft. long) and is delivered into a settling tank at the pumping station where it is chemically treated under technical control. The treated water is then pumped through a 24" cast iron rising main into three service reservoirs and then distributed to consumers in pipes. There are about 348 public standposts and 4,557 private connexions\* approximately. The public water supply is operated and controlled by the Municipality. The average quantity of water provided daily was 40,13,907 gallons, the average per head consumption per day being 29.5 gallons on the basis of 1931 population and 27 gallons on the estimated population in 1936. The system of supply is an intermittent one, hours of supply being 5 to 10 A.M. and 5 to 8 P.M.

We shall now consider the expenditure on the water supply service ever since it was introduced.

In the beginning the cost of maintenance was much high. The steam engines were not efficient and needed much consumption of coal, wood and oil, But in 1891, the Municipality installed a new and improved engine, the result being much reduction in maintenance cost. We have considered in the discussion figures for the current expenditure only, omitting those for capital outlay. During 1885-1900 the expenditure decreased by 6 percent due to reasons stated above; during the next fifteen years it

rose by 141 per cent. Between 1915-1925 it increased by 150 per cent; and between 1925-35 it shows an increase of 6 percent only.

The major part of the funds has been spent over the purchase of water from the Irrigation Department and purchase of wood and coal necessary for the working of the pumping stations, The next important item is that of the staff which had to be strengthened gradually, with the increase in the scale of the service. In 1912, the staff consisted of 26 permanent and 4 temporary servants who received Rs, 459 minimum and Rs. 551 maximum per month. In 1936 the establishment consisted of 52 servants whose minimum monthly bill amounted to Rs. 1,478.

It also appears from the above table that the Municipality has only recently become alive to the necessity of chlorinating the water supply. No expenditure was incurred on this item before 1924. The Municipality has also constructed the Alum filter at considerable cost. The urgent need of the Municipality now is the filtration plant to ensure the purity of water supply. But this costly scheme, the Municipality has decided to carry out by raising a loan in the market in due course.

It now remains to consider how far this important service has developed in its scale since 1880. In this connexion, we believe, the statistics of the average quantity of water pumped daily, per head consumption of water, and the number of private water connexions in the city may give a fair indication of such development:

Year.	i i l	Quantity pumped daily. -Gallons.-	ii ii ii	Per head Consumption. -Gallons.-	jj 12 ii	Private connexions.
1885		4,39,451		3		188
1890		5,91,161		9		554
1899		7,41,500		11.7/8		892
1917		11,92,812		13.00		
1925		19,43,671		17.06		
1930		13,01,283		16.96		3,000
1935		40,13,907		27		4,557

The figures for per head consumption suggest that **it** is much smaller than that at Poona (55 gallons in 1926 and 35 gallons in 1937). The reasons are not far to seek. The system of flushing privies which requires for its satisfactory operation a very large quantity of water does not obtain in Sholapur. With the adoption of this system the per **head** consumption is bound to increase. But in that case, we fear, the present Ekruk **Tank** may not be sufficient to meet the growing demand for water, and eventually the Municipality might be compelled to have its independent additional water source.

It will also appear that the number of private connections is not commensurate with the number of houses in the city and the total population. Many people have to go without **private** connexions due to the high price of water charged by the Municipality.

Drainage;- It is rather surprising that for a long period even after the establishment of a municipality in Sholapur, this service was not provided to the citizens who, therefore, were left to themselves to dispose of the night-soil and sewage. It is easy to realize the deplorable state of sanitation and public health during that period. The service **was** ultimately introduced in the year 1878, and to **meet its**



cost a special conservancy cess was levied on the citizens. But the town had neither internal nor surface drainage system as yet. The project involved heavy capital outlay which the Municipality was unable to incur until its old water works loan was fully liquidated. But the necessity of having such a drainage works became imminent with the increased consumption of water in the city. The Municipality, therefore, constructed open surface drains and underground sewers on a modest scale. The work was undertaken in 1880 and continued till 1900. We produce below the figures of expenditure since 1878.

Year,	New Drains.	Repairs to old Drains.	Lftno^i Nalla Repair,	{LAndJci Kallaj fi const.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.
1878	-	-	-	-	116
1885	-	-	-	-	332
1892	959	646	-	-	1,606
1900	2,467	809	41	-	3,324
1916	4,768	959	276	-	6,004
1925	1,189	2,132	2	-	3,324
1925	21,688	2,679	1,023	-	25,392
1930	6,084	4,484	-	18,900	29,468
1935	14,414	6,546	1,435	2,753	29,469

For a growing industrial city steadily increasing its water consumption, efficient drainage is the most urgent need and cannot be neglected. due to serious Bhangee trouble, and the financial loss owing to the wastage of manured sullage water and growth of insanitary conditions. The figures above, however, indicate that the expenditure on drainage is rather modest. During the course of last sixty years large sums have been spent over new drains and the construction and Improvement of the Lendki Kalla, but we fear the conditions of internal and surface drainage in the city at present leave much to be desired,

and the Municipality cannot solve this question unless it is undertaken on a comprehensive scale.

The removal of liquid waste is mostly effected by a system of surface and underground drains. The sullage and ^wage^ coming from the surface and underground drains^are collected by three big nallas, two of which have been sewered and discharged into ohelgi Nalla which joins the Bala, a feeder of Sina river, ^he city is only partially drained and there are many parts of the city which are entirely undrained. In such areas, the liquid waste is received into cesspools which are emptied by sullage carts. No sewage disposal works of any sort exist at present, the disposal of sewage being carried out by discharging it into the nearest water course. The construction of internal drainage, outfall sewer and ^ewage disposal work cannot be delayed further without serious detriment to public health. We learn that the Municipality has already prepared 3 plans and estimates of the internal drainage scheme together with those of Sadar Bazar Nalla sewer. It has also submitted the plans and estimates of the extension of the outfall sewer from the Lower Lendki Nalla to the site for the disposal works. The estimated cost of the whole scheme is Rs. 5,27,236. It is to be hoped that the present popular Government will readily offer its helping hand to the Municipality and suitably assist it in carrying out the whole project before long

One word more and this topic will be closed. A visitor either from Poona or Bombay is likely to be shocked on the first day of his visit by the system of basket privies that obtains at Sholapur at present, and may ask to himself whether the municipal authorities were living in mediaeval ages. But there are serious difficulties in the way of adopting the

flushing or wash system of privies, the foremost being the adequate supply of water essential for its satisfactory working, with the existing conditions of water source the city, it is not only impossible but positively harmful to adopt the flushing system. The municipality will have to find out another and independent water source before it could think of introducing the system of flush or wash privies in the city.

We have now to give some attention to the other important service namely, Conservancy. There are four branches of this service which need to be treated independently. There are:- **(a)** Road watering; **(b)** Road cleansing; **(c)** Supervising agency; **(d)** Bhangee service . The following figures of expenditure may well indicate the extent of the growth of these services:-

Year.	Supervision.	Road watering.	Road cleansing.	Road watering.	Bhangy service.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1878	-	-	-	-	-	17,816
1892	2,397	3,762	346	21,737	28,242	
1900	2,205	6,891	64	24,709	33,870	
1915	6,036	8,692	1,390	-	40,695	
1920	9,332	14,420	1,219	-	-	
1925	20,618	20,109	5,641	73,606	99,256	
1930	28,038	23,766	6,618	73,675	1,32,096	
1932	28,313	45,704	4,381	77,619	1,57,017	
1935	29,380	45,193	7,152	1,02,981	1,84,708	

It must be made clear at the outset that there is much confusion in these figures. The classification is not uniform, there being frequent transference of items from one head to another. It is, therefore, difficult to compare figures of one period with those of any other. Mere guessing will not help much, and should be avoided as far as possible. But we can have a fair idea of the growth of conservancy service from the

figures of total expenditure.

Between 1878-1900, the expenditure rose by 90 per cent; between 1900 and 1915, it rose by only 20 per cent; during 1915-25, by over 143 per cent, and during 1925-36 it shows an increase of 86 per cent. The figures below indicate the proportions in which the Sholapur and Poona Municipalities expend their funds on this service:

Year, g	sholapur.	\$	Poona.
1900	22 percent.		35 percent.
1915	14 "		26 "
1925	11 "		14 "
1930	14 »		11 »
1935	13 »		9 "

It will easily be understood that till the year 1925, Poona municipality spent a much larger proportion of Its revenue on conservancy than did the Sholapur Municipality. After 1925, however, the proportion is in favour of Sholapur. But we have to take into consideration the fact that in Poona there has been a progressive reduction of expenditure on Bhangee service since the introduction of flushing privies and, therefore, a decline in proportion, especially after 1930.

Each branch of the service will be considered separately. Supervision Establishment: The Municipality has to maintain a staff of servants, superior and inferior, to direct, control and supervise the work of the menials. It includes the Chief Health Officer, Senior Sanitary Inspectors, ward Inspectors, Moj^adams and others. The growth of expenditure on the maintenance of this staff is indicated below:

Year, fi	Expenditure, Ps.	5 Year, jj	Expenditure, Ps,
1892	2,397	1920	9,332
1900	2,206	1925	20,618
1910	3,810	1930	28,038
1915	6,036	1936	29,380

During the first eight years, the expense decreased by 8 percent; during 1900-1915, it rose by 173 percent; between 1926 to 1935, however, it increased by 42 per cent only. Much of the increase took place between 1920-1925 when the municipal authority was obliged, due to pressure from the Government, to strengthen the sanitary staff and revise its scale.

In 1878, the sanitary establishment comprised one European Head Sanitary Inspector, 12 modams and 13 sanitary peons. In 1890, the establishment included one Head Sanitary Inspector on Rs. 1,080 per year, 17 Inspectors on Rs. 2,304 per year, 12 Modams on Rs. 936 per year.

In 1912 the staff consisted of 54 servants who received Rs, 795 minimum and Rs. 870 maximum per month. According to the existing schedule the establishment comprises of 64 servants whose monthly bill amounts to Rs. 1,934, the maximum being Rs. 2,772 per month. The increase in the number of employees since 1868 was necessitated by the increase in the amount of Supervision work, which in turn was the combined result of increased population, extension of the city, and increase in the scale of conservancy service.

"Road Cleaning:- This function has been performed ever since the municipality was founded. The municipality has

been maintaining a large staff of menial servants for cleansing the streets and lanes in the city and large sums are expended over this service every year.

Year.	j	Expenditure.	5 Year.	(	Expenditure,
	j	Rs.	j	j	Rs.
1885		4,296	1920		14,420
1900		6,891	1930		23,766
1910		20,706	1935		45,193

It is very difficult **to** derive any conclusion from these figures, marred as they are jnired by the lack of uniformity in classification. For Instance, expenditure on the feeding of bulls is sometimes included under Bhangy service, sometimes, **a** part of it is shown under Road Cleansing. The twisting of this item makes **a** world of difference, owing te its magnitude. ~\$he inevitable result being confusion in comparing the figures" . for different periods. Yet some.idea of the expansion of the machinery for read-cleaning may be had from the information aboutf' the staff employed from time to time.

In 1978 there were 54 road-sweepers for sweeping roads and lanes and 16 carts for removing sweepings, The number of sweepers rose to 63 in 1890. The removing of refuse was done partly by the municipality and partly by the contract system. There were 16 carts in all. The contractor was permitted to use the refuse for turning it into manure and pay the municipality ^s. 960 as the price of (the same> These 63 sweepers were paid Rs. 3,180 per year. In 1900 the establishment consisted of 9 Inspectors, 65 Sweepers and 6 carts. The net cost over it amounted to Ps. 6,636. The contractor employee 14 carts for

refuse reiuovax ana paiu Rs. 275 per month to the municipality. In 1912 there were 96 sweepers of whom 21 sweepers were paid Rs. 7 each £E\*?H ; and 75 sweepers at Rs. 6 each **sggr** in addition to these there were 13 gutter cleaners on Rs. 6 to 7 each. i\_n 1923 the number of sweepers increased to 162. The work of Kachara removal was done with the help of motor lorries. But the municipality^considering this system too expensive, once again introduced carts for the purpose.

At present the collection, removal ana disposal of refuse is managed departmentally. Street-cleansing is a function of Health Department, street sweepings anc domestic refuse are placed in bins, collected partly in motor lorries and partly in carts and oesposed off either **by** controlled tipping or by having it removed to Night soil Depot^where it is converted into poucrette and sold as manure. The daily removal of dust bin contents is ordinarily aimed at.eight lorries of lj tons cap<sup>55^</sup>\* t- each and 21 carts are employed in the removal of dust bin refuse.

The present cleansing service is most unsatisfactory. Both the refuse collection side and refuse disposal side of the work need to be properly developed. Improved types of vehicles should be employed in^Kachra removal and these should be provided with covers to prevent the diffusion of street particles of dust into the air. No imore old-fashioned uncovered bullock-drawn **vehicles/be** used. The service should be extended to **all** houses and every house should **be** required to have a standard sanitary dust bin. The excellent sanitary results of this system more than counterbalance the initial expense.

There are two methods of disposal of the refuse. The first is to incinerate the refuse. But it is more expensive

and involves some initial outlay, giving no revenue from the process to the municipality. The other method is to dump the refuse under certain prescribed condition. The present method of mass dumping is a legacy of the past and has little to commend it.

Road Cateringi- It appears that the municipality has not been sufficiently alive to the necessity of watering the streets in the town with a view to abate the dust nuisance, •It will not be far from truth if one thinks that the service is utterly neglected and disorganized. Municipal expenditure on it is ridiculous when compared with that in Poona.

Year, 5	Expenditure.	Year. 5	Expenditure.
5	PS.	(	il s •
1878	nil.	1920	1,219
1885	349	1925	5,541
1900	64	1930	6,618
1915	1,390	1936	7,152

It is admitted that some attention has been given to this service sim^r/recent years, but personal observations of the state of roads in the city do not indicate any marked improvement. The maintenance of streets in a clean state, free from dust and dirt, is one of the most important public sanitary arrangements, second only to Drainage and Sewage, although it is not usually looked on as of such value. Clean fresh air is as essential as clean fresh water. The first palliative for the abatement of dust nuisance is a systematic and more frequent recourse to water spraying. But the effects of water spraying are non-durable, and it is expensive. In



order (xxx **penuaienv.**, yao away with **Line** oust, nuisance the best remedy is the substitution of tar^frd or asphalt pavements for the present macadamized ones on all the streets exposed to heavy traffic. But so long as macadamized roads are in existence, street watering is eminently desirable, and in this respect the sholapur Municipality has not acquitted itself so well L... **i,ic** could justly expect.

Bhangee service:- This function was undertaken by the municipality in 1874, and since then due attention has been given to its proper execution. The expenditure on this service has developed as underj-

Year.	jj Establish-1 jj ment. 1 ^B.	jj Feeding of jj Bulls. jj Fs.	{New carts} jj & Bulls. jj Fs.	Repairs, jj jj Fs.	jj Total, jj jj Fs.
1892	7,794	3,009	573	136	21,737
1900	7,015	5,965	389	567	24,709
leas	13,868	15,909	2,695	1,935	-
1925	25,462	30,910	5,802	623	73,606
1935	<b>44,351</b>	31,733	2,565	374	1,02,981

For the proper disposal of,nightsoil sewage and cew- age water the municipality hasve&ae\* long been maintaining a large number'of bullocks, carts and drivers. A very heavy expenditure is yearly incurred on their maintenance and super- vision. The system had its 'ification when improved types of vehicles were either not available or- too expensive to maintain. But the continuation of this establishment of bullocks and carts is not desirable at present, **m** the first instance, the work turned out by the present method is unsatisfactory.

Secondly, it is most uneconomic, **A** very large portion of the expenditure has to be devoted to the feeding of bullocks, new carts and bullocks, and supervision over the same. If improved

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vehicles are employed for the disposal of sewage the work will be executed more efficiently, and at a much smaller cost. There is thus much scope both for efficiency and economy in the management of this service.

With the growth of population in the town the question of sewage collection and sewage disposal assumed large proportions. The staff of scavengers had to be increased from time to time to cope with the increased number of public and private privies to be served. In 1878 the establishment consisted of 107 Bhangees, and **b** carts **and** drivers for removing nightsoil. In 1890 there were 93 Bhangees who served 50 public and 2,204 private latrines. In 1899 there were 55 public and 2,559 private latrines served by 98 Bhangees and 12 carts and

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dr in 1912 there were 105 bhangees on Rs. 8 to 9 each and 14 night soil and 9 sewage carts. At present the sanitation establishment consists of no less than 312 servants whose monthly pay bill amounts to Rs. 5,058 minimum. There are now 190 Bhangees 29 night soil cart drivers, 18 night soil water cartmen, 38 water cartmen, and 15 gutter cleaners.

The city is served by a system of privies which are cleaned on the hand-removal system through municipal agency. In certain institutions and mills, however, water carriage system and septic tank latrines have been installed and water closets have been provided. There are at present 5,850 privies in operation. Night soil is removed in carts to the trenching ground, situated 3 miles from the city and disposed of by trenching on the Nasik System.

The present system of removal of privy contents is not satisfactory. Night soil carts are hauled over public streets very slowly much to the annoyance and disgust of the residents and passers by, and the introduction of a speedier and less' offensive method should be expedited. Motor-drawn vehicles and washing of the night soil carts may mitigate the nuisance. The municipality has, however, committed itself to an under-ground drainage system and in the existing state of affairs the most satisfactory thing would be to push on with the construction^ of the out-fall sewer and sewage disposal work, as expeditiously as possible^so that the pail depots connected with the sewer may be established and privy contents dumped through a man-hole directly into the sewer. This would practically mean the abolition of night soil carts and a proportionate saving of finance.

Sanitary Conveniences;- The municipal expenditure on public latrines, urinals and cesspools is not commensurate with public needs in these respects.

Year, jj	Latrines, Rs.	Urinals. Rs..
1892	718	-
1900	410	-
1916	462	
1926	1,884	746
1930	1,183	»
1936	10,980	1,262

In 1890 there existed 24 public latrines with £73 seats, most of them being provided on the outskirts of city. In 1899 about 65 public latrines with 800 seats existed. There

were in 1925 only 13 sets of such latrines, consisting of 625 seats. The municipality has only recently undertaken the construction of improved latrines and urinals at suitable places with a view to meeting gradually the urgent public needs in these respects.

Hospitals and Dispensaries- Attention may now be given to the arrangements made by the municipality from time to time to provide the citizens with medical facilities. The figures shown below give a fair indication of the growth of expenditure on medical service.

Year.	8 Estt. 8 Rs.	5 Meaicians. 5 Rs.	j Repairs. fi Rs.	5 Contingency!! j Ps.	Total. j Rs.
1878	-	-	-	-	3,094
1890	2,076	1,400	175	275	6,140
1900	1,850	787	388	226	4,068
1910	2,462	918	310	188	4,375
1915	3,188	5,589	169	371	9,472
1920	3,999	1,161	168	650	6,585
1925	5,846	4,894	175	750	18,064 (*1)
	5,540	3,942	344	430	17,025 (*2)
1935	10,208	9,005	922	1,418	23,31103}

It should be noted that charges on account of<sup>^</sup>Maternity Home were included till 1930 under the main head Dispensaries. But since then these charges have been shown under a separate head. The total expenditure on medical service increased by [only 31 percent<sup>^</sup>between 187<sup>^</sup>1900} during the following fifteen years, however it rose by no less than 182 percent. During 1915-25 it increased by 90 percent and during the last ten years 1925-35 it rose by 80<sup>n</sup>percent. During the whole period under review it rose by 951 percent.

(\*1) special Epidemics - 4,552, Building & Furniture - 1,305

(\*2) Building - 1,101, Maternity Home - 5,187

But these figures by themselves cannot adequately indicate the growth of medical facilities in Sholapur. In that case the following information may throw much light.

In 1878 there existed in the town only one charitable dispensary which was supported by the municipality. One more dispensary was opened in 1884. But for a long time thereafter no new dispensary was added. The third dispensary was started in the Saknar Peth in 1921. Thus there existed in 1925 only two dispensaries in the city and a third one in the Camp. A Maternity Home was started in 1927 for the benefit of women belonging to the poor especially the labouring class. A fourth charitable dispensary was opened in 1929, called the Jodhabhai Dispensary, the end of 1936 there were in sholapur five municipal dispensaries and one Maternity Home, in the same year the municipality sanctioned expenditure for starting a sixth dispensary In the city.

We have now to consider the extent to which these medical facilities have been availed of by the public. In this connection the number of indoor and outdoor patients treated in the dispensaries may be helpful.

Year, j	Indoor Patients.	Cut-door Patients.	Total.
1885	78	19,678	19,756
1890	138	21,795	21,933
1899	146	19,724	19,870
1923	81	22,943	23,024
1930	101	34,543	34,644
1932	467	65,126	65,692
1934	620	90,038	90,658
1936	612	91,172	91,784

The number of patients treated in the Maternity Home has been included in the figures. It will readily be understood that as late as the year 1925 the citizens did not take much

advantage of the municipal dispensaries, Recently, however, the number of such beneficiaries has been on an increase. Nevertheless, considering the total population of the town it would appear that this number is still small. Here it is necessary to state that in addition to municipal dispensaries there are other charitable medical institutions in the city which are maintained by the Millowners with a view to make available free medical facilities to the poor labouring class. Due to the existence of such private dispensaries the municipality has been relieved to some extent from its onerous responsibility towards the labour population, so far as medical service is concerned.

The municipality has also maintained one Infectious Diseases Hospital for the treatment of infectious diseases. Unfortunately, however, the hospital arrangements are utterly inadequate and deficient in important respects. It consists of a few delapidated houses hardly suited for the isolation and treatment of acute communicable diseases. Owing to its ill-equipped condition, the care and treatment rendered is decidedly unsatisfactory at present, and it is no wonder that the hospital should be very unpopular and hardly any one could be persuaded to remain there. The number of patients treated in the hospital was only 4 in 1932; 30 in 1934; 98 in 1935; and 36 in 1936. The greater number of patients in 1935 was due to the prevalence of plague in the city. It is indeed gratifying to note that only a few months back the municipality laid the foundation stone of a new building for the hospital at the hands of the Governor of Bombay.

The following figures show the proportions in which expenditure has been incurred on Medical service at Poona and Sholapur.

Year.	5	Poona	{	Sholapur.
1900		1.7		2.6
1915		2.5		3.2
1925		1.8		2.1
1930		2.3		1.8
1935		3.4		2.4

The variation in these proportions was in favour of the sholapur municipality till the year 1925. But recently the Poona municipality has been spending much more than sholapur. The reason is that recently the Poona municipality has been obliged to make a substantial contribution every year towards the maintenance of the Poona Infectious Diseases Hospital and similar such contribution to various local charitable dispensaries and hospitals.

Markets and slaughter-houses;— Under the provisions of the Act of 1901 and 1925 the municipality is responsible for providing markets and slaughterhouses at places convenient to the citizens. The municipality has not only to construct buildings for such markets but also to maintain a staff of servants for the proper maintenance of the markets and inspection of articles sold therein. The municipal expense on this item is as under:—

Year.	fi Estt.	fi Pepair,	8 Capital outlay.	8	Total,
	fi Ps.	fi Hs.	fi Ps.	<b>I</b>	Ps.
1885	-	-	<i>mm</i>		357
1892	348	530	<i>mm</i>		887
1900	347	393	684		1,436 (current-752)
1910	454	840			1,585
1915	438	308	Meet market	-311	1,667
1920	1,404	271			1,706
1925	1,047	952			2,368
1930	1,131	It 129	<i>mm</i>		2,8F5
1935	2,820	2, 699	Painting -	111	5,975

Taking into consideration the importance of Sholapur as a great industrial and commercial centre and also its growing population, it does not appear that the expenditure on markets and slaughterhouses is sufficient to meet the needs of the citizens; and the figures; **s**\*tami poor in comparison with those of the Poona municipality,

In 1865 there were in the town six markets\* Of these three were used for the sale of mutton, two for the sale of beef, and the remaining one **was** a fruit and vegetable market. Three markets were situated in the town, the other three situated in Sardar Bazar. These latter three markets were originally built by the Cantonment Committee, and were later transferred by them to the municipal authorities when the administration of the Sardar Bazar area was entrusted to the municipality. Besides these there were other four public markets assigned for the sale of cattle, wood, vegetable, grain and groceries. By the end of 1923 the city possessed three sheep and goat slaughter houses, five mutton markets, one more slaughter house and two **veretable** markets. But these were then considered inadequate for **u ra^xui^ L^V**eloping city. Conditions in these respects have not improved since then. The municipality has been obliged to grant licenses to 86 shops for selling meat in private shops owing to insufficient market accommodation. These shops are all scattered in different wards which fact renders the work of their supervision and inspection almost impracticable. The only way to escape from this state of things is to construct a number of small markets on sanitary principles. Then alone can private shops be **^U^xJtfiJ!** not otherwise.

The present slaughterhouses do not **seem** to **have**



been designed and constructed on proper lines and with due regard to their suitability for the purpose. They are all constructed in primitive fashion and do not reflect much credit **on** the municipality. The insufficiency and unsuitability of the premises **and** the disadvantages arising from the multiplication **of** slaughtering establishments all render satisfactory meat inspection impossible. Certain amount **of** nuisance from the process **of** slaughtering is inevitable. But in Sholapur conditions of nuisance have been aggravated to a great extent by defects in drainage, in water supply, and by the insufficiency and unsuitability **of** premises^combined with a marked want **of** cleanliness in the methods **of** slaughtering, dressing and preparing the meat. The business of slaughtering conducted as at present is not only a source **of** nuisance to the neighbours but also prejudicial to the health of the people in the localities concerned. In the existing circumstances there is but one plan for making satisfactory inspection possible and that is the creation of a Central Slaughterhouse.

Other Sanitary Measures:-

(a) Milk supply:- Methods of milkmen in the city are most objectionable. The milk sold is very bad and there is a large unsatisfied demand for fresh milk of^better quality. Draft-by laws for licensing and regulating dairies and cattle sheds and for securing the cleanliness of milk stores, milk stores, milk shops and vessels are under/consideration of a . select Committee.

(b) Other Foods:- Bye laws are in force for licensing and regulating premises used for preparing or selling articles **of** food. About 255 premises are **licensees** - 60 Boarding houses, **89** tea and coffee houses, **15** Bake houses, **19** Aerated water

factories **58** Sweetmeat shops, and 14 Mutton roasting shops. Licensing of these establishments has led to an appreciable improvement **in** the methods adopted by dealers.

(c) **Adulteration of Food:-** The Adulteration Act was applied to the city municipal district since 1937. It applies to all articles of food. The municipality has consented to enforce the draft rules under the Act. The municipality has also accepted the proposal of getting samples of food analysed for the purpose of the Act at the Public Health Laboratory, Poona, on payment of a minimum contribution of Ps. 500 per year for analysing any number of samples upto 100 and Rs. **5** per each sample **in** excess thereof. Only recently, however, the municipality has started its own public health laboratory for the examination of water supply, food samples, etc.

(d) **Regulation and Control of Dangerous or Offensive Trades:-** This question has hitherto received very little attention at **oue** hands of the municipality. Trades and occupations which are dangerous or a source of nuisance by reason of their noise, odours or dust, etc. are at present allowed to be established in all parts of the city without any restrictions as to their location or as to the manner of conducting such trades. If this is allowed to go unrestrictedly it will not be possible either to prevent an unhealthy, inefficient and hap-hazard growth and development of the city or to conserve the value of buildings and property by an orderly system of development and improvement of the city. In order to promote health, safety and general welfare of **the** city it is essential that **the** location of noisy, dusty and offensive trades should be restricted to certain suitable districts and localities where they would not affect the value of property or become a source of nuisance to the neighbourhood.

It is only recently that the municipality prepared the draft bye laws which are now sent to Government for approval and sanction.

Public ,yorKa:- We shall now consider those activities of the municipality which belong to the public works department. The construction and maintenance of roads and lanes in the city has been an important municipal function ever since its establishment. The figures of expenditure on this item are given below:-

Year.	Estt.	Buildings	Roads.	Others.	Total.
	Rs.	Ps.	PS.	T.B.	
1892	1,179	7,961	11,726	---	21,123
1900	1,087	2,184	9,063	-	---
1910	2,209	4,984	28,676	-	36,225
1915	3,694	1,100	26,304	Road widening:- 15,786	---
1920	4,463	2,054	17,920	26,715	51,740
1925	14,756	8,767	71,676	1,00,162	1,70,409
1926	12,984	3,647	45,793	1,24,313	1,82,147
1932	10,046	13,052	34,537	27,508	87,981
1935	10,345	541	39,370	55,431	1,09,668

These figures suffer from a serious lack of completeness. They also, indicate the deplorable absence of any definite policy in regard to public works. For instance, expenditure on road repairs in 1910 amounted to Rs. 26,746, but reduced later on to Rs. 19,088 in 1915 and to Rs. 15,619 in 1920. In 1926 the expenditure on repairs was Rs. 54,270 but which was subsequently reduced to Rs. 27,000 in 1935. One would have expected a gradual increase in expenditure on roads with a corresponding increase in the area of the city and the total mileage of roads. The natural conclusion, therefore, seems to be that sometimes roads are utterly neglected and sometimes huge amounts are spent over them.

It is regrettable that very little information should be available regarding the condition of municipal roads in different periods. In 1880 the total length of these roads was about 37 miles. The municipality in 1885 maintained 9 miles of roads at a cost of Rs. 5,435; in 1895 it maintained 14 miles of roads at a cost of Rs. 7,109 and in 1923 it spent not less than Rs. 43,184 for maintaining roads of the same length. At present the total length of all roads and lanes within municipal limits is about 51.23 miles, and the average expenditure thereon during the past five years is Rs. 62,612. The receipts from the wheel tax and tolls do not exceed Rs. 30,000. Hence there is no necessity of having a separate road fund as such.

Asphalt Roads:- After several experiments it was concluded that surface painting with two coats on ordinary trafficked roads, and grouting or prenex on heavily trafficked roads would, besides removing the dust nuisance, improve the appearance and life of the roads. The municipality desires to treat all the main roads with asphaltic material by providing Rs. 30 to-40/thousands every year for the purpose, the length of Provincial roads passing through the municipal area is considerable. The municipality has agreed to share half the cost on these provincial roads. But in the meanwhile Government abolished the tolls on motor vehicles which was recovered by the municipality, causing thereby a loss of Rs. 15,000 every year. Now the whole position has changed and the question of cost needs to be reconsidered in the light of these recent development. At present metalled roads measure 27.8 miles and asphalted ones are 3.08 miles.

We have already observed that the establishment charges of the Public Works have gradually increased due to the strengthening of the staff necessitated by increased Public works functions

Before 1890 the head of the department was an Overseer. In that year, however, a qualified L.C.E. was appointed to that post. In 1912 the public works staff consisted of 11 servants whose monthly salaries amounted to Rs. 256 minimum and Rs. 312 maximum. At present the Public works staff comprises 37 servants whose minimum monthly salaries amount to Rs. 1,427.

With a view to removing congestion in the city and widening the existing roads, the municipality has been spending huge amounts practically every year to purchase houses and lands. Figures for some years are:-

Year, j	Rupees.	Year.	Rupees.
1900	987	1913	21,635
1910	2,827	1914	2,050
1911	14,386	1915	15,786
1912	20,274	1916	15,200

During the last decade and more a sum of Rs. 1,62,513 has been spent for acquiring about 256 houses and lands, and 249 road lines have been drawn and sanctioned during the period. But the Government Auditor remarked in 1934, "Land acquisitions made for road widening during the last decade fail to indicate a definite programme or an effective implementing of the policy that must govern such acquisitions". About 249 road lines have been sanctioned, but not a single line appears to have been completed."

These remarks give added weight to our conclusion that the municipality has been working without any definite road policy as such and whatever work is turned out is done in a haphazard manner.

Let us now deal with the several schemes of town development and improvement the municipality undertook and completed during the past twenty years, and which properly belong to the

sphere of public works.

The ^evani Scheme;- This is practically the first of the big schemes launched by the municipality for town development in the year 1919. The original plans and estimates were revised from time to time. The scheme was fully completed in 1929 at a total cost of Rs.

Total Cost:- 2,60,000

P e coupraent:- 2,58,000

Rs. 2,000

The area of the scheme measures 35 acres and 23 gunthas out of which 11 acres have been reserved for park and playground 18 acres and 25 Gunthas were simply quarry holes, 5 acres and 37 gunthas were under big mounds of earth.

All these quarries have now been filled up and the mounds also cleared off. The municipality in addition to the works provided in the scheme, has carried out the water supply and under ground sewer scheme and also pacca surface drains scheme costing in all Rs. 78,000.

Gudda scheme:- A huge mound of earth to the height of nearly 20» to 25\* was stacked on the excavation from the Shidheshwar Tank, when it was excavated. This was inhabited by poor class people on the slopes and on the top were perched the latrines. All this site was cleared up by the municipality by filling the Hostel quarries with the debris. The reclaimed site was given to the ^hikshan Prasarak Mandli. The surrounding area which was also extremely insanitary was acquired and the whole area is now plotted out. Government sanctioned the scheme on 18th August, 1925.

Total area of the scheme	- 8 Acres 7 Gunthas.	
Land acquired	- 2 Acres 30 Gunthas.	
Land given for exchange of the Hostel quarry plot	- 4 Acres 20 Gunthas.	8 Acres & 9 Gun- thas.
Land given free	- 0 Acre 37 Gunthas.	
Cost of acquisition	- Rs. 92,510	
Cost of Development	- Ps. 48,248	
		1,40,758
Expected Recoupment	- Ps. 1,22,042.	

The area has been divided into 72 plots and of which 10 plots have been given for school and a separate plot reserved for latrines. The auditor remarks "These plots need to be sold immediately if the scheme is to be a financial success." here should be no indefiniteness about it".

Mangalwar Peth scheme;- This area is situated in the heart of the Bazar and, being most insanitary and congested, was acquired by the municipality as per G.P. of 4th August 1926. It is now being plotted out into 25 plots.

Area Acquired	- 18.77 Gunthas.
Cost of acqui- sition.	- Ps. 1,94,955
Cost of Develop- ment.	- Rs. 5,236
	2,00,191

Out of the 26 plots, 14 plots have been sold, the recoupment on these being Rs. 1,32,509. The municipality estimate that the remaining 11 plots can be sold for at least Rs, 80,254, If the expectations prove true the scheme will be a complete financial success. In the meanwhile the Government auditor is pressing the municipality to dispose of the plots immediately. The highest rate paid for was Rs. 60 per sq. ft. The more recent rate being Ps, 56-8-0 per sq. ft.

Wader Gaily scheme:- This area was also quite close to the Bazar and, being inhabited by the Depressed Class people, **was** a constant source of nuisance. The scheme was sanctioned as per G.P.No, 9531 dated 1st October 1909 and completed in 1921.

The area acquired measures 10 Gunthas.

Cost of acquisition. - Hs. 43,776

Recoupment. - Rs. 59,282

Town Planning Scheme No. 1:- The Town Planning Act was made applicable to the eastern portion of the town in the year 1925 and the scheme was launched with a view to removing slums and insanitary areas in the town particularly from Telangi Pachha Peth, Begaum Peth, etc and provide for the public and dishoused people better accommodation with sites developed on healthier and systematic lines and within easy reach of the poor such as weavers and backward classes.

Total area of the scheme - 1,076 acres.

Period of preparation of the scheme through various stages - 8 years.

Final sanction received on 1st March 1933.

Although the maximum period for full development is 15 years as per stipulation in the final scheme, still the major work have been completed by the end of 1938.

Total cost of the scheme :- **Ps.** 2,04,960

(a) Preparation cost - Ps. 10,192

(b) Cost of works. - **Ps.**113,000

(c) Compensation. - Rs. 81,768

Total Cost. - 2,04,960



Total Cost ...	2,04,960
Contribution by Owners. ...	1,28,448
Net cost of the scheme to muni- cipality...	76,512
Area of Government Plots.	- 199 A. 6 G.
Contribution by Government.	1,512.

Area of public sites reserved for markets, playground schools, gardens, latrines, etc. - 53 Acres 25 Gunthas.

The Municipality has completed all the works that were to be executed during the first year which included acquisition of 75 properties costing Rs. 15,000; construction of roads costing Rs. 22,755, providing plinths for dishoused people of the repressed class, etc. at a cost of Rs. 1,554. The total cost being Rs. 39,309.

The municipality during the second year provided Rs. 1,00,000 and executed such works as Water Supply, Construction of road culverts and side drains etc. New areas brought under colonization admeasure nearly 39 acres during the last year and particularly include S.No. 159, Mitragotri's plots and F.P. No. 44 and 45. The Telangi Pachha Peth the greatest slum area occupied **by** nearly 300 tenements has been much improved by wide roads and construction of pucca drains etc. and the people feel great relief for the above improvements and particularly for the change of tenure from leasehold to freehold.

The municipality in 1936 constructed a special Elevated Reservoir of 2 la<sup>^</sup>s gallons capacity for the water supply to the area. Out of the total contribution of Rs.1,28,448 the municipality has so far recovered Rs. 1,07,689. steps are

being taken to recover the balance.

Town Planning scheme No. **II\***:- The Town Planning Act was made applicable to the area situated towards the North on 12th August 1926 and in addition to the general object of improving the insanitary areas in the town, the scheme was launched to allow sufficient room and communication to the growing industries of the town such as oil mills, Jinning factories, grain shops etc. and, make provision for godowns or warehouses, "the area being quite close to the trade centre would soon be completely developed. The cotton mills being close to this <sup>^</sup> number of mill-hands and poor class people working in the town' would form colonies and housing societies and they are now waiting for proper communication and amenities only.

Town Planning scheme No. **III**:- The area included in the scheme admeasures nearly **890** acres and the municipality have declared their intention of applying the Town Planning Act on 7th June 193<sub>1</sub>. This area is inhabited by all class of people from poor to rich, and the Southern portion would practically be a suburb of the Sholapur Town. The area just to the south of the Hospital is highly **connected**. and most insanitary and the scheme would provide for the removal of such sites and housing the dis-housed. No sites are available in the town for middle class people and it is expected that there would be a greater demand from such people for sites. The scheme has been sent to Government for sanction, **AS** Government have already sold several plots out of this area in a hap-hazard way without a proper development plan and without providing any amenities to the public, in spite of recovery of flat values, public look to the municipality for relief. Although the Municipality is anxious to redress their grievances still as most of the land is on contraent tenure and belongs to Government it has been found practically impossible

to undertake any scheme particularly in view of the unhappy experience in the case of Forest Development Scheme.

The total estimated cost of the scheme - Fs.	2,46,566
Estimated contribution from the holders of land.	1,78,977
Net cost to the municipality.	67,589

Housing of Depressed Classes;- The outskirts of the city are teeming with crowded and insanitary huts - a source of danger to the whole city and ^jhose who live in the area. The municipality has secured (as^adequate plots of ground in Town Planning Scheme No. 2 for Manga Colony at a cost of Fs. 16,362. The Maharwada in the same scheme will also be developed for the Mangas and Mahars. The municipality has dropped the idea of selling the strips of lana near Baliwes and decided to plot it out on proper lines and permanently lease it out to Mangs tenants who have been occupying the said plots for many years past. Sanction for acquiring a portion of Old Judge's Court plot measuring iu acres has also been obtained for housing Harijans in the area. In the proposed Town Planning scheme No. **III** a large area measuring 8 acres has been reserved for housing plots for Harijans. A large area bearing final plot **No.** 44 in scheme No. 1 is also reserved for Mangas and Mochies. The cost of the plot and plinth provided for them is being recovered by easy instalments and by special concession in the amount itself. In the forest locality, a portion of the Goodalls Banglow plot has been utilized for Harijans.

Survey No. 94:- The Government had given this No. to the municipality for development on 26th August 1867. ^he municipality has recently filled in the big quarries and has reclaimed land measuring about 52 acres and 27 Gunthas. A layout has been prepared for the whole area and reservations have been made therein for cattle bazar, slaughter house, mutton

market, latrines, and timber depots. The municipality has laid out the whole area and proposed to sell plots out of it to weavers and other poor backward class people. The whole development is estimated to cost nearly Rs. 1,00,000. Unfortunately, this area was omitted from T.P.Schemes No. 1 and II, and the municipality will have to spend wholly from their current finances as no contribution for improvement could be charged from the occupants.

We have considered most of the important scheme of town improvement, space, however, forbids us from dealing with other schemes such as the Forest Development Scheme, Chambhar Wada Scheme, Mitragotri's scheme etc.

Public Instruction;- we have already observed in the introductory chapter that the educational efforts of this municipality prior to 1884 were confined to a yearly grant of Ps. 1,600 to the Local Fund primary schools. Schools, primary or secondary, started or maintained by the municipality from its resources, did not then exist. It is possible that the municipality was not then considered a proper agency for the spread and promotion of learning. The responsibility was then assumed by the Government itself.

The control and management of the nine Local Fund Schools in Sholapur were made over to the municipal authority on 1st April 1886. The imparting of primary education in the town became henceforth one of the important municipal function, though the real responsibility of the municipality in this respect increased after it was declared in 1923. The following figures illustrate the growth of municipal expenditure on Public Instruction.

Year.	J Teachers, { pay & I • j Servants} I Rs. (	Provident II & Pension jj Fund. { Rs. (	Rent & Taxes. Rs.	{Grants to {approved J Schools. I *s. I	5 Total, I I 5 Rs.
1885	3,914	177	741	«	5,308
1890	5,795	118	943		7,525
1900	8,161	437	1,537	8,676	20,044
1910	25,258 *	-		3,666	28,814
1915	35,325 *	-	•	1,500	36,825
1920	70,587 *	-	•	2,484	73,072
1925	66,907	7,467	13,228	4,423	1,06,661
1930	87,572	7,080	19,970	11,516	1,72,293
1935	95,861	7,940	22,685	13,786	1,66,632

\* The figures for these three years indicate total expenditure on Primary schools, Details of expenditure are not available.

It will be seen that during 1886-1900 the increase in expenditure was 277 percent; during 1900-1915, about 83 percent. There was once again a spectacular increase of 189 percent during 1915-1925. Much of this increase, however, took place after 1920 when the responsibility of primary education became the responsibility of the municipal authority. During the later ten years from 1925 to 1935 the increase was 56 percent. It will also be observed that a very large portion of this expense is absorbed by the salaries of teachers and other servants. The establishment of teachers and servants has been strengthened from time to time with the growth of primary education in the city. There was an abrupt increase in expense on establishment after 1920 when the municipality, as Local Authority under the Act of 1923, had to open additional schools and increase the number of teachers. It also introduced gradually such new schemes as Adult Education Scheme, Compulsory Education schemes etc. The increase in Grants to local non-municipal school may likewise be explained, **AS** a Local Authority the municipality has been empowered to approve and inspect

the local private primary schools, and make yearly grants to them according to their efficiency. The number of such schools increased after **1925**, and with the amount of grants.

The following table will help the proper understanding to the growth of education in the city.

Year,	No. of Schools.	No. of students.	No. of Teachers/	Average of	Cost per each pu- pil.
1885	10	963	35	27.8	Ps. 6-0-2
1890	12	1,252	46	26.7	6x8-6
1899	13	1,966	59	21.3	-
1916	22	4-3 classes	146	20.7	17.01
1923	30	4,967	169	31.7	16.1
1925	33	5,278	188	34.3	a.
1930	37	7,425	228		
1934	38	9,518	304		
1936	42	11,662	346		

The figures speak for themselves and need no elucidation. But a word may be added with regard to two points. The teaching staff had to be increased with the increase in the number of students. The average number of pupils under one teacher was **27.8** in **1885**. This average increased to **34.3** in **1936**. But it is not very far from the average in the Presidency which is **31.7** at present. We have also noted that since **1890** the average cost per student has increased by about **150** percent, in **1934\*** the average cost was **Rs. 15.1** in Sholapur. The same figure for other municipalities in the Presidency is **Rs. 22.7**. It can, therefore, be concluded that the Sholapur Local Authority has been managing their schools with utmost economy.

Let us now consider the other educational activities of the municipality besides those already dealt with.

Adult Education:- The Sholapur city offers vast opportunities and possibilities for the imparting of elementary instructions in the three "Ps". It has a growing population of mill-labourers and weavers which indeed needs to be saved from the malady of illiteracy and ignorance. We do not know whether the existing labour union in Sholapur have any such educational programme before them. But the municipality have been maintaining nine classes and six aided classes where 492 persons are taught. All these pupils are adults, and belong to the poor labouring class. It must be emphasized again that there are still great opportunities in this direction, and that the present arrangements fall short of the needs of the labour population. The total number of pupils in the city bore in 1890 a percentage of 5.3 over the entire population. The same percentage was 11.3 in 1936.

Compulsory Education:- Immediately after the enactment of the Education Act of 1923, the municipality prepared a detailed scheme introducing compulsory primary education in the city and sent it to Government for sanction. The Government, however, declined to approve the entire scheme for a grant-in-aid. It had, therefore, to be modified in important respects. At present compulsion is enforced only in certain parts of the town and any extension of the same to the other parts has been arrested owing to the refusal of the Government to help such a move and the obvious inability of the Local Authority to bear the entire cost of the scheme. It will thus be clear that, as in Poona or Ahmedabad compulsory Primary Education has made very little progress during the last ten years and more, due to the indifference and unsympathetic attitude of the Provincial Government.

Technical school:- Sholapur as a centre of textile industry and other minor industries, has been an excellent field

for the promotion of technical education. But there was no institution, Government or municipal, where this education could be imparted. It was only in 1930 that the present municipal technical school was started, and subjects are taught in accordance with the syllabuses stipulated by the Committee of Direction for Technical Education, Bombay and students are presented for examinations held by that Committee, in addition, there are certain other crafts which are taught, Cane-work, Wood-polishing and Staining, Fretwork, Lathing brass, copper and iron pots, Tin Smithy, Engraving on metals, Durrani weaving, manufacture of pile carpets, Hosiery etc. Examinations however, are not held in these crafts.

At present there are 104 students in the school. Articles manufactured by students are often placed in the Exhibitions held in this presidency and outside, where they are much appreciated and rewarded. As an encouragement to Technical Education, the Committee of Direction for Technical Education, Bombay, make an annual grant of Rs. 1881 to the Institute. The Vishnu and Laxmi mills of Sholapur give Rs. 180 per month for giving scholarships to students, and also pay the salary of a Special Weaving Instructor. The Government have instituted seven scholarships of Rs. 3 each to be rewarded monthly to deserving Harijan students

But in view of the annual expenditure of the Institute which is about Rs. 20,000, and also the necessity of expanding its activities, the present resources are inadequate. It is suggested that the municipality should request the Government to recognize the school for a special grant-in-aid in view of the fact that it is imparting such useful instructions as would enable young men to lead a decent and honourable life. The Local



mills also can render much help to the school in its present activity and make it a model technical school in the Central Division. The progress of the institution during the past six years is remarkable and encouraging and we can reasonably expect that it will play a prominent and useful part in the future industrial life of the city.

Part XXI - Municipal Revenue.

Having discussed so far the expenditure of the municipality and the services rendered by it, we shall now consider the resources of the municipality wherefrom these services have been financed. There are various sources from which the municipal revenue is derived. In the first place, the municipality has the power to levy certain taxes, such as the tax on houses and lands, and octroi duties on articles entering the municipal limits. Secondly, the municipality levies certain rates on those citizens who derive direct advantages from the specific municipal services. Thirdly, the municipality has been empowered to levy fees of which some are prohibitive and others only regulative in character. The municipality owns some property which yields regular revenue to its treasury. The income from Grants is a regular and growing source of revenue. These Grants are received from the provincial Government, Local Fund and philanthropists, some of these grants are specific, while others are general in character, It will be our endeavour now to discuss the development of each of these sources, their justification and position in the revenue or financial structure of the municipality.

Year.	J	Total Nat Reve-	I	Year.	j	Total Net Reve-
11	11	nue.	11	5	1	nue.
11	11	Rs.	8	I	I	Rs.
1878		58,640		1915		2,86,914
1885		1,26,220		1920		4,68,622
1895		1,43,650		1925		9,74,392
1900		1,23,157		1935		10,54,744

Between 1878-1895 revenue increased by over 115 per cent. This was due to the levy of new rates like the water-rate and conservancy rate, and a large income from municipal property and conservancy receipts. During 1885-1895 it rose

gradually by 13.8 percent. But during the next five years namely 1895-1900, **this** increase was wiped off by a decrease of 14.2 percent in the total receipts. This abrupt fall in income was the result of dwindling revenue from octroi duties and conservancy receipts. During the next fifteen years from 1900-1915 the net income rose by about 132 percent. This increase was due to increased receipts from all sources particularly octroi and the levy of a new tax on houses and lands. During 1915-1920 the income rose by 63.3 percent. During these five years, however, **the** condition of **the** municipal treasury was precarious because sources of revenue did not expand to the same degree as the items of expenditure. The Government had been pressing the municipal authorities time and again to increase the rates and taxes and revise the time-old octroi schedules. Being confronted with acute financial stringency, the municipality carried out most of the instructions of the Government in respect of taxation, the result being an increase of over 107 percent during the period 1920-25. The next ten years witnessed a very gradual increase in resources namely 8.2 **percent**, when receipts from major sources became practically steady.

We have now to consider the nature and composition of municipal income from period to period. In this connection the following statistics may throw much light (figures in percent/.; -

Year,	il Kates & 8 Taxes,	jj Property & il Powers. 1	jj Grants.	jj Miscellaneous. *
1878	81			
1892	72	22	3.4	1.1
1900	71	19	2.9	4.9
1915	72	15	4.8	6.9
1920	65	24	7.3	2.8
1925	61	29	6.4	<b>2</b>
1930	75	10	10.5	3.2
1935	81	11 .	6.2	1

It will be easily understood that the entire financial edifice of the municipality is based on income from Rates and Taxes whose proportion to the total net revenue has been steady throughout the period. The next important source is that of property and powers. Though the income from it has risen from Rs. 30,768 in 1892 to Rs. 1,19,513 in 1935, it indicates a decreasing proportion to total revenue. Receipts from Grants have increased both proportionately and absolutely in amount. The figures of miscellaneous income may not be taken very seriously since they lack in cohesion and uniformity of items.

The next important question in this connection is whether the proportion of purely tax income to total revenue has increased or otherwise during the period. In that case we have to omit the Income from rates as such, since they are levied for rendering certain specific services to those who pay for them. They cannot properly be called Taxes though an element of taxation be present to a certain extent in each one of the Rates. What we can call Taxes pure and simple are the Octroi Duties and the House Tax.

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Year.	Proportion of Tax Income to total income.
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1892	44%
1900	39%
1915	41%
1920	34%
1925	39%
1930	42%
1935	46%
1936	44%

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It is indicated here that, on average, Taxes have been contributing to the treasury to the extent of 41 percent. Therefore, it can safely be concluded that the municipality has been

relying for its income mainly on Taxes, and that other sources have not been sufficiently developed so as to enable the municipality to relieve the taxpayer to some extent at least from the tax burden and finance the services from general municipal resources.

In the following pages each item of municipal revenue will be studied separately and in some detail.

Rates and Taxes;- The municipality was empowered to levy octroi duties on articles entering the city limits ever since it was established, and for a very long period octroi had been the backbone of entire municipal revenue. The growth of octroi income is indicated below:-

Year,	Rs.	Receipts,	Year,	Rs.	Receipts,
		Rs.			Rs.
1878	.	42,305	1920		1,11,515
1885		70,764	1925		2,75,226
1900		48,996	1930		2,67,629
1915		84,202	1935		3,44,236

Between the years 1878-1915 octroi receipts increased by 67 percent. The old octroi schedule was for the first time revised in 1878 in accordance with the wishes of the Government of India. But during the next fifteen years 1885-1900, the receipts decreased by about 30 percent. This was due mainly to the progressive diversion of trade from Sholapur as a result of the opening of S.M. Railway from Hotgi to Gadak, thereby causing a great loss of octroi revenue to the Sholapur municipality. The second reason seems to be that during the last decade of the past century plague and famines were raging wild in the city and particularly in the surrounding villages which fact resulted in smaller imports into the city and depression in trade.

During the period 1900-1915 the octroi receipts increased by over 71 percent. This increase was due to the general development of trade and industries and a gradual growth of population in the city. It has already been pointed out that during the period of war this municipality was confronted with serious financial difficulties, while the expenditure was increasing rapidly, ~~from~~ ~~sources of~~ revenue had not kept pace with it. The municipal authorities were pressed by the Government to increase the rates and taxes. It should also be noted that no alteration or revision was effected in the octroi schedule since 1880 though the trade of the city had developed remarkably both in its magnitude and content, the revised schedule was ultimately enforced in June 1922. New articles of trade were assessed and rates on old ones were enhanced. As a result of this revision octroi receipts rose by 146 percent during the five years from 1920-1925. Between 1925-1935 the increase was very gradual namely 25 percent.

Octroi occupies a very significant and prominent position in the entire revenue structure. In 1878 octroi revenue alone contributed 81 percent of the total municipal income. This proportion was 71 percent in 1900. In 1915, however, octroi contributed only 29 percent to the total revenue, this decrease in proportion was due to the introduction of new tax on houses and increased receipts from other sources also. In 1935 however, it increased to 32 percent. Since 1930 the schedules has been considerably enlarged by the inclusion of new articles which escaped taxation formerly. In 1934 duties were levied on petrol at the rate of 3 pies per gallon, in 1935 a new levy of octroi was made applicable on kerosine oil, leather, leather goods, fire bricks and fireclay. In 1936 the municipality submitted proposals to Government for sanction for the levying of duties on cycles, motors, their accessories, on shindi, toddy, country

and foreign liquors, ganja etc.

Octroi is an indirect form of taxation, and its incidence is more onerous on the lower and middle strata of society. The total incidence of octroi has increased much during the last sixty years. It was As. 12 pies 6<sup>^</sup> in 1878, the incidence for the central Division and the Presidency being **AS.** 11 I and **AS.** 15 Pies 7<sup>^</sup> respectively. The incidence for sholapur rose to As. 14 Pies 3 in 1895. During the next twenty five years the incidence remained steady at **AS.** 14 Pies 4. But owing to octroi revision in 1922, the incidence rose to Ps. 2 **AS.** 4 Pies 9 in 1923. It was 2 As. 5 Pies 3 in 1932; n., 2-8-7 in 1935. we can have a fair idea of the incidence on human necessaries and other articles of consumption by referring to the incidence figures of Class I wherein such consumption articles are generally included. The incidence of class I was As. 2 Pies 1 in 1878; it rose to **AS.** 7 Pies 5 in 1895. It was again **AS.** 7 Pies 1 in 1916; and **\*e.** 0.94 in 1935.

(b) Tax on Houses and Lands;- It is rather curious that this fruitful source of revenue was not utilized for a long period of sixty years. It was levied in 1912 and since then the municipality has been deriving considerable revenue from the local real estates. The growth of this income is as under:-

Year.	5 /	Receipts, Ps.
1915		33,617
1920		49,646
1925		1,06,085
1930		1,19,142
1935		1,46,964

Between 1915-20 the receipts increased by 47. percent; between the next five years they rose by 113 percent. This

latter increase was the result of revision of assessments effected in 1923. During the recent ten years from 1925 to 1935 the increase has been steady namely 38 percent. As an explanation of this growth of house tax three different causes may be attributed. In the first place, the number of inhabited houses liable to assessment has increased, secondly, there have been periodic revisions of assessment which have invariably resulted in increased revenue from the tax. Thirdly there have been changes in the basic rates of the tax from time to time.

The method of taxing the houses and lands prevailing in Oholapur has little to commend it. There is no one flat rate of taxation. There are different rates for houses having different income-yielding capacities. Not only the rate is based on the rental values, but there is a graduation of rates for varying rental capacities of the houses. But the tax is so graded as to throw a relatively heavier burden on poor proper-

The rates are as under:-

(a) In the case of every building or plot of land yielding or capable of yielding a yearly rent of more than Rs. 10 but not more than Rs. 15, the rate will be **AS**. 12 per year.

(b) In the case of buildings and lands whose annual rental is more than Rs. 16 but not more than Rs. 20, the rate shall be **Re**. 1 per year.

(c) In the case of buildings and lands whose rental is more than Rs. 20 and for every Rs. 10 or part thereof, the rate shall be **AS**. 8 per year.

(d) In cases of Mills, factories and buildings connected therewith, the tax shall be at the rate of **Re**. 1 per 100 sq. ft. or part thereof for every storey, floor or cellar.

(e) Buildings and lands whose annual rental value



does not exceed Ps. 10 shall be exempted from the date.

Formerly the rates of taxation in case of Mills and factories was As. 4 per 100 sq. ft. It was changed to Rs. 1 per 100 sq. ft. in 1929.

It is needless to say that assessment of houses is a matter of great concern to municipalities. But this is more so in the case of Sholapur, where not only the house tax but the General Water Rate and the General Conservancy Cess also have been based on the rent yielding capacities of real estates. If there is any change in the assessment these rates are automatically affected.

Water Rate:- The water supply service was undertaken in 1881, and to defray the cost of the same special and general water rates were levied in that year. That the water rate has been a lucrative source of income to the municipality will be realized from the figures below:.

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Year. <u>1</u> <b>I</b>	<b>Receipts,</b> "s.
1885	21,097
1900	28,698
1915	65,636
1920	1,18,417
1925	1,77,585
1930	2,23,534
1935	2,76,426

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Between 1885-1900 the receipts rose by 35 percent; between 1900-16, by 129 percent; between 1915-20, by 80 percent; between 1920-25 by 49 percent; during 1925-30 by 25 percent; and during the last five years by 23 percent. The causes of this increase have been threefold:- (a) Increase in the number of private water connexion; (b) Periodic increase in the water

rates; (c) Periodic revision of assessments on which the General water rate is based.

There were 188 private connexions in 1885, these increased to 554 in 1890 and 892 in 1900. In 1930 there were about 3,000 connexions, and this number rose in 1936 to 4,000 approximately. In 1885 the rates were as under:-

(a) Every occupied house having annual rental capacity of Ps, 6 and above to pay Pe. 1 per year on every Rs, 10 or part thereof. The maximum amount of assessment on any one house was not to exceed Ps. 20.

(b) All shops, godowns, etc. were to pay one-fourth rate of occupied houses, and the maximum assessment on any shop was not to exceed Ps. 5.

Houses, shops, godowns, etc. whose annual rental value was under Ps. 6 were exempted from the General Water Pate.

The private water connexion rates were:

½ inch connexion - Rs. 4 per year.

1 inch connexion - Ps. 8 per year.

At present water is supplied to houses either by pipe connexions or meter connexion, in case of Mills, factories, shops, gardens, etc. water is mostly supplied by meter. There are different rates for water supplied for different purposes. Again, the rates are levied according to the number of hours during which water is provided. There are, therefore, different rates on intermittent **system** and whole-time system. Due to this minutest differentiation in rate-making, there has been a remarkable growth of income from water rates, and the water-works have been not only self-supporting but positively productive as regular source of revenue to the municipal treasury. The present rates are:-

For water supplied for Domestic purposes.

	For 8 hours.	For 24 hours.
(a) $\frac{1}{2}$ inch pipe....	*s. 20 yearly.	Fs. 60 yearly.
(b) $\frac{3}{4}$ inch pipe....	" 40 yearly,	»• 120 yearly.

Intermittent service for 8 hours for factories or trading purposes shall be charged double that for domestic purposes viz.,

(a) $\frac{1}{2}$ inch pipe...	Fs. 40 per year.
(b) $\frac{3}{4}$ inch pipe...	" 80 per year.

The rate for  $\frac{1}{2}$  inch and  $\frac{3}{4}$  inch connexions for 24 hours shall be double of these special above i.e. Fs. 120 and Fs. 240 respectively if (a) water is supplied to chawls; or (b) water is taken in cistern, or (c) water is used for factories.

Rates for Gardens;-

Supply for 8 hours.

$\frac{1}{2}$ inch pipe...	Hs. 2-8-0 per month or ^s.30 per year.
3 inch pipe...	Hs. 5-0-0 per month or ?s.60 per year.

No connexion above  $\frac{1}{2}$  inch will be given unless a meter is provided by the owner and charged at the meter rates, when water is provided for  $\frac{1}{2}$  inch and  $\frac{3}{4}$  inch and 1 inch connexions, the minimum charge shall be as noted below though the charges according to meter rate be less than the minimum fixed by this rule.

Size.	J Domestic use.	jj industrial or Trade use.
	\$	J
$\frac{1}{2}$ inch.	Fs. 5-0-0 p.m.	Fs. 10-0-0 p.m.
$\frac{3}{4}$ inch.	HS.10-0-0 p.m.	Rs. 20-0-0 p.m.
1 inch.	Rs.15-0-0 p.m.	Rs. 30-0-0 p.m.
»»»	Rs.30-0-0 p.m.	Rs. 60-0-0 p.m.
2 "	Rs.50-0-0 p.m.	Rs.100-0-0 p.m.
2\ "	Rs.80-0-0 p.m.	Rs.160-0-0 p.m.
3 »	^s.100 p.m.	T> .200 p.m.

(a) Water supplied to Mills, factories, or trading purposes through municipal mains which remain open for 24 hours shall be charged for at the rate of Re. 1 per every 1,000 gallons or part thereof.

(b) Water supplied to buildings, chawls for domestic purposes shall be charged at the rate of Rs. 8 per every 1,000 gallons or part thereof.

From all these details the fact of the high price of water service comes prominently before us. At Poona, on the other hand, the 1/2 inch connexion was till very recently charged at Rs. 18 per year and other connexions proportionately. Secondly, the supply of water was whole time in Poona only a few years back, the intermittent system has only recently been adopted. The average per capita consumption of water is much larger at Poona. It was 55 gallons in 1928 and 53 gallons in 1936. In Sholapur, however, it is only 26 gallons. That the existing number of water connexions in Sholapur is not at all commensurate with the total needs of the people and the number of houses (14,000 approximately), is, it is said, the one inevitable result of the high cost of water service.

(c) Conservancy Cess;- The cess was levied in 1880 with a view to meeting the cost of water service which was introduced a year before, since then the income from the cess has increased as under:-

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Year.	Revenue.	5 Year.	Revenue.
1885	Rs. 11,642	1925	Rs. 39,003
1900	" 10,106	1930	" 44,162
1915	21,437	1935	* 55,312
1920	23,739		

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The revenue increased by 134 percent between 1900-1920 and by 133 percent between 1920-1935. The causes of the increase are: (a) increase in the number of privies taxed; (b) changes in the rates of taxation; and (c) general revision of property assessment.

In 1890 there were 2,204 private latrines. This number increased to 2,341 in 1895, and to 2,559 in 1900. In 1925 there were 3,721 privies which number rose in 1936 to 5,850. The Health Officer of the municipality complains in his report that this number is small considering the number of houses (14,150) and the total population (1,43,488 estimated in 1936).

Changes in Pates:- Pates have always been based on the number of privies. But In the past the number of floors of an occupied house were also considered in rating the cess. Thus in 1890 the rates were:

(a) all occupied huts and ground-floor houses per each privy in use were charged Rs. 3 yearly, (b) Houses with one upper floor per each privy in use were charged Rs. 4-8 yearly, (c) All houses of two or more upper-floors per each privy in use were charged Rs. 6 yearly.

It is possible that the number of floors was then considered as the best indicator of the ability of the house-owner to bear the cess, similarly the general conservancy cess was not based on the rental values as at present, but all houses not provided with privies were required to pay one-fourth of the above rates per year. Houses belonging to the poorest classes were exempted from the cess. But the municipality had no criterion to determine this poverty.

The method of rating according to floors was done away

with in 1912| and only the number of privies were taken into consideration, the annual rental value was for the first time utilized as a basis for assessing the cess.

**The** present rates of the conservancy cess are:-

(a) Houses with one privy - ^, 6 per year.

(b) Houses with more than one privy in use for every such second or every additional privy - Ps. 6 per year.

(c) All houses and buildings not provided with privies, the rates shall be as under:-

(i) Buildings whose rental value varies from Ps. 10 to Ps. 50 - Ps. 1-8-0 per year.

(ii) Buildings whose rental value varies from Ps. 51 to Rs. 100 - Rs. 3 per year.

(iii) Buildings whose rental value exceeds Ps. 100 - Rs. 5.

Houses and huts whose annual rental value does not exceed Rs. 10 and all shops^godowns not used for domestic purpose.<sup>4</sup> and not provided with privy, are exempted from the cess.

For the preservation ana promotion of public health and sanitation the present number of private latrines must be considerably increased. Privies in one house are used in common by a number of adjoining houses. This practice must be prohibited by framing suitable bye-laws. The municipal treasury has certainly to gain much if these present defects are removed immediately.

**Realization** under Special Act:- whatever revenue is received under special Act comes from the municipal cattle pounds. But the amount is not considerable. The Cattle Trespass Act of 1871 was extended to this city from 1895. But the cattle pounds

in the city belonged to the Government who paid a stipulated amount to the municipality for management of Government Pounds. After 1916, however, these pounds were handed over to the municipality and now the entire revenue is credited to the municipal treasury, some figures of income are given below:-

Year. 8	Revenue. (	Year. jj	Revenue.
(	Rs.	5	jj
			Rs.
1895	419	1926	1,600
1900	544	1930	1,161
1915	789	1936	1,433

Income from Municipal Property and Powers:- The main items under this head are the rents from municipal land, etc, income from markets, conservancy receipts, and these alone will be considered here.

Rents:- The municipality owns some property such as buildings, lands, dak banglows, sarais, etc. which are rented to individuals or institutions. The increase in the rent receipts is due to the growth of municipal property and the rise in the general level of rents prevailing at the time\*

Year. jj	Pent Revenue.	Year. jj	Pent Revenue,
jj	Ps.	jj	Rs*
1878	3,720	1920	17,920
1890	5,022	1925	24,831
1900	4,980	1930	31,192
1910	7,814	1935	41,349

The municipal treasury is likely to receive considerable revenue if the municipal properties are systematically managed and developed with the care and foresight of a business corporation.

Conservancy Receipts:- Municipality receive enormous

and regular income from the sale of street rubbish, drainage water and night soil etc. But sholapur does not appear to profit much from these sales. The income has varied much from time to time and its present amount is not considerable.

Year.	Conservancy Receipts, Rs.	Year.	Conservancy Receipts. P S .
1885	4,412	1925	2,997
1900	9,247	1930	2,268
1915	8,041	1935	3,936

The street refuse and nightsoil are removed to a Depot situated outside the city. It is then burnt, or mixed with ashes and truned into manure. The poudrette manufacture has never been developed in sholapur. Formerly the removal anc desposal of sweepings and nightsoil were entrusted to contractors, who were allowed to turn It into manure ana Sell it to agriculturists. They were obliged to pay to the municipality a certain amount out of the saleproceeds. Due to this contract system the municipality lost much of the revenue. At present, however, the work is executed departmentally. But much of the refuse is burnt on the advice of the public health authorities and secondly there has been a reduced demand from agriculturists for the manure. The natural result being decreasing income from conservancy sales.

Markets and slaughter Houses;- That the markets have been a fruitful and growing income source to the municipal treasury has been amply borne out by the following figures of market receipts.



Year	\$ Receipts.	Year.	Receipt
5	Rs.	8	Rs. •
1885	977	1925	25,610
1900	4,886	1930	28,515
1915	12,375	1936	40,224
1920	19,757		

The causes of this increased income are:-

(a) Increased market accommodation provided by the municipality (b) Increase in the level of rents charged to vendors

In the past the markets were not only small but scattered. The municipality constructed between 1895-1900 one big vegetable market called the Vactorla market and one additional vegetable market. But the slaughterhouses are still scattered and unregulated. Owing to deficient marketing accommodation the municipality had to grant licenses to private shops of meat and fish. This practice has resulted in much loss of revenue which, however, can advantageously be avoided by constructing a Central Slaughter house and meat and fish markets at suitable places. The increased income from markets since recently has been the result of efficient and stricter market administration since a permanent Superintendent of Markets was -posted. (Z^^au^J^i-

The other items of revenue under this head <sup>Appointed</sup> are the fees from Educational and Medical institutions. But these institutions are conducted for the benefit of the citizens especially the poorer classes and the profiteering motive is generally absent. And since the income from these items is not considerable these need not detain further.

Grants:- ^here are three sources wherefrom grants are received by the municipality. These are the Provincial Government, Local Fund, and the benevolent citisens. 'he major part

of the total grants is received from the Government; grants from the other two sources are not considerable in amount,

There are two types of grants. Certain grants are general in nature that is, no conditions are specified as to their utilization. Certain other grants are specific that is, the municipality is required to utilize them for purposes specified by the grant-giving authority. All the grants are made to enable the local authority to execute its functions, general or specific properly. The following figures indicate the growth of grant income:-

Year.	5 i	Govt. Grants. Rs.	8 8	Local Fund. FS.	8 8	Others. 8	8 8	Total. *8.
1878								680
1892		, 752		1, 863		242		4, 857
1900		2, 839		791		m*		3, 631
1910		17, 087		142		m.		17, 229
1915		13, 800		210		m		14, 010
1920		33, 290		1, 176		-		34, 469
1925		57, 975		4, 760				62, 834
1930		92, 865		3, 279		-		96, 144
1935		61, 149		1, 800				65, 616

It is necessary to explain a few figures. In 1910 the Government had made a grant of Fs. 10,000 for removing congestion in the city. In 1930 a special Drainage grant of Rs. 7,024 was made. Therefore the abrupt increase in grants in these years. Between 1878-1900 the grant receipts increased by 433 percent. This was due to the fact that the Local Fund Schools were made over to the municipality In 1884 for management and control and the Government had promised to make as yearly contribution towards their expenditure. The increase between 1900-1920 was about 850 percent. The number of municipal schools and students increased during this period and the municipal expenditure on these schools rose rapidly. Consequently the Government contri-

contribution towards this expenditure increased proportionately. Between 1920-35 the increase was 90 percent. Immediately after the inauguration of the reforms - ^19, the management and control of primary education in the city were handed over to the municipality which was declared a Local Authority for the purpose. New schools were opened and the teaching staf\*\* strengthened by the municipality. Hereafter^the municipal expenditure on education increased by leaps and bounds. 'lhe Government therefore,

revised the Grant-in-aid rules in 1923-24 with a view to rendering additional assistance to municipalities in the proper discharge of their new responsibility. Usually the Government grants amount to 50 per/cent of the approved local expenditure on education. Grants are also occasionally ^made towards the cost of new school buildings and other schemes such as adult education. Secondly, the Government grants to local non-municipal primary schools are now made through the municipality and not directly by Government, This latter practice came into effect from 1925-26\*

Similarly, the Government have undertaken to contribute annually towards the expenditure on the Health officer and qualified Sanitary Inspectors, ae .ci-nment contribution^amount to two-thirds of the total expenditure on qualified sanitary staff. These grants have been made since 1920. Some recent figures of education and sanitary grants are given below:-

Year.	Jj Education Grant.	\$ sanitary Grants.
	Rs.	Rs.
1920	31,283	2,009
1922	42,899	4,397
1928	78,682	7,924 -j- 2,558 Drainage grant -
1930	77,507	8,334 -f> 7,024 "
1934	72,331	8,622
1935	53,803	7,346

The reduction in Education and Sanitary grants was due to the Government policy of retrenchment and withdrawal of concessions^vigorously followed after 1930. Not only were the grants reduced, but the Government enhanced the centage charges to 15 percent of the net estimate to all local bodies for the works that would be executed on their behalf. The charges payable by the municipality for the Government Consulting surveyors' services were increased, so were the fees for the analysis of **'Rt.er** and food samples\*

!' Ec ^resent popular sovernwent have once again restored the cut in educational grants and bestowed on all local authorities the former concessions which were withheld since 1930.

v,e have already observed that the proportion of Grants revenue to the total municipal revenue is increasing steadily. It was only 2.9 percent in 1900, but rose to 4.8 'ipircertt in 1915; 6.4 percent in 1926; and it reached 10.5 percent in 1930. After 1930, however, it decreased to 6.2 percent due tc 20 percent reduction in Government grants.

Miscellaneous Receipts;- The municipality receives small amounts of income from a large number of minor items, which it is found difficult to classify. They have, therefore, been separately styled as ?/iscellaneo^ - oeipts. But the content of items under this head is not uniform due to the frequent interchange of items from this head to another and vice versa. Certain income is derived from services rendered to private individuals. It amounted to ^s. 668 in 1892; **PS.** 1,440 in 1900; Rs. 3,612 in 1915; Rs. 6,493 in 1928; ^s.5,127 in 1935. It is often complained that the rates charged by the municipality are arbitrary and the citizens, therefore,

prefer as far as possible to carry out their works by employing private servants. The municipality also receives considerable revenue regularly from a large number of fees levied by it. Some of the fees are regulative while others are punitive in character. These are the Notice fee, warrant fee, projection fee, etc. The total income of such fees amounted to Ps, 548 in 1900; Ps. 4,032 in 1915; Rs. 8,221 in 1925; and to Ps. 8,543 in 1930.

Sometimes the work of collecting certain punitive taxes from citizens is entrusted by the Government **pf** the municipal authorities. The receipts from such taxes are shown under the miscellaneous head. But these receipts do not belong to the municipality since these collected taxes are handed over to the Government after deducting the cost of collection, work of this nature was entrusted to the Municipality in 1880 when the Government imposed a punitive tax on ~~Mel~~ residents of Sholapur following the grave coraraunal riots. " similar tax was imposed on all the house owners in 1930 for alleged rioting etc, when the town was under the military control.

D H A ft W A P.

Dharwar, in north latitude  $15^{\circ} 27'$  and east longitude  $75^{\circ} 6'$ , about 300 miles south-east of Bombay, is the headquarters of the Dharwar sub-division and district. It is not an old town. The local belief is that the Dharwar fort was built in 1403 and called after its builder Dharrav, an officer of the Vijayanagar King Pama Paya. The town passed into the hands of the fifth Bijapur King, Ali Adil Shah, in 1573. It was captured and plundered by Shivaji in 1674. From 1686 to 1763 it was held by commandants of the Moghul Emperor. It was again taken by the Marathas in 1753. During the Third Maratha War, Dharwar was captured on the 15th of June, 1818 by the English. Since 1833, for various reasons, Dharwar has lost its importance as a place of trade.

The Dharwar Municipality was established in 1856 and was raised to the status of a city municipality from the 1st April, 1883. The municipal council was composed in 1899 of 24 members of whom 12 were elected and the rest nominated by Government. In 1923 the total number of councillors was raised to 30 of whom 24 were elected. Under the Municipal Boroughs (Amendment) Act of 1938 all the members of the council are elected by the citizens, the system of nominations has been discontinued.

Growth of Population.- The figures of the population of the town since 1872 are given below.

Year.	Population.	Year	Population.
1872	27,136	1911	30,289
1881	27,191	1921	34,220
1891	32,841	1931	40,916
1901	31,279		

During the period of sixty years ending 1931,, population

increased by 50 percent. The rise is 15.2 percent during the first thirty years ending 1901, and about 30 percent during the succeeding thirty years ending 1931. There was some rise in population between 1881-1891; but during the next thirty years it declined, though slightly, owing possibly to ravages of plague, cholera and famine. The only material increase occurred during 1921-1931, and it is estimated that in 1941 the census returns would show a population of at least 45,000. The increase in population after 1921 may be ascribed to the comparative immunity of the town from the ravages of severe or prolonged epidemics.

The municipality derives; its major part of the revenue from taxes and rates, municipal property and grants from the Provincial Government. The total municipal revenue since 1902 is shown below.

Years,	Total Revenue. Rs.	Year.	Total Revenue. Rs.
1902	43,148	1933	2,39,970
1910	56,936	1935	2,36,463
1920	1,53,068	1937	2,32,800
1925	2,13,821	1938	2,42,983
1930	2,41,924		

The increase in income during the whole period amounts to 463 percent. Income rose by 255 percent between 1902-1920, and by 59 percent only between 1920-38. The material rise, however, occurred during 1910-1920. when revenue moved up by 168 percent. Again during 1920-1925 receipts rose rapidly by about 40 percent. Since 1925 the rise amounts to only 13.6 percent. There is a definite decline after 1930 and slight improvement is visible only

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at the end of the period. It can, therefore, be said that municipal revenue after 1930 is practically stagnant.

The octroi duties constitute the most important source of revenue. The receipts from octroi till 1920 and from the terminal tax thereafter are as' unaer.

Year.	Revenue.	Year.	Revenue.
1902	Rs. 11,740	1933	Ps. 78,482
1910	" 17,618	1935	" 70,262
1920	" 45,738	1937	" 68,196
1925	" 67,724	1938	" 69,428
1930	" 75,495		

There is an increase of 491 peijcent in octroi revenue during the whole period. Between 1902-1920 the rise is 290 per>(cent.and between 1920-38 it is 51.6 percent only. The real increase in octroi revenue occurred during 1910-20 Viz. 159.6 percent and during 1920-25 Viz. 4£ percent. There is a progressive decrease in revenue after 1933 and no recoupment was in evidence towards the closing years of the period.

The octroi schedule was revised^firstly^ in 1903 and again in 1910-11. The rapid rise in revenue between 1910-20 was probably the result of the introduction of new octroi schedule in 1911, In 192T the municipality introaucec Terminal Tax in lieu of octroi, and as a result of this change receipts went up rapidly. The Divisional Commissioner inquired of this municipality as to whether the remarkable rise in revenue was due to increase in trace or enhancement of rates of the terminal tax. At one time the municipality appeared to be convinced of the fact that the system of terminal tax had le en causing some hardship to the citizens. There was, no doubt, a general complaint of Dharwar traders and of the public that the heavy terminal tax rates had contributed to rise in prices which were much higher than those prevailing at Hubli and Belgaum and, as a result, trade in some commodities was/diverting from Dharwar to Hubli and Belgaum.



Secondly, there were complaints of the people of Garag, a village in the Dharwar taluka, that they were illegally taxed under the terminal tax system in respect of goods imported **by** them and carried through the Dharwar municipal area without breaking the bulk. All such complaints were referred to a special taxation Committee with a view to bringing the the rates on level with those obtaining in the neighbouring municipalities. On the recommendations of this Committee the municipality revised the terminal tax schedule providing for lower rates on some important items. Though this revised schedule was sent to Government in 1928 for sanction, it appears that it was not sanctioned at all nor **did** the municipi**reality** press this point any further as the income was likely to decline under the new schedule.

The increase in income under this head is partly the result of increased imports of dutiable articles and partly the result of enhanced rates levied^especially in 191^ and the introduction of terminal tax in 1922 in lieu of octroi. The growth of imports is shown under the more important classes of commodities.

Year.	OClass I.	jjCJasslIIjjClass IV	8Class V	8Class VII	Sciass IX	
1901	3,18,724	50,613	34,788	7,287	1,73,988	
1910	2,51,531	94,622	42,378	16,814	2,85,409	
1920	6,84,991	1,61,195	75,867	1,46,960	7,12,162	
1925	9,67,496	1,43,666	6,60,549	47,071	6,14,600	
1930	7,82,427	2,88,144	1,36,379	38,351	7,53,810	
1933	8,90,592	3,10,616	2,24,150	56,760	6,87,392	
1935	7,04,761	2,63,999	1,55,737	55,475	5,74,184	
1936	7,15,965	3,33,329	1,63,417	4,39,982	5,07,222	
1937	5,09,561	2,93,077	1,87,547	39,058	5,88,397	3,73,998
1938	5,66,744	3,14,145	2,01,398	51,273	5,28,150	4,13,463

The more productive classes of dutiable articles and the net revenue derived therefrom are set out below (in Rs.)

Year. Jclass I ISClass IIIJClass IVflClass V {Class VllilClass IX jTotal.

1901	7,853	726	639	1,026	1,089	-	12,182
1910	10,477	1,784	1,123	1,311	1,681	•	17,618
1915	20,647	2,403	1,759	1,958	6,870	'''	35,243
1920	22,227	4,756	3,296	2,629	11,128	•	45,738
1925	32,765	9,932	8,398	4,598	7,814	-	67,724
1930	38,119	13,800	3,902	6,864	7,380	-	75,495
1933	36,836	15,908	5,597	8,117	6,619	'''	78,482
1936	35,414	14,605	3,929	6,765	5,062	-	69,982
1937	23,111	12,398	4,455	4,761	5,903	12,204	68,196
1938	25,360	12,764	5,131	5,260	5,310	12,092	

It appears that the fall in imports and net revenue under class I during recent years is perhaps due to the transfer of certain items from that class to class IV. It will also be observed that articles under class I contribute a considerable part of the revenue. In 1938, the percentage proportion of revenue derived from the various classes of articles is shown below.

Class.	Proportion.	Class.	Proportion.
I	36.6 percent.	VI	.2,1 percent
III	18.3 "	VII	7.6 "
IV	7.3 "	VIII	2,2 "
V	7.5 »	IX	17.4

Thus the larger part of the revenue is derived from articles used as food and drink for men and animals, oil, oil-seeds and articles used for fuel, lighting and washing, and miscellaneous articles. It will also be noted that over 52 per cent of the revenue is derived from duties on five main articles, viz. Grain, Sugar, Oil, Cloth and piece goods and ghee. The percentage proportion of their contributions during 1938-39 were as under.

Article.	Proportion of Revenue.
Grain.	17.6 percent.
Sugar.	11.5
Oil.	11.2
Cloti: iece- goods	7,2 "
Ghee.	4.2 "
Total.	52.2 "

Lastly, we shall consider the relative importance of terminal tax as a source of municipal revenue. The following figures of percentage proportion of revenue from octroi and then from Terminal tax are helpful in this connexion.

Year.	Proportion.	Year.	Proportion.
1902	27 percent.	1936	28 percent,
1920	29.8	1937	29 "
192£	31	1938	28 «
193C	31 "		

It appears that the proportion improved after 1920 due mainly to the introduction of the terminal tax in 1922. But there is a decline after 1930 owing to the rather stationery nature of income from this source.

House Tax:- This is one of the old municipal imposts levied on lands and buildings situated within the municipal district, income from this source since 1902 is shown below.

Year.	Revenue.	Year.	Revenue.
1902	Ps, 12,948	1933	33,260
1910	H 18,700	1935	it 36,298
1920	tf 19,485	1937	33,290
1925	fl 27,972	1938	35,427
1930	«? 38,550		

House tax revenue has increased by 173.6 percent since **1902**. Between 1902-1920 the rise was 50 percent and during 1920-**1938** it was 82 percent. It will also be seen that between 1920-30 income nearly doubled while after 1930 it showed a definite decrease of 8 percent. The main factors which can be said to have contributed to the general growth of revenue since 1902 are the construction of new houses and buildings in the city and secondly increase in the annual rental values of properties liable to house tax.

Formerly the tax was levied on the annual rental value on a sliding scale sanctioned by Government in 1900. In 1909 the municipality decided to raise the scale of the tax schedule to **9** percent all round on the estimated gross rental value of buildings instead of the sliding scale. It seems that the new uniform rate was enforced soon after 1910. But income from the tax did not improve as a result of this change in the rate. The transfer of Railway buildings to Government in 1920 resulted in a loss of some revenue to the local body since Government properties were exempted from the levy of <sup>th</sup> tax. Nevertheless, revenue increased appreciably between 1920-1930 owing partly to periodic revisions of assessment and partly due to construction of new buildings in the city which were brought on the assessment list. Between 1930-~~38~~ income decreased by 8 percent mainly on account of inefficient collection of the tax and irregularities and in the revision of assessment. The revenue has been practically stationary and shows no signs of improvement in the immediate future. Dharwar is not an industrial or commercial center and; increase in revenue owing to construction of new buildings is bound to be very tardy. But if the work of periodic revision of assessment and collection of the tax **i3** carried

out more efficiently, regularly and vigilently, the income may rise gradually. It may well be noted that the rate of the property tax is much higher in this town than elsewhere in the same Division, and the stagnant income, it is suggested, may perhaps be due to its high incidence on the local property holders. In that case the proposal for a reduction in the present rate should be seriously considered in view of the possibility that such a reduction would not only lighten the burden but may also facilitate the collection of the tax and reduce arrears considerably. The provincial Government are themselves partly responsible for the accumulation of arrears of the tax, since they have adopted a very inconsistent policy in regard to payment of the tax on the Government residential buildings coming under the purview of Section 74 of the Bombay Municipal Boroughs Act of 1925. It is noteworthy that Government paid in 1930 the arrears of the tax for the preceding five years, but refused to make any payment in 1931 on the ground that the Municipal rule itself exempted Government residential buildings. It should, however, be noted here that the old rule of exemption framed under the District Municipal Act of 1901 has been overriden by the provisions of the Bombay Boroughs Act of 1925. The provincial authorities should realize that their adamant attitude has also contributed to the embarrassing financial position of the local authority. The financial importance of the property tax is indicated by the following figures of percentage proportion of the property tax income to total municipal revenue.

<u>Year.</u>	<u>Proportion.</u>	<u>Year.</u>	<u>Proportion.</u>
1902	30 percent.	1937	14.3 percent
1920	12 "	1938	14.5 "
1935	14.9 "		

It appears from the above figures that the local body depended, at the beginning of the period, on the property tax income to a considerable extent, with the development of revenue from service rates and more especially from the terminal tax, this dependence decreased considerably, in the beginning house tax and octroi were of almost equal financial importance, but with the introduction of terminal tax in lieu of octroi and growth of service rates house tax lost its relative importance and at present contributes a little over 14 percent of the total revenue.

Water Rates:- The water supply service was introduced in 1911 and the expenditure of the service including the debt charges was sought to be met by levying water rates. The special water rate was levied in 1912-13 on those householders who derived water from the municipal mains by a private pipe connexion. It was, however, anticipated that during the initial period at least income from the special water rate would not increase rapidly and might fall short of the water works expenditure. To meet this situation and to throw the burden of working the water works on the shoulders of the general public, a general water rate was imposed in 1912-13. The progress of revenue from these two rates is shown below.

Year.	<b>5</b> <b>9</b>	General Rate, <b>jj</b> Rs. <b>H</b>	special Rate. <b>P<sub>s</sub></b>	<b>jj</b> <b>11</b>	Total Revenue. Rs.
1912		6,139	560		6,719
1915		13,404	7,226		20,811
1920		19,106	10,435		29,615
1925		15,871	26,813		42,684
1930		13,114	28,485		41,599
1935		16,162	31,299		47,461
1936		19,662	19,909		39,571
1937		15,901	28,119		44,020
1938		-	-		53,310

The total receipts increased rapidly and continuously till 1925, but thereafter they proved to be inelastic. Actually there was a definite decline after 1930, but towards the close of the period there was some improvement. The general water rate is leviable on owners or occupiers of those houses, which do not possess special water connexion. The present rate is 9 percent of the annual rental value of houses. Thus the rate is the same as that of the house tax. The income from the general rate is a fluctuating amount and does not indicate any definite tendency towards increase or decrease. It is practically inelastic. It appears likely that revenue from this rate may decrease gradually if the houses, at present without special connexions, obtain them and pay the special water rate. But this depends primarily upon improvements being effected in the existing water works and the distribution system. The income from the special rate records a steady increase but during certain years receipts appear to have declined suddenly. This was due to the fact that during some years, for example in 1936, water pipes connexions had to be closed for want of water in the tank and consequently the local body had to remit and refund the water rate for the period of such stoppage of water supply. The income from the special rate is capable of further expansion if the water supply is made available to such parts of the town as have to make their own arrangements of supply at present in the absence of municipal service. Since 1922 a sliding scale of the water rate dependent on House tax has been adopted. Special water connexions are ordinarily given by means of half an inch pipe. In special cases, however, a special water connexion of one inch pipe is provided and the charge for such one inch pipe

is four times that for half an inch pipe, water is also supplied for building purposes at the monthly rate of not less than Rs. 10 for each half an inch pipe. The linking of the water rates with the annual values of houses is a satisfactory system. Because with periodic revisions of values, the income from water rates appreciates and thus the rate becomes more elastic as a source of revenue than under the more widely adopted system of basing the rate on the size of the pipe. Though, however, the method of levying water rate is a suitable one, the schedule of the rate now in force imposes a higher rate on less valuable houses and a lower rate on more valuable houses. For instance a house paying Rs. 1 as house tax has to pay 150 percent water rate while a house paying Rs. 10 house tax has to pay 25 percent water rate and so on. The present revenue from the two water rates, if collected for the whole period of one year, is sufficient to meet the expenditure on water supply service. But this financial self sufficiency is maintained by levying an abnormally high general water rate. This rate is equal to the house tax and presses heavily on the poorer house holders. In certain cases the municipality cannot impose the general rate with justice. For instance the Reddi and Saraswat Societies have been complaining since 1925 that in spite of their readiness to obtain special water connexions, the municipality has failed consistently to grant them such water connexions and at the same time continued to impose the heavy general rate. The residents of these two societies are thus reduced to a very unfortunate position since they are hit by both ways. They are unable to get the benefit of municipal water supply for which they are ready to pay and they are also called upon to pay the general rate because they do not pay the special rate. The residents have



per force refused to pay the general rate and consequently arrears are mounting up every year which the municipality can neither write off nor recover. Escape from this difficult situation is possible if only the present water works is completely overhauled and supply is made available to all the parts of the town. Secondly, the receipts from the general rate have shown little progress ever since the rate was levied and are more or less inelastic. This inelasticity is possibly due to the high rate which presses more heavily on the poorer citizens who cannot afford to obtain a special water connexion. Owing to the high level of the rate, people are found evading and postponing the payment of the rate and consequently the collection work suffers and arrears mount up. The local authority is requested to consider whether the present rate can be suitably reduced so as to afford some relief to the poor people and expediate the collection work. The income from the two water rates occupies a very important position in the scheme of municipal revenue. This importance is likely to increase in future provided the supply service is satisfactorily maintained and extended to all the parts of the city. The figures of the proportion of water rate income are:-

<u>Year.</u>	<u>Percentage proportion to total revenue.</u>
1930	17.1 p.c.
1935	20.
1937	18.9 "
1938	21.

Sanitary Hates:- An application to levy the Bhangy or Sanitary cess was made to Government in 1905 and the same was sanctioned in 1908. The conservancy services were introduced from

July 1912 and in the same year a general Sanitary cess of Annas 12 for each house, for which special Sanitary Cess was not levied, was imposed. Thus the scheme of sanitary rates was completed and put into operation in 1912. The schedules of sanitary rates and rules relating thereto were revised in 1918 and again in 1922. Since then no material changes appear to have been effected in the schedules and rules. The progress of revenue from the two rates is shown below:

Year.	General Cess. Rs.	Special Cess, Rs.	Total. Rs.
1920	6,256	2,675	8,931
1925	—	—	16,304
1930	8,399	6,204	14,603
1933	10,912	7,023	17,935
1935	—	—	18,653
1936	15,575	8,866	24,441
1937	10,950	8,189	19,139
1938	11,247	10,411	21,658

Between 1920-1938 income under this head has increased by 142.5 percent. The rise is over 82 percent during 1920-25 and during the succeeding period the rise is only 32.8 percent. The progress during the more recent years is very halting. The comparatively more rapid rise during 1920-25 was the result of the introduction in 1922 of revised rates. It is necessary to note that formerly the general cess was levied on those householders only who did not pay the special cess. Later on, however, the main purpose of imposing the general cess was realized and since 1922 this cess is levied on all householders. The proceeds of the cess are to be utilized to defray the cost of general sanitary services rendered to all citizens. The rate of the cess is assessed on the basis of the annual letting value of buildings and houses. The progress in the revenue from this cess, however meagre and halting,

is due mainly to increase in the annual values of properties. A close study of the schedule of the cess indicates that the rate on poorer houses is proportionately much higher than that on more valuable properties. The following figures will bring out this fact.

<u>Annual letting value of Houses.</u>	<u>Percentage Rate.</u>
PS. 10	6.1
60	3£
100	<b>23</b>
200	2

It is clear that the rate system is a regressive one., -si^ee-it imposes a much higher-rate on houses of lower value.

The special sanitary cess is recoverable from those who avail themselves of the special halal core service. The rate is based on the number of privies cleaned ana is recovered half yearly. The charges for the service are given below:

	<u>Monthly Rate.</u>	<u>Annual Rate.</u>
Per private latrine.	Annas. 12	Rs. 9-0-0
Per seat when there are two seats.	" 10	£» 7-8-0
Per seat when there are more than two seats.	" <b>8</b>	'* 6-0-0

The increase in the income from this cess is entirely due to a corresponding addition to the number of private privies served by municipal agency. At present there are about 1,400 private privies in the town liable to pay the special cess.

Lastly, let us consider the adequacy of the existing sanitary cesses, that is, whether the income from the cesses is

sufficient enough to cover the expenditure on general and special conservancy services. The figures given below indicate that the special conservancy service is self-supporting.

<u>Year.</u>	<u>Income from Special Cess.</u>	<u>Expenditure.</u>
1935	Rs. 8,403	Rs. 4,429
1936	» 8,866	" 4,103
1937	" 8,189	3,857

In this connexion attention may be drawn to the following remarks of the Government Auditors.-

"To the pro forma accounts kept by the municipality on account of the special sanitary service only the cost on account of the pay of 17 special Bhangis and 5 night soil cartmen is debited although much larger expenditure is incurred on this account. . . . . Similarly overhead charges for the supervision and other contingerexpenditure relevant to the special Sanitary service are not also debited to the account. . . . ."

In view of these facts we are unable to accept the view that the special Sanitary Service is financially self supporting. There is one remarkable fact which accounts for this deficit. The town consists of Suburbs anu loose and detached areas with good distances between and covers a vast area} and this must cost the municipality much more than the income under this head.

\*\*E have so far considered municipal revenue from taxes and service rates. From the view point of productivity the terminal tax and the house tax have by far been the most important, and contributed in 1938 about 43 percent of the total municipal income. Next in order come the receipts from the Water rates and Sanitary

cesses and these among themselves contributeu In the same year about **30** percent of the municipal revenue. It may also be noted that the service rates developed as important revenue sources only after **1912**. The rates and taxes of various types alone contributed about **78** percent of the total revenue indicating thereby the relative insignificant position of income from municipal property and grants.

The revenue from municipal property consists of a large number of items like rents of lands, shops, conservancy sale receipts, market revenue, etc. The progress of income under this head has been as under:-

<u>Year.</u>	<u>Revenue.</u>	<u>Year,</u>	<u>Revenue.</u>
<b>1902</b>	<sup>^</sup> s. <b>7,302</b>	<b>1935</b>	Re. <b>15,169</b>
<b>1920</b>	<b>11,375</b>	<b>1936</b>	» <b>20,413</b>
<b>1925</b>	<b>17,659</b>	<b>1937</b>	» <b>16,851</b>
<b>1930</b>	» <b>16,885</b>	<b>1938</b>	» <b>15,560</b>

There is a total rise of **113** percent since **1902**. Between **1902-1920** the increase was **55.7** percent and between **1920-1938** the increase is only **37** percent. The only material rise, however, occurred between **1920-25** when receipts went up by 55 percent, since then the income has become practically stagnant. The abrupt upswing in **1936** was the result of sale of municipal lands on a larger scale and hence not significant. The major part of the revenue under this head is obtained from rents of municipal shops and stalls. Figures indicating the growth of income from markets and slaughterhouses are given below.

<u>Year.</u>	<u>Revenue.</u>	<u>Year.</u>	<u>Revenue.</u>
	Rs.		Rs-
1902	4,729	1935	9,705
1920	8,840	1937	10,600
1925	12,814	1938	9,828

The market rents were increased first in 191F and, as a result, income went up by Rs. 1,500 per year. The second revision of rents occurred in **1922**. The more rapid increase recorded thereafter was obviously the outcome of this second revision, since 1925 the revenue from market declined and shows no signs of improvement.

On the whole, income from municipal property and various penal charges contribute about 6.4 percent of the total revenue. It must certainly be said that owing to insufficient vigilance over municipal landed properties, the municipal authority has been losing a large part of its legitimate revenue. It is doubtful whether a reliable register of the immoveable properties of the municipality is maintained in the proper form. Owing to the want of strict supervision and control, the municipal titles to its own lands are being seriously jeopardized. This is evident from the large and growing number of encroachments on municipal land and roadsides. The lands encroached upon are generally on road-sides and are very valuable and can hardly be spared for exploitation by private individuals. It is strange that though some of these encroachments were pointed out by the City Survey Department in 1921, they have not yet been satisfactorily disposed of. **A** special staff for removing encroachments was engaged but the work turned out by it was far from satisfactory. The delay in taking prompt

action against encroachments has not only put the local body to a loss of rent of about Rs. 1,600 per year but has also resulted in recurring loss of Rs. 600 on account of encroachment staff and in addition the risk of endangering the titles to the lands by adverse possession. So far as the stalls in the markets are concerned, it is learnt that they are sold by auction. But no guarantees are obtained from the bidders to ensure that they would abide by the terms of the lease either by recovering rent in advance or by obtaining adequate security for the due fulfilment of the contracts. The necessity of taking proper lease deeds and the recovery of rent in advance to safeguard loss to the local body need not be stressed. Again, a large number of plots are leased by the municipality for varying periods but sanctions to such leases have not been regularly renewed after the expiry of the previous lease. Plots once given have been, as a rule, left with the leasees regardless of the fact whether or not they paid the rent or sanction to the continuance of the lease was obtained. Owing to lack of energetic action for the recovery of municipal rents, the arrears have increased to a disproportionate extent. A large portion of these arrears are persistent and long standing and it is hard to reckon to what extent they represent gross amounts. A portion of these rents due since 1924 is outstanding. The municipality refuses to remit the arrears and at the same time does not take coercive measures to recover them, it need hardly be emphasized that any laxity in the matter of administration and vigilance over the land property of the municipality is likely to lead to serious consequences. It must certainly be pointed out that the present revenue derived from immovable properties is (utterly small and needs to be developed further by careful and efficient management.

Grants And Contributions;- The overwhelming part of the income shown under this head is obtained from the Provincial Government by way of grants in a-u ..^ certain services. Contributions from other sources are insignificant, anc sporadic. The progress of grants revenue since 1902 is shown below in a detailed form.

Year.	General.	Education.	Medical.	Total Govt.	Total Grants
·	·	·	·	·	·
\$	Rs.	Rs.	Ps.	Ps.	Ps.
1902	-	3,336	-	3,336	3,507
1910	-	6,797	-	6,797	6,991
1920	-	25,092	-	25,092	25,465
1925	-	28,253	-	28,253	28,492
1930	-	37,073	-	37,073	37,426
1933	-	22,949	36	22,985	22,986
1935	-	25,292	36	25,328	25,436
1937	4,390	30,964	-	35,954	36,062
1938	4,990	30,046	-	35,036	35,144

The total revenue under this head rose by 902 percent during 1902-1938. The rise during the first eighteen years was 626 percent and during the succeeding eighteen years about 38 percent. The increase between 1920-30 however was 46 percent and revenue declined thereafter. The main part of the grant is obtained for the support of municipal primary schools. At the beginning of the period of our study it was fixed at one-third of the education outlay. Later on it was raised to one-half of the education expenditure incurred during a definite year. Till the year 1918 the education grant was in the neighbourhood of Ps. **8,000**. After 1918 the grant was calculated at one-half of the actual expenditure incurred during the preceding year. The grant revenue rose very rapidly thereafter, mainly an account of this significant change



in the method of allotment. The education grant was no longer a fixed sum but varied according to the volume of education expenditure.

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After 1930 the grant was subjected to a 6 percent cut in the first instance and then to a 20 percent cut after 1932 owing to the bad state of provincial finance, with the advent of provincial autonomy in 1937 these emergency cuts in the education grant were restored and once again grants continued to be based on the half-half principle. A new item emerges after 1935 in the form of a general government grant. Local tolls on vehicles plying on provincial roads were abolished by the Government under the provisions of the Motor Vehicles Act and to compensate the localities a grant of a specific amount based on the average revenue of localities from tolls during the previous three years, is now made by the Government. This municipal body now receives a fixed sum of Rs. 4,990 as a compensation grant for the abolition of tolls on provincial roads.

It is not known whether or not the municipality receives any grant for its sanitary staff. If such a grant is normally obtained, then it is strange that no specific mention of the fact should have been made in their statements of accounts. During the period the local authority received some non-recurring grants from Government especially for water works and sanitary projects. A few examples may be cited. In 1908 Rs. 76,727 were received for the construction of water works. Rs. 56,300 were obtained during 1912-1914 for the construction of gutters and Rs. 21,291 in 1917 for a similar purpose. Besides, the municipality received Rs. 50,000 in 1909 from the Dharwar District Local Board for the water supply scheme which was completed in 1912. It may, however, be noted that

since 1923-24 at least such grants from Government for sanitary projects have become conspicuous by their absence. This may perhaps be due to the fact that no major schemes of sanitary importance were undertaken by the local body since then on which a grant could be obtained. There is no evidence available to indicate that municipal initiative and enterprise in piloting such schemes were thwarted by Government. In 1938-39 the municipality received 14.4 percent of its total revenue from grants and contributions.

We have so far studied the growth of municipal revenue under the more important heads. It appears that the local body has to depend mainly on taxes and service rates for the major part of its revenue. But the progress of revenue from this source seems to be utterly discouraging. There has been no material rise in income since 1930. There seem to be two main reasons for the stagnant position of the municipal revenue. Dharwar is not a rapidly developing town like Poona or even Nasik. The population and trade of the town are developing at a very slow rate. The natural increase in municipal resources owing to prosperity of the town, therefore, seems to be very small, secondly, Dharwar is an agricultural town in the sense that the major part of the population is mainly dependent on agriculture for the means of their livelihood. The incomes of the people were considerably reduced owing to the rapid fall in prices of agricultural commodities since 1930. The mounting figures of arrears of municipal taxes and other dues since recently are to some extent the reflection of the reduced taxable capacity of the citizens. But that is not the whole story. There is overwhelming evidence available which clearly indicates the failure of the local authority to effectively exploit the

existing revenue resources and to develop them further. There is a serious rise in the arrears of municipal taxes and other dues during the past few years. In 1938-39 about 70 percent of the past years' dues and 42 percent of the dues of the current year were outstanding at the end of that year. These arrears pertain to the period as far back as 1924-25 and it is hardly possible to reckon these outstandings as really good debts. There are scarcely any indications of any earnest efforts having ever been made to reduce the outstandings. The coercive measures of recovery adopted by the municipality were ineffective and hardly consistent with the large amount of arrears.

Among the contributory causes to the bad state collection work may be mentioned the following:

(a; delay in passing the assessment list and preparation of demand registers so as to permit collection work early in the beginning of the year.

(b) Delay in the issue of bills and want of effort on the part of the collection clerks to collect as much as possible during the earlier part of the year.

(c) Want of capable executive staff for enforcing coercive processes of recovery.

(d) Absence of a competent and responsible officer at the head of the tax and collection department to supervise the work of demand and collection of taxes and other dues.

If the assessment lists are completed and demand registers prepared in good time and the collection work is started vigorously early in the beginning of the year, the result is likely to be better than it has hitherto been. Secondly, the collection staff needs to be strengthened sufficiently and a

spirit **of** competition should be introduced in the staff for **good** work. The demand registers for various rates and taxes are **not** prepared with due care **and** accuracy. They **are**, as **a** rule, copied by the collection clerks from the previous registers irrespective **of** several changes which occurred during the intervening period. **It is** hardly necessary to emphasize that demand registers are important and fundamental records of the dues **of** municipality, and any amount of care bestowed on them **to** ensure their accuracy cannot be too much. It is generally recognized that the register of building permissions is the only important record for assessing buildings either improved or newly constructed. But this register does not seem to be properly attended **to** in as much as permissions granted **are** not in all cases noted **in** the register and the completion of the buildings is not always ascertained. ;7ven houses completed long before, it is learnt, were not assessed till pointed out by Government auditors; **con-**sequently even rates for services were not levied. Again, the work of revision of assessment is carried out in a manner detrimental to the interests of the local body. It was found that although the division officer fixed the rental after careful enquiry into the actual rent realized by owners of houses, the Standing Committee reduced the taxes without recording any grounds for reduction. It must certainly be said that they sacrificed the interests of the rate-payers for the benefit **of** a few.

The municipality also loses a good position **of** the revenue from the Special Water Rate. Though in many cases special connexions were given, these connexions did not appear in the demand register and consequently water rate was not levied. **It** is necessary to emphasize here that a periodic census of pipe connexions is absolutely essential. But at Dharwar the local

authority has neglected this important duty and consequently has to lose its legitimate income. It was noticed that some pipes which were closed for non-payment of the tax were re-opened without realizing the tax. It is indeed a surprise that even arrears of special water rate are allowed to accumulate. The special water tax is a service rate and is recoverable in advance, with the power of disconnecting the private pipes for non-payment there should be no arrears on this account. The recovery of the special sanitary cess was also found to have been entirely neglected owing to the sanitary and collection departments not working hand in hand. For some of the privies for which service was rendered by the sanitary branch, no demand was fixed by the collection section as service rendered was not brought to the notice of the collection section. The progress of the collection of wheel tax is discouraging. Though the tax is to be recovered in advance, arrears of dues are carried forward from year to year. The demand register of the wheel tax was also found to have been very carelessly prepared. A census of vehicles at the commencement of the year was not regularly taken but the names in old registers were usually copied with the result that many of the vehicles which had ceased to exist since long had been shown in the register with the dues as outstanding, while several new ones were entirely omitted. A comparison of the register of public conveyances maintained by the District Superintendent of Police with the municipal demand register of wheel tax should carefully be made as this will go a long way to bring all the vehicles in the town within the tax system. The municipality was also advised to entrust the work of collecting wheel tax to the local Police department but the suggest

suggestion has been ignored by the local authority. It may also be noted that for a long time the municipality failed to levy the general water and sanitary rates on Railway buildings and was repeatedly advised to take necessary steps to impose the rates but with no effect. Under rule 234(b) of the Municipal Rules, the local authority is entitled to levy fees for places used (i) as private slaughterhouse, **(11)** as shops for the sale of meat, fish, etc; (iii) for salting, curing and storing fish, hides, etc; (iv) for manufacture of leather and leather goods; (v) for dyeing; (vi) as brick potteries, lime kilns, and (vii) for storing hay, straw, fodder, etc. AS there are considerable number of places in the city used for the above purposes the local body is likely to obtain a consicerable amount of revenue from this source. But owing to negligence and delay in framing bye-law, the municipality is losing its legitimate income for the past many years.

It is already observed that the principal source of municipal income is the Terminal tax, and the major portion of it is derivec from Railway borne goods. But the collection work is left to the low-paid and incapable Naka clerks without adequate  
<sup>a</sup> check. A railway invoice register is maintained at the Naka where- in all invoices are supposed to be entered; but in fact only such of the invoices as are produced by importers are entered. Under the present arrangement the Naka clerk can in collusion with the merchants omit to enter in the register the full quantities shown in the invoices or omit invoices entirely. The municipality has been well advised to arrange with the Railway authorities to obtain certified copies of the invoices as is done in Hubli and

other municipal towns. This would certainly ensure^proper check over the collection.

In the foregoing pages we had occasion to criticize the reckless administration of municipal properties which is responsible for the loss of considerable legitimate revenue to the municipal authority. This loss is certainly avoidable provided sufficient vigilance is exercised over the management of landed property. The municipality cannot afford to leave valuable lands in the city to be exploited or encroached upon by private individuals and any amount of care and vigilance exercised over these properties cannot be too much. The rents from municipal plots and shops must be effectively collected and should never be allowed to accumulate lest they can never be recovered.

Before we close the study of municipal revenue it is necessary to take note of the recent public agitation against the alleged high rates of municipal rates and taxes. The municipality also feels convinced that the present level of taxation is very high and presses heavily on the people whose incomes were considerably reduced owing to the economic depression. They have, therefore, formulated proposals for the reduction of municipal taxes and rates and have submitted them to Government for approval and sanction. It is strongly maintained that the existing high level of taxation is mainly responsible for the mounting figures of arrears and that wholesale resort to coercive measures of recovery is not likely to improve the position but may, on the contrary, aggravate public suffering and create public discontent. It is also said that trade is being diverted from Dharwar on account of excessively high rates of the terminal tax and the only way to rehabilitate trade in the town is to lower the existing

rates. It is already conceded that some of the rates and taxes\* especially the house tax and the general water rate, are much higher at Dharwar than those obtaining in other towns. It is also observed that the recent abnormal rise in arrears is to some extent due to the reduced taxable capacity of the citizens. But we cannot at the same time ignore the fact that the municipal revenue resources must be adequate enough to support the various municipal services and amenities without which civic life would be unbearable. Hence it is imperative that the proposals for the reduction in the existing rates and taxes should be studied in the light of the pressing needs of the town. The two problems are closely related to each other; the one cannot be separated from the other. Thus we are led to the study of municipal expenditure with special reference to the efficiency and sufficiency of present municipal services and amenities.

**IPIPt** The progress of the total municipal expenditure since 1900 is indicated below.

Year.	5	Expenditure.	II	Year, ii	Expenditure.
		Rs.			Rs.
<b>1300</b>		<b>41,920</b>		1933	2,59,946
1910		1,48,092		1935	1,95,307
1915		92,007		1936	2,37,771
1920		1,43,192		1937	2,36,665
1925		1,83,440		1938	2,55,976
1930		2,16,448			

Since 1900 the expenditure has increased by over 510 percent. Between 1900-1920 the rise was 241 percent, and during the succeeding eighteen years it is only 79 percent. Thus the rate of increase in municipal expenditure was more **rapid** during



the first twenty years. The sharp rise during **1910-11** was due to heavy capital outlay on the construction of water works at Kalgeri.

Of the total expenditure of Rs. **2,55,976** in **1938**, about Rs. **33,253** were incurred on the administrative machinery, including the collection charges of Rs. **16,652**. Since **1900** the administrative expenditure has increased from Rs. **7,663** to Rs. **33,253** in **1938** or a rise of about **334** percent. The increased expenditure under this head is mainly due to enhanced scales of salaries in addition to the administrative and collection staff. In **1901** the departments consisted of **40** servants, and in **1939** the number had risen to **71**. The monthly salaries of the staff in **1901** amounted to Rs. **419** only while in **1939** the same had risen to Rs. **1,573-1,847**. At present the establishment charges of the administration section vary between Rs. **576-760** per month while those of the collection department vary between Rs. **997-1,087** per month. On the average of four years ending **1938-39** the expenditure on general administration only amounted to **5** percent of the total municipal expenditure. The collection charges should be considered in relation to the total revenue collected. The charges for collecting the two indirect taxes viz., terminal tax and tolls and those for collecting other assessed taxes and service rate may be considered separately. The cost of collecting the terminal tax and tolls fluctuates between **12** to **13** percent of the gross receipts while that of collecting other assessed rates and taxes varies from **6** to **7** percent of the gross amount collected. Thus it appears that the collection charges of the indirect taxes are much higher than those of other municipal dues. It may also be noted that in the case of other municipalities which have introduced the terminal tax, the collection charges are substantially low. For instance, at Ahmedabad they are about **5**

percent of the gross revenue collected. The high cost of collecting terminal tax **at** Dharwar is perhaps due to two reasons. Firstly, the work of collecting the tax is carried out at Dharwar departmentally while at Ahmedabad it is entrusted to the Railway authorities. Secondly, the cost of establishment is bound to be proportionately high where the yield of the tax itself is low on account of the agricultural character of the town. Nevertheless, it must certainly be said that the present high level of cost is likely to shrink considerably provided defects in the collection **work,** **refelHiB**^to in the first section, are removed and revenue is collected with more vigilance and efficiency, we have also already shown that the work of collecting **the** assessed taxes is far from satisfactory, and during the more recent years it has become one of **the** disquieting features of municipal administration. Arrears of municipal dues are mounting up every year and no serious efforts are yet made to reduce them. It may well be noted that owing to inadequate recovery of taxes and dues, the local body failed to provide **the** most common amenities and services like street lighting and water supply. The collection staff is reported to be totally inadequate and incompetent. Even the routine administrative work is utterly neglected. In 1937 the Government auditors found that the accounts were hopelessly maintained, a number of vouchers **were** missing, suspense accounts had assumed alarming proportions and writing of accounts was very much in arrears. Under such circumstances it was impossible to audit the municipal accounts. The main factors responsible for this state of affairs seem to be lack of adequate and qualified staff in the lower grades, and absence of effective control and supervision over the work of the subordinates.

The special sub-committee set up in 1937 to inquire into the inefficiency of municipal administration reported that the administration had deteriorated in everyone of its branches. Mainly due to the incompetency of the then chief executive officer. Even the Government of Bombay thought it necessary to threaten the local authority with supersession unless the then Chief Officer was removed and a more capable officer was appointed in his place, some cases of misappropriation were disclosed during 1937-38 and the municipal Secretary and shroff were both found guilty of criminal breach of trust with respect to municipal funds and were dismissed from service. The municipality with a view to keeping more effective check over the maintenance of accounts and setting the whole administrative machinery on a more efficient basis undertook in 1937 the reorganization of the whole office schedule. The main features of the scheme are the bifurcation of the post of Chief Officer and Engineer, the institution of a separate accounts branch with a qualified accountant at its head and the insistence of a reasonably high standard as a qualification for entrance to municipal service. The provincial authorities have loaned the services of a capable government officer to the local authority to act as the Chief Executive Officer for a period of few years.

Public Safety Measures:- These measures include maintenance of fire fighting equipment and lighting of public roads and open spaces in the town. The progress of expenditure under this is shown below.

Year,	£	Expenditure.	11	Year.	&	Expenditure.
1900	Ps .	3,433		1935	Ps .	6,052
1920	'£	5,354		1936	"	23,197
1925	"	9,144		1937	"	6,789
1930	•»	12,638		1938	"	11,559
1933	"	19,188				

**On** the average of five years ending 1938-39, expenditure on public safety measures amounted to Ps. 13,674 per year which records an increase of about 298 percent over expenditure in 1900. The expenditure on fire service forms a small portion of this expenditure, **AS** late as the year 1930 expenditure on the fire service was practically non-existent. This naturally indicates that the fire service was entirely neglected till very recently. Even towards the close of the period the fire service did not appear to have been properly and adequately organized. There is no permanent staff engaged for the service, work being mostly carried out by temporary servants, if and when necessary. There is a mention in 1932 of the purchase of a fire fighter motor costing about Rs. 100, but it is extremely doubtful whether the existing equipment is sufficient enough for a town like Dharwar.

The major part of the expenditure shown under this head is devoted to the Lighting service. On the average of five years ending 1938, municipal expenditure on lighting amounts Ps. 12,619 per annum which shows an increase of 264 percent over the lighting expenditure in 1900. The expenditure rose slowly from Ps. 3,431 in 1900 to Ps. 5,336 in 1920. During the following ten years it was more than doubled. But it rose rather sharply after 1930 owing entirely to the introduction of electric street lighting in the city. The lighting expenditure during the more recent years appears to be very irregular on account of the portion of the lighting **Dill** being withheld practically every year owing to disputes between the local body and the Electric Supply Company. But the low expenditure during 1937-38 and 1938-39 represents the drastic retrenchment effected in the lighting service owing to precarious financial

position.of the municipality.

It is surprising to note that as late as the year 1931 the municipality had stuck to the time-worn system of Kerosene lamp lighting. The number of kerosene lights\* 323 in,1899 and it **had** risen to 463 in 1926. In addition, there were about 32 kitson' lights in the latter year. In 1922 there were servants in the lighting section and the monthly pay bill amounted. to Rs. 21.1. On the eve of the introduction of electricity, there were 17 servants on the schedule staff and the monthly cost varied between "s. 22^236. Actually, however, there were about 21 lighters. With the introduction of electric lighting the number of ordinary lights was considerably reduced and there was a corresponding reduction in the strength of the staff. Towards the close of the period there were only seven servants on the lighting staff.

The decision to introduce electricity in the city was taken in 1930, and in the following year the municipality entered into an agreement with the Dharwar Electric Company. The Company agreed to supply electrical energy to the municipality for a period of fifteen years at the uniform rate of annas 4 per unit. The Company also undertook to maintain Kerosene lamps including incandescent ones wherever it was not possible or advisable to have electric lights. This part of the agreement is, however, terminable at the option of the municipality at any time. With the introduction of electricity, the lighting expenditure rose sharply and reached the maximum figure of Rs. 21,857 in 1936. The introduction of electric lights was not, however, an unmixed blessing, while it provides efficient lighting system to the citizens, it entails at the same time an expenditure which the municipality as well as the local authorities considered too heavy for the slender municipal resources#

The question was referred to a sub-Committee which was asked to report on the feasibility of re-arranging on , large and growing expenditure under this head. It is necessary to note that this subject was entwined with the question of electrification of the municipal water works at Kalgeri. It is reported that both these questions, so far as the municipality is concerned, have been practically settled and a fresh agreement with the electric company was entered into in 1938. This new agreement is considered to be more favourable than the first one and the local authority hopes to obtain a large amount of nearly five to six thousand rupees saving over street lighting and an annual saving of nearly seven to eight thousand rupees over the present expenditure on municipal water works. In spite, however, of the fact that more favourable terms were secured under the new contract, the present arrangements of street lighting are totally inadequate for a town like Dharwar. The municipal finances have been upset owing to low recoveries of taxes and dues, and to meet this difficult position the lighting expenditure has been materially reduced. On the average of five years ending 1938-39 the lighting expenditure amounted to about 5 percent of the total expenditure but in 1938-39 the proportion was only 4 percent, with the return of municipal finances to normal conditions it is eminently desirable to increase the expenditure on the service with a view to making it as efficient and sufficient as possible.

Water supply?- The progress of expenditure under this head is indicated below.

Year.	5 Capital Expenditure. Rs.	5 Recurring. Rs.	5 Total. Rs.
1900	417	713	1,130
1915	2,992	20,018	23,010
1920	299	33,835	34,134
1925	8,674	28,500	37,174
1930	4,974	33,863	38,837
1935	3,397	36,955	40,352
1937	3,556	25,207	28,763
1938	3,189	23,276	26,464

Till the year 1911, the water supply of the town consisted of six reservoirs, three ponds, two cisterns and 614 wells. Of the six reservoirs five were fairly large and formed the chief sources of water supply. The present Kalgeri water works was constructed during 1909-1911 and the public was supplied with water from these works from August, 1912. With the construction of water works, the maintenance charges, which formerly were mere, rose sharply after 1912. These recurring charges were much higher during the initial period owing to two reasons. As the number of private water connections increased, greater amount of water had to be pumped, which always meant rise in working expenditure. Secondly, the high prices of oil, coal, etc, during the Great War and some years thereafter also contributed to increased cost. It may at the same time be mentioned that during certain years the maintenance charges dropped suddenly. This sudden decrease was the result of the stoppage of water supply for some months during certain years owing to shortage of water in the tank. The normal expenditure rose after 1925 owing to one additional reason, viz; the institution of the water works Depreciation Fund to which Rs. 4,000 were annually credited. This contribution to the fund was discontinued after 1936 due perhaps to the bad state of municipal finances. The local

auxnonty was contemplating installation of electric pumps at th'  
water works for pumping purposes, **is** a result of this improv<  
ment a saving of about seven thcu^uu rupees was expected in the  
working expenses.

It is, however, obvious that the expenditure figure alor  
will not indicate the efficiency or adequacy of the water supply  
service in the town. Here it is necessary to remember that the  
Kalgeri tank was designed to supply the bare need of 10 gallons  
per head and that too for a few years only. The population of the  
town when the water works was constructed was 30,0^0. In 1931 it  
had ri^en to about 41,000 and since then the population must have  
increased further. With the growth of population the consumption  
of water inevitably increased. It is, therefore, clear that the  
present water works can no longer be expected to cater to the need  
of a growing population. It is moreover^noteworthy that as far bac  
as the year\* 1922 the water works was found to be incapable of  
providing the necessary supply. The Kalgeri tank dried up complete,  
practically every alternate year and supply had to be stopped for  
periods sometimes exceeding six months during the year. It is ra-  
ther surprising to note that this alarming state of water works wafi  
allowed to continue for a number of years and no action whatsoever  
was taken either by the municipality or the provincial Government  
to solve this most pressing civic problem. Even as late at. .. year  
1938-39 the water works at Dharwar was a constant source of anxiety  
The tank did not receive sufficient replenishment of water with the  
result that the pipe water supply of the town failed during the  
summer. The condition of the water works will continue to be unsati\*  
-factory unless the catchment area is extended and speedy steps  
taken to put the works in order. The existing works have already



have outlived their expected span of life; and earlier the local authority takes in hand some other efficient scheme the better, **A** comprehensive scheme of water works had been prepared by Sir. M. Vishweshwaraya and was estimated to cost Rs. 10 lakhs. It is already observed that during *thmi* recent years municipal finances have much deteriorated and municipal credit badly shaken. In view of this fact it is extremely doubtful whether a loan of such a big amount can successfully be floated under the present circumstances. Even if the municipality succeeds in obtaining the necessary funds for the scheme, it is problematic whether the population of the town, being mainly agricultural in nature, can bear the consequent increase in present taxes. It must, however, be admitted that the citizens will have to bear **at** least a portion of the cost of the scheme if the problem of water supply is to be satisfactorily solved. It is equally clear that substantial assistance from the Provincial Government in the form of grants-in-aid is indispensable for the execution of the scheme.

We have already emphasized in the first section that improvement in the water rate revenue hinges on the satisfactory solution of the water supply problem, since 1925 the Redci and Saraswat Colonies have refused the payment of the General Water rate on the ground that the municipality has failed **to** provide **to**—  
water supply to these areas, even though the colonies have for a long time willing to obtain water from the municipal mains and pay the special water-rate in lieu of General Rate. The local authority is unable to recover the arrears of the general rate from the citizens living in the colonies nor can it legally write off the arrears. If the municipality succeeds in providing adequate supply to these areas and such other parts of the town as are without municipal water service at present, the arrears of the ge-

general rate would be considerably reduced and further augmentation in the water rate revenue assured.

The scheduled staff at the water works has not changed since 1922 and now consists of 14 servants whose monthly pay bill varies from Rs. 324 to Rs. 364. On the average of five years ending 1938 the expenditure on the water supply service amounts to about 15 percent of the total municipal expenditure.

Drainage:- The progress of expenditure under this item is indicated below:

Year.	Capital outlay.	Recurring ex- penses. Rs.	Total. PS.
1900	94	71	166
1920	-	10	10
1925	3,991	14	4,005
1930	817	619	
1933	10,219	4,379	
1935	4,166	479	
1936	6,245	608	
1937	ft*** 1*,167	2,904	
1938	37,601	1,378	

The above figures may well indicate the fact that there is no well developed drainage system at Iharwar and that, for a long time, expenditure under this head was insignificant. The absence of a regular expenditure on this service may perhaps be explained by the fact that the town, built as it is mostly on hillocks, easily lends itself to easy and natural drainage except in a few places. The local authority ~~was~~ contented itself for a long period with constructing occasionally a few water drains and calverts. Thus during 1918-1922 the municipality spent large amounts on the construction of roadside gutters, and in this task the local body was fortunate to secure financial aid

from the Government. A loan of Rs. 15,000 was obtained in 1922 for the construction of big gutters. In spite of such efforts the drainage of the town is defective inasmuch as all the sullage and drain water from the town does not go to the big gutters, it is, therefore, felt that only a comprehensive drainage scheme would improve the general drainage system of the town. A partial drainage scheme of main drains (surface) was prepared in 1931 by the Government Sanitary Engineer costing Rs. 84,000. But the weak finances of the local body prevented it from undertaking the scheme even part by part. Lack of the proper drains and culverts in the major part of the city gives scope for the rise of Malaria and other diseases. At present, however, the expenditure is usually devoted to keeping the existing drains and culverts under proper repair, it is well that in 1938-39 the municipality was able to expend about Rs. 37,000 on the construction of new drains. Large sum\* should not, however, be frittered away in patch work, and the well-worked drainage scheme prepared by the Government experts needs to be undertaken at an early date in combination with the water supply scheme since it is desirable to treat both the projects as a joint scheme. It is hardly necessary to state that both the schemes are too costly to be undertaken entirely by the local body and Government financial assistance in the shape of a sanitary grant-in-aid is most essential.

Conservancy:- Here the expenditure must be studied under the two main branches of the conservancy service, viz; the <sup>halal</sup>care branch and the general conservancy service including road cleaning etc. The growth of conservancy expenditure is shown below:

{ Expenditure.		fi Year.	j Expenditure.		
1900	Rs.	9,492	1933	Ps.	31,183
1915	»	11,907	1935		27,518
1920		22,458	1936		28,821
1925	"	23,956	1937		29,809
1930	•«	31,044	1938	«	31,432

Between 1900-1938 the rise in expenditure is about 231 percent. During the first twenty years the rise was 136.5 percent while during the succeeding eighteen years ending 1938 it is only 40 percent. Between 1900-1915 expenditure rose very gradually, but the next five years witnessed a very rapid increase inasmuch as expenditure doubled during this short period of five years. Till the year 1933 the increase in expenditure was gradual but definite. Afterwards there was a sudden decline and then a steady recovery till the figure reached its former level.

It is indeed a surprise that at Dharwar there was no regular municipal scavenging service and the citizens were left to themselves in the matter of collection and disposal of night soil. The consequent insanitation was at once a disgrace and a danger to the town. The scavenging service was introduced in July 1912, and to defray the cost thereof a special conservancy cess was imposed on those citizens who secured the benefit of the municipal service. At present there are about 1,400 private latrines in the town in addition to 92 public latrine-seats. Majority of them, it is reported, require immediate overhaul. The above seats are attended by about 57 scavengers, that is, every scavenger has to attend to about 40 latrines which means not a perfect cleaning. The municipal authorities are convinced

that the private seats as well as the public seats are insufficient for a big population as that of Dharwar. The result is that most of the night soil is not collected properly. The system of night-soil collection is as follows. The scavengers collect night-soil from the seats into their baskets and deposit in night-soil tanks which are kept at possible convenient places. This arrangement is really very inconvenient since the carts are kept at a long distance, the result is that the scavengers are tempted to throw the contents here and there on open sites in the suburban area. In order to stop this abnoxious system the Government Public Health authorities have suggested the use of motor lorries for the collection and removal of night-soil. The introduction of motor transport is likely to increase the cost of the service. But the local authorities should not be obsessed by a false sense of economy and should adopt this efficient mode of night-soil transport at an early date.

The general conservancy service includes road sweeping and removal and disposal of street refuse. There were in 1938 about 65 female road sweepers, 45 gutter cleaners, two lorries with two drivers and eight coolies in this department. Of the three lorries maintained for the purpose of removing street sweepings, one is usually reserved for use in cases of emergency. The other two were in active service. The total distance covered by the lorries in 1938 was 8,188 miles. The work done in this section of the conservancy service is reported to be satisfactory.

There are at present 181 servants, high and low, engaged in the sanitary department and the monthly pay bill varies between Rs. 2,070 to Rs. 2,120. The wages of sweepers are fixed at Rs. 4-12-0 each per month and those of scavengers at Rs. 16 each

per month. The expenditure on the conservancy services, both general and special, amounts to about 12 percent of the total municipal expenditure.

Provision of medical relief is one of the obligatory duties imposed by law on the municipal authorities, the figures indicating the municipal expenditure under this head are as under:

Year.	1 Hospital etc., /	il Plague charges. i Ps.	8 Vaccination. il Ps.
1900	800	4,244	755
1920	800	171	553
1925	2,400	158	850
1930	800	276	840
' 1935	800	782	782
1936	1,000	1,425	772
1937	-	2,371	689
1938	1,000	350	734

The above figures are enough to indicate that no material changes have occurred in the medical expenditure ever since 1900. The epidemic charges fluctuate according to the state of public health in the town while the ordinary expenditure on medical relief and vaccination appears to be fixed. This static state of medical expenditure is to be explained by the fact that the municipality has never maintained medical institutions of its own where the needy citizens can obtain medical help. There is one Government Civil Hospital situated within the municipal district to which the municipality makes an annual grant of Ps. 800 and then sits silent. In view of the fact that the state of public health at Dharwar is far from satisfactory and further that epidemics like plague have become fairly normal visitors, it is really a pity that no



Though the figures indicate an increase, it is most irregular showing lack of any policy in regard to public works expenditure. Large amounts are spent over roads during some years while during certain other years very little is spent. For instance the roads expenditure in 1930, 1936 and 1936 was between Rs. 3,000^4,000 while in 1933 and 1939 it was Rs. 17,789 and Rs. 19,140 respectively.

The establishment charges recorded a rapid rise between 1920-1925 owing mainly to the revision of the staff schedule. The staff was strengthened and the scales of salaries were also increased in 1922. Thereafter the rise in the staff charges is fairly continuous and steady. It was due to periodic increments in the scales and partly due to employment of additional temporary staff to carry out extra public works duties. At present the permanent staff consists of ten servants whose monthly pay bill\* varies between Rs. 286^341 in addition to payments to temporary staff. Dharwar is an extensive town and the roads therein are estimated at over one hundred with an aggregate length of about 45.84 miles. All the important roads and lanes measuring about 37 miles, where the traffic is particularly heavy, are constructed according to the macadam system. The idea of asphalted or cement concrete roads has been abandoned for the present as being almost a luxury and too expensive. Not only there is no well prepared plan for road repairs but even the income from tolls and wheel tax is not always devoted to roads in spite of clear instructions from Government in this behalf. For example during the three years from 1935 to 1937 the municipality failed to spend the entire revenue from tolls and wheel tax on road repairs, etc It must, therefore, be stated that the municipality



has not properly discharged the duty imposed upon it by law} and the citizens have been put to considerable inconvenience owing to unsatisfactory condition of roads in the city. Similarly, the local authority has not yet given adequate attention to another important civic problem, namely the removal of congestion in the heart of the city. Though the town is fairly extended, there are a good number of small and unhealthy lanes where there are not even free passages. There are still such lanes where even Bhangi passages cannot be chalked out without great inconvenience being felt round about, and some lanes have no passage at all; and consequently the pit privies, even though they are completely filled, are still under use. It is no surprise, therefore, that such lanes have been the hot-beds of diseases and even epidemics. The municipality is empowered under Section 184 of the Act of 1925 to take action in such cases; but it requires adequate funds to acquire such sites since the people are not . **ig** to pa^t with their sites unless sufficient compensation is paid to them. Here is an instance where a Government sanitary grant will certainly help the municipality to remove congestion in such areas and to give the people the benefit of free air and light. It may be noted ~~thrtt~~ special sanitary grants were often given by the Government for such specific purposes during the second decade, and should now be renewed in the interest of public health and sanitation. The citizens who are likely to benefit in a special manner from such schemes can also justly be saddled with a part of the cost of the schemes in the form of betterment charges.

Public Instruction;- A very large portion of municipal • revenue is devoted to maintenance of schools imparting free primary education. This function was undertaken by the municipality

**ever** since the local fund schools were transferred by Government to the local body towards the close of **the past** century. The responsibilities of the local body **in** this connexion have much increased ever since it was declared a Local Authority under the Education Act of 1923. We shall briefly study the growth of education expenditure of **the** municipality and review incidentally **the** progress of primary education **in** the town. The relevant figures of expenditure are **as** under:

Year,	fi Education Expenditure	Year,	fi Expenditure.
	^s.		r.##
1900	10,601	1933	56,323
1915	20,748	1935	63,000
1920	37,564	1936	76,236
1925	53,050	1937	78,465
1930	73,759	1938	69,946

The education expenditure rose by 254 percent between 1900-20 and by about 109 percent between 1920-37. The increase is fair". continuous till 1930, ana thereafter it .appears to be rather irregular. The ten years between 1915-1925 witnessed the most rapid rise of 155 percent in expenditure. Various factors have contributed to the general growth of expenditure during the entire period. The first factor is the increase in the number of municipal schools. In 1900 there were 15 municipal schools, the number rose to 19 in 1920, 21 in 1930, and 24 in 1938. Thus during the period nine new schools were started and these must have helped to swell the expenditure, secondly, the number of students attending these schools also affected the expenditure. In 1900 there were about 1,464 students in municipal schools, and the number subsequently rose to 2,492 in 1920, 3,334 in 1930, and 3,951 in 1938. It may also be noted that the transfer of

the S.M.R. Company's Head Quarters from Dharwar to <sup>11</sup>ac.ras, in 1908 and the consequent removal of hundreds of families adversely affected the strength of the students and checked the potential growth of education in the town. The third factor causative of increased expenditure is the addition made from time to time to the teaching staff. In 1900 there were 58 teachers employed in the municipal schools, the number rose to 98 in 1920, 115 in 1930. It declined slightly to 113 in 1935; then again rose to 115 in 1938, The fourth and the most Influential factor is the enhancement of salaries of teachers. Between 1908-1912 the minimum pay of teachers was raised from Rs. 7 to Rs. 9. During the same period the salaries of trained and untrained teachers were re<sup>^i</sup>ea as laid down in the Govern-

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ment Resolutions. But it was during the period of the late war and especially after 1917 that the effects of this fourth factor were fully realized and education expenditure soared high. The payment of war-allowances as per G.R.No. 655 W. of 1919; the increase of minimum pay of untrained teachers as per G.R.No. 3171 Ed.D.of 1918; and the promotion of teachers with retrospective effect, all these contributed to swell the expenditure. During the succeeding period also various scales of salaries were recommended by Government and adopted by the local authority; and these scales continued to inflate the education expenditure. Whether growth of expenditure was, however, arrested after 1930 owing mainly to the drastic reduction in Government education grants. With a serious diminution in Government assistance, the local authority did not feel itself financially

\*1 G.R.No. 409, 26th February, 1910; G.R.No. 2002, 9th October, 1909; G.R.No. 3059, 28th November, 1912.

competent enough to support the entire educational machinery. In order to meet the precarious position the municipality was obliged to undertake measures of retrenchment and economy. In 1932 the salaries of teachers were subjected to a heavy cut and a slight retrenchment was effected in the teaching staff by compulsory retirement of teachers carrying high salaries and substituting teachers on low pay in their places. The local authority also exercised the option allowed by G.O.No.S/72 of 12th November, 1930, and discontinued the payment of special allowances to Head Masters and First Assistants. The cut in the pay of teachers was reduced in 1933 to a uniform rate of 5 percent, **AS** a result of these and other measures, the figure of expenditure declined from Rs. 73,759 in 1930 to Rs. 54,945 in 1932. It appears, however, that during the succeeding years these measures of economy had already spent their force and expenditure continued to rise once again till it reached the record figure of Rs. 78,465 in 1937. The serious deterioration in the financial position of the municipality during the closing years of the period due mainly to inefficient collection of municipal taxes and dues, has already been dealt at length and is clearly reflected in the sudden drop in education expenditure in 1938-39.

The next important consideration deserving a close attention is whether the growth of education expenditure was accompanied by a corresponding progress of primary education in the town. It must be admitted that, taking into account the period of thirty-eight years as a whole, there has been considerable improvement in this respect. The number of municipal schools has risen from **15** in 1900 to 24 in 1938. Similarly the number

of pupils in the schools has increased from 1,403 in 1900 to 3,951 in 1938. The teaching staff has increased from 58 in 1900 to 115 in 1938. In spite, however, of these imposing figures and tempting comparison, we are constrained to state that the progress of primary education at Dharwar is far from adequate and is not at all commensurate with the cost involved. It is now admitted by all thinking men that no scheme of primary education can hope to succeed unless that education is made free and compulsory. In this connexion it is interesting to observe that as far back as 1917 the municipality had resolved to introduce free and compulsory education within the municipal district. Increased expenditure on that account was proposed to be met, not by any special tax, but by the increases that were then expected out of the revision of the house and other taxes. Free primary education was introduced in municipal schools from 1st July, 1920} but the scheme of compulsory education was postponed owing to financial difficulties, when the municipality was recognized as an independent Local Authority for purposes of primary education under the Education Act of 1923, it was hoped that the principle of compulsion would be enforced at no distant date. A scheme was actually prepared and sent to Government in 1926 for sanction with the request to increase the proportion of education grant from one-half to two-thirds. It is not known whether the Government accorded their sanction to the scheme; but the request about the increase in grant was flatly refused by Government on the score of financial difficulties. Being discouraged by the Provincial authorities, the municipality naturally did not feel very enthusiastic about the introduction of compulsion. Even the administrative officer was not appointed as late as the year

1930. with the advent of a popular government(\*t) the province and the restoration of the cut in the education grant in 1937, a more hopeful atmosphere pervaded the municipal administration. A conference of representatives of educational bodies in Dharwar was convened by the municipality and their cooperation was sought in the matter of expansion of primary education. \*~he municipality assured the representatives that adequate grants-in-aid would be forthcoming if they were prepared to run grant-in-aid primary schools, AS a result of this move, the Karnatak Education Board ventured to start a primary school, with municipal assistance. Being encouraged by this move, the municipality directed its attention to enforcing the principle of compulsion in the more backward areas of the town. Attempts are also being made to improve the range and quality of instruction imparted in the municipal schools, A Teacher\*8 Library has been started to enable teachers to add to their own knowledge. A Training class was opened for the bsrs^it of untrained teachers, similarly the teaching of science has been facilitated by the supply of apparatus and appliances. Modest attempts have also been made to give vocational bias to education in some of the schools.

These endeavours on the part of the local authority are indeed praiseworthy. Yet it must certainly be said that they mark just a beginning in the desired direction and have so far touched only the fringe of the problem. The percentage of pupils in Primary schools to total population is 10.9. The number of children of school going age calculated at 15 perjcent of the population is 6,135. This means that nearly 1,942 children of school going age are not attending any schools. The only effective wa\$y to improve the situation is to introduce the principle

**of** compulsion in all the parts of the town and to children of both sexes. In view, however, of the shattered municipal finances during the more recent years, the prospects **of** such a scheme coming into operation in the immediate future cannot be said to be bright. Moreover, such ambitious schemes of educational reform cannot be launched successfully by local bodies with inadequate and inelastic sources **of** revenue. The existing system of educational grant-in-aid has been found to be most unsatisfactory and unscientific especially in the case of poorer local authorities. The percentage system **of** grants in-aid should, therefore, be replaced by a system more scientific and sufficiently elastic in its operation.

Before we conclude the study **of** educational finance, it is necessary to touch upon two items of practical importance. The sufficiency and efficiency **of** education depend, among other things upon the number **of** children entrusted to a teacher. In this connexion the ratio of a teacher to number of pupils is of significance. In 1900 the proportion stood at 1:25.2; in 1920 at 1:25.4; and in 1930 at 1:29, But after 1930 the proportion seems to have deteriorated as a result of the retrenchment measures. In 1938 the proportion was 1:33.5, thus indicating that the teaching staff is inadequate to cope effectively with the work. The obvious conclusion is that the staff needs to be strengthened further in the interests of both the teachers and the pupils. Secondly, the question of housing schools in healthy buildings is equally important. Out of 24 schools and 6 classes, only seven schools are held in municipal buildings, three schools are housed partly in rented buildings and partly in municipal buildings, and the 14 schools are housed in rented buildings. Almost all the rented

buildings are either ill-ventilated or incommodious and thus unfit for locating schools therein. The local body is setting apart every year about three to four thousand rupees with a view to constructing some suitable school buildings of its own. But with this step the object of having school buildings cannot in the near future be gained. **AS** this is a matter of enormous capital outlay and one that cannot be entirely met out of municipal funds, much less in the present crippled finances of the local authority, the Government should substantially help the local body in carrying out this object.

On the average of five years ending 1938-39, the municipal expenditure on education amounts to 29.6 percent of the total expenditure.

Municipal Debt;- We shall briefly study the loan operations of the municipality during the period under review. It may, however, be noted that the first municipal loan of Rs. 36,000 was taken in 1876 from Government for the purpose of improving the water supply. This loan was fully repaid within a period of about 15 years, and at the commencement of this century there was no liability on the municipal resources. The period between 1897-1904 was marked by visitations of virulent plague and devastating famine in the western India. These natural calamities did not fail to affect the finances of the municipality. Heavy expenditure had to be incurred on plague preventive and curative measures, and consequently the normal municipal services were much starved. To meet this abnormal situation, a loan of Rs. 40,000 was taken in 1901 from Government for a period of ten years and at 4 percent rate of interest. During the succeeding few years a part of the loan was repaid. In 1908 the



outstanding balance of the plague loan was remitted by Government with a view mainly to easing the financial position of the local body. It **may** be recalled that the plague loans of other local bodies were also remitted, by Government at about the same time.

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The second loan of Rs. 2 lacs was taken up in two instalments between 1909-10, 1910-11 for a period of twenty years and at 4 percent interest. This loan was borrowed from Government for the construction of water works at Kelgeri. In 1912 the period of repayment was reduced from 20 years to 19 years, and consequently the annual amount of repayment of the loan originally fixed at Rs. 14,716 was increased to Rs. 16,226. This loan was fully liquidated in 1932-33.

The third loan of Rs. 16,000 was taken up in 1922 from Government for a period of 15 years and at 7<sup>^</sup> percent interest. It was intended for the construction of drains in the city. It is not known whether this loan was utilized at all **by** the local authority since it was fully paid back in 1925. To sum up the study of municipal debt, all the three loans were taken from Government for certain specific purposes. The balance of the plague loan of 1901 was remitted **by** Government while the drainage loan of 1922 does not appear to have been utilized. The water works loan of 1909-10 which should have been liquidated in 1930, was actually repaid in 1932.

Conclusion:- The two branches of municipal finance have been treated at considerable length in the foregoing pages. It now remains to coordinate both the studies with a view to obtaining as full and reliable a picture of the problem **as** possible. It **may** well be remembered that some of the important

Items of revenue were introduced and levied between 1917-1920 (e.g. water rates and sanitary cesses). During the period of the First World War, however, the cost of municipal administration tended to rise continuously mainly on account of high prices of materials and increased salaries and allowances paid to the staff. It was soon felt necessary to augment the revenue resources by suitably revising some of the rates and taxes so as to meet the rising cost of municipal services. The water rates, sanitary cesses, wheel tax, market rents, etc. were accordingly revised with the result that by the end of 1924 municipal revenue went up by about Rs. 35,000. Revenue continued to rise slowly but steadily till the year 1930. Thereafter, however, it received a serious set back and actually declined to Rs. 2,29,768 in 1932, the lowest figure during recent years. Due to the economic depression the incomes of the citizens who are mainly dependent on agriculture and allied occupations, were seriously curtailed, it is noteworthy, however, that even with the return of normal economic conditions, the revenue returns did not indicate any material improvement. It was contended that the economic depression after 1929 had seriously reduced the taxable capacity of the citizens and hence they were unable to pay regularly the municipal dues. The only way, therefore, to reduce the mountains of arrears and to resolve the financial deadlock was to lower down the general level of taxation. Though these arguments sound plausible, they do not adequately explain the present depressing state of municipal affairs. It must here be pointed out that when the principal rates and taxes were revised after 1920, the local authority failed, to consolidate the gains and to exploit them fully during the succeeding period. It is already shown that

the accumulation of arrears for years together is mainly the result of the inefficiency of local administration. The inferior collection staff persistently failed to carry out their legitimate responsibilities and their work was not properly supervised and checked by the superior authorities. The credit of the municipality was rudely shaken and was at its lowest in 1937. Payments to outsiders remained unpaid for months and years together, and contractors and merchants were no longer willing to deal with the municipality. We have already observed the deplorable state of various municipal services. The fire service and provision of medical facilities are conspicuous by their absence. The problem of water supply has been neglected for the last fifteen years and has now assumed alarming proportions. The lighting service had to be curtailed owing to want of funds and the surface drainage has yet to be constructed in all parts of the town. During the past ten years the local authority seems to have adopted an attitude of studied indifference to these and other important matters of civic welfare. In view of this state of affairs, it is indeed not a surprise that citizens and ratepayers should adopt a hostile attitude towards the local body. Even the municipal authorities had to confess the fact that owing to the proved incompetence of the Chief Officer, and discovery of a few cases of fraud and embezzlement in the accounts, the municipal **administration became practically an eyesore to the public as well** as <sup>the</sup> Government. The problem is, therefore, to convince the ratepayers that the money that is collected from them in the form of rates and taxes is wisely utilized in providing the most essential requirements of civic life. If the various municipal services are sufficiently and efficiently supplied, the citizens will not

only not hesitate to pay the existing taxes but may even be persuaded to bear a higher tax burden to carry out some of the urgent schemes of civic welfare.

Attention may be drawn to the fact that during the past few years the local resources have remained practically inelastic and income has, as a rule, been stagnant. The expenditure, on the other hand, has shown a tendency to outstrip the revenue. On the average of eight years ending 1938-39 the annual revenue amounted to Rs. 2,37,425. The average annual deficit in the municipal budget was a little under Rs. 8,000. Even in spite of such chronic deficits, the most primary civic services were starved. It is eminently desirable to spend mere amounts on services like water supply, drainage, conservancy, medical relief, etc. The circumstances offer very little scope for the adoption of retrenchment measures. If then the whole municipal machinery has to be maintained and adequate and efficient services and amenities are to be supplied to the public, it would be difficult to lower **Gown** the present level of taxation, in this connexion we may allude to the general complaint that the incidence of taxation at Pharwar is the highest in the Southern Division. It appears, however, that the statement is not borne out by facts. That some of the towns in the same Division are bearing a much heavier tax burden will be clear from the following figures:

Town.	Incidence of I Taxation.	Town.	Incidence of II Taxation.
Belgaum,	Rs. 4-13-0	Coirsi.	6-13-11
Bijapur.	" 5- 6-2	Chiplun.	5-11- 0
Bagalkot.	" 4-13-5	Dharwar.	4- 9- 5/4
Panvel.	" 4-11-3		

(Average of 5 years ending 1938-39)

It is learnt that in response to public agitation the local authority had submitted to Government proposals for the reduction of certain taxes and rates. The outcome of this move is, nowetfer, not l0iown. ut since there has not been during the past ten years any important alterations in the taxation scheme, we presume that the above proposals were turned down by the Government. It is indeed a parade; that while, on the one hand, the local body is clamouring for more funds for the execution of its schemes, it should, on the other hand, come out with a plea for the general lowering of taxation. The problem at the present moment is not one of spending les^ but rather one of spending more and spending wisely.

Although the present state of municipal finances preclude the possibility of any general downward revision of taxation in the near future, there is enough scope for effecting improvements in specific rates and taxes, we had occasion to observe that some of the rates and taxes now in force are so graded as to impose a relatively heavier burden on the poor. They are regressive in their incidence ana should at an early date be revised in a manner as would correct the existing inequalities and admit, as far as possible, the principle of progression.

Even though the entire taxation system is left untouched and the work of collecting taxes ano dues is done with maximum possible efficiency, the municipal resources would not be found adequate enough for piloting urgent municipal schemes. Projects like the overhaul of water works, construction of drains in all the parts of the town, removal of congestion, school buildings, etc. are bound to involve heavy capital expenditure; and it would be unfair to expect the local autho-

authority to raise the necessary funds on its own responsibility. It is our fervent hope that the popular Government of the Province would adopt during the next session a more liberal attitude towards the local body and render it adequate financial assistance in the execution of schemes of civic welfare. It is hardly necessary to point out that local authorities with slender resources and heavier responsibilities have a claim on the assistance of the Provincial Government.

CHAPTER . / / -

A Review of Municipal Expenditure\*

An attempt was made in the second part of this thesis to study closely the course of municipal finances during the past thirty eight years. Therein we endeavoured to determine the extent and nature of the major factors which influenced the growth of municipal expenditure and revenue. In this concluding part a comparative study of the revenue raising and spending activities of the municipalities will be made, with a view to obtaining an adequate idea about the state of municipal finances in this province and also to indicate certain general conclusion; on the subject.

It is said that "while an individual's income determines the amount of his possible expenditure, a public authority's expenditure determines the amount of its necessary in-

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come." the case of Indian local authorities, however, the position is almost the reverse. The sources of local revenue are rigid and expenditure has more often to be adjusted to revenue. This process of adjustment has to be deplored since it leads invariably to the starvation of the most pressing local needs. As local expenditure is mostly incurred on objects of a nation-building character, like medical relief and primary education, it is imperative that municipal bodies should give in future more consideration to the development of expenditure and adjust their revenue resources accordingly.

Between 1902-1.938 municipal expenditure in the province of Bombay, excluding sind, increased by 507 per cent. The increase was 196 per cent during 1902-1920 and about 104 per cent during the succeeding eighteen years. Various factors have contributed to the growth of this expenditure. On account of the development of trade and industries **in** cities, a very large population from the rural areas flocked to municipal districts. In the three administrative divisions of the province population within municipal limits increased from 19,77,649 **in** 1901 to 26,96,468 **in** 1938, a rise of 36 per cent, when the population increased, municipalities had to extend and enlarge their multifarious services so as to meet the requirements of the immigrants. Secondly, the area of municipal districts was extended from time to time, with the result, that municipalities had to serve new areas and new population. This feature has already been noted in a special manner at Ahmedabad, Poona, sholapur, Aasik, etc. The boundaries of the Ahmedabad municipality were extended **in** 1937 by about 8.4689 miles, when the boundaries are extended a local authority has necessarily to construct new roads, extend lighting arrangements and provide a number of other services and amenities. In addition to the enlargement and development of old services, municipalities in this Province had to undertake new services and responsibilities, which at one time were deemed as outside the municipal sphere. Again, the nature and methods of municipal services have undergone remarkable transformation with the progress of modern science. For example, Kerosene lamps were replaced by electric ones, and cement and asphalted roads have taken the place of old macadamized roads. Fourthly ever since the commencement of this



century prices **htv** ... a w-^UC-HJ./ to rise which manifested itself in an unprecedented degree during **1914-1920**. The cost of municipal administration and services increased with remarkable rapidity during this period. Even though prices declined after 1921, municipal expenditure did not follow the same trend. In many cases, on the contrary, expenditure continued to rise as certain capital works, which were postponed during the period of the War, were undertaken by municipal authorities. This policy was pursued with considerable vigour till the end of **1929**. After that year, however, a sudden drop in prices and depressing conditions in trade and industry arrested the upward trend in expenditure. Owing to trade dislocation and fall in prices, incomes and the taxable capacity of **the** people were seriously curtailed. Municipalities found it difficult to recover their taxes and rates and consequently municipal revenue began to decline steadily. Secondly, the Provincial Government subjected after 1931 their grants to municipalities for **education** and sanitary purposes, to heavy cuts. In view of this municipalities were compelled to put off the execution of schemes of civic welfare. Thus, municipal expenditure, which had risen between 1920-1929 by **67** per cent, increased by 22 per cent only during 1929-**1938**. With the restoration of the cuts in Government revenue and with the lifting of the depression in **1937**, and the advent of popular government in the province a new spirit of enterprise and revival began to pervade municipal administration. It was the fervent hope of local bodies in general that the popular government at the province would adopt a more liberal attitude in the matter of grants-in-aid, transfer of certain revenue items to local accounts, etc. With this hope schemes of social and sanitary importance were

being drawn up when the war broke out in September 1939 and the constitutional Government came to a standstill sometime thereafter. In the meanwhile prices soared high and the cost of municipal Government once again tended to rise

It may perhaps be supposed that the growth of municipal expenditure might be due to increase in the number of municipalities. It is true that since 1900 new municipalities have come into existence, but the numbers of municipalities which have either been abolished or amalgamated with other municipalities is also large. Thus it will be observed that there were 140 municipalities in 1902 in the three divisions of the province while in 1938 there were only 129 municipal bodies. Hence municipal expenditure has not increased owing to any net addition to the number of municipal bodies in the Province. The growth of municipal expenditure since 1902 was due to the ever increasing population in the cities, extension of the boundaries of municipal districts and enlargement of municipal services the rising level of prices, and the widening of the scope of municipal activities necessitated by improvement in the standard of living and changing notions about municipal functions and responsibilities.

The rate of increase in municipal expenditure cannot be expected to proceed at a uniform rate everywhere but actually varied according to the growth of population, development of economic life and the nature of the outlook adopted by different municipal bodies. The figures indicating the rate of increase in the case of the seven municipalities studied in the second part are as under.

Town.	5	1900-:1920	8	1920-1929	j[	1929-:1938	5	1900-1938
1 Ahmedabad.	337	p.c.	108	p.c.	33	p.c.	1,122	p.c.
2 Surat.	171	p.c.	45	p.c.	6	p.c.	320	p.c.
3 Satara.	81	p.c.	44	p.c.	26	p.c.	231	p.c.
4 Shclapur.	141	p.c.	111	p.c.	19	p.c.	509	p.c.
5 Nasik.	225	p.c.*	73	p.c.*	18	p.c.	570	p.c.
6 Dharwar.	241	p.c.	42	p.c.	25	p.c.	510	p.c.
7 Poona.	213	p.o.	143	p.c.	4	p.c.	701	p.c.
Three Divisions	208	p.c.	67	p.c.	22	p.c.	531	p.c.

It will be observed that at, Ahmedabad municipal expenditure rose at the most rapid rate while at Satara it rose at the lowest rate, secondly, the rate of increase was more rapid during the first twenty years than during the succeeding eighteen years. It is, however, noteworthy that a considerable part of the increase attributed to the first period actually occurred during 1914-20 when the cost of administration went up owing to high prices. Thirdly, the rate of increase was fairly rapid between 1920-29 when a number of capital works were undertaken and carried out. by municipal bodies. But during the next nine years ending 1938 the rate slowed down considerably owing to the policy of retrenchment and economy adopted by most local authorities. This period was marked by a most severe depression in trade and industries when the revenues of local bodies were seriously curtailed and when most of the urgent civic improvements had to be postponed. In the case of Poona and surat municipalities, expenditure remained practically steady during 1929-38. The general rise in expenditure during the whole period was much influenced by the degree of economic development attained, and the growth of local resources. The most remarkable rise at Ahmedabad indicates the economic prosperity in the city

brought about by the development of textile industries and the progressive nature of municipal resources. On the other hand, the lowest rate of increase shows the economic condition of the town and the poverty of local resources. Moreover, the growth of population within municipal limits also influenced the expenditure of local bodies. The figures indicating the percentage growth of population in the seven cities are given below.

Town.	Population 1901.	Population 1931	Percentage increase.	Population estimate.
Anandawada.	1,50,673	3,62,757 (1932)	111%	4,39,833
Surat.	1,18,364	1,50,866 (1936)	127%	1,61,202
Amalner.	21,490	45,744	112%	
Poona.	1,11,385	1,63,346	46%	
Satara.		24,027	8.6%	
Sholapur.	74,521	1,35,674	81%	1,53,793
Dharwar.	31,280	40,904	30%	
Three Divisions.	19,55,463	26,96,468 (1938)	37%	

The rate of increase of population in the seven cities was more rapid at Amalner, Kasim, and Sholapur and the rate of increase in expenditure was also more rapid there. Population increased at a slow rate in Satara and Surat where the development of municipal expenditure also proceeded very slowly. After having considered the trend of expenditure in the seven cities, we shall proceed to study the main items which absorb municipal resources.

The charges on account of the administrative machinery have much increased during the period in the case of almost all the municipalities. This increased administrative cost is the result of the enlargement of the administrative machinery as well as the enhancement of the scales of salaries paid to

to employees. During the period of the last war, municipalities had to grant special dearness and war allowances. After the termination of the war, especially after 1922, these special allowances, instead of being abolished, were often amalgamated with enhanced salaries. The increase in cost during the subsequent period has been due mainly to periodic increments earned by the staff, employment of additional temporary servants for expediting

administrative duties. In the case of Satara and Nasik municipalities, however, the high cost has been due not to any material addition to the staff personnel, but also to the high scales of salaries sanctioned from time to time. In the case of all other municipalities both the factors viz. increased staff personnel and enhanced scales have contributed to increased expenditure. The other important consideration to be noticed is the proportion of expenditure on administrative branch to the total municipal expenditure. The relevant figures based on the expenditure returns for 1938-39 are as under.

Town.	5	Percentage proportion of jj General administrative cost jj to total expenditure.
Ahmedabad.	2.8	per cent.
Surat.	3.1	per cent.
Nasik.	3.9	per cent.
Poona city.	2.5	per cent.
Satara.	^ 4.7	per cent.
Sholapur.	3.4	per cent.
Dharwar.	3.4	per cent.
Three Divisions.	4.3	per cent.

The proportion appears to be low at Ahmedabad and Poona while at Satara and Nasik it is high. These differences in proportions arise on account of differences in the scales

of municipal organizations. In Ahmedabad and Poona municipalities are organized on a large scale and are therefore able to realize economies of large scale organization. In satara and Nasik municipalities revenue raising and spending powers are limited and hence they are organized on a small scale. In such cases the cost of administration usually bears a high proportion to total municipal expenditure. The truth of this statement can well be emphasized by pointing out similar other cases. In the case of the Poona suburban Municipality with an annual expenditure of Rs. 1,69,982 the ratio of administrative cost is 11 percent while at Karwar with yearly municipal expenditure of Rs. 35,192 the ratio is 10.6 percent. At /vhmedanagar Bijapur and Dhulia these ratios are 6, 5.7 and 5.2 per cent respectively.

The next item of municipal expenditure is the cost of collecting various taxes, rates and dues. The establishment intertained for this purpose is divided into two main branches. The f^raji branch is entrusted with the work of collecting octroi or terminal tax and tolls while the second branch is engaged in recovering the assessed taxes and rates like the house tax, water rates, sanitary cesses, etc. In certain cities like Poona the work of collecting wheel tax is entrusted to the local Police Department which recovers municipal dues along with the Government licence fees from the owners of vehicles. It is reported that this arrangement has worked with success for many years as there is little scope for evasion and leakage of revenue. In the same city the octroi dues are collected by the city municipalities on all goods entering the limits of the Kirkee and the Suburban local authorities, and, after deducting the cost of collection, the net yield is divided among the three local bodies on the basis

of population within respective limits. This is indeed a unique example of different adjoining local bodies coming and acting together for a specific common purpose. This arrangement has worked very well and can be developed further in other fields of local activity. At Ahmedabad the work of collecting the terminal tax has been entrusted to the Railway authorities whose collecting charges are based **on** their total gross collections. Going to the development of motor transport during recent years and diversion of trade from rail to road, it was discovered that goods were smuggled into municipal limits by approach roads and payment of the tax was evaded. To arrest this smuggling and consequential loss of revenue, municipalities have been obliged to open new Nakas on the approach roads with a view to checking and taxing goods entering the city by roads.

That the expenditure on both the branches of the collection **Department** has increased enormously **since** 1900 will be realized, from the following figures of percentage increases in the seven municipal cities.

Name of Borough.	S Cost in 1900 jj Ps.	i Cost in 1938 il Ps.	Percentage II Rise.
1 Ahmedabad.	18,800	3,05,432	1,524 %
2 Poona city.	19,475	1,08,808	458 %
3 Sholapur.	8,840	47,456	436 %
4 Dharwar.	3,470	16,652	380 %
5 Surat.	15,101	48,286	219 %
6 Nasik.	8,884	21,822	145 %
7 Satara city.	4,033	9,308	130 %

The figures show that the rate of increase varied widely in these seven cities, while it was remarkably rapid at Ahmedabad and to a lesser extent at Poona and Sholapur. It was very slow in the Satara city,., This difference is probably due

to the fact that revenue to be collected developed more rapidly at Ahmedabad, Poona and Sholapur than at Satara. While analyzing the cost of collection in the seven cities it was observed that with the growth of revenue from taxes and dues, municipalities had to overhaul and enlarge their collecting machinery. This was especially the case when most of the local authorities revised their taxes and rates after 1920 with a view to obtaining increased income. The second factor contributing to increased collection cost has been the enhancement of the scales of emoluments paid, to employees from time to time. At Satara, however, the influence of these factors was not much in evidence especially after 1921. In this case the strength of the staff has not undergone any material change since the last seventeen years and the influence of the other factor, viz. rise in salaries, is also very limited.

The other significant consideration in this connection is that collection work is effected with economy in these cities. Here also marked differences are in evidence. So far as the indirect taxes, viz. octroi, terminal tax and tolls, are concerned, the percentages of collection cost to total revenue collections were 5.2 at Ahmedabad, 7.6 at Surat, 7.7 at Sholapur, 14 at Poona and Satara and 12 at Dharwar. These differences may arise firstly because the collection cost may bear a high proportion if and when the yield from the tax itself is low and inelastic. This is especially so at Satara where the yield of octroi has not moved up materially since the many years past while the local body had to maintain the minimum necessary staff for the work. Secondly, the high proportion of cost may indicate possible overlapping, duplication of machinery, mismanagement or leakage of revenue. There is reason to believe



that conditions at Poona and Dharwar offer wide scope for improved and more economical collection.

in regard to the cost of collecting other assessed taxes, a more reliable criterion of efficiency is provided by the figures of arrears and recoveries. Here also results have been obtained in the towns with varying success. At Ahmedabad and Sholapur the collection work is done with commendable promptness and efficiency. The percentage of recoveries to total demand for rates and taxes at Ahmedabad was 96 in 1937 and 94 in 1938. The percentage of arrears to demand of all dues amounted to 17.9 in 1936 and 14.53 in 1938. At Sholapur the percentage of arrears to demand was 10.5 in 1937 and 9.03 percent in 1938. At Poona the arrears vary from 14 to 18 percent of the total demand while at Surat the same figures fluctuate\* between 16 to 21 percent. The collection work done at the remaining three cities, viz. Dharwar, Nasik and Satara, is far from satisfactory and at least two of these municipalities are practically on the verge of financial bankruptcy. In 1938, the percentages of arrears to demand were 34.18 at Satara, 44.2 at Nasik and 63.53 at Dharwar. It should not however be supposed that conditions obtaining in the other four towns are entirely satisfactory, for from it. Arrears at Surat and Poona City are reduced by writing off enormous amounts as being irrecoverable. During the past five years the Surat local authority has been writing off over Rs. 20,000 every year; and in 1939 the writes off amounted to Rs. 53,563. In Poona City also the arrears are showing a progressive rise during recent years. In 1937 they amounted to Rs. 1,37,066 and then rose to Rs. 1,60,701 in 1938 and Rs. 1,64,383 in 1939; that is to say from 14 to 18 percent of the total demand

is always in arrears. The position of smaller municipalities in this respect is all the more deplorable. The figures indicating the percentage of arrears to total demand in the case of a few typical municipalities are given below.

Town.	\$ Percentage 5 of Arrears <sup>8</sup>	Town.	j  Percentage of J Arrears.
Dhond.	34 %	Manmad.	40 %
Faizpur.	60 %	Nandurbar.	50 %
Jejuri.	67 %	Panchgani.	40 %
Malegaon.	38 %	Sangamner.	52 %
		<b>Athnl,</b>	70 %

The Examiner, Local Fund Accounts, remarks in his report for 1939-40, "Barring a few exceptions like Alandi and Khed (where there were no arrears) ana Jambusar, Mahabaleshwar, Bulsar Vita and ilauammadabad ( whe ^ --rears were below 2 per cent.) among district municipalities, and Amalner and sholapur (arrears **less** than 10 per cent) among boroughs, the arrears cf taxes were heavy in most of the municipalities - worst instances being ,5inkheb, Honavar, Inaapur, Yavral, . ^ - ^ ^ u - , ^ f O l a w . x x u a i \* a u arrears exceeding 60 per cent among district municipalities and Malegaon and Dharwar (arrears exceeding 50 per cent" among borou-ghs." At the end of the year- 1939-40 the total amount of raunici- \ pal arrears in **the** Province was over Rs. 26 lakhs. Thus the accumulation of arrears is a growing evil. Commenting on the dangerous anti-social implications cf this evil, the commissioner, Northern Division, rightly points cut that "slackness of a muni-cipality in the matter of **the** collection of its legitimate dues is apt to prove peculiarly mischievous in its long term effects; while the law-abiding citizen who pays his dues promptly is vir-tually penalized, the contumacious" defaulter whol, by his self-

selfishness, holds up the execution of beneficent schemes, receives indirect encouragement in his anti-social behaviour."

Owing to accumulation of arrears and low cash balances many a municipality have, been diverting their ear-marked funds and even funds of the *Municipal Corporation* of trusts **A ^ S** e.g. Provident Funds or Depreciation Funds to general purposes. Various arguments have been put forward to explain the problem of arrears. It is suggested that arrears accumulated **mainly** on account of the poverty and low paying capacity

the best method, therefore, to reduce the mountains of arrears is to lower down the general level of municipal taxation. It is not the purpose of this thesis **to** determine the nature or the extent of poverty in the cities, **it must**, however, be admitted that the economic depression of 1929 reduced the income and paying capacity of the people and this fact may be accepted as a partial explanation for the heavy arrears during period 1930-1935. But it is not known why the recoveries did not show any material improvement even after the return of normal conditions in trade and industry. On the contrary, the available data **indicate** a progressive deterioration in the financial position and the recovery work during the more recent years. Moreover, the fact that the collection work is done with greater speed and efficiency in certain cities like Sholapur and Ahmedabad shows that poverty is not an adequate explanation for arrears. It cannot also be said that poverty is confined to certain towns and is absent in certain other towns. Again, it is noteworthy that recovery work is known to have improved considerably in some cities on account of the appointment of Government administrators. In view of these considerations, we are unable to admit

the 'ty as an adequate explanation for the ?noun-  
 ting figuret. of arrears. The study cf the seven cases as well  
 as information in regard to othar towns leads us to the con-  
 clusion that slow and low recover!f»r, ^M^ly the outcome  
 of inefficient and negligent suorc **lu^in ot il** ana lack of  
 supervision and control from above. There is considerable delay  
 in the preparation and complttion of assessment lists. A bela-  
 \*  
 ted assessment list invariably mean? late ps?ue of bills and  
 therefore the actual collection • r - ' - ~ '—cr. up only at  
 the fag end of the year, **A** few typical cases cf such delay may  
 be cited. In Surat the «; quadrannial revision of assessment list  
 which was due in 1936-37 was net completed till the « ^ o f  
 1937-38 ano **thu3** resulted in a lo~ " ibcut r;s. 20,000. The  
 assessment list at Dhanduka **WHS** not revised for about eight  
 years and at Jarafcusar for a period of twenty years, |in3pite  
 of clear instructions in the municipal Acts. Added to this  
 was th? reluctance on the part of many municipalities to resort  
 to coercive measures provided in the Acts for the recovery of  
 taxes and dues. At Chalisgaon only 104 warrants were issued  
 during 1938-39 as against 1304 defaulters. In Surat a warrant  
 for recovering a tax fcr Re. 124 ^r the ye-rrs 1920, 1921  
 was assued in 1929 anc: executed in **iroc i.e.** 14 years after  
 the tax became due! Jejuri offers another notable instance of  
 gross negligence on the part of the municipal executive. Here  
 not only were the warrants issued, not executed by distraint of  
 property, but in one case even the property distrained was

1 Section 67 (1) of the district Municipal Act, 1901.  
 See\* icn 84 (1) cf the Doafoay ~<sup>n</sup> < \\_i. W:\* -'unicipp.l Act,  
 1925.

returned to the defaulter without recovering the municipal dues. At Jalgaon arrears of taxes amounting to Rs. 301, due from an owner of four houses, were remitted on ground of poverty, though these houses alone yielded an annual income of Rs. 650 from rents. It would thus be seen that in addition to initial delay V in the issue of bills and warrants there is reluctance to execute the warrants by distraint of property and large sums are every year being written off as irrecoverable without proper scrutiny and without ascertaining the negligence of the staff and fixing responsibility.

Recruitment to the collection department is determined not by efficiency but by communal and party considerations and increments in salaries are often awarded without taking into consideration either the quality or quantity of work turned out by the collecting staff. It is not uncommon for the municipalities to entrust the collection work U floating staff which, in the absence of security of tenure or prospects of promotion, is tempted to commit fraud and misappropriate municipal funds. Cases of such nature have occurred in Shalapur and other towns where municipalities were put to considerable financial losses. In order to prevent occurrence of such cases of fraud and misappropriation it is essential that only permanent employees should be entrusted with the collection work and they should be required to furnish cash security. At present there is no proper and adequate supervision and control over the maintenance of accounts and the staff has scanty knowledge of correct accounting methods. Registers of taxes are not often properly written up, the importance of proper classification is not always appreciated and agreement of demand registers is, more often than not, ignored.

It is our considered view that municipal finances are likely to improve considerably if only the collection department is organized on a more efficient basis. Appointment of servants in this section must never be influenced by any other considerations save those of experience and educational qualifications. It is also our view that improvement in collection work can be secured if there is no unwarranted and unnecessary interference of the Councillors in the day-to-day working of the department. It is really a regrettable feature of our municipal government that councillors should invariably figure in the list of defaulters. Publication of their names as defaulters in the annual municipal and government reports does not seem to have produced the desired effect, we suggest, therefore, that definite statutory provision should be made in the municipal Act whereby default in the payment of municipal dues would ipso facto disqua-

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lify a councillor from the membership of the municipality. Periodic enquiries should be instituted into the problem of arrears, and Government should also call for reports indicating the progress of recoveries and such other allied matters and keep a vigilant eye on the general working of the collection department.

There is no organization at present of officers in charge of municipal financial administration under whose auspices matters of mutual interest can be discussed, we suggest, therefore, that early efforts should be made to form an organization of municipal accountants, treasurers, tax superintendents and other officers connected with local financial administration.

1 This suggestion has also been made by the Local Self Government Committee, Bombay, 1939.

We also endorse the suggestion of the Examiner, Local Funds Accounts, that the provincial authorities should adopt and recommend a model Municipal Account Code with a view to securing uniformity in the maintenance of municipal accounts.

We shall next turn to public safety measures undertaken by municipal authorities. Under Section 68(d) of the Municipal Boroughs Act of 1925, it is one of the obligations of a Borough to maintain adequate staff and equipment for extinguishing fires, and protecting life and property when fire occurs. It may, however, be pointed out that this function was being performed by some of the major municipalities long before it was made an obligatory one. Since 1900 considerable improvements have been effected both in the quality and scale of the fire service. The figures indicating the growth of expenditure under this head in the three provincial divisions as well as in the seven selected towns are as under.

Town.	Expenditure in 1900	Average expenditure during 1935-36	Percentage Increase,
	Ps.	Ps.	
1 Ahmedabad.	4,014	60,236	1151 %
2 Surat.	8,291	33,629	305 %
3 Kasilc.	524	1,094	108 %
4 Poona City.	3,400	9,876	190 %
5 Satara.	865	1,273	47 %
6 Sholapur.	562	10,034	1685 %
7 Dharwar.	nil.	1,174	
Three Divisions.	28,339	1,60,060	464 %

The figures reveal that surat and Ahmedabad have been expending larger amounts over the service than that of other town in the Presidency. At Sholapur and Poona the fire service absorbs annually about Ps. **10,030**. Expenditure at Nasik, Satara and

Dharwar scarcely exceeds Rs. 1,300. The real development of the fire fighting service occurred only in the former four cities while **in** the latter three cities progress is insignificant, it may well be remembered th.it at Ahmedabad and Surat special attention has always been given to the service **on** account **of** peculiar local conditions. Surat City had suffered much, towards the close of the last century, from fire which materially reduced its population and prosperity, serious efforts had, therefore, been made to place the fire extinguishing service **on** an adequate and efficient basis with a view to making the city secure against the ravages of fire epidemics. Development of cotton textile industry and growth of a large number of other small-scale industries and trades within the municipal limits obliged the municipal authorities at Ahmedabad to effect improvements both in the scale and character of the fire service. The growth of population at Poona and Sholapur and location of the cotton textile mills in the latter city explain the progress **of** fire service in those two cities. In the last twenty years have, witnessed considerable improvements both in the technique and nature of the service. The old hand-worked fire engines gave place to steam-fire engines and the latter were, in course of time, replaced by petrol motor fire engines. Fire stations have been connected with the central station by telephonic communication and residential quarters have been constructed for the staff so that the news of fire can be received and attended to almost immediately. The department is generally placed under the supervision and control of a trained fire superintendent and members **of** the staff are now being sent to Bombay for training in fire fighting. Efforts are also being made to equip, as far as possible-



of civic welfare and Government should exercise their influence and impress upon the Boroughs the desirability of making adequate and efficient fire-fighting arrangements.

It should not, however, be imagined that conditions of the service are satisfactory. Far from it. At Ahueuabad the authorities are convinced that their present equipment falls short of local requirements. In 1938 the fire department extinguished 51 out of 74 fires and the loss on account of fires was estimated at P.c. 1,66,990. At surat the service is handicapped owing to inadequate pressure in the water mains even though their existing equipment is adequate for the town. The fire brigade answered about 17 calls during 1938-39, and the estimated loss of property on account of fire was Rs. 199 only, the lowest figure ever recorded so far. The sholapur local authority possessing a fire brigade of three fire fighters and 162 hydrants is considering the proposal of opening three additional fire brigades. In view of the present war, the possibility of air raids has already imparted a new urgency and importance to the problem and some of the major municipalities are now busy reviewing and overhauling their fire service with a view to rendering it more efficient and sufficient. For instance, the Poona City and Suburban Municipalities have made special provision in their budgets for the enlargement of their fire-fighting equipment, so far as the rest of the selected towns are concerned viz., Nasik, satara and Sharwar, we are constrained to observe that the service has so far received scanty attention and the progress is very slow. Improvement both in the strength of the staff and fire extinguishing equipment is desired. It is, however possible that immunity of towns from ravages of fire as well

as paucity of funds have prevented development of the service especially in smaller towns. Even though it is impossible to prescribe a general standard of equipment and staff applicable to all the towns, Government should ensure that fire fighting arrangements at least in Borough municipalities are adequate for local needs. Figures indicating proportion of expenditure on Fire Service to total municipal expenditure in seven selected towns are as under.

Town.	Proportion.	Town.	Proportion.
1 Ahmedabad.	1.2 percent.	5 Poona City.	.5 percent.
2 Surat.	2.8 Percent.	6 Sholapur.	.8 percent.
3 Farsid.	.3 percent.	7 Ph&Rw.r.	.5 percent.
4 Satara.	.8 percent.		

Lighting service:- Lighting of public streets, places and buildings is an obligatory municipal function under section 68(1) of the Municipal Boroughs Act of 1926. In fact this civic responsibility has long before been undertaken by most of the municipalities; and the past twenty years have witnessed a marked improvement both in the technique and scale of the service. In the past, Kerosene oil lamps were used for street lighting purposes which method, besides being most unsatisfactory, antiquated and unwieldy, involved enormous expenditure over purchase of oil and other lamp accessories and maintenance of a large staff of poorly paid lamp fixers. Necessity of a better method of street lighting became evident with the advent of increased vehicular and pedestrian traffic with the result that petrol or incandescent lamps came into use at the traffic centres and squares. But these petrol lamps did not displace the oil lamps to any considerable extent. Introduction of electricity

though admitted to be the most welcome, efficient and satisfactory method of street lighting, was prevented owing to its high cost and absence of generating plant in some of the towns. Though Ahmedabad and Poona had introduced electricity before 1920, most of the other Borough towns adopted this system only during the past fifteen years, with the single exception of Hubli, all the other borough municipalities have now introduced electricity for street lighting though some of them have not as yet completely dispensed with oil lamp system, with the advent of electricity expenditure of local bodies over this service has grown remarkably. The figures showing the extent and rate of increase in expenditure in the case of seven selected towns are given below:-

Town.	Expenditure in 1900.	Expenditure during 1935-36 to 1938-39	Percentage Rise.
	Rs.		
Ahmedabad.	14,153	1,31,554	829
Surat.	16,632	1,21,384	629
	2,331	19,626	741
Poona City.	10,568	59,201	460
Satara.	874	7,973	812
Sholapur.	4,120	38,447	833
Dharwar.	3,431	10,711	212

The figures reveal that Ahmedabad and Surat expend far larger amounts over the service than any other city in the Province even though figures for Surat are to a certain extent, inflated owing to execution of certain capital works, Electricity has been introduced in Nasik, Dharwar and Satara only after 1930 and there is some scope for further expansion of expenditure in at least two former towns, similarly, Sholapur and Poona still use oil lamps for street lighting and, with their replacement by electric lamps, expenditure is likely to increase to a certain

extent in these two towns also. The above figures do not, however, convey any idea as to the extent or adequacy of the lighting service. They do not also explain the factors which cause variations in the cost of maintenance. In this connexion figures indicating the number of lamps, average distance between lamp poles, power of illumination, rates paid per unit of energy consumed and duration of burning may be found interesting.

Town.	No. of Poles.	Distance between Two lamps.	Power of Lamps in watt.	Rate of energy in Annas, j	Hours.
Ahmedabad.	6,871	140 to 180 ft.	60 to 300 watt.	9.45	10
Surat.	3,252	125 to 150 ft.	60 watt.	1 to 3	whole night
Nasik.	1,115	150 ft.	40 watt.	4	
Poona.	2,745	300 ft.	40 to 100 watt.	0-4-6	
Satara.	377	300 ft.	25 to 100 watt.	5	8
Sholapur.	1,969	100 ft.	60 to 200 watt.		
Bharwar.	960	300 ft.	60 watt.	0-3-4	6
			20 to 30 watt.	0-4-0	5-30

From the above statement it is realized that Ahmedabad, Surat, Poona and Sholapur are better provided with lighting facilities than the other three towns, in spite of the fact that the total mileage of streets in Ahmedabad and Surat is much longer than elsewhere, the local authorities in the two cities have maintained comparatively the best lighting facilities. Among the reasons making for the efficiency of the service, the most predominant one is that the two cities have been fortunate to obtain their supply of electrical energy at much cheaper rates than those obtaining in other cities. Barsi pays the highest rate (Ans. 6) in the Province while at Satara it is Ans. 5. In other towns the rate varies from Annas 3 to Ans. 4j. The high rates of electricity are to a certain extent responsible for

belated introduction of electric lights in the cities and continuance of these high rates has also adversely affected the work of extension. It is indeed a regrettable feature of municipal administration that in none of the cities of the Province have the local authorities ever attempted to run the system of municipal electric supply and in almost all the cities they have to depend upon private power companies for their electric supply. It is true that an attempt was made in Ahmedabad to start a municipal electric plant but the idea was soon dropped when the municipality succeeded in obtaining cheaper rates and more favourable terms under the new agreement with the local concern. But the municipality raised with a view to safeguarding its position against any possible or potential threat of stoppage, a loan of Rs. 20 lakhs and constructed at its own cost the extension work in the city and the suburb. An opportunity of establishing a municipal electric plant had offered itself in 1934, but the municipality failed to seize it and contented itself with an annual royalty of Rs. 3,000 from the local electric concern. In Poona the city, suburban and Cantonment authorities should long before have jointly considered the possibility of establishing a common undertaking, given some attention to maintaining a common electric supply for the Greater Poona, but such an idea does not appear to have ever occurred to them; and the result is that these three adjoining authorities are obtaining their electric supply, under three separate contracts, from a private electric company. Owing to absence of competition among rival electric companies, municipalities in most places are practically at the mercy of these private concerns and have been compelled to acquiesce in unfavourable terms and high rates.

It is unfortunate that frequent disputes with local power companies should have disorganized the service at Kasik, Jalgaon and Dharwar. The attitude taken by the companies in the former two towns appeared unreasonable and the municipalities were confronted with the most unpleasant possibility of reviving the oil lamp system. In Satara and Bholapur the electric concerns have shown their inability, for reasons not known to themselves, to complete the work of extent, on the basis of previously agreed plans, in Poona the local body had to stage a demonstration and carry on agitation with the help of the citizens for securing a reduction in the rates. Power companies in most places have exhibited indifference towards the local authorities in spite of the fact that the latter constitute at once the largest and the most important single consumer of electrical energy. The Provincial authorities no doubt possess powers of supervision and control over the working of private electric companies. But the study of agreements between local bodies and electric companies does not indicate that these powers were exercised in such a manner as would promote and safeguard the best interests of the municipalities, the private companies owing to their strong financial position, have become a powerful vested interest which it would be very difficult to dislodge from the present position. The social and economic importance of public utility services like electricity has not yet been properly appreciated in this country. This important field of economic activity has from the outset been allowed to be exploited by profit-making power companies. In Great Britain, on the other hand, local authorities were from the outset enabled and even encouraged to enter the field. Moreover, borough councils were granted the right of compulsory purchase of company

undertakings at the expiration of twenty-one years or forty-two years. Not only did the great cities like Manchester, Birmingham, etc, enter **the** <sup>^iel0 ~ol\*t,i v\*ly ~-rTy,</sup> but many small authorities we<sup>e</sup> induced to eatatuish generating stations, **AS** a result cf such a policy about two-thirds of the entire electric supply industry in Great Britain is now in municipal ownership, with the single exception of ,'-tar-,. to none of -the electricity contracts ao we discover any provision being mace ena\* bling the municipality to assume control over the working of electricity concern at any future data. Nor have the Provincial Government ever displayed any fores<sup>v'h</sup> to i-Mnt'^rr u>?o^ '-ncorpora ting such a provision or in encouraging municipal ownership in other ways, va may refer to he indifference that the Provincial Government displayed in tbe case of the Ahmndabad Municipality by refusing to intervene in^tussel between the municipality and the .lect^ic company. ' & -r , '•/.•••'ev?v, mean to sugg: that all the municipalities in the Province are at present in **a** position to operate renerating stations. The experiment needs to be attempted and should be undertaken by such municipal boroughs as are financially **sound o^ovr-h tn TW**\*se the requisite finance by borrowing, in the **case of oi her** boroughs the future contracts ak»stitfxJe\*x a provision should be incorporated whereby municipality can assume the ownership of **the** undertaking in the future, in case such an arrangement is ruled out as unpracticable, ~~-V.xc~~tf undertakings should b« encouraged. • t **ny** rate there should **be a** recognition of the potential right **cf** the local authority to own and manage this most essential public utility undertaking.

The figures indicating the proportion which the

lighting expenditure bears to total municipal expenditure in the  
 these cities are set out below.

Town.	£	Proportion	Town.	£	Proportion.
Ahmedabad.		3.1 percent.	Satara City		5.1 percent.
Surat.		<b>3.6</b>	oftolapur.		3.1
Nasik.			bharwar,		4.7
<b>T- .na City</b>					

Water Supply service:- in his evidence before  
 the Royal Commission; that of the Town, in inland, Mr.  
 Holme -erickson, « Water is as essential, alth and comfort  
 of mankind. The air we breathe, and, the kind of water  
 in masses. It is essential to the public health that it should  
 be isost abundant, not doled out to yield to others 30 percent  
 interest, but duplicated from the water supply. The  
 1  
 coat'. The tie of water supply is out of the hands of this  
 vital service and the proper agency through which it should be  
 managed, in this Province the problem is not that of municipal  
 management versus private management. In Great Britain, but  
 the basic one of finding a way to combat the hardships  
 arising out of water scarcity prevalent in a large number  
 of towns. Individual and isolated efforts, however earnest and  
 sincere they may be, can never be expected to meet the situa-  
 tion: and the obvious and the most effective method, is to make  
 an institutional effort of some kind. In fact the  
 Municipal Acts of 1901 and 1925 have enjoined upon the municipal  
 bodies to make reasonable and adequate provision for obtaining

i^uotea-i^ "A Century of Progress, 1901-1925",



sufficient supply of pure water, greatest attempts have been made during the past fifty years by the Municipalities to tackle **th**

materially assisted by the Government, **lew** and additional sources of water supply were explored and tapped for obtaining an adequate supply, distribution systems were ever-

since recently, efforts have also been made to ensure purity of supply, it may, however, be noted that owing to general improvement in the standard of living, reactions of civic sense and emergence of

accompanying growth of water supply has been rendered more complicated. The problem of water supply is a dynamic problem which does not ordinarily admit of any permanent solution, which often picks up the local conditions; and just

air technique and scale of service in the light of changing circumstances. To take concrete instances, municipalities in Ahmedabad, Sholapur, Poona etc. have had to overhaul and augment their services owing to growth of population, extension of municipal limits and development of industries and trade. Similarly, the introduction of flush privies and underground drainage in some of the cities has led for the **proper** working of an abundant supply of water. Their **xi**pt for more and : supply is not still over and may continue in future as long as towns continue to grow in population and prosperity. Figures illustrating the growth of expenditure on the service and the proportion which it bears to total municipal expenditure in the seven selected towns are as under.

Town.	Expenditure in 1900.	Average expenditure during 1935-36 to 1938-39	Proportion,
	Rs.	Rs.	percent
Ahmedabad.	26,936	3,53,397	8.5
Surat.	24,682	75,0v7	6.3 »
Nasik.	927	48,408	13 "
Poona City.	22,012	1,94,746	10 »'
Satara City.	2,317	32,611	21 "
Sholapur.	26,386	2,76,853	23 "
Eharwar.	1,130	31,998	13 "
Province.	2,47,368	18,99,636	

The proportions are unusually high at Satara and Sholapur on account of the execution of certain capital works involving heavy expenditure. The above figures, though indicating the extent of the progress of expenditure., GO not convey any idea as to the nature of the service, in connection the following showing the population of the town, number of water connexions, average daily supply and per head consumption of water may be found both interesting and helpful.

Town.	Population	Connexions	Average supply	Per head consumption	Hours of supply.
	jj	jj	jj	jj	jj
	l	l	l	l	l
Ahmedabad.	4,39,833	42,617	1,70,00,000	38.7 gals.	10
Surat.	1,50,000	14,815	37,63,980	33.31 "	18
Nasik.	45,744	3,009	9,50,000	10.7 "	4
Poona.	1,33,346	9,528	80,00,000	53.67 "	14
Satara.	24,027	1,244	1,69,890	36 "	9
Sholapur.	1,35,574	4,557	40,00,000	16 "	8
Dharwar.	40,904	1,504	4,50,000	u	8

From this statement it will be easily realized that in Poona, Ahmedabad, Surat, Sholapur and Satara fairly adequate water supply has been provided. Poona especially is placed in the most fortunate position in as much as the perhead consumption of water amounts to over 53 gallons. Ahmedabad and Satara are

also favourably placed in this respect. Although the total number of water connexions in surat is considerable^the per head consumption is low owing perhaps to the insufficient pressure in the water mains. The high per head consumption in Poona and Ahmedabad is due probably to the introduction of the system of flush privies and underground drainage. It will xfi also be observed that the condition of water supply at Kasik and particularly at Dharwar is deplorable. It must not, however, be supposed that ideal conditions have been attained in regard to water supply in the larger towns. Population in Ahmedabad, Poona<sup>ce</sup> and sholapur is increasing faster than the existing water sources can support^with the result that the local authorities have been compelled to make provision of additional water supply^rom time to time. At Ahmedabad the municipality is doing its best to meet increased demand for water supply and this has been already referred to in detail ir^oote on Ahmedabad. In Poona the municipality only recently completed the water supply scheme of the High level **area**, in the Town Planning scheme No.I at a cost of Rs. 1 lakh. In Surat the municipality has realized the urgency of securing increased pressure in the existing mains| and the work of enlarging the mains was already in progress in 1939. At Sholapur the question of additional water supply has been investigated and a loan is being raised for filtration and the construction of additional service reservoir. Earnest efforts are thus being made by some of the major municipalities to meet increased demand for water supply. At Dharwar and Nasik, on the other hand, as we have seen the problem has been practically neglected. It is unnecessary to enter into details here as we have treated them in greater detail previously.

While in the major borough towns the problem of water supply leaves much to be desired, in a large number of other smaller towns it has not yet to been tackled. It is indeed very strange that in an important town like Belgaum there should be no municipal water supply scheme in operation and it is not still clear whether the municipality appreciates the importance and urgency of a pure piped water supply. In Hubli, with a population of 83,494 «it+af, the per head consumption of water is only 9.7 gallons and the present number of water connexions, viz., 1628 is totally inadequate for such a large and growing city. In a large number of other towns including Broach, Codhra, Kalyan, Bhusawal, Gacag-Betgiri, etc., there is no municipal water service and citizens have to depend on private and public wells and river water for their water supply. Under these circumstances it is impossible to ensure purity of supply. In a few towns like Savada ^Tunnar and Faizpur, supply is obtained unc cr a contract system. In a few towns like Pandharpur and Barsi the water works have been controlled by Government while the distribution service inside the town is managed by municipalities. In a number of towns in this Province like Sangola, Karmala, Manmad, Hatnagiri, etc., severe scarcity of water is felt during hot months and no attempts have so far been made either by Government or municipal authorities to mitigate the hardships, of the people by undertaking suitable schemes of supply. It is gratifying to note that the problem of water supply in the rural areas has been receiving increased attention of Provincial authorities<sup>5</sup> and in the future schemes of national or regional planning provision of water a supply facilities in villages is bound to occupy an important place. It is, however, feared that the question of water supply

in small or larger towns is likely to escape attention and attempts may perhaps be made to throw the entire burden of responsibilities in this connexion on the shoulders of municipal authorities. Such a policy is bound to be suicidal and is likely to subject the urban population to untold suffering and great inconvenience. It is entirely unnecessary and even undesirable to isolate the problems of water supply in rural and urban areas. In the past the Provincial Government used to assist municipalities in the execution of water supply schemes by making special grants-in-aid. But during the past fifteen years such assistance from Government has been practically stopped on the score of financial stringency with the result that sanitary projects like water supply have made little progress in the urban areas. We, therefore, suggest that after the termination of the present war the Provincial Government should set up a committee to inquire into the state of water supply in urban areas and to devise ways and means to remove scarcity of water so keenly felt at present in a large number of towns. In the preparation and execution of water supply schemes Government should make available to municipalities the advice and services of their experts and technicians and the present system of centages charges should **be** discontinued. Water supply services which are at present managed in a few towns by contractors and private companies should be municipalized at an early date and no opportunity in future should **be** offered to exploit this most fundamental service for private gain.

Drainage:- Most intimately connected with water supply is the problem of **the** provision of efficient drainage facilities. Public health in urban areas depends **to a** considerable extent on **the** adequacy of drainage facilities. With the growth of

population as well as provision of additional water supply facilities, the consumption of water inevitably increases and thus aggravates the difficulties of drainage and disposal of sullage water. Thus on both sanitary as well as financial grounds it is customary to treat both water and drainage schemes as one joint project. It has, however, been observed that in some of the towns where attempts have been made or are being made to augment the supply of water, no careful thought seems to have been given to the question of disposal of waste and sullage water. Secondly, the local authorities have to make provision for the disposal of storm water. The progress of municipal expenditure on drainage facilities and the proportion which this expenditure bears to total municipal expenditure in the seven selected towns is shown below.

Town.	Expenditure in 1900.	Average expenditure during 1935 to 1938.	Proportion.
	Rs.	RS.	percent.
Ahmedabad.	15,893	2,32,522	5.6
Surat.		26,892	2.3
Masik.	298	19,417	2.8
Poona City.	16,340	1,00,765	5.1
Satara.	291	2,246	1.4
Sholapur.	3,324	49,383	4.0
Dharwar.	166	18,137	7.9

It will be observed that the drainage expenditure has assumed considerable magnitude only in Ahmedabad and Poona. Among the other borough towns Surat, Sholapur and since recently Dharwar have been devoting large funds towards the construction of drains. The unusually high proportion of expenditure at Dharwar is due to the carrying out of capital works especially after 1936. During 1935-1939 the Dharwar municipality spent Rs.81,328

on the construction of new **Grains**. The high level of drainage expenditure in Ahmedabad and Poona is due to the existence of well-developed and scientific systems of underground drainage there. It is interesting to note that in the whole Province the underground drainage system has been adopted and developed only in a few cities and towns viz., Ahmedabad, Poona, Poona Sub-urban and Eandra. In **-he** ^est **of** the towns including such important places as Brcacu, Ahmedan^gar, Belgaum, Nasik, Bijapur, Kubli, Dharwar, sholapur, surat, Dlulia, Gadag-Belgeri, etc. this modern and scientific system of drainage has yet to be introduced. In these towns the system of basket privies is in existence and the nightsoil is commonly removed out **of** the town by bullock carts and, since recent years, by motor lorries, and then trenched according to the Nasik system and converted into manure which is usually sold for agricultural purposes. It has already been observed that in some **of** these towns there is **no** municipal water supply scheme and the consumption of water is comparatively limited. In view **of** this fact municipalities could afford to postpone the execution of scientific drainage works. But since the introduction of **a** regular and municipal water supply service is likely sooner or later in some **of** the towns, at least, it would be far better if the question of the provision of drainage facilities is dealt with simultaneously. It has been found by experience that while much vigour and zeal is displayed in the execution **of** water supply schemes, the drainage problem is altogether neglected. The result is that with increased water consumption, water tends **to** soak into the soil or collect into unhealthy and stagnant pools. At present the removal **of** sullage water and **all** liquid waste is mostly effected by a system of surface drains and is collected into Nallas outside the town.

But many parts of the towns are only partially drained or entirely undrained; and in such localities the common practice is to collect the liquid waste from cesspools by means of bullock carts and then throw it into creeks or empty it into some big nalla or river outside the municipal limits. The present methods of collecting sullage and waste water into cesspools and its removal by bullock carts, have come in for much criticism at the hands of competent sanitary authorities and the municipalities concerned have also realized that their replacement by better and more scientific methods is urgently required. In the past, the construction of surface drains and underground sewers was facilitated and assisted by Government sanitary grants; but during recent years the pace of such financial assistance has considerably been slowed down on grounds of financial stringency. It is eminently desirable that the scope of sanitary grants should be sufficiently widened and their pace considerably quickened in the immediate future. In regard to the drainage problem, a few towns are very favourably placed geographically. For example in Satara, the city's surface and drainable water are mostly carried out through the open surface drains on either sides of the main road. The essentially sloping situation of the town is favourable to such drainage and the municipality can very well carry on with such surface drainage, till the finances allow the introduction of better and more scientific drainage in the city. But cases like Satara must be treated as only exceptional. In Ahmedabad, the larger part of the old town is now provided with underground drainage facilities and the suburban area included within municipal limits will soon be provided with similar facilities. The Suburban Drainage scheme, which is estimated to cost about Rs.



Rs. 45 lakhs, has made considerable progress in its second stage. The municipality has maintained a sewage farm, with an area of about 1117 acres, for the disposal of sewage. In Poona, the city proper is provided with an underground drainage and the sewage is pumped at the various pumping stations for land treatment for agricultural purposes. Outside the city proper, and especially in the shivajinagar area, there is no drainage service at present. But now that these areas have been provided with an additional water supply, it would be necessary sooner or later to undertake the execution of an underground drainage in these developed localities. Only recently a drainage line was laid in the unsewered area. The one regrettable feature of the drainage problem at Poona, however, is the existence of an open stream - Wanik Nala - running for about 2 miles in the city. It carries the sewage from the Cantonment area and causes great nuisance. All attempts so far made to stop the running sewage through this stream have proved in vain owing to the adverse attitude of the Cantonment Authorities.

In Sholapur the question about the introduction of an underground drainage has been receiving serious attention of the municipality. Plans and estimates for a drainage scheme were prepared in 1936 and a loan of Rs. 7,75,000 was floated for the purpose unsuccessfully, in the meanwhile, however, the municipality is making steady progress in the construction of the Sadar Bazar Nala sewer and part of internal drainage works. The drainage scheme at Surat has been hanging fire for the last twenty five years, but little progress could be made owing to lack of local initiative and enthusiasm and the unsympathetic attitude of Government. A Comprehensive drainage project

was prepared for the city and it was decided to finance this scheme by raising a loan in the market because there were no prospects of any financial aid from Government. For the execution of the works, Government sanctioned in 1939 the raising of a loan of Rs. 50 lakhs, but before the municipality could actually float the first instalment of the loan, the War broke out and the municipality had to wait for the stabilization ~~of~~ the money market. Moreover, the present soaring prices and the difficulty of securing supplies of necessary materials have also compelled postponement of this much-needed civic improvement. In the Southern Division, Belgaum leads all in the construction of surface drains while Dharwar is one of the most backward in this respect.

**(definition),** Conservancy is a nomenclature usually employed to collectively denote various sanitary services. Of these road cleaning and disposal of refuse is an important one. **It** is truly said that roads are the mirrors in which is reflected the sanitation of a town. Conservancy is one of most essential municipal services from the view point of public health and sanitation. **It** is also one of those few services whose proper administration was made an obligatory municipal function ever since the introduction of civic institutions in the Province. **With** the growth of population, extension of municipal limits and improved standard of cleanliness, it was found necessary to increase the scale of the service and to improve its technique. These have almost always led to increased expenditure; and at present the service absorbs a considerable portion of the municipal funds, The Improvement in the technique and extent of the service has not equally been shared by all the towns. Firstly because of the paucity of funds and secondly, because of the fact that far heavier responsibilities in regard to conservancy have been

placed on local boadies than their resources can bear. For instance, certain municipal bodies with limited and inelastic revenue sources, have to attend to an inordinately long mileage of roads and lanes. The habits, behaviour and general outlook of the citizens have also a bearing on this problem, wherever the body of citizens evinces a progressive outlook, a genuine desire for better living, and a sense of civic responsibility municipalities have been encouraged or even pressed, to adopt efficient methods for the preservation and promotion of health and sanitation and vice versa.

From personal observations as well as from the study of the development of this service in the seven towns we feel that though some improvement is in evidence in the nature of the work, there is still enough scope for the adopting improved and modern methods of road cleaning, it was observed that the staff employed for the purpose is totally inadequate with the result : \ that a large part of the municipal area is left unswept. For instance, at Surat about one-third of the town received no sweeping service at all. secondly, in none of the towns efforts have been made, Government should prescribe a standard unit of work per one sweeper and enforce adoption of this standard in the municipal service The progressive and major municipalities should also consider the feasibility of employing mechanical power for sweeping purposes.

While the work of sweeping is commonly executed departmentally, the removal and disposal work and part of the service is entrusted, in certain towns like Ahmedabad and Surat, to professional contractors. The municipalities usually reserve to themselves powers of supervision and control and sometimes inflict penalties on the contractors for their negligence. The

main reason for the adoption of the contract system is to be found in the unwieldy nature of the machinery for refuse removal and disposal. It invariably involves maintenance of a fleet of bullock carts and lorries, live-stock, and a large staff of drivers, cleaners etc. The management of this machinery is at once most inconvenient and sometimes costly. In order, therefore, to avoid this trouble and inconvenience municipalities have been tempted to invite contractors to undertake the work. The working of the contract system in a few towns has, however, convinced us that its immediate abolition is eminently desirable in the interest of public health and sanitation, whenever a contractor undertakes the work his chief motive is to manage it in such a way as would leave him a large margin of profit. The work turned out by the contractor is unsatisfactory and has tended to injure public health. The powers of supervision and control reserved by the municipalities have failed to deter contractors from their unhealthy practices and the fear of penalty is no fear at all. Moreover, the contract system can be condemned on grounds of principle as well. If the introduction of the contract system is justified in one department its extension to the other departments of municipal administration can hardly be refused. In our opinion the introduction and extension of the contract system in the various branches of civic life, in fact, destroy the very raison d'être of self government institutions.

Continuance of the system of basket privies appears unavoidable and inevitable in the near future. But the scavenging or Bhaiwee service is not carried out properly and on strictly sanitary grounds. The number of scavengers is inadequate inasmuch as the average number of privies cleaned by one scavenger is 40 at Dharwar, about 56 at Ilasik and 75 at Surat. In order

to ensure adequacy of the staff it would be better if Government prescribe a standard unit of work per scavenger for the guidance of municipalities and enforce its adoption. In Ahmedabad the problem has been rendered more difficult owing to the prevalence of the Gharaki system. The Gharakis claim a hereditary right to clean latrines in certain localities and it is often very difficult to enforce discipline among these scavengers. In Ahmedabad *veils* are worn by the women and sometimes much handicapped. For unskilled labour from the local textile industry is mainly responsible for shortage of hands, in order to obtain an adequate staff of scavengers, municipalities have been obliged to exempt these servants from *poll* tax and also to construct suitable tenements for housing the scavengers. During the present war, difficulties of securing sufficient staff have been much aggravated and special inducements in the form of grain coupons have been freely resorted to.

The work of nightsoil removal is executed in most places by means of bullock carts and motor lorries. The use of carts for the purpose is most objectionable, antiquated and obnoxious. It causes great inconvenience while they pass slowly along the streets. It is unfortunate that during recent years there should be a growing tendency to replace motor lorries by carts on the ground that the former are more costly to run than the latter, such an attitude betrays a false sense of economy and arrests the introduction of modern and more suitable methods of nightsoil removal, in places like Satara use of motor lorries has been condemned because the roads are weak. This is strange. The remedy lies not in the dis-

discontinuation of motor lorries and more durable roads.

There is an additional important consideration closely related to the scavenging problem. It is discovered that in some cities, viz., Dharwar, Ahmedabad, Satara, and Solapur, the private latrine facilities **are** insufficient. The existence of the system of Panch privies suggests that one latrine is used in common by a group of families. In many cases the difficulty is sought to have public latrine seats, for the poor people. This system of latrines tends to place a premium on the negligence and inertia of house-owners so far as the provision of latrine accommodation is concerned. The Municipal Committees have **already** conferred powers upon municipal corporations to ensure that these powers **should** freely be reported to with a view to ensuring adequacy of private latrine facilities, whereby negligent and house-owners can be compelled to provide adequate latrine facilities to their tenants, subsequent exercise of these powers would go a long way in removing this serious defect in **the** sanitation of a town.

Watering of roads is a branch of the conservancy service and is of **considerable** importance in towns where roads are **often** very dusty. In smaller towns like **Satara** the work is done by means of hydrants and bullock carts while in **the** cities motor sprinkling lorries are increasingly being used for the purposes. In cities like **Ahmedabad, Surat and Dhanror**, however, **the** service is handicapped owing to **water** pressure; the water mains, water supply service is **thus** a pivotal service on which depend a number of other municipal services like

drainage, watering of roads, etc. The construction of cement concrete and asphalt roads on an extensive scale at Ahmedabad and Poona has to a certain extent mitigated the dust nuisance and obviated the question of watering roads. It is also suggested that planting of trees along the roads would also abate the dust nuisance, improve the general appearance of the town and increase the life of roads.

The figures showing the progress of municipal expenditure on conservancy and its proportion to total municipal expenditure in the seven towns are as under.

Town.	Expenditure in 1900.	Average. 1935 to 1938.	Proportion.
	Rs.	Rs.	
Ahmedabad.	1,05,594	5,76,493	13.9 percent.
Surat.	74,742	1,64,746	14.0
Nasik.	15,937	63,612	17.4 "
Poona City.	1,02,552	1,61,089	8.2
Satara.	7,073	17,741	11.4 "
Sholapur.	29,283	2,01,189	16.6
Dharwar.	9,492	20,192	8.8 «

It may be pointed out that in Ahmedabad and Poona expenditure on the special sanitary or scavenging service is **comparatively low owing to the existence of flush privies. With the extension of an underground drainage system in the unsewered parts,** expenditure under this item is likely to decrease in future.

It was observed in Great Britain that the annual loss of life from filth and bad ventilation are greater than the lost, from death or wounds in any wars. The importance of favourable physical environment as a factor **K&RXXxts&xxxgxxs** contributing to promotion of public health can scarcely be overstated. But the advance of the science and art of Medicine during that last

hundred years has moved the center of gravity from external matters to personal matters, from sanitation to preventive medicine - a preventive medicine which is positive rather than negative and which includes curative treatment. In almost all the advanced countries in the West, viz., Great Britain, France, Germany, Russia, and America every citizen, rich and destitute, ~~XXXXXX~~ receives freely from the Government, central or local, free medical assistance at home or in a hospital. In Great Britain, for instance, public health and medical services have been organized and developed on a nation-wide scale and local authorities have been stimulated ~~astkddfoaafeeti-~~ to attack deficiencies in their services and make them as efficient and adequate as possible\*

As in most other countries, the medical service has long been entrusted to municipal bodies for administration; and under the Act XVIII of 1925 every municipal borough is under obligation to make reasonable and adequate provision for the establishment and maintenance of public hospitals and dispensaries and provision of public medical relief. For sometime in the past the Government used to assist municipalities by making grants for starting and supporting dispensaries, for the construction of buildings for the dispensaries, and sometimes, they used to loan the services of their medical officers to municipalities. Even though the practice of lending services of medical officers to municipalities in times of emergencies has been continued to a limited extent, municipalities do not receive any grants from the Government for the support of municipal dispensaries. On the other hand, municipal authorities have been obliged to make annual contribution towards the upkeep of Government



Civil Hospitals. The result is that at present municipal medical service has been entirely supported from municipal funds.

It has already been observed that few towns in this Province can boast of favourable physical environment dependent as it is on an adequate water supply, efficient drainage system, thorough cleansing, etc. Nor have the municipalities succeeded in the provision of Preventive Medicine including curative treatment. In most of the towns, especially the smaller ones, municipal medical services have been either inadequately organized or neglected altogether. It must, however, be admitted that in a few cities earnest efforts have been made to place this most important social service on an efficient and adequate basis. In Ahmedabad, the local authority maintains about 14 dispensaries, a T.B.Clinic, an Antiveneraal clinic, an Infectious Bivopoco Hospital and two general hospitals. In order to promote child welfare and provide maternity facilities, the municipality maintains one Maternity Home with 30 beds, about 18 nurses and midwives. In the Poona city, there are about 9 municipal dispensaries; and in Surat there are three dispensaries, one Infectious Diseases Hospital and a Maternity Home, in Sholapur also there are 6 dispensaries, one Infectious Diseases Hospital with 10 beds and one Maternity Home with 20 beds. In spite of these facts the state of public health in these cities is such as would demand further expansion and intensification of medical services. The figures indicating the Death Rate and Infantile mortality rate in these four major towns would amply bear out this fact.

Town.	I	Death Rate.	J	Infantile mortality
	I		I	Rate.
Ahmedabad.		41.70		282.75
Surat.		36.4		276.59
Poona City.		41.68		347.65
Sholapur.		49.86		243.9

The high death rate among adults and infants in these cities is but a reflex of the unfavourable physical conditions obtaining in them, and reduction in the mortality rate can be obtained by improving the external **physic81** environment. Nevertheless, it is strongly felt that municipalities have failed to make available to the body of citizens all those benefits which the advance of medical science has conferred upon mankind. Even though the high infant mortality rate at Poona has become a subject of wide criticism, the municipality has not yet realized the urgency of taking prompt action. There is no maternity Home maintained by the municipality and the staff of two nurses employed to attend delivery cases is miserably inadequate in a city with a population of two lakhs. In Surat the present dispensary facilities are utterly insufficient for a town with a population of 1,50,000, It is also regrettable that these two important end major municipalities of Poona and Surat should fail to spend the minimum 4 percent of their expenditure on medical service and often figure in the list of habitual defaulters.

In the western Countries and especially in Germany a municipal medical institution is regarded as the best and most efficient medical body in the city. In a large number of our towns the general public opinion is often prejudiced against municipal dispensaries owing to their poor equipment and unqualified and inefficient staff. The medical treatment that is usually provided in municipal dispensaries is often en conser-

conservative lines and no effort is made to utilize modern and improved apparatus and drugs for the diagnosis and treatment of diseases. We believe that these and other deficiencies in the municipal medical services can better be attacked if these services are organized and planned on the provincial lines and the work of execution and administration of services is entrusted to municipal bodies. In the latter task the Government should encourage and stimulate municipal effort by direct financial assistance and help the municipalities in placing medical relief on an adequate and efficient basis.

If the state of the medical service in the major cities is far from satisfactory and leaves wide scope for improvement and development, the conditions in other cities and towns must be regarded as miserable and despicable. The fact that important borough municipalities like Ahmednagar, Satara, Dharwar, Bhatnagar, do not even maintain their own dispensaries, would indicate how grossly medical service has been neglected. With the intention of ensuring certain minimum expenditure on medical relief. Government had laid down in 1924 that every municipality should spend at least 4 percent of their normal expenditure on the medical service. It is indeed regrettable that some of our major towns like Surat, Kasik, Ahmednagar, Jalgaon, Belgaum, Bijapur and Lharwar should have failed consistently for the last many years to satisfy even this modest expectation in regard to medical relief. It is rightly pointed out that on account of the existence of a Civil Hospital in some of these towns which are headquarters towns their municipalities continue to consider that it is not incumbent upon them to fulfil their obligation to the fullest extent prescribed by Government, under these conditions

local negligence or recalcitration can be overcome **by** empowering the Supervisory authority to compel municipalities to spend **the** minimum amount on **the** service. It has already been observed that **In** France **the** Prefect enjoys similar powers and **can** include **in** the communal or municipal budgets such items of expenditure as have been neglected or inadequately provided **by** local councils. Moreover, it is also possible and even desirable to infuse among the local bodies a new enthusiasm, **and a** spirit of healthy competition provided local efforts are materially supported and stimulated by Government. The other alternative **is** for **the** Government to undertake the responsibility of establishing and maintaining dispensaries and hospitals and providing public medical **aid;** **and** In this task they can invite the municipalities to contribute towards the expenses of these medical institutions. **In** other words, the medical service we feel should be transferred from municipal to Provincial sphere and the cost of the service should be borne by provincial and municipal treasuries in such proportion as may be decided **in** this behalf. **In** the larger cities like Ahmedabad, Surat, Poone, Sholapur, Hubli, etc. municipalities should continue to manage their services **and the** Government should assist them by awarding special medical grants. It need hardly be said that the introduction of medical grants would also invest Government with powers of supervision, control **and** inspection of municipal medical services **and may** also facilitate any future scheme of coordination of medical relief on regional or provincial lines.

Public health and medical services cannot **be** regarded as purely local matters. In Great Britain the development of various public health and medical services in the urban and rural areas has to a considerable extent been due to energetic and effective Parliamentary legislation concerning medical relief

and the growth of Exchequer Grants which evoked marked local activity and stimulated **Doorer** and backward units to attack discrepancies in medical facilities. In this country also these vital services of loco-national importance must be organized and planned on provincial lines, and their administration and management in the local areas must be supervised, controlled and aided by the Provincial Authorities.

Public Works Service:- The public works activities of municipalities absorb a very considerable portion of municipal funds. The usual and the main items of expenditure under this head are the establishment charges, buildings, roads and miscellaneous works. It has already been indicated that the rise in the establishment charges has been due, in most places, to the enlargement of the engineering establishment and enhancement of the scales of emoluments paid to the staff. The expenditure under buildings is a variable item and often indicates marked fluctuations, and hence does not merit a detailed consideration. The expenditure, on the other hand, is both continuous and significant and its remarkable development during the past forty years is closely linked with the progress achieved both in the mileage and methods of road construction. The figures indicating the growth of expenditure under roads and the percentage proportion to total municipal expenditure are given below for the seven cities.

Town.	average Annual Expenditure	Proportion.
Ahmedabad.	Rs. 3,68,077	9 percent
Surat.	" 1,86,856	15
Kasik.	29,909	8
Poone City.	" 2,89,653	14
Satara.	" 6,799	4.3 ft
Sholapur.	" >18,733	9-8
Dharwar.	" 9,036	A.

A Study in English Local Authority Finance, by J.Sykes  
pp. 27-34.

It will be observed that road expenditure is fairly heavy at Ahmedabad, Poona city, Surat and Sholapur and the high proportion at Poona City and Surat was especially due to execution of comprehensive road improvement scheme. At Satara and Dharwar, on the other hand, the road expenditure is comparatively very much limited and forms a small part of the total municipal expenditure. It may perhaps be suggested that these variations in the magnitude of road expenditure arise on account of unequal length of roads entrusted to local authorities in the different cities. Ahmedabad possesses 155 miles of roads while Satara has only 28 miles of roads, and hence the road expenditure in the two cities is of unequal magnitude. It may, however, be pointed out that variation in the length of roads is not an adequate explanation for the differences in expenditure. Surat which possesses 100 miles of roads, spent on average Rs. 1,86,856 per annum on roads while Poona city, which contains 56 miles of roads expended on average Rs. 2,89,653 per year on roads. Similarly, Nasik with 22 miles of roads devoted annually Rs. 29,909 to this item while Dharwar with 45 miles of roads expended on this item only Rs. 9,036 per year. The more reliable explanation appears to be that in certain cities roads are better looked after, while in other cities this service is neglected or very inadequately and inefficiently carried out. The statement indicating the types of roads in the seven towns is given below.

Town.	I Metalled.	I Cemented or 2__As >halted._I	I Unmetalled.	I Total miles.
Ahmedabad.	22.62	62.50	68.98	155
Surat.	24.78	9.92	65*5	100.21
Nasik.	9.12	6.1	6.75	22
Poona City.	14	42	-	56
Satara.	12	-	16	28
Dharwar.	37-15	-	8.69	45.84
Sholapur.	27.8	3.05	20.35	51.23

It will be seen that road improvement according to modern and efficient methods has been effected on an extensive scale only in Ahmedabad and Poona city. In Surat and Nasik most of the main roads on which the vehicular traffic is excessive have either been asphalted or treated with cement concrete. It is a surprise that Sholapur which often is regarded as the most efficiently governed town in the Deccan, should contain only 3 miles of asphalt roads out of 51 miles, at Satara and Dharwar no attempt has ever been made to adopt this modern method of road construction. Besides lack of local enthusiasm and desire for a better civic life, the main reason seems to be that the local authorities at Satara and Dharwar are entrusted with a far longer mileage of roads than their resources can maintain in good condition. It is no surprise, therefore, that schemes of asphalt or cement roads are regarded as mere luxuries. It cannot, however, be said that the condition of roads even in the larger cities like Ahmedabad, Surat and Sholapur is still that desired. These cities still possess a fairly long mileage of unmade roads and their conversion into metalled roads would mark an important civic reform. At Ahmedabad and Poona the comprehensive road improvement schemes were financed by raising loans in the open market while at Surat, Nasik and Sholapur expenditure on roads was met from the general revenues. The schemes at these latter towns were relatively on a small scale and the municipalities did not feel the necessity of resorting to borrowed funds. At present the road schemes at Surat and Sholapur are handicapped owing to postponement of their drainage works. But with the completion of these works, the local authorities should undertake the road improvement projects on an extensive scale and finance them by raising loans in the market. It is, however, extremely doubtful whether municipalities in Satara and

and Dharwar can undertake asphalt or cement road schemes on a large scale even though it is quite feasible and desirable to give asphalt or cement treatment to some of the major roads which carry heavy traffic.

In a large number of other towns in the province the state of public roads is unsatisfactory. The development of motor transport and the recent road-making have failed to meet the time-worn methods usually adopted by municipal bodies in the matter of road construction. It is noteworthy that important towns like Ilwadnagar, Jalgaon, Pandharpur, Hubli and Lathargiri do not possess cement or asphalt roads. On the other hand a large number of towns do not even devote the whole proceeds from the wheel-tax and tolls to road construction and maintenance, even though clear instructions in this behalf have long been issued and repeated almost every year by Government, among such defaulters are included even borough municipalities of Bandra, Kalyan, Satara City, Ahmednagar, Pandharpur, Bljapu, etc while in the smaller towns local authorities are usually tempted to divert the Toll fund to general purposes on account of poor local resources.

It is also increasingly felt that the public works activities of municipalities often provide chances for wastage of funds and even misappropriation. The main reason for this danger is that the accounts section of the public works department is not as efficiently organised as one would expect and in certain towns this section is practically neglected. No attempts are made, except in the larger cities, to draw up a programme of works to be carried out within any specified period. Likewise, no efforts are made to determine the priority order of works to undertake or to classify the public roads according to their traffic bearing capacities. The inevitable result is that large



amounts are frittered away on patola works during certain years while during some years roads are left unrepaired altogether. **The** examiner, Local Fund Accounts, remarks, 'Large amounts are spent **by** local bodies on public works; but in the absence of (i) a programme of works, (ii) proper maintenance of accounts such as accurate estimates, works register, measurement books, material account, store journals, etc., (iii) proper supervision and control over the execution of works, it could **ksxx** hardly **be** said that the ratepayer's money was usefully spent. Particularly in minor municipalities there was no means for ascertaining whether the value of the work done was commensurate with the expenditure incurred as, beyond muster rolls, no other regular accounts were maintained. The accounts of the public works in municipal areas

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are in a bad state and criticism has had no effect." The Provincial Government have not tried to enforce their policies in this connexion. The absence of Government intervention and guidance can be explained by the fact that municipal bodies do not receive any financial assistance from the Government and are not under obligation, legal or moral, to accept Government instructions or policies. In Great Britain local authorities are substantially helped by the British Treasury in the discharge of this function.

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Local authorities were encouraged and even tempted to enlarge **by** their expenditure on new, repeatedly enlarged and multifarious road works also offered a simple facility for work creation against high average unemployment. The general high standard of British roads today is an effective testimony to the quality and adaptability of British local government no less than

1 Report of the Local Fund Accounts Department, for 1938-39

2 A Study In English Local Authority Finance, J. Sykes, pp. 17-21.

to the fine work of the Ministry of Transport<sup>1</sup>.

It is regrettable that possibilities of mitigating hardships due to unemployment during the depression by establishing and enlarging relief works for destitute persons within the municipal areas, have not been adequately realized in this Province although such a function has been made an obligatory one under Section 68(2) (b) of the Boroughs Act of 1925. The Provincial Government provided any encouragement and incitements to local bodies to undertake additional commitments to provide work for their unemployed. So long as municipal bodies, especially the smaller ones, are left to their own fate with slender and inelastic resources, and the Government continue their existing policy of inaction, the state of urban roads would continue to be unsatisfactory and the prospects of better methods of road-making would recede into the background.

The public works expenditure also includes expenditure on such items as street clearance and housing, and city planning as an organized art has developed only during the past hundred years and has now reached its highest standard in Germany. "City planning is simply the exercise of such foresight as will promote the orderly and slight development of the city and its environs along rational lines with due regard for health, amenity and convenience and for its commercial and industrial advancement".<sup>2</sup> It must be freely admitted that this vital civic problem has not received in this country all attention it deserves in spite of the fact that town planning Acts have been passed in some of the provinces enabling local authorities to take suitable action in the

1 A Century of Municipal Progress, pp. 196.

2 The Planning of the Modern City, 1923, p.11.

matter. Our cities have not been planned; they have "just grown".

**The** permanence of the city was never realized and individuals were allowed to build as they wished without any building regulations, and they were also permitted to determine for themselves the uses to which property might be put. Most of our cities are old towns containing the most congested areas commonly called "slums"; and any town planning program has, therefore, necessarily to assume a remedial character. But such remedial planning schemes are usually very costly unless some urban disasters like big fires, floods, etc. provide an opportunity to correct mistakes of the past generations, widening and straightening of narrow and crooked roads, demolition of old and dangerous houses, and the destruction of insanitary areas or slum clearance are simply instances of corrective city planning, the major municipalities in the Province like Ahmedabad, Poona city, Sholapur, Surat, etc have been endeavouring to remove congestion in the town areas by widening and straightening streets and by launching town planning schemes; and in these efforts their relatively sound financial condition has proved to be an asset of immense value. Ahmedabad has always been condemned as one of the most congested cities in the country, but the situation has partly been relieved by the untiring and commendable efforts the municipality has put in during the past twenty years to remove this stigma. The Namalpur, Kankaria, Ellis Bridge town planning schemes and the Kalapur "Relief Road project bear ample testimony to this fact. The Kalapur Relief Road scheme, for which the municipality has raised a loan of Rs. 45 lacs, promises to be the most extensive and ambitious project ever undertaken by any municipality in the Province. In the Poona city the municipality has undertaken three town planning schemes of which one is still in the drafting stage while the other two schemes have made some progress. Here also the schemes

have been financed from borrowed funds. In Sholapur two town planning schemes are being executed while the third one is in the drafting stage. It is to be noted that the local authority has preferred to finance its schemes from the general revenues. Except in these three major cities, town planning enterprise conducted through municipal agency is not in evidence anywhere in the Province. Even in these three cities whatever results have been obtained, were not without serious impediments. The municipalities were often faced with strong public opposition because many people refused to vacate their houses which were condemned as dangerous and insanitary for human habitation. Love for ancestral houses and association with a particular locality and neighbourhood are the main considerations which often guide public opinion and handicap slum clearance programmes. In the absence of public support and cooperation much time is wasted in the hearing of objections and appeals from individual houseowners. Secondly, the high prices of urban lands acts as a deterrent to the progress of slum clearance, in view of these serious obstacles, corrective or remedial town planning could make little headway even in the big cities. Even in regard to the second type of city planning which looks to the future and is fundamentally constructive in character, the results achieved by the major municipal bodies are totally inadequate. It is complained that municipalities move very slowly in the provision of the most fundamental civic services and conveniences like, a water system, sewers, good roads, etc. to the developed areas. The local authorities are also put to monetary loss since the plots in these areas do not fetch sufficient betterment charges for the local authorities owing to absence of municipal services and amenities. Moreover, the pressing claims of other civic services as well as inadequacy of municipal resources put a limit to municipal enterprise in constructing town planning. Even in Great Britain it has been recognized

that planning by individual local authorities must be ineffective for wider areas and this difficulty is sought to be removed by setting up regional planning committees, as Sir Ernest Simon observes, "One of the chief difficulties in town planning by the individual local authority is that of finance and compensation. Town Planning, if well done, tends to increase the value of property as a whole, but where individual owners are benefitted the local authority generally fails in practice to secure any betterment. Where individual authorities are damaged the local authority has to pay compensation. This weighting of the scales in favour of private interests and against the community is probably the greatest bar to effective and extended town planning. If town planning is to become what it should be, legislation will gradually have to be worked out which will give the local authority a fair chance of planning effectively in the general interest of the public without

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incurring undue financial burdens.\* ... Question of planning in smaller towns is **concerned**, their poor finances as well as urgency of other civic needs would not enable the municipal bodies to devote any serious thought to this matter in the immediate future. It will not be far from truth to say that city planning still remains **an** entirely **new** problem to most of our municipalities and its full implications, difficulties, and benefits are yet to be fully recognized in this country.

Closely connected with planning is the housing problem which ... is primarily a city problem and its acuteness varies directly with the size of the city. The fundamental reasons which give rise to this problem are immigration, land speculation, poor planning and construction of buildings, defective sanitation, **with** **inter**,

1 A Century of Municipal Progress, p. 214-215.

laws and enforcement\* the greed of landlord and carelessness of tenants, public indifference, and other conditions<sup>1</sup> are merely contributory factors. Housing has indeed become one of the most complex of civic problems since **it** touches every other social question. In some of the industrially advanced countries of the west urban people are tending to become typically apartment-dwellers and the single family house of the traditional type is tending to vanish. In the absence of systematic **many** scientific socio-economic surveys in this Province, **it** is difficult to determine the extent and character of housing problems in our cities. **It is**, however, plain that industrialization in this country has not proceeded at the same rate that it attained in other western countries. Similarly, **one** and two-family dwellings are still more common in a large number of our cities. Important exceptions. In view of these considerations it may be supposed that housing problem does not exist in most of the towns. But in another sense **it** can also be said that a housing problem exists wherever any portion of a population is living in conditions dangerous to health, safety or morality, and a problem, thus defined, is present to some degree **in** every Indian city. Modern sociologists have come to the conclusion that cleanliness, health, self-respect, manners and morals, **all** are immensely depressed by bad housing and correspondingly raised when the housing is improved. It is also observed that there **is** an undoubted correlation between death-rates, particularly infantile death-rates, and density of population. **It** has already been observed that death-rates **in some** of the towns in the Province are very high and bad housing is **very** probably one of

1. Problem of city life, by Manrice P. P. 94-95.
2. Problems of city life, - M.R. Davie, p. 97.

the contributory cause\* of high death rates. During the year 1938-39 death-rate in no less than 14 towns exceeded 40 per thousand/population and infantile mortality rate in about 15 towns exceeded 250. There are three main lines along which the housing problem is usual attacked, (a) Improvement of the individual house by repairs, (b) clearing of the areas of slums and building with better houses, and (c) Building of entirely new houses of a better type.

The borough municipalities have been empowered under sections 119 to 126 and Section 149 to regulate and control the building of houses within municipal areas by framing suitable bye-laws and regulations. Every builder is under obligation to satisfy municipal authorities in such matters as the level, limits, design, ventilations, and materials of the proposed building, and the intended situation and construction of the drains, sewers, privies, water closets and cess-pools to be used in connexion therewith. Similarly, if any house or building is deemed to be in a ruinous or dangerous condition, municipalities can force the owner of such building to take down, secure, or repair such building. Although new building activities have been fairly controlled and regulated, it is doubtful whether the municipalities have succeeded in effecting "reconditioning" of old and unhealthy houses. Municipal rules and bye-laws often contain loopholes which are exploited by interested parties, and enforcement of rules and regulations does not appear to be as efficient as rigorous as the importance of the question would demand. So far as the second line of attack viz., slum clearance, is concerned, the two major obstacles in the way have already been pointed out. Most of our municipalities are financially impotent to tackle this problem nor is the public opinion favourably inclined to slum clearance programmes. A few larger cities like

Poona, Surat and Ahmedabad have done some work of slum clearance but the difficulties were found to be so great, the procedure so slow and the cost so high that the results achieved during the past forty years are considered as almost negligible. It is necessary to note here that between the years 1908-1912 the Government of India had handed over to the Provincial Governments large amounts for being distributed among the municipalities to enable the latter to improve the sanitation of the towns, we have already observed in the second Part that some of the municipalities in this Province were the fortunate recipients of these grants, and one of the important objects to which these moneys were devoted was removal of congestion and slum clearance. But since that time no such grants were ever made either by the Central or Provincial authorities and further progress in the slum clearance work was definitely checked.

The third method of tackling the housing problem is to undertake construction of new buildings of a better type, and in some of the western countries like Great Britain, France, Germany and United States of America this method has been most extensively adopted. In England especially the shortages of houses became so desperate at the end of the last War that Parliament was obliged to cause the provision of new "homes for heroes" by means of subsidies to both local authorities and private persons, and since that time no less than two and a half million new houses have been built there by adding immensely to the happiness and health of a greater

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of the families of that country.

Philanthropy has nowhere solved the problem of housing; but by experiment and demonstration it has done valuable work especially in America and Great Britain by establishing standards in

1 **A** Century of Municipal Progress, p, 212.



housing and thereby facilitating **the** work of legislators, administrators and even commercial builders. Similarly, in many advanced countries the principle of cooperation **has** been applied to house-buixuxng anu home-ownership. Even in some of the cities in **the** Bombay Province cooperative housing societies have been established and **they** have done very useful work during the past fifteen to twenty years in providing oecent and homes to their members. The development of the Sllis Bridge area in AhmeQabad, Southern and North-eastern parts of **the** Poona City comprising **the** Shivajinagar area, the developed area near the railway stations both in Sholapur and Dharwar, provide important instances **of** cooperative housing enterprise. But the important and comnon feature of these housing societies is that their membership has necessarily to be confined to people of the upper and lower middle classes with the result that advantages **of** joint action and collective ownership could never reach the lower **strata** of society. The shortage of houses, with the inevitable result of overcrowding, is a problem of poverty and thus aemandns intervention **of** public authorities. During recent years **a** few among the major municipalities have made some efforts to provide housing facilities to the **poor** and especially to the Harijans. In the Poona city the local authority has constructed suitable tenements in a special colony for the Depressed classes. In Sholapur the local authority has under its consiceration **a** scheme for providing housing facilities to Harijans in different parts of the municipal area, and an area of about 38 acres has also been acquired for the above scheme. In Ahmedabad the municipality has put in special efforts for improving and extending housing accommodation for the working classes and the poor. The municipality has now 174 storeyed tenements which are allocated to the poorer classe including labourers and 116 storeyed tenements for its Harijan

employees. The municipality has also decided to borrow a loan of Rs. 20 lakhs for undertaking more **extensions** in berubies for the poor. It is noteworthy that these municipal efforts were not financially assisted by the Government and the whole expenditure on housing has been met from municipal funds. The housing problem can be more satisfactorily tackled if the Government **extend** their helping hand to local authorities. It is not impracticable for Provincial authorities to give indirect help and such aid may assume various forms. A policy of lending money from public funds at low rates of interest for housing has been developed by almost every

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civilized country..except the United States. But even in the latter country it is strongly felt that such a policy making loans of public funds "will make loans available for a type of house for which no money can be secured. It will **make** it available at **the** low rate of interest at which the private **individual** cannot **borrow**. The State can also afford to make these loans for a long period of years!.with gradual amortization. The Government can also assist housing projects by granting exemptions from or concessions in taxes. In this connexion a **reference** may be made to the question of non-agricultural assessment on which a satisfactory solution has not yet **been** reached. In the Poona City, for example, the heavy rates of this assessment are hampering the healthy growth of the city. Government is recovering the cess **on** buildings in the colonies which have come into existence solely on account of municipal and cooperative enterprise. Building permissions on agricultural lands are subject to **the** dual control of the municipality and the Collector.-it is strongly felt that **abolition** of or substantial reduction in the assessment rates would give an

1 Problem; of City Life. p.Davie j p. 205.

2 Report of the Reconstruction Commission on Housing conditions, New. York, 1920. pp. 45-46.

adaed impetus to the development of the areas and expedite the execution of housing projects therein.

Public Instruction:-Local bodies In this province have been associated with the education service for the last fifty years and more; ana the share of the local revenue devoted to this service has increasea both relatively and absolutely. Although some of the municipalities are found aiding or conducting Insti-tutions imparting higher, secondary and technical education, the major part of educational expenditure of municipalities is under Primary education. It may be recalled that the Local Fund Schools which were supported and managed by the Government Education De-partment for a long time, were transferrec to municipalities after 1880. In the rural areas the District Boards were obliged by law to spend upon Primary education one-third of a. cess which was levied on all payers of land-tax. To the sum yielded by the third of this cess anc the fees of pupils, Government added theoritically half as much again. But as a matter of fact, the Government con-tribution was more or less according to the financial condition of the District. In cities and towns, primary education, was pro-vided for by the Municipal Boards. But here the element of com-pulsion was less stringent. For instance, there was no item of municipal revenue which municipalities were by law obliged to devote to schools, like the one-third of the cess of District Boards, Municipalities were required by law to make "acequate" provision for primary education. What they actually spent on Schools was not to be less than had been spent before they were handed over to municipalities by Government. With the advent of Montford Deforms, "ducation became a"transferred" subject.

The Reformed Provincial Council enacted the new education Act of 1923 whereby the management and control or District Board

and Municipal Schools **was transfer**^'-.d to Local Authorities. Thenceforward the Government Education Department ceased to manage these schools but continued to employ an inspecting staff, on a much smaller scale, to see whether schools were conducted efficiently and also whether public money was not wasted or misapplied. Under the Municipal Boroughs Act of 1925 provision of primary education became one of the most important obligatory functions of the Municipal Boroughs.

The working of the Education Act of 1923 indicated in course of time that the local bodies had on the whole, failed to take advantage of the powers that were transferred to them and that in many cases these powers were even abused. The transfer of control to elected school Boards did not lead to happy results in every district. It was reported that all educational questions were decided "by show of hands, and the considerations which weighed with the Boards in making appointments and transfers, in prescribing books and opening schools, were more often other than educational. Even the popular Government of 1937 soon realized that the local bodies were not able to exercise the powers vested in them with an unbiased mind. The Education Act of 1923 was, therefore, amended in 1938 with a view to removing difficulties of administration and management and also strengthening control of Government by taking over the inspectorate. As a **consequence** of this amendment the following important changes have taken place.

(a) Administrative officers and other Inspection staff have become Government employees;

(b) Government are granted powers of control over School Boards;

(c) Power is granted to Government to declare as to what municipalities should or should not continue to be Local Authorities

Accordingly 17 municipal bodies have come to be Local Authorities in the interest of administrative efficiency, and economy of expenditure;

(d) Local Authorities whose education expenditure is not less than Rs. 1 lakh can be permitted to appoint their Administrative officer.

Local bodies which had tasted power for a long time were not expected to relinquish it without struggle; and the above changes were stoutly opposed by the majority of Local Authorities. Even the Kale Committee was not inclined to support this change in as much as it observed, "...it is unfair to expect people to pay for a service unless their representatives have a substantial share in its administration." It has, on the other hand, been maintained that the object underlying the amended Act has been fulfilled in a substantial measure. It is said that there is far less interference in the work of Administrative officers and appointments of teachers are now made on the basis of merit and not through influence that candidates may bring to bear. It is also reported that the new arrangements have given the teachers greater peace of mind and sense of security and more freedom to do the work.

More administrative changes, however, are not likely to accelerate educational advance. In view of the fact that the most important factor which retarded the rate of educational expansion, it is imperative to examine the financial aspect of this question so far as the municipal boroughs are concerned. In this connexion figures indicating the movements of provincial and municipal expenditure on education and cost per pupil during the last thirty eight years may be helpful.

1 Kale Committee Report, 1937, p. 90.

Year,	Provincial expenditure	Cost per Pupil,	Year.	Municipal Expenditure.
II	RS.	Rs.	J	5
			£	jj
1901	35,09,316		1900	5,54,093
1906	34,73,600	7-11-1	1910	9,13,916
1916	63,47,589	9-10-2	1915	12,85,334
1921	1,49,52,847	13- 0-0	1920	23,79,639
1926	1,98,57,428	20- 0-0	1925	32,88,304
1931	2,05,12,003	18- 2-0	1930	39,00,714
1936	1,77,36,502	16- 0-0	1935	39,04,750
1938	1,31,93,236	13-14-0	1938	43,80,876

During the first thirteen years between 1901-1916 provincial expenditure increased by 80 per cent. During the following five years 1916-1921 it rose by no less than 135 per cent. Between 1921-1938 rise is very ;'r^v':;-l r.-ynely 28 per cent, so far as municipal expenditure is concerned fairly parallel movements during the same period are in evidence. Between 1900-1915 expenditure rose by 132 per cent but during the following fifteen years, viz., 1915-19^5, it rose by 15f r^v cent. Between 1925-1938 the rise v, " per cent. Idk;,.: ... • \ re, provincial as well as municipal, rose steadily between 1900-1915, but during the next ten years, viz. 1915-1925 the rise was most rapid and and spectacular. After 1925 the upward trend was much slower and after 1930 there was a definite decline especially in municipal expenditure. Towards the close c \ .ic period the decline was not only arrested but a tendency towards a rise became evident.

It has already been indicated that opening of new municipal schools, increase in the number of pupils and strengthening of the teaching staff in these schools have contributed, in no small measure to the growth of expenditure. The rise in the salaries of primary teachers appears to be, however, the major cause of this Increase. Towards the close of the last century the minimum pay of a teacher was Rs. 3 per month. Between 1900-

1907 the minimum pay in a number of towns was Rs. 9. After 1907, however, Government required the municipalities to use this minimum to facilitate this change Government made special education grants to municipalities between 1908-1912. During the following years Government asked municipalities to grant special grade pay to qualified, and trainee teachers. During the period ... last war, special allowances were granted to primary teachers on the scales recommended to local bodies by Government, In the meanwhile the Patel Education Act was passed enabling municipalities to introduce free and compulsory education within their jurisdiction. Through this Act municipalities were enabled to introduce free and compulsory education in their areas, thus the payment of allowances and, to a certain extent, introduction of free and compulsory education. After the close of the last war the special allowances were not discontinued but were actually amalgamated into new scales of salaries which were laid down by Government. Figures indicating variations in the scales of emoluments of teachers between 1916-1921 are given below.

	Pay in 1916	Pay in 1921.
1 Unqualified Assistant,	rs. 9	0
2 Qualified.	" 9	" 25
3 1st year Trained.	" 12	" 30
4 1st year Trained.	" 15	* 40
5 1st year Trained.	" 20	" 60

It will be observed that the salaries were more than doubled during this period. During this period municipal finances were much upset owing to dwindling revenue returns and

soaring expc.iki.uare, ..ith the intention of easing the financial position and ensuring the progress of primary education Government changed in 1918 the system of grants-in-aid whereby contract grants were replaced by grants calculated on annual expenditure on education. The **Sii**<sup>^</sup> nev\ ...ciaou aut.ec a certain elasticity in the education budget of municipalities and afforded considerable relief to them. In the meantime, however, Government laid down provincial time-scales for untrained teachers and special high salaries were also granted to teachers in the selection grade, **AS** a result of this the average annual cost per pupil in the Province which in 1916 amounted to only Ps. 9-10-2 rose to Rs. 19 in 1921. But in the municipal schools the cost per pupil rose from Rs.12.0 in 1916 to Ps. 25.7 in 1921. The high cost in municipal schools is obviously due to the fact that these schools are amenable to Government control and supervision to a far greater extent than other private schools; and hence municipalities have to carry out official orders and instructions regarding the scales of salaries, strength **ui** the staff, proportion of trained teachers, etc

After 1921 the financial responsibilities of municipalities in regard to education instead of being reduced were actually much increased on account of certain **..?..ons** to be presently discussed, we have already referred to the strong public opinion during this period which attributed unsatisfactory education<sup>^</sup>progress to lack of popular control over primary education and the absence of schemes of compulsion which alone were calculated to accelerate progress of education. The Education Act of 1923 was, therefore, designed to meet popular demands in as much as the Act provided for the transfer of control over primary schools to Local Bodies **as** well **a3** the introduction of



schemes of free and compulsory primary education. In the meantime Government laid down in 1923 new scales of salaries for teachers in primary schools and these swelled the pay bill of teachers. In their enthusiasm for the expansion of education many municipalities started new schools, strengthened the teaching staff set up an elaborate administrative and supervisory machinery and introduced certain new subjects in their school curricula. Some municipalities like those in Surat and Satara had already introduced schemes of compulsory education within their areas and other local authorities were earnestly considering similar schemes on the lines newly laid down by the Act of 1923. Again, the maintenance and promotion of primary schools was made one of the obligatory functions of municipal bodies under the Municipal Boroughs Act of 1923. It may well be noted that owing to the passing of the Education Act and introduction of new and enhanced scales of salaries, the administrative responsibilities and financial commitments of local authorities were very much increased. The municipal expenditure on education in the three divisions of the province rapidly rose from Rs. 23 lakhs in 1920 to Rs. 32 lakhs in 1925 and Rs. 39 lakhs in 1930. The average annual cost per pupil in municipal schools rose from Rs. 25.7 in 1921 to Rs. 28-13-0 in 1926-27. These increasing financial responsibilities were readily and sometimes enthusiastically undertaken by the municipal bodies in the hope that the Provincial authorities would not only pay the usual education grants but would also come forward with additional funds to assist local authorities in carrying out the various schemes of educational expansion. These hopes were also encouraged when Government accepted Mr. (now Sir) S. T. Kampli's resolution and paid grants at a higher ratio to such local authorities as were in financial difficulties. That was, however, only a temporary

measure out Local bodies were expecting continuance of the same progressive and generous attitude from Government in future. During that time a number of municipalities were busy in preparing schemes of educational expansion, and between 1926-1931 about 30 schemes on compulsory basis and 71 schemes on voluntary basis were submitted by local bodies to Government for approval and sanction. But the high hopes entertained by the framers of the Education Act as well as the local authorities were soon falsified and shattered by the miserly and unprogressive outlook adopted by Governments {ducation grant policy especially after 1926-27 was unsatisfactory. ~~while~~ ~~one~~ is unable to avoid the impression that during the years following 1926-27 Government were trying, consciously or unconsciously, to shirk the financial responsibilities they themselves had accepted under the Education Act of 1923. In October 1927 Government issued a Press Note explaining the financial difficulties of the Presidency and making it clear that it would be impossible for them to provide extra funds for schemes of expansion. This announcement acted as a damper on the enthusiasm and initiative in the local bodies. Moreover, Government were also following the short-sighted policy of disapproving certain items of local expenditure for grant purposes with the result that an increasing burden of the education expenditure was progressively thrown on the shoulders of local bodies and progress of various educational measures like the provision of medical inspection of pupils, gymnasium and play-ground, Kindergarten, etc. was definitely hampered. In the meanwhile the provincial financial position instead of improving became worse and Government applied in 1931-32 a cut of 5 per cent to the grant payable to Local Authorities. During the following years these grants were further reduced as shown below.

**Year. | Cut in Government grant for Primary Education.**

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1931	5 per cent.
1932	1 9 4 "
1933	1 2
1934	1 2
1935	1 1
1936	8

- not only

Owing to reduction in Government assistance/the schemes of education expansion were postponed by local bodies but they also found it extremely difficult to maintain the costly educational machinery imposed upon them by Government. It is necessary to remember that in the case of smaller local bodies with extremely limited and inelastic resources, reduction in Government grants aggravated their financial difficulties. After 1931 the policy pursued by the local bodies in regard to education was that of retrenchment, concentration or even contraction rather than of reform and expansion. As a result of these measures municipal expenditure on education declined from Rs. 39 lakhs in 1930 to Rs. 37 lakhs in 1932 and the average cost per pupil consequently declined from Rs. 24-11-0 in 1931 to Rs. 20-14-0 in 1936. In course of time, however, these measures of economy have lost much of their force and with the increase in the number of pupils and schools the total municipal expenditure once again rose from Rs. 37 lakhs in 1932 to Rs. 39 lakhs in 1935. Even though the total educational expenditure was tending to rise, the municipalities were endeavouring to manage their schools with utmost economy and the average cost per pupil was kept as low as possible. Thus the cost per pupil which in 1936 was Rs. 20-14-0 was reduced to Rs. 20-5-0 in 1937 and Rs. 19-12-0 in 1938.

Before we proceed further it is necessary to consider whether the Education Act of 1923 had served its purpose. Here

it may be mentioned that the compulsory Education Committee, on whose report the said Act was mainly based, had recommended in **1921-22** the introduction of free and compulsory education into all city municipalities by stages within five years, and into all non-city municipalities and villages within seven years, similarly, one of the main objects with which the Education Act of 1923 was passed was to provide for compulsory education, upto the end of the standard IV for children between the ages of 6 and 11. After the introduction of the Act it came to the notice of Government that while the number of schemes of expansion of Primary Education on a voluntary basis was large, that of schemes of compulsory education was small. It was, therefore, decided by Government that schemes for the expansion of Primary education submitted by municipalities should invariably be for the introduction of compulsory elementary education. These Government instructions gave an encouragement to municipalities to proceed more earnestly with their schemes of compulsion. Between 1926-1932 about 30 schemes of compulsory education were received by Government and of these only 11 were sanctioned. Of these 11 schemes, 7 were for municipalities and **4** for District Local Boards. Of these 11 sanctioned schemes, only seven were in actual operation on 31st March 1932. Of the remaining **4** schemes, Jalgaon and Nasik municipalities had withdrawn theirs for want of funds. During the same period about 71 schemes of expansion on a voluntary basis were submitted to Government, but of these only 34 were actually sanctioned. At the end of the year 1937-38 there were in addition to Bombay Municipality, only 8 Local Authority Municipalities and 2 District Boards which had introduced compulsion in the whole or in a part of their areas. It will now be easily realized that the hopes entertained in the beginning were not fulfilled, and

this was largely due to the inability of Government to finance compulsory education according to the terms of the Act. Because a large number of educational schemes submitted by local authorities were not sanctioned by Government on the score of financial stringency. For example, the Ahmedabad Municipality had submitted its scheme as far back as 1925 but the same did not receive Government sanction as late as 1937\* It is often said that the failure of the Education Act was due to the indifference, lack of initiative and enthusiasm among the local bodies themselves. There is an element of truth in this statement because very few Local Authorities were found taking serious steps to enforce compulsion where it had been introduced. One typical example of local indifference and lethargy may be quoted. Although definite instructions as to the procedure to be followed in the matter of introduction of compulsion had been laid down, as late as 1937 one Local Authority, which had nominally introduced compulsion in the year 1920, asked the Education Department for instructions as to how to enforce compulsion. This shows fairly plainly that for 17 years, this Local Authority had taken no serious steps to enforce compulsion. In other Local Authorities also no coercive measures beyond warning the parents were taken against the defaulting guardians or parents. It may also be conceded that on many occasions questions of educational importance were decided on personal, party and even communal grounds. But it would be certainly unjust to say that Local Authorities alone were responsible for the failure of compulsory education. The lack of enthusiasm and enterprise that characterized local administration of the education service was in large measure due to ungenerous and even miserly attitude of Government in the matter of education grants. A few municipalities like those of Surat and Satara had introduced special taxes in a view to meeting the additional expenditure entailed by their educational reforms.

We have already discussed in detail the important amendments of the Education Act effected in 1938 whereby the control and supervision over local primary schools were transferred once again to Government. The change was necessitated by the inability or even incompetence of Local School Boards to carry out their duties satisfactorily and efficiently, but it may well be remembered that mere administrative changes and transfer of the education service from one sphere of authority to another unaccompanied by changes in the financial policy, are not likely to bring nearer the ultimate objective of universal and free compulsory primary education. It was the lack of finance on which were dashed most of the educational projects of the last twenty years; and unless the financial difficulties are satisfactorily solved progress in the desired direction can never be assured.

It is, therefore, suggested that primary education should be made a provincial subject to be controlled, administered and financed by the Provincial Government and local authorities should be called upon to make grants, on some agreed basis, towards the support of the education service. Or, primary education should continue to be a local subject managed by local authorities, and Government should undertake to provide adequate funds for the support of local schools as well as for financing such measures and schemes as are calculated to promote and accelerate educational progress. The Provincial Government should, therefore, pursue a more enlightened and generous policy in the matter of grants and should not allow local initiative and enterprise to be thwarted on the score of financial stringency. They should incite and encourage local bodies to undertake energetically measures of educational expansion; and the local bodies must feel confidently that in their tax Government would render them the necessary

financial assistance for the successful execution of their educational schemes. If and when such confidence is created among the local authorities they will not hesitate to undertake new tax measures in the form of an Education cess for 'th-2 financing of their schemes.

We have so far reviewed the growth of municipal expenditure and incidentally surveyed the development of the main services and amenities provided by municipal bodies. A number of minor items of expenditure like cattle pounce-, registration of vital statistics aboriculture, etc, no doubt, collectively absorb a considerable part of municipal revenue; but sines these items do not occupy diviuually a very significant place, their detailed consideration had to be omitted. One prominent feature of municipal expenditure that attracts attention is its persistent growth during the period of thirty eight years. During the first fifteen years between 1500tfu^ 1316 the growth was gradual; but daring the next few years soaring price^pjflpirise in the cost of living brought about a rapid increase in the cost of municipal government. During the post-war years expenditure continued to rise but at a slower rate; and during: this period increase in expenditure was due especially to increased staff personnel in various departments of municipal administration, rise in the scales of salaries of municipal servants and execution cf schemes of civic importance like water and drainage works, introduction of electric street lighting, expansion of educational facilities etc. The pace of development was, however, much slowed down during the years of economic depression commencing from 1930 when municipal revenue returns began to shrink progressively. Municipal expenditure was practically stationary or moving up at a very slow rate. Towards the end of the period, however, economic recovery and the new spirit of service and enthusiasm

following the advent of popular Government in the province, contributed to a rapid increase in municipal expenditure.

Another prominent feature that deserves notice is the predominance of elementary municipal functions. Only a small proportion of the total increase in expenditure is due to a substantial expansion in the beneficial municipal activities. The growth of expenditure has, therefore, to be attributed to extension and intensification of old functions and services rather than to assumption of new functions. It is true that a few progressive municipal bodies were able to undertake secondary functions; but in the case of most of the other municipalities it was confined to primary functions like public safety, convenience and education. One is, therefore, constrained to conclude that the functional growth of municipalities has been stunted. A large number of important civic services are altogether neglected or are under the control of private individuals. Experience all over the world suggests that municipal bodies ought not to confine their activities to provision of indispensable minimum of services required to preserve the elementary necessities of civic life, but should undertake in addition all the other utility services which municipalities can manage better than the private individuals or voluntary group or trading companies. It has already been observed that in a number of towns municipalities do not provide even piped water supply, while the supply of electric energy for lighting and other purposes is entirely owned and managed by private companies. Transport services appear only in a few cities like Jamedabad, Sural, Iona, etc. but these are all managed by private concerns. Moreover, the agreements between municipalities and the trading companies controlling utility services do not provide for the provision whereby municipalities



would be able automatically to acquire the utility services in the measurable future. It is doubtful whether the potential right of municipal bodies to own the utility services has been fully appreciated and recognized in this Province. Time has now come for Government to safeguard the interests of the local bodies and the general public by carefully scrutinizing the contracts between municipal bodies and private trading concerns, and by encouraging the former, as far as possible, to acquire and manage the utility services. In future, such contracts should include a provision granting to municipal boroughs the right of compulsory purchase of company undertaking at the expiration of twenty-one or forty two years.

Secondly, it is also felt that municipal bodies should take into account not only the collective provision of utility services, but should also give proper attention to all the spiritual elements in the public life of a community. In this connection the German towns provide the best examples of cultural municipal activities, in this province we have no municipal theaters, hardly a municipal picture gallery or museum worthy of a great city. The Lord Peay Industrial Museum at Poona and two small museums at Surat are the few commendable examples worthy of emulation by other municipalities. The proposal for establishing municipal theaters is also seriously considered during recent years though no definite steps are anywhere being taken. Ahmedabad can boast of a useful municipal library and spacious municipal town hall which undoubtedly add to the beauty of the town and provide convenience to the public. In most other towns, however, there is almost complete neglect by municipalities of the cultural elements in civic life. The whole force of municipal enterprise should not, however, be concentrated into the utilitarian channel

of public health, roads, water, etc., but should also be directed to such items as would snafe enhance the beauty and cultural life of the cities.

In advocating an extension of municipal functions in certain new directions we do not, however, assume that municipal bodies have already fully utilized their existing powers and have carried out their existing functions adequately and efficiently, and are now waiting almost breathelessly to undertake new **activities**. It has already been observed that in many places, especially among the smaller authorities, existing powers are by no means fully used and even the primary services are inadequately organized and unsatisfactorily carried out. The fire fighting service is practically non-existent in certain towns while in other places people have to obtain their water supply from wells and river; the supply in such cases is not only inadequate in extent, but often defective in quality or contaminated. Only a few towns in this Province have obtained comprehensive underground drainage works while in most other places even open drainage facilities are not properly provided. The conservancy services exist in most of **the** towns but the methods employed are still very crude and antiquated; and introduction of improved methods is very slowly. Provision of medical facilities through municipal institutions has yet to be fully developed, and in a number of smaller towns municipal dispensaries do not exist at all. It is really regrettable **that** this important welfare service has not as yet received the attention it deserves, and in a number of cases municipalities have failed to meet even the indispensable minimum requirements set out in by Government orders. In the matter of public works, improved road\* surface, broader roads, and removal of congestion are the crying needs of most of the towns but municipalities have found it difficult **to** supply them to any considerable extent. Town

planning activities are necessarily confined to a few progressive towns but even there progress has been very slow. Moreover, our town planning schemes relate, not to planning or improvement of existing towns, but mainly to their extension and development. In the domain of education the main problem is that of liquidating illiteracy by introducing free and compulsory education, but It has already been observed that progress in this direction has been halting and miserably slow, special types of educational institutions established and maintained by municipal bodies e.g. technical institutions, secondary schools, and training colleges for teachers, are confined to a few big cities like Ahmedabad, Surat, Poona and Sholapur, and their introduction in other cities and towns is a doubtful proposition for the present.

We have thus seen that inspite of thej<sup>^</sup>apid growth of expenditure municipalities have not been able to provide in an efficient and satisfactory manner even the indispensable primary civic services. The prodigious increase in municipal expenditure is only partially accompanied by a real, substantial Increase in the services or amenities of life offered by municipal agency. In view of the facts detailed above any proposal for widening the scope of municipal activities is likely to be misunderstood. If municipalities are unable to discharge their present functions satisfactorily, it may be asked, how can they be expected to assume new and more complex functions of civic administration. Such doubts about the expediency and desirability of saddling municipal bodies with new duties are bound to be raised, and these must be answered as effectively as possible. In the first place it is necessary to find out the causes that have so far, led to stunted functional growth of municipalities. It is sometimes suggested that municipalities are often handicapped owing to a series of restrictions,

legislative as well as administrative, imposed upon municipal activity and enterprise. In Great Britain, for instance, the Victorian doctrine of ultra vires has seriously hampered municipal progress. English local authorities like good children in a Victorian household, can do what they are expressly told they may

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do, and little or nothing else. And the legal difficulties can be overcome only by resorting to costly and delatory procedure of private legislation. In this Province, municipal bodies are placed under the direct supervision and control of Provincial Government, and the functions which the former can undertake are specifically enumerated in the municipal Acts of 1901 and 1925. Municipalities are also amenable to administrative control exercised by Government through commissioners and Collectors. Even though legislative and administrative subordination of municipalities is complete, it is doubtful whether municipal enterprise was hampered in the past by the absence of local powers and discretion. In this connection we do not overlook the hardships and inconveniences to which municipalities are often subjected on account of the inordinate delay involved in securing administrative sanction to various municipal proposals. But such difficulties can be overcome by suitable executive action.

Secondly, it is often averred that contracted functional growth is due to defective working of the municipal machine. It must be conceded that municipal administration is often characterized by party politics, personal and communal jealousies and *xsmx* animosities and frequent ~~judicial~~ interference in the work of municipal executive. If it is also possible that inefficient executive officers by pleasing and placating municipal members, tried to abuse their

powers and position and bring the administration in jeopardy. It is not the purpose of this study to enter into the larger question about the constitutional and administrative reorganization of municipal Government in this Province. But the existing defects in municipal administration can be removed by confining recruitment to municipal service to trained and qualified men, by the formation of a Provincial cadre of local government officers in the superior grade, by conferring **KK&ax** wide powers of supervision and control upon municipal executive branch, and by clearly demarcating the functions of the deliberative body from those of the executive branch with a view to warding off dangers of unwarranted interference in the work of the latter.

Lastly, inadequate functional development is largely attributed to weak financial foundation on which rest the municipal authorities. Municipal sources of revenue are very limited and *m* inelastic and are found utterly inadequate to support the multifarious and complex municipal activities. The result has been that expenditure instead of being the dictating factor has almost always to be subordinated to probable revenue sources. The progress of most essential civic projects like water and drainage works, removal of congestion and town planning, improved road construction construction of school buildings, has been arrested owing to shortage of funds at the disposal of municipalities. In the next chapter we shall review the development of the revenue resources of municipalities with a view to considering whether the existing sources are capable of fuller development and the possibilities of finding out new sources of revenue not only to support the existing services and amenities but also to facilitate the introduction of new functions and services.

Part III

Chapter VI

**A** Review of Municipal Revenue.

**In** any country the Central authority has unlimited powers to raise revenue by various methods. But the local authorities have limitations both as regards areas **and** resources. The existing local authorities being the creations by the state, their power of taxation is a "concession strictly limited by the terms of the grant." This inherent limitation of local taxation has great significance since it often explains the weak financial position of local bodies not only **in** this country but all over the world. There is a growing general tendency to transfer important functions of nation-building character to local bodies for management and administration but unfortunately revenue resources are not always transferred with equal celerity from which the various functions and services **can** be financed. On the other hand, there was a fairly universal tendency especially after the first world war to centralize the revenue resources of the country with a view to enabling the Central authority to conserve national resources and tide over periods of financial difficulties, this attempt seems to have been made but does not correlate properly local functions and resources. It is not therefore enough to enlarge the scope of local activity but it is equally necessary to provide an elastic and broad revenue structure which alone can support the increasing commitments and obligations of local authorities\*

In this Province the sources of **local** municipal taxation have been specifically mentioned in the Municipal Acts

of 1901 and 1925. Even though the general municipal revenue system has hardly changed its character since the last forty years and more, municipal revenue itself has increased considerably. The figures are as under:

Year	Revenue	Year	Revenue.
	<b>Ra.</b>		RS.
1900	51,15,772	1932	1,79,98,531
1910	50,76,712	1934	1,88,46,046
1920	96,68,953	1935	1,88,62,550
1925	1,49,43,117	1936	1,89,7d,784
1930	1,59,95,543	1937	2,03,66,476
		1938	2,04,08,231

The figures indicate a continuous growth of municipal revenue since 1900. Between 1900-1920 increase in revenue **was** 210 per cent, while between 1920-1938 it was 111 per cent. Thus the rate of development was more rapid during the first twenty years. If the rate of rise per every decade is considered, it will be seen that during 1900-1910 the rise was 62 per cent., during 1910-1920, about 90 per cent., and between 1920-1930, 65 per cent. During the closing eight years, viz. 1930-1938, the rise was only 27 per cent. Thus the growth of revenue was more pronounced during the second decade while towards the close of the period the pace of development was much slowed down.

Let us now consider the growth of municipal revenue in the seven selected cities-

Place	Revenue in 1900 Rs.	Revenue in 1938 Rs.	Per cent. Increase	
1. Ahmedabad	3,62,986	58,31,708	1506	
2. Surat	3,45,112	12,20,227	253	*
3. Nasik	51,876	3,87,468	646	«
4* Poona	3,62,983	19,86,114	*47	
5. Satara	46,704	1,68,808	^6i	*
6. Sholapur	1,23,157	11,09,881	dui	H
7. Dharwar	39,068	2,42,982	521	H
Province	31,15,772	2,04,08,231	554	o

The progress of municipal revenue is a rough indicator of the development of the economic condition of different cities. At Ahmedabad and Sholapur the rate of progress was very remarkably rapid and it denotes the growing economic, commercial and industrial prosperity of the two cities, on the other hand, the rate of growth was very slow at Surat and it shows that the two towns have not much developed economically. Nasik is another city, which is growing in population and prosperity. This is clearly indicated in its increasing revenue returns. This comparison must not be carried too far since it is likely that a retrograde municipal body may avoid a taxation even though economic conditions permit such a measure, and hence the real economic condition may not be properly reflected in municipal revenue returns. In the following pages an attempt will be made to examine whether the existing resources are capable of fuller development and to consider the possibility of finding out new resources which can be effectively utilized for supporting additional obligations.



Indirect taxes like octroi duties and terminal taxes contribute a considerable part of the municipal revenue and have thus become absolutely indispensable to most municipalities and a prominent feature of municipal finance. Figures indicating the growth of revenue from these taxes are set out below:

Year	Revenue Rs.	Year	Revenue Rs.
1900	10,05,635	1950	41,26,271
1910	15,64,494	1955	52,64,567
1915	15,71,846	1958	55,82,916
1920	24,95,526		
1925	40,49,803		

During the entire forty-eight years receipts from indirect taxes rose by 456 per cent. During the first fifteen years 1900-1915 the rise was 56 per cent, but during the following ten years 1915-1925 it was 157 per cent. Between 1925-1928 receipts rose by 52 per cent. only. The rapid increase in revenue between 1915-1925 was due partly to the overhaul of octroi schedule rates and partly to the introduction of terminal tax in lieu of octroi in certain towns. The figures indicating the growth of revenue from indirect taxes in the seven towns are set out below:

Town	Revenue in 1900 Rs.	Revenue in 1958 Rs.	Percentage Increase
1. Ahmedabad	1,44,655	16,48,410	1059%
2. Aurangabad	1,05,410	2,00,506	174%
5. Nasik	12,442	95,496	767%
4. Poona	1,30,815	6,01,975	560%
5. Satara	21,658	46,578	115%
6. Sholapur	48,996	5,50,559	615%
7. Dharwar	15,218	69,428	425%

The revenue receipts increased most remarkably at Ahmedabad, Nasik and Sholapur. At Poona and Dharwar the rise has been continuous and moderate; but at Surat and Satara it has exceedingly slow. The reason for the rapid expansion of receipts at Ahmedabad, Solapur and Nasik, appear to be the rapid growth of these towns during this period, in the former two towns especially the development of industry, commerce as well as a continuously growing population acted very favourably on the tax receipts. In Ahmedabad and Dharwar the additional factor which partly explains the growth of revenue is the introduction of terminal tax in lieu of octroi which proved more productive of revenue and less inconvenient for administration. In Surat and Satara, on the other hand, trade and population increased very gradually and additional income could be obtained only by raising the rates of duties and including additional commodities in the tax schedule.

Both on theoretical and practical grounds indirect taxes have often been condemned as the worst source of revenue for local authorities. It is the maxim in public finance that all indirect taxes should belong to the Central authority so as to ensure uniformity in assessment and collection. In the last century Sir Charles Trevelyan had characterized the octroi duties as the remains of a barbarous system of universal taxation. The whole scheme of octroi accompanied as it always is by the cumbersome refund system easily lends itself to danger of evasion and graft owing to diversity of local duties/the whole system leads to intention **Hi** tariff wafcto the detriment of internal trade and industry. Moreover, it is also pointed out that since these duties are not regulated by the principle of ability to pay, their incidence is more often very onerous on the poor

people. In spite of these drawbacks the octroi system is fairly widespread, in this country and constitutes the main spring of municipal revenue. The Taxation Enquiry Committee while admitting the various defects of the system, did not recommend its abolition but instead proposed various palliatives to mitigate these defects. The Commission on Local Self-Government only recently pointed out that "The existing economic conditions in India ... octroi duties are unavoidable." Any proposal for the abolition of octroi needs to be considered in the light of the fact that the octroi duties at present form the principal source of revenue for municipalities. The figures given below would bear out the importance of octroi and terminal tax in the scheme of municipal finance at present:

Town	Proportion of indirect tax income to total revenue.
1. Surat	20.;
2. Kasim	24/7
3. Poona	30%
4. Satara	27
5. Sholapur	<b>61</b>

It may be recalled that at the commencement of the period, octroi duties contributed over 50 per cent, of municipal revenue but due to introduction of various service rates and increased receipts from municipal property and grants, their proportion gradually declined. But even today octroi is the principal source of revenue for almost all the municipalities. In this connexion it would be interesting to study the attitude of the Government of India towards octroi system. Till the year 1844 these transit duties were commonly levied by municipal bodies in fact they provided an overwhelming part of municipal

revenue. **But the** Government **of** India were from the outset opposed to these **imports**. Sir Charles Trevelyan, for instance, recommended their immediate abolition since in his opinion the administration **or** the whole system was vexatious and **its** incidence onerous and unjust. The agency employed for the collection of duties, usually being ill-paid and corrupt, improvement of the system was considered almost impossible. These duties were therefore abolished in Bombay in 1844 and in Madras even earlier. In the meanwhile the **Municipal** Act of 1842 was enacted. But **this** legislative measure ultimately failed **to** achieve substantial results and the failure of the **Act** was attributed to its voluntary character and partly **to** the unpopularity of the House Tax. The Act of 1850 was an improvement since it provided for the compulsory setting up **of** municipal bodies and empowered them to levy indirect taxes. **It** is noteworthy that these taxes were revived only in Bombay, United Provinces, Punjab and Central Provinces. It is not known why these duties were reintroduced in these four provinces only. In order to control and regulate imposition and collection of octroi duties Government issued in 1864 a resolution in which it was laid down that the tax should be levied only on "a few articles of local consumption, — which **do** not enter into the general trade **of** the country and which being recognizable at first sight do not involve the stoppage and search **of** other commodities." But this principle was soon defeated when local bodies in the Punjab and United Provinces introduced the so-called compromise system which virtually was the terminal tax system under which **light** duties were levied on all articles without refunds. The Government of India were not favourably inclined to this system and in

their various resolutions on the subject they set out measures for preventing the octroi duties from operating as transit duties on through trade. But these instructions were honoured more in their breach than observance and the Government of India had not only to admit the failure of their instructions but also to go further Justify the system by observing that "in imposing taxation in this country it is more necessary to consider the prejudices of the people than the strict theories of taxation."

When the U.P. Committee recommended the replacement of octroi system by terminal taxation Government of India once again displayed their half-hearted attitude. In the beginning they were opposed to this new system of indirect taxation, but when the Provincial Governments were unanimous in their approval of it the Government of India climbed down and permitted its introduction as a transitional measure for a couple of years during which time however all indirect taxes were to be replaced by direct taxes. The terminal taxes which were levied in 1915 proved productive and instead of their being replaced by direct taxes they were made permanent and in 1917 Central Government issued a memorandum whereby local authorities were empowered to levy the terminal tax as a permanent tax in lieu of octroi and detailed instructions were given for the regulation of these levies. Under the Act of 1919 local authorities which were not levying octroi duties before 1917 were required to obtain the sanction of the Government of India for levying terminal taxes but other local bodies which were already levying octroi duties in 1917 were allowed to substitute the terminal tax with the permission of their provincial Government only. The control exercised by

the Central Government over the working of terminal taxation was never effective and in 1920 even this formal right of control was also waived and Provincial Governments were directed to regulate and control the working of the terminal tax system. In the Province of Bombay the control exercised by the Provincial Government cannot be considered adequate or effective. It is presumed, for example, that terminal taxes are specific and are to be assessed <sup>^</sup> *ad valorem* **ij.it** of commodities. But in a number of cases municipal bodies levy *ad valorem* duties on such goods as articles of clothing, metal and metal ware, etc. Similarly Government control over the assessment and collection of octroi duties is ineffective with the result that there is a complete lack of uniformity **30** far as the methods of assessment and rates of duty are concerned. For instance, octroi duty on grains is levied per Bombay maund in Surat and Bhusaval, per Bengal maund in Jaipur and other places, per head load in Dholpur, per cart load in Jaipur and Savade. Similarly octroi duty on articles of clothing was assessed on weight in Nasik and Sholapur while in other places duty is levied on the purchase value. Thus the methods of assessing octroi duty are not uniform at all. Similarly the rates of duty on the same article vary from place to place. The following figures indicating the rates of octroi on grain would provide interesting evidence of diversity in rating:-

Place	Bates on Grain	Remark.
Surat	Anna 1	Per Bombay Maund,
Bhusaval	Pies 3 to Anna 1	
Bars!	Ans. 3 to Ans. 6	
Pandharpur	Ans. <b>6</b> to Re. 1	Per cart load
Belgaum	Ans. 2 to Ans. 12	" "
Gulegud	Ans. 10 <b>tt</b> Re. 1-8	" "
Gadag	Ans. 8 to Ans. 12	" "

In regard to terminal tax also we find the same diverse methods and varying rates. The figures given below would indicate the bases of assessment and rates of terminal tax adopted in a few towns:

Town	Rates on Ghee	
Prantij	As. 8	Per Bengal Maund.
Unreth	As. 4	" Bombay "
Jambusar	Be. 1	" Bengal *
Bhivandi	As. 2	
Hanebennur	AS. 10	"

Town	"Pates on articles of Olotiiing.	
Ahmedabad	<b>As. 6</b>	Per Bengal Maund.
Jambusar	^e. 1-4	Per cent advalorem.
Mahomedabad	<b>as. id</b>	Per Bengal Maund.
Mahad	As. 8	Per cent aavalorem.
Vengurla	As. 2	* '

Owing to the prevalence of different bases of assessment as well as varying rates of the levy the whole system of terminal taxation inflicts hardships on internal trade and industry and since railway authorities are in many places the collecting agencies, the varying rates of the duty inevitably introduces

a disturbing factor in railway rate making. In order, therefore, to protect internal commerce and local industries from the harmful consequences of diverse methods of terminal taxation, it is essential to ensure proper administration, it is eminently desirable to secure uniformity in the scales of rates and classification of goods. In regard to octroi duties also it is necessary to lay down uniform methods of assessment and to protect inter-regional commerce from the whims and caprices of local authorities. Under the Government of India Act of 1935 terminal taxation is included in the list of taxes to be levied by the Federal Government for the benefit of the federating units, it is felt that the "provision does not limit the powers of the Provincial Governments to levy and develop local terminal taxes; **A-L**, **in** fact, powers of the Provinces to impose the latter have not been in any way impaired by the provisions referred to above." \* The presumption is that municipalities can levy terminal taxes with the permission of Provincial Government.

Next we shall consider the factors which are **.in** introduction of terminal taxes in place of octroi, it is generally admitted that though the octroi duties are the principal source of municipal revenue still it is very difficult to administer the system efficiently and economically. In fact the whole tax system is usually managed by ill-paid and often corrupt employees and improvement in the collecting agencies by way of raising scales of salaries and employing, qualified people, leads to heavy cost of collection and renders the system comparatively unproductive. Secondly, the system of refunds on reexported goods is very cumbersome, causes inconveniences

\* Gyan Chandra: local Terminal Taxation. Indian Journal of Economics, January, 1942.



**ana** Hardships to local merchants and affords scope for objectionable and corrupt practices. Thirdly, the octroi rates cannot be based on the principle of ability and hence their incidence on the poorer sections of the population is very heavy and unfair. The U.?.Committee on Municipal Taxation **as** well as the Provincial Governments felt convinced that it was not possible to remove the administrative defects and the octroi system and reform it and render it manageable. They therefore supported substitution of terminal taxes - light duties without refunds. It appears therefore that consideration of a^iinj.p.trpfrT convenience weighed heavily nci prompted the

tf-u'jii.fia .-fit. terminal taxation ..^ no heed was given to the baneful consequences of the system on the economic condition of the people. <% a83ire to point out that the administrative advantages of the ne« system were obtained only v.tr-re railway authorities va.re em /.loyed as tax collecting ageri' .Juae&abad. The^ collection noes not usually exceed 5 to 6 per cent, i t n e.rcss receipts. But in those places where railway anthox^ities do not collect the tax, municipalities have to employ their own staff and in such cases the cost of collection is high. In BhWcXwar, for example, the cost of collection is as high, as 12 to 1^5 per cent, **of** the gross receipts, in fact administrative considerations alone should not be allowed to determine the issue of preferring one tax for the other. It was laid down by the Central Government in their Memorandum of 1917 that terminal taxes should be li-.t -iuties and must not, impose heavy buraen on through trade. it it appears that this valuable suggestion was often conveniently Ignored and municif>alities were allowed to raise rates of the tax beyond what was considered a safe margin of local taxation. In fact, the revenue from the tax wherever it

was levied was increasing so rapidly that *Government* were induced to inquire whether the rapid rise in terminal tax was due to higher scales of .. or growth of commerce and population. In *Xhwarwar*, for instance, income from the terminal tax expanded very rapidly between 1922-25 and complaints about heavy taxation of consumption were frequently voiced by the citizens, it was also complained by commercial sections that taxation at *Dharwar* was higher than those prevailing in *Hubli* and *Belgaum*, with the result that trade was being diverted from *Bhwarwar* to *Hubli* and *Belgaum*. The municipal authorities under such circumstances preferred to ignore these complaints and no/eminent adopted an attitude of indifference. It was the productiveness of terminal taxation which attracted attention of local bodies and led them to adopt the system. But in course of years receipts from the tax became either stationary or moved at a slow rate and it was felt that the utility of terminal taxation was wellnigh exhausted. The decision of *the* Municipal body to postpone introduction of terminal tax in place of octroi duties was influenced by the same consideration.

Lastly it is necessary to note that the introduction of terminal tax does not in any way remove the inherent defect of indirect taxation, viz. its onerous and unjust incidence on the poor. So far as incidence of **the** tax is concerned terminal taxation is worse than octroi duties. In the octroi system the intention is to tax local consumption for local benefit, and the system of refunds is purposely instituted with a view to freeing commodities which are re-exported and consumed outside the municipal limits. The refund system is not efficiently carried out and inflicts hardships on the mercantile community

Moreover it does not prevent the shifting or the incidence to non-resident population. Most of our towns and cities are commercial centres of some importance where people from the surrounding villages usually come and make their purchases and while paying for the goods they also pay the tax. Under such circumstances it is difficult to accept the official

incidence as reliable. After the terminal system no refunds are allowed and hence shifting of the tax burden on non-residents becomes unavoidable, the hardship on the non-municipal population is not total. In fact the tax duties

tax rates are not always light and may sometimes be as high as octroi rates and in such cases high rates constitute an obstacle in inter regional trade, and heavy taxation of non-residents, the glaring effect of the terminal taxation has

constituted, in our view, the most convincing refutation of the whole system, in this connexion Dr. Oyan Ohand observes, "In this country the agriculturist has, it is admitted, to carry much more than a fair share of his tax burden and any considerable addition to benefit of urban population would be inequitable in the extreme and accentuate the repressive character of our tax system."\*

It is generally averred that it is far too easy to point out the defects of local indirect taxation but to recommend its abrogation is not practical politics and practical finance. The Taxation Enquiry Committee while admitting the shortcomings of the octroi system did not recommend its abolition but merely suggested a few palliative measures to mitigate the

hardships or the octroi system. The Kale Committee in Bombay recently examined this question and suggested reformation rather than abolition of the system. In their view octroi taxation is a "necessary evil" since under the existing economic conditions of the country abolition of octroi would almost certainly land local bodies in untold financial difficulties. In the future economic and financial reconstruction of the country, local finance is expected to occupy a place of significance and the future of local indirect taxation will form a subject of thorough examination, it is really surprising that India should be the only country in the world where local bodies have been allowed to levy and collect local indirect levies with the growing idealisation of sound financial ideas

#### **H t a -**

and subsequent developments in financial systems and administration of advanced countries have justified these anticipations. Even though there is no lack of sound ideas on finance in India, the introduction of indirect levies has been prevented so far by the lack of courage in local authorities as well as the half-hearted and antiquated policies pursued by the Government of India during the last eighty years. It is, however, being increasingly felt that the prevalence of these local indirect levies constitute a serious obstacle to the economic unity of the nation and hence their total abolition or at least introduction of strict supervision and control or the complete removal of these levies through trade freer and secure some measure of uniformity and equity in the collection and distribution.

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and whatever little control was exercised was voluntarily abolished in 1923. It is also known that the control exercised by the Provincial Government was also not very strict and effective with the result that a heterogeneous and unwieldy system of local indirect taxation was allowed to grow. Thus the experience of past eight years does not inspire confidence in the efficacy and success of Central or Provincial control when the other alternative of abolition of local indirect taxation is suggested it is essential to consider the probable repercussions of such a step would have on local financial position, it should be admitted that total and immediate abolition of these taxes would necessarily involve municipal bodies in acute financial difficulties or even bankruptcy. To avoid this danger it is necessary to proceed gradually and cautiously in the matter. There are two probable ways of dealing with the problem of abolition of local indirect taxation without at the same time endangering municipal solvency. The present octroi duties and terminal taxes should gradually be replaced by a tax on business turnover or a sales tax, to be levied and collected by the Provincial Government, and the municipal bodies should be allowed to obtain a share in the proceeds on the basis of population in their respective territories. Such a Provincially administered and locally shared tax system would simply be the question of administration, would ensure uniformity in the system of assessment and correction, and leave the internal trade and industry unhampered by custom barriers. The other way to meet the problem is for the municipal bodies to receive progressively a part of their revenue from indirect taxes and to make up the loss involved by raising the direct taxes on local real estate. The main idea is to

replace indirect taxes by direct ones and this plan will  
*Lhu.*» *i><* - - - . i . • dlU&ll^ uii. u.-^t.uu-.bij t'^~w'.'. -yu uU'. led  
 out and its success will largely depend on the degree of  
 sincerity in the Municipal Councils as vigilance and  
 concern shown by the Provincial Government. It is probable  
 that property owners would organise themselves and set up a  
 committee, the *tax* plan in jeopardy. With growing enfranchise-  
 ment of municipal bodies and institution of a strong executive  
 opposition from vested interests can be overcome provided the  
 justice *and* desirability of the reform is properly understood

property **TCA**.—In almost all advanced countries taxes  
 on real estate constitute the chief source of local revenues.  
 Thus we find that taxes on real estate are solely local sources  
 of revenue. *Tula li-rj-w^ir* "throve *•mrd* towards  
 —r "?

situation *xiiuxb^auoi* and also in *xPicli^* the  
 newer theories of finance? *..t,uuii.,,* the desirability of  
 real estate as a local tax purpose is established. "Fifth  
 abstract reasoning and experience tend to show **that** a large  
 proportion of local taxation must be obtained **from** fixed  
 property. *^* Real estate is local in character. It cannot  
 be removed from place to place so as to evade taxation. Secondly  
 a tax on local real estate is perfectly justified, as the  
 owners of real estate are usually the principal beneficiaries  
 of the bulk of local expenditure; the value of real estate  
 in a locality increases with high local "beneficial" expendi-

1 L.A. I<sup>^</sup>Beligman: Assays in Taxation, p. 344.

*j^*.Bas table: Public Finance, V\*

ture on roads, sewers, water supply, lighting, health, fire services and educational facilities.

Taxation of homes, buildings and lands in towns and cities is not a new feature in India; a general tax, which was also in a sense a house tax, was levied under the Mahrattas under the name of "Maturfa." <sup>1</sup> In spite of the ancient heritage of the house tax, we find that its introduction during the early days of municipal government in India was much resented; and in the United Provinces it resulted in grave riots. We are inclined to believe that the failure of the first municipal legislation in 1842 was partly due to the unpopularity of taxation of urban property; and this defect seems to have been removed by the second Municipal Act of 1850 which provided for the re-introduction of octroi duties with which the people were probably more familiar.

In this Province taxation of real estate for municipal purposes was only gradually introduced; and towards the commencement of this century there were about 20 municipalities in Sind and a municipalities in the other three divisions which did not levy a tax on houses and buildings. The figures indicating the development of property tax income since 1900 in the Province (excluding Sind) and the seven selected towns are given below:

Town	1900 Bs.	1920 Bs.	1958 Bs.	1958 1900
1. Ahmedabad	19,119	41	11,17,179	
2. Surat	47,424	77,075	1,63,168	244%
5. Nasik	9,462	25,193	61,076	545%
4. Poona City	25,360	96,923	2,89,775	1042%
5. Satara City	6,168	7,256	18,681	202%
6. Sholapur		49,646	1,53,693	
7. Dharwar	11,013	19,485	35,427	221%
Bombay Province	43,500	12,32,903	27,12,637	399%

<sup>1</sup> Indian Taxation Enquiry Committee Report, p. 3 ^ 4 .

It may be recalled that a house tax was levied in Ahmedabad before 1915. It was then confined to the Suburban area where the octroi duties were not levied. Income from this source had amounted in 1914 to Rs. 97,661 or a rise of 41 per cent, since 1910. With the introduction of terminal taxation within the entire municipal district in 1915, rules regarding the house tax were held in abeyance, attempts were made in 1916, 1920 and 1921 to revive the house tax but they were frustrated and the municipality was obliged to levy a General Rate of 5 per cent, on the annual rental value of real estate. It may be noted that this General Rate is virtually a house tax and in 1937 it amounted to Rs. 9,49,101 or a rise of 255 per cent, since 1920. Similarly, a house tax was levied in Sholapur for the first time in 1912 and the income from the tax has increased by about 357 per cent, since then. From the figures detailed above it may be noticed that revenue the tax increased remarkably in Poona City, Nasik, Sholapur and Ahmedabad and this rapid increase indicates the general growth of population and development of economic conditions in the cities, (on the other hand, receipts from tax rose very gradually at Satara, Dharwar and Surat, and this slow rise is an indication of the inadequate and tardy development of these towns. In Satara especially there was no material rise in income till the year 1920; and to a lesser extent the same was the case in Dharwar. It may also be noted that in Surat house tax receipts actually declined after 1925 and registered a decrease of 14.5 per cent, between 1925-30.

Broadly speaking, growth of house tax income has been the outcome, in varying degrees, of the construction of new houses, rise in the valuation of properties as indicated in periodic



revision of assessment, and upward revision, in some cases, of the tax rates. It is regrettable, however, that adequate statistical data pertaining to the first two points, viz. addition of new taxable properties and rateable values of properties during different periods has not been maintained by our municipal bodies since such data would have thrown some light on the development of towns, their tax-bearing and borrowing capacities. In Ahmedabad, however, such information is available which indicates that the number of tenements in the city rose from 86,430 **in** 1918 to 1,01,457 tenements **in** 1925 and about 1,42,214 tenements in 1937. Similarly rateable values of properties which **in** 1910 amounted to Rs.22 lacs rose to Rs.42 lacs in 1920 and Rs.151\* lacs in 1937. These figures indicate the rapid development of the city especially after 1920. In Satara the number of properties rose from 4,691 **in** 1900 to about 5,000 in 1930 and of these latter houses only about 2,000 were taxable. In Surat there were in 1900 nearly 16,400 houses which number gradually rose to 17,631 **in** 1915 and 21,380 in 1937. Thus the number of tenements **in** Surat gradually rose with the growth of population, while **in** Satara the number of houses remained practically stationary indicating a more or less stationary population. In Poona, Nasik and Sholapur the number of tenements must have increased more rapidly with population growth and extension of municipal limits.

Secondly, expansion of revenue resulting from the enhancement of house tax rates appears to be very small. It is true that substitution of regressive scales of the tax by a flat rate in Liarwar in 1910 and in Nasik in 1918 led to some improvement in revenue. Similarly the general water rate in

Ahmedabad was till 1921 was a graded and regressive one was changed into a flat rate of 5 per cent, on the annual rental value. But in the other towns no changes seem to have been effected either in the house tax rates or the basis of assessment. It is sometimes felt that a stable tax rate introduces an avoidable inelasticity in the revenue system and prevents expanding requirements of the local body adjustment of the rate with varying economic conditions in the town and financial position of the municipality in particular. On the other hand, it is maintained that the ordinary householder appreciates a stable rate as a constant factor in household expenditure. /igaln, a local body is compelled to take rather a longer view and a stable rate resets in wise and steady administration. ^reparation of estimates is facilitated by a stable rate since the amount available is known and expenditure is correspondingly adjusted. It may, however, be pointed out that the system of quadrannual revision of valuation introduces some elasticity in the tax revenue and it must be admitted that a considerable part of the increase in house tax revenue is due to appreciation in the rateable values of urban properties as registered in the periodic revisions of assessment. Unfortunately, however, such revisions are not, in many cases, carried out efficiently and at regular intervals and involve inordinate delay resulting not infrequently in loss of legitimate revenue.

Another important consideration in this connexion is the bases of the tax adopted by municipalities. It appears that in the Northern Division of the Province most of the municipalities have adopted capital or market value as the basis of the tax while in the Central and Southern Divisions almost all the

municipalities lev/ the tax on annual letting value. The question whether the capital value or the annual rental value of real estate is a better index of the tax-bearing capacity must be judged on its merits and in the light of economic conditions existing in a place. It is said that in the modern economic conditions earning capacity of the property rather than its capital value, the flow of income **rc.tn^r** **t^o** fund of capital is a better indicator of the tax-paying ability. Here it may well be noted that there is in this Province a large number of smaller towns which are practically in a stationary state. In such places people construct houses and buildings for their own use and not for renting to **tenants**, **.uc** tenant population is very small and in those cases where houses are let on hire, often the rent is absolutely inadequate in proportion to the cost incurred in erecting houses. Under such conditions capital value appears to be a better criterion of the tax-bearing ability and the tax should be based accordingly. In developing towns and cities, however, population increases more rapidly and houses and buildings are often let out on rent thus giving rise to a class of tenants. In such places therefore earning capacity of the houses and lands provide a better index of taxable capacity and tax should be based on the annual rental value. In this connexion attention may be invited to the system adopted in Surat. In this town the tax is based on the capital value, and it is contented, as a justification of the present basis, that most of the people live in their own houses and that the practice of letting them for rental is not common. In view, however, of the recent rapid increase in population and establishment of many small scale industries in the city, it is suggested that, the present basis should be changed and

tax be calculated on the annual rental value of properties.

While considering the nature of the tax system it is found that in certain cities like Poona, Ahmedabad, Nasik, Dharwar, etc. municipalities have adopted, for residential properties, a proportionate or flat rate; in other places like Satara, Sholapur, Surat, a system of *graded*, rates providing for different rates for properties of different values, has been introduced. It may, however, be noted that a system of graded rates does not necessarily mean a system of progressive taxation. On the contrary it is found that the tax schedules enforced in Surat, Satara and Sholapur are regressive in parts since they provide higher rates on properties of lower value and higher rates on properties of higher value, it is needless to say that these methods of taxation should be immediately abolished. But the next consideration is whether a flat rate should be introduced in place of regressive one. In the domain of national finance the principle of progressive taxation has not only been recognized but also practised in levying such taxes as the income-tax, death-duties, succession-duties, etc. And there is no reason why the same principle should not be adopted in the sphere of local taxation. To "adopt principles for local taxation inconsistent with those adopted for national taxation would be palpably indispensable." <sup>1</sup> Secondly, it appears that most of the municipalities do not classify urban properties into various grades for purposes of taxation. It stands to reason that all classes of property, lands, dwelling-houses, business premises, should not be subjected to the same rate of assessment but a differentiation should be made so as to provide different rates for properties <sup>^</sup>ut to **di**<sup>^</sup>**ox**<sup>^</sup>nt uses.

<sup>1</sup> Sidgwick: Principles of Political Economy, p.

In some places vacant lands are not taxed at all; but in developing cities with a rapidly expanding population like Ahmedabad, Poona, etc. such lands should be taxed at a higher rate with a view to ensuring effective utilization of vacant plots and thereby simplifying to a certain extent the housing problem. So far as industrial premises are concerned a few municipalities have adopted different rates based either on the capital value as in Ahmedabad or on the cubical area of the premises. Taxation of railway properties is often a source of trouble between municipal bodies in whose area they are situated and the railway authorities. It is a matter for consideration whether suitable amendment in the Municipalities Act should not be made on the lines of the derating provisions of the British Indian Government Act of 1929 whereby industrial premises, and railway properties are excluded from local taxation and in return for this exemption a compensation grant is made available to the local authorities concerned. Care must, however, be taken that by such changes in the Municipal Statutes municipalities are not put to any financial loss.

Another feature of property taxation that invites notice is that in certain towns like Igatpurl, Talegaon, Nasivad, Jejuri, Panchgani and Chhatrapati poorer properties carry lower rental values are not exempted from the tax at all contrary to practices commonly followed elsewhere. On the other hand the limit of exemption is placed as high as Rs. 500 in Nasivad and Rs. 75 in Talegaon, taxes in both the places being based on the annual rental value, it is desirable that the necessary instructions should be issued in this behalf so that poorer properties would not be taxed and taxable properties allowed to go scot-free.

**m** have already seen that municipal tax on real estates

constitutes one of the chief sources of revenue. The figures indicating the proportion of property tax revenue to total municipal revenue are as under:

Town	Proportion of the House Tax revenue
1. Ahmedabad	17 per cent.
2. Surat	15
3. Nasik	16
4. Poona City	14
5. Satara	11
6. Sholapur	10
7. Dharwar	14
Province	15 to 14

Here the revenue from General Rate at Ahmedabad has been treated as a property tax. It will be observed that the property tax contributes at Ahmedabad a large return both absolutely and proportionately to total income, then in any other cities. The reason seems to be that at Ahmedabad the number of taxable properties is undoubtedly very large and the administration and collection of the tax is carried out far more satisfactorily with the result that arrears are reduced to a minimum and loss of revenue avoided. In Satara, on the other hand, the proportion is very low obviously due to a smaller number of taxable properties. In the other five cities the proportion varies from 10 to 16 per cent, while for the Province as a whole the proportion is between 10 to 14 per cent.

It will be observed that for their revenue municipalities depend to a greater extent upon indirect taxes than direct ones; the proportion of income from indirect taxes is 26 to 27 per cent, for the Province and in Ahmedabad, Sholapur and Poona it is as

high as 30 to 32 per cent. The predominance of indirect taxation in municipal finance is probably due to the fact that till recently municipalities were exclusive bodies consisting mostly of representatives of house-owners; and since the view point of the man on the street was seldom voiced proposals regarding raising of rates on real estate were generally discouraged while those seeking to enhance rates of octroi or terminal tax were readily accepted. At present, already being reduced, income from the house tax is progressively surrendered and municipalities should rely mainly upon taxes on urban real estate. The question is whether there is any scope for fuller utilization of the house-tax. The Indian Taxation Inquiry Committee which considered this matter concluded that there was enough scope for developing taxes on urban property. This opinion finds confirmation in the report of the Kale Committee which observes, "our inquiry shows that there is considerable scope for raising the rate of the house tax in many municipalities. We find that some of these bodies prefer to rely mainly upon indirect taxes like the terminal tax and octroi duties and do not raise sufficient revenue from the house tax. It cannot be pleaded that house-owners have not the ability to pay house tax at a higher rate, but the Councillors appear to have neither the inclination nor the courage to take advantage of it. whenever there is a clear case of such neglect on the part of any municipality to raise the house tax adequately, we suggest that the Provincial Government should not hesitate to take steps to increase the house tax under section 74 of the District Municipal Act, 1901 or section 103 of the Bombay Municipal Boroughs Act, 1925."<sup>1</sup>

<sup>1</sup> Report of the Local Self-Government Committee, Bombay, 1939. p.26-27.

While endorsing this conclusion we have to note with regret that the Committee did not consider all the regressive character of the house tax schedules already in force in certain towns, the feasibility of imposing different rates according to the various uses of urban property, and the desirability of introducing the principles of progression in property taxation.

Again, it must be remembered that not only are low rates of the house tax but the inefficiency of **the** machinery of assessment and collection also have resulted in the low yield of the tax. There are innumerable instances of inordinate delay involved in the preparation and revision of assessment **HHOL- rxi it** is reported that assessment **ii;** **x,c e** not revised ear about eight years in Chanduka and for over twenty years in Jambusar and also that in the latter place out of 1,727 houses 1,066 **were** exempted from the tax. **Aie** to delay in the quadrannual revision work the Surat municipal body lost **in 'i:.'V7-'** 15,450 **frar» t>v.** tax and amount of Rs. 5,000 from the General **>anit;>ry** **Oess.** **hor--:ov <<;!>** **th< -** assessments fixed by the Revision Officers are not infrequently considerably reduced **by** the standing or Revision Committees without assigning any reasons,\* and in Satara assessments were reduced **by** the Committee even **in** case\* in which the rental values fixed by the Chief Officer after due inquiries were accepted **by** the house-owners concerned. The work of collection is also far from satisfactory and in certain towns like J'adiad and Chalisgaon arrears of the house tax were as high as 50 per cent, of the demand. In this connexion we heartily support the following suggestion of the Kale Committee:

"We recommend that Collectors should order **tn, : ceLe.ruxau.** of every municipality in the beginning of every third year-



after a general revision has been made it should take steps to revise the list. If definite steps are not taken in due time to revise the list, the Collector should proceed to appoint an officer to carry out revision and the excess amount spent for the purpose may be recovered from the parties at fault." To expedite the work of the office it will be necessary to employ well-paid and trained staff and wide powers of supervision and control should be entrusted to the Executive officers in the collection section so as to enable them to carry out the work efficiently and without interference by outside influences. The district Collector should also be careful to draw the attention of the municipalities concerned to the delays or neglect whenever they may be discovered.

**Water Rates.**—The Water Supply Service is one of the most important public utility services provided in urban communities. It may be owned and managed by municipalities. In this Province, however, this service has been supplied through municipal agency only in a few towns. Towards the commencement of this century there were only 20 towns in which municipalities managed water supplies. At present municipal water service exists in about 56 towns in three or four towns like Viliamgaon, Solapur, and Dhule, supplies are provided by private water companies, while in the rest of the Province people have been left to manage their supply as best as they can. The absence of municipal water service in about 92 towns in this Province is due, not to lack of statutory powers to provide the supplies, but to local indifference and lack of adequate funds to meet the initial

1 Report of the Provincial Self-Government Committee, Bombay, 1939. p.78.

capital expenditure. In those few towns where private corporations operate the supplies the condition of the service is far from satisfactory and in Harsad especially the frequent disputes "between the municipality and the local water company have put the citizens to much inconvenience and hardship.

When a municipality introduces a water supply service it tries to cover the recurring expenditure, the service including interest charges on debt incurred, depreciation charges, and in levying water rates. The rate is levied on those who obtain direct benefit of water service while the general rate is usually paid by those who do not possess a private water connexion but obtain their supplies from the public stand-posts and thus are ultimately dependent on municipal water service. Revenue from these rates has increased during the last forty years and in some cases it is more than enough to cover the cost of the service and thus brings a net profit to the municipal treasury. The figures of receipts from the rates in the seven towns are given below:

Town	Receipts in 1900 Lacs	Receipts in 1938 Lacs	Else.
1. Ahmedabad	64,427	2,74,092	1100 per cent,
2. Baroda	29,569	2,75,115	842
3. Bhopal	25,169	2,14,251	765 "
4. Gwalior	5,652	2,29,900	411 "
5. Indore	25,590	2,79,296	855
6. Jabalpur	-	2,58,310	1915-58=297
7. Lucknow	1,91,600	26,01,718	1258

It must be noted that the water supply income is a general water rate at Ahmedabad was treated as revenue under the house tax

In the preceding discussion. In the following pages, however, income from the special water rate and miscellaneous water charges are alone considered as revenue from water - so far as Ahmedabad is concerned. It is seen that water rate receipts developed with remarkable rapidity at Ahmedabad, Sholapur, Surat and Poona owing to increased economic prosperity and growth of population. At Nasik and Dharwar, however, the receipts could not be developed owing to the fact that the water supply is not adequate during the second decade. Moreover, the low yield rates both at Nasik and Dharwar is due to the undeveloped character of the towns and inadequate commercial and economic development.

The Ahmedabad Municipality appears to be one of the towns in the Province excluding Bombay which has obtained a substantial revenue of nearly 10 lacs from the sale of water and these high receipts are due not only to the framing of comprehensive water supply rules and their strict enforcement but also to the high basis of the rate chosen in accordance with the commercial and industrial prosperity in the town.

Burat Municipality also obtains a fairly large income from these rates owing primarily to the fact that the special rate besides being calculated, according to the size of the pipe is recoverable from every family which derives benefit from the private connexion. The Sholapur Municipal body has much developed revenue from the rates and this development was facilitated by the growth of industrial and commercial activity in that city. It may also be noted that in this town the general rate being based on the rental values, brings a large income to the treasury owing to appreciation in the rateable values of urban properties. Considering the commercial importance of the Poona City with its large

and growing population, revenue from the water rates appears to be modest.

The general water rate is levied in municipal areas with manifold considerations. During the early stages of the water supply service the work of granting private pipe connections to householders proceeds slowly and the municipalities are often unable to obtain sufficient revenue from the special rate to meet the expenses of the service. **On** the other hand, during the transitional period municipalities endeavour to defray the expenses of the service by levying a general water rate on all the householders whether they possess a private pipe or not when the initial financial difficulties are overcome by progressive rise in the income from **and** reduction in the debt charges, the general water rate is **consequently** reduced or abolished altogether. In Satara, for example, the general rate was levied with a view to meeting the heavy debt charges in respect of water works, and when the debt was liquidated, the general rate was withdrawn. Secondly, large quantities of water are utilised for public purposes like street watering, drains flushing and sanitary uses, fire fighting, watering of public gardens and ornamental fountains. These amenities are of general public importance and it is obviously difficult to levy a rate on the principles of benefit received. **To** meet the cost of water used for public purposes a general rate is levied in accordance with householders' ability to pay as measured by the rateable value of the premises which they occupy. In all the seven selected towns the general water rate is levied to meet the cost of water supplied through public stand-posts and utilised for the aforementioned public municipal purposes. In Poona city the general rate is a fixed

sua of Rs.2 per year while in the other towns this rate is  
 "based on the annual rental value of properties. It is felt  
 that a fixed rate is not productive of revenue and should,  
 therefore, be linked with the annual rental value of premises\*  
 The suggestion is helpful and needs to be adopted **but** wherever  
 necessary. But the more significant feature of the general  
 rate is that it is not levied on those who possess a private  
 connexion and pay the special rate. As the general rate is  
 intended to meet the cost of water use for **public** purposes,  
 it is **justified**. **Therefore** **the** **rate** **is** **not** **levied** **on** **those** **who** **possess** **a** **private** **pipe**  
 payers of the special rate. It may be contended that, the general  
 rate is levied **on** **those** **who** **obtain** **their** **supplies** **from** **the** **public** **stand-**  
 posts to contribute something in **return** for the advantage **since** **the** **rate** **is** **levied** **on** **those** **who** **obtain** **their** **supplies** **from** **the** **public** **stand-**  
**posts**, they are exempted. This argument appears to **be** plausible but  
 needs to **be** considered more carefully, it is necessary to note  
 that the people who obtain their supplies from **the** **public** **stand-**  
**posts** belong mostly to the poorer section of the community  
**and** **therefore** **they** **are** **not** **able** **to** **pay** **the** **special** **rate**, **in** **such** **cases** **the** **position** **is** **strong** **and** **clear**  
 connexion and pay the special rate, **in** **such** **cases** **the** **position** **is** **strong** **and** **clear**  
 strong case exists for exempting the **poor** **householders** **from** **the** **general** **rate**,  
 the general rate, it is possible that a sordid or recalcitrant  
 house-owner may prefer to obtain supplies from the public pipe  
 and penalise his tenants by refusing to secure a private connexion.  
 But such instances are not common and **therefore** **the** **absence** **of** **private** **pipe**  
 absence of private connections is due to poverty or the house-  
 holder. The cost of the water supplied to the poorer classes  
 should **ideally** **be** **met** **from** **the** **general** **municipal** **revenue**.  
 As against this it may be argued that the poor householders



desirable to consider the rates charged in various towns.

The relevant figures are as under:

Town	1/2 inch Pipe	1 inch Pipe.	1 1/2 inch Pipe.
Surat	Rs. 12 per year per family	Tls. 24 per year per family	
Amalner	Rs. 13 per year	5s. 36 per year	
Poona City	" 12 "	* 32 "	Bs. 54 per year
Satara		4b "	.
Sholapur	20 to 60	" 40 to 120 "	
Batnagiri	9		
Karad	24	Rs. 4d	96
Warananagar	" 12 "	More Rs. 1 in 1000 = Rs. 6 per 1000 gals.	
Amalner	2?	" 43 "	" 96 "

Among the various sizes of the pipe that of 1 inch diameter is the most common one and hence significant. The rate charged for this size of the pipe is highest (Rs. 30) at Amalner while it is practically the same at Satara, Amalner, Poona City and Sholapur (where people generally prefer the lower rate of the intermittent system). The smallest size of the pipe is 1/2 inch prevalent in Warananagar for which a rate of Rs. 12 is charged. Connections of larger size are usually given to houses, large buildings, etc.

From the view point of administration the system of rating according to the size of the pipe is simple and very convenient. But what is administratively convenient is not necessarily an equitable system. The main defect of the system is that no cognisance is taken of the amount of water supplied through a pipe. Accordingly two pipes of equal size may supply unequal quantities of water

because consumption depends upon the number of persons using the connexion. This defect is sought to be removed at Surat where account is taken of the number of families served by a water connexion and rate is charged accordingly.

The system of charging rates according to the quantity of water supplied as measured by a meter is probably the best and the most equitable system. In Bandra and Matheran all supplies are provided by measurement and meter rates are charged. This method was introduced in the Bombay City but was soon abandoned. There are certain defects in the system which are of importance from the administrative point of view. The system involves large capital expenditure for the purchase of meters. Secondly, repairs and maintenance charges are also considerable. Thirdly, the collection and issuing of water bills is complicated, Fourthly, revenue from the rates tends to fluctuate from year to year and thus introduces an incalculable and disturbing factor in municipal budgeting. Fifthly, meters are liable to be tampered. Lastly, the system leads to the danger of economizing water when it is mostly needed. This will discourage the system of water-borne latrines and lead to insanitation. The system has also certain important advantages. In the first instance, it checks wastage or misuse of water because every citizen while using water is conscious that he has to pay for it. It makes a user a more responsible citizen; secondly, the incidence of the charges is more equitable. Water is a marketable commodity and the benefit of the service can be measured and individualised and charged accordingly.

It has been found that wastage of water is a very cos



item in municipal administration and experience in almost all the important countries conclusively proves that metering effects great civic economy without endangering public health and sanitation.<sup>1</sup> The consumption of water in some of the towns **in this** Province e.g. Poona City, Ahmedabad, etc is excessive and there is considerable wastage of water. This can be checked only if water is **supplied** by measurement and rates charged according to meter reading. Moreover, the system is not a new one and has been partially introduced in a number of towns where hotels, restaurants, trading concerns, shawls, mills and factories are provided with water by measurement. All that is needed is the extension of the same system to water supplied for domestic purposes.

Sometimes the basis of charging for water supply for domestic purposes is the annual value of the tenements supplied. It may be remembered that the very basis of water charges i.e. annual value, differs throughout the Province, and superimposed on this variation are the varying water rates which the individual municipalities have power to impose. The system of special water rate based on the annual rental value of properties seems to have been introduced in a few towns e.g. Ahmedabad, Jalgaon, Trimbak, Dharwar, etc. Under this system payment for water is not extracted from the consumers in proportion to the direct advantage from the service but in accordance with their ability to pay as measured by the value of the premises which they occupy. The method has been criticized by Mr.S.S.

<sup>1</sup> Water Supply. By S.S.&aik. Local Self-Government quarterly Journal for the information on metering in Germany.

Naik who points out that each man cannot be said to obtain public benefits only in proportion to the rateable Value of the premises he occupies, and secondly, that the quota of water which he uses is not at all proportional to the same rateable value, because the use of water depends on the quantity required per head **and** the number of persons in the house, : ub tne system can be qualified from another view poi,nt which considers water supply as an essential community service and in providing that service it should be paid for on the same basis as other essential services provided from the General Tax Fund. >e feel that the system is decidedly much better than the commonly adopted method of charging according to the size of the pipe. And even where supplies are afforded by meter the underlying principle of contributing to water supply in accordance with ability to ^ay should not be lost siht of.

The Provincial authorities have impressed upon the local authorities the cardinal principle that financially the water works must be self-supporting. If the yield of the water rate is insufficient to meet the entire cost of the service then the excess of expenditure is usually defrayed from the general revenues. . The practice of meeting the deficits of the water service from the general funds is most objectionable since it penalizes the general body of citizens is penalized for the benefit of those who obtain special advantage of the service. If, on tne oth^r hand, water rates are more than sufficient to meet the recurring cost of the service ana also bring in some profits to the municipality, then they can be said to contain an element of taxation. In view of the possibility of water

rate "being utilized as instruments of taxation by municipal bodies, municipal profits from this **undertaking** have been regulated in some countries by state legislation. In the light of these considerations we shall proceed to assess the sufficiency of municipal water rates in this Province. The review of the annual administration reports of municipalities indicates that in the following towns water rates revenue not only covers the cost of the service but contributes some profits to the municipal treasury.

Ahmedabad, Surat, Kapadvanj, Hander, Tirana, Bhiwandi, Ahmednagar, Dhulia, Nasik, Trimbak, Ghatprabha, Warananagar, Dharwar, Pen, Roha-Ashtami, Matheran and Panvel.

In the following towns water service was not financially self-supporting:

Jalgaon, Mjapur, Nipani, and Barsi.

It may well be noted that certain municipalities like that of Poona City do not furnish separate accounts of the water works and hence it is not possible to state whether the rates are adequate or not. The probable difficulty is that in such places water and drainage works are treated as a joint project so far as their financial administration is concerned. Profits from the water concerns are considerable in amount at Ahmedabad and Surat only. In other places they are either negligible or modest. In 1948 these profits amounted to Rs.4,88,036 at Ahmedabad and Rs.1,94,497 at Surat. The continued losses sustained by the Mjapur, Jalgaon and Nipani Municipalities call for serious attention and point to the need of enhancing the water rates so as to make the water works self-supporting.

The figures of profits earned by local authorities should

be examined with care and caution. The water works accounts do not indicate whether the receipts of the Special rate are adequate to cover the expenditure of the special Water Service. It is quite possible that losses on the special service are met from the income of the general water rate. There would be no objection to such a practice if the general rate is paid by all the householders. But the difficulty arises on account of the usual practice of exempting payers of the special rate from the general rate. There is, therefore, the possibility of the general rate being utilised to a certain extent for the support of the special water service. There would be no objection to this procedure also if the general rate is kept at a low figure. But we have already noted cases where the general rate is equal to the house tax and in Dharwar and Hubli it is as high as 9 and 10 per cent of the annual rental respectively. If the general rate is high and its income considerable in amount, a municipality may be tempted to utilise this income for the support of the special Water Service. These doubts are raised with the intention of emphasizing the desirability of clarifying the raison d'être of the general rate as well as the necessity of maintaining separate accounts of the special water service as is done in the case of special sanitary services.

It is sometimes suggested that water undertakings are municipal monopolies and belong to the domain of municipal trading. They should, therefore, be operated in such a manner as would yield substantial profits to the local treasury. For some time these profits should be utilized for the rapid writing off of capital debt incurred

for the water works and when once a "not-debt" position is reached the surpluses should be devoted to rate reduction or tax relief. A municipal water service however cannot be regarded as a municipal trading concern. It is essentially a public utility service and differs from municipal trading activities in important respects. The health and sanitation of the town -ott 'vitaly depend on the efficiency and adequacy of the water supply service. Again, the general principle which applies to municipal trading concerns is that economies of production result from increase in output, -s the policy of the departments concerned to encourage greater use of the public services but reverse is usually the case in respect of water supply as the price of water may be increased as a result of increase in demand. This particularly applies when water requirements increase beyond the natural local water resources and further supplies have to be acquired by bringing water into the area from more distant sources.\*

The next question is whether this utility service should be operated with the idea of making profits. In England it is the general policy to operate utilities on the minimum charges consistent with efficient service and the maintenance of adequate reserves. Any profit from them, which may be transferred to the support of the general municipal budget is regarded as an indirect tax. The apparent results of water supply are no indication of commercial success, for the charges made are usually

1 Norman J. Pugh: Municipal Trading - Water Supply, (Public Administration, July, 1949).

developed in this Province and in many oases the development of this revenue is dependant on the development of the Water Service. In a number of towns these water rates are not levied at all because the introduction of the rates is dependant on the introduction of the water service. It is indeed regrettable that important towns in this Province e.g. Nadiad, Darga, Crcdhra, Kalyan, Bhusawal, Amalner, Jalgaon, Belgaum, Gadag, Hattang, etc. should be without municipal water service.

The financial importance of water rates revealed in the seven towns mentioned below;

Town	Percentage of water rate-revenue to total municipal revenue (1908).
1. Ahmedabad	13 per cent.
2. Surat	22
3. Jamnagar	18
4. Poona City	10 "
5. Bombay City	17 "
6. Sholapur	24 "
7. Dharwar	21 *
Bombay Province	12 "

Sanitary Rates.—Like the water rates, conservancy or sanitary cesses are service rates. Although the conservancy service was undertaken during the earlier stages of **municipal** government, the imposition of sanitary cesses for covering expenditure on the service is comparatively a later development. For a fairly long time it was the practice with a large number of municipalities to meet the cost of the conservancy arrangements from the general municipal funds. During the last quarter of the preceding century the sanitary rate was introduced in important towns

Like Poona City, Ahmedabad, Sholapur, etc.; but during 1900-01 there were about 89 municipalities in the Province which did not levy this service rate. Under the Municipal Act of 1901 the rate was specifically mentioned and included in the list of taxes and rates leviable by municipal bodies which had introduced sanitary service\* It appears that a large number of municipalities introduced the "Conservancy Cess" after this legislation. After this legislation a large number of municipalities introduced this "Conservancy Cess."\* It was levied at Dharwar in 1912, at Nasik in 1911 and at Satara in 1921-22. The purpose of the levy, however, was not the same everywhere; and it is rather curious to observe that in Satara the rate was introduced with the sole intention of meeting the additional expenditure of the compulsory education scheme, secondly, it may be mentioned that for a long period there was only one "conservancy cess"\* and the existing distinction between the General sanitary and Special Sanitary cesses was attempted at a later date, thirdly, the sanitary rates are still to be introduced in about 13 municipal towns. The figures showing the expansion of revenue from the sanitary rates are as under:

Town	revenue in 1900 Bs.	revenue in 1933 Rs.	Percentage rise,
Ahmedabad	41,316	2,10,155	408%
Surat	54,645	1,37,050	295%
Nasik	9,110	29,362	227%
Poona City		11,939	Decrease of 64%
Satara City	33,329*	9,046	
Sholapur			
Dharwar	10,106	11,500	
Province		13,15,542	565%
	1,97,312		

The decline in receipts at Poona is due to the introduction of underground drainage and flush privies which pay

the drainage rate, In Ahmedabad receipts reached the maximum limit in 1932 but declined sharply thereafter for the same reason, with the extension of underground drainage facilities and conversion of basket privies into water closets revenue from the sanitary rate will progressively decline in that city.

We have already observed that distinction between the general and special sanitary rate was made during *liiki* session. The special rate is [xiit.oau.oa](#) to defray the cost of the general Sanitary services like road sweeping, road watering, construction and repair of public latrines and urinals, etc. Since the benefits of these services are shared by all the citizens in common, the special rate is usually recovered from all the householders. It must be admitted that the purpose and character of the general rate were much misunderstood in the past and in a number of towns municipalities were wont to exempt payers of the special rate from the general one. Even at present in a few towns like Ahmedabad and Patna where such exemptions are granted to payers of the special cess. The municipality of Ahmedabad, however, contends that the general cess revenue is exclusively devoted in that city to the maintenance and upkeep of public latrines used almost exclusively by the poor classes and in which the payers of the special cess are not interested. The very fact that poverty prevents certain people in the community from having their own latrines is of considerable significance and hence provision of public latrines to the poor becomes a public responsibility from which people of means should not be exempted.



The "basis of the general rate varies from place to place; in urban towns like Poona City, Ahmedabad, etc, it is a flat rate while in other places like Surat, Udaipur, Satara, Sholapur, and Eharwar the rate is linked directly with the house tax or the rental or capital value of house property. The rate based on the ratable value is sometimes on a graded scale providing different rates for properties of varying ratable value, and it is felt that the ratable value of property is a better basis for the general rate since the rise in property valuation registered in successive quadrannual revisions reacts very favourably on the rate receipts. The rate based on ratable value is thus more productive and elastic than a fixed rate, and it is also possible and desirable to introduce the principle of progression while constructing the rate schedule. The study of the General Sanitary rate in various towns, indicates that it is not always done, and in some towns, on the contrary, the rate is clearly regressive, as in Tharwar.

The rate schedule is given below:

Houses with annual rental Value.	General rate,
Bs. 10	6% Per cent.
50	10
100	2%
200 and above	2%

To improve the levy of the general rate it is eminently desirable to impose it on all the householders and to base it on ratable value of properties and on the principle of progression.

The Special Sanitary Cess is imposed with a view to meeting the cost of the special sanitary service including scavenging, removal and disposal of refuse in right soil. The

cess is clearly a service rate based on a quid pro quo. It is usually based on the number of private latrines cleansed by the municipal agency; and in certain towns like Surat and Ahmedabad it is also customary to take into account the number of families using a private latrine. The comparative statement of the special rates levied in some towns is given below:

	Ahmedabad.	Surat.	Itanagar.	Satara,	Sholapur.	Iljarawar.
Private Privy & toilet. one seat	Es. 4 per year	Rs. 4	Rs. 4-S-u	*s. 4	PS. 6	BS. 9
For every additional Privy		• Be. i	" o-0-u	" 3	6	7-8.
For Punch Privy	Rs. 4 per year per fam.	Rs. 4				

It will be seen from the above that in Ahmedabad, Surat, Itanagar and Satara the rates are nearly the same while in Sholapur and Iljarawar they are higher. The fact that rates in Ahmedabad and Surat are not recoverable from all the families using a latrine shows the unproductiveness of the cess. In other places, however, the rates are paid by the owner irrespective of the number of persons or families using a latrine. It is felt that the number of families latrine is a better criterion of the amount of service rendered by the municipality and that the rates should be levied accordingly, but it is necessary to guard against one danger. The tenants are made primarily liable to pay the cess it is extremely difficult to administer the system. -Owing to the floating character of the tenant population it is difficult to recover the cess from them the result that a large part of which have

sometimes to be written off ~~as~~ as irrecoverable. This defect can be removed by making the owner primarily liable to pay the cess. In Ahmedabad and Surat rules of the special cess have recently been revised on the above lines with the result the arrears have been reduced and loss of revenue avoided.

An important consideration in regard to the special rate is whether the rate is adequate enough to meet the expenditure of the special service, it is necessary to remember that, conservancy services are essentially community services and they must be conducted with the sole intention of promoting public health and sanitation. The income of the special rate should be added to the general revenue and applied to the improvement of sanitary services, as far as the special sanitary service is concerned it has been laid down by the Government that no expenses of the service must never be thrown on the shoulders of the taxpayer but should be met entirely from the income of the special rate. If the revenue from the special rate is less than the expenditure on the Special Service the obvious course is to increase the rate, to the necessary extent, unfortunately, however, this sound principle of conservancy finance has not been observed in a large number of towns. Instead of increasing the special rate have consistently endeavoured to meet the deficits of the Special Service from the general municipal funds. In the year 1905-39 the special sanitary service was not self-supporting financially in about 29 municipal towns including such cities as Ahmedabad, Surat, Bhavnagar, Elgaum, Godhra, etc. The deficits

of the Special Service at Surat have become a normal feature during the past few years and in 1937 they amounted to Rs.32,836. In Ahmedabad the municipality does not care to furnish separate accounts of the special, sanitary Service while in Dharwar and Satara the self-supporting nature of the Special Service has been doubted. In Satara especially about 40 per cent, of the income of house tax was credited to conservancy account, with a view to indicating financial self-sufficiency of the conservancy service. Owing to lack of uniformity in municipal accounts it has become possible for municipal bodies to evade observance of sound financial principles and Government instructions. It is also found, that in some cases the entire expenditure of the Special Private Service is met from the general funds. In Broach, for example, the question of levying the sanitary cess has been pending for the past ten years and more. The municipality does not appear to have arrived at any final decision as yet.

£ In certain cases the inadequacy of the Special Cess is due to its inefficient collection and in Jodhpur and Hasli the arrears amounted to 60 per cent. of the demand. In view of the fact that municipalities can have powers to immediately discontinue the service, in cases of non-payment it is extremely difficult to account for the high arrears. The present auditors point out that at Kasiji several private latrines served "by" the municipal agency were not even accessed to ~~the~~:-" -f ,

The preceding discussion leads us to the conclusion that at present Sanitary Rates are in many towns inadequate to support the sanitary services. It is desirable to enhance them and ensure their prompt and full collection.

we feel that municipalities need not be discouraged from obtaining reasonable surpluses from the conservancy services provided they are devoted to improving the present methods of conservancy services.

The figures showing the financial importance of sanitary rates in the seven towns are given below:

Town	Proportion of Unitary Bates revenue to total revenue.
Abmeiabad	6.5 per Cent.
Surat	

•"aolafar

IJharwar

Bombay Province \* 6 \*

Drainage. -- It is customary to call the drainage rate levied on property owners recoverable from the owner. It is true when drainage facilities are supplied and property owners are usually compelled to obtain private drainage connexion. To meet the cost of the drainage service the municipality levies a rate called the drainage rate. The payment must be regarded as a tax **because** a definite service is rendered, - On the other hand, it cannot be termed a **tax** since the payment **is** compulsory and is not made voluntarily pro (pro consider... it is not a special

In this Province this levy, seen to be imposed by a few municipalities **CRXI it** - a only in Jodhpur and Ahmedabad. **a, w** that the tax yields considerable revenue. The expansion of

receipts from this source in the two towns is indicated

below: -

Town	Receipts in 1900 Bs.	Receipts in 1920 Bs.	Receipts in 1936.
1. Ahmedabad	7,46,66	1,06,822	4. \$3,771
2. Poona City	-	46,821	2,21,167

in the year 1920 receipt rate set up by the Government was 6% per cent, in Ahmedabad and 7% per cent, in Poona. Thus the rate of increase in both the places is nearly equal between 1900 and 1958. The underground drainage facilities were introduced in Ahmedabad towards the close of the last century during the succeeding years they were extended and extended throughout the older town, At present work of extending drainage facilities in the suburban areas is in progress. The drainage service was introduced in Poona in 1899 and during the subsequent period through the city was brought under the scheme. In the result, in both the towns in the result of increase, in the number of private drainage connections.

Secondly, the tax in both the places is linked with the ratable value of properties; and hence appreciation in property valuation during the period automatically results in the expansion of revenue from this source, in Ahmedabad the rate on residential buildings is levied at 10% per cent, on the annual letting value up to Rs.100 or part thereof and at 5 per cent, on value in excess of Rs.100. The rate presses more heavily on properties of the value of Rs.100 or less and is thus a regressive one. In the case of non-residential buildings the rate is levied at 10% per cent, on valuation based on capital, when premises are used for

dyeing and printing of cloth a meter rate of Ans.2 per 1000 gallons of water supplied or discharged is levied. In Poona the rate, instead of being directly related to ratable value, is linked with the house tax and is 75 per cent, of that tax. The house tax is levied at 5 per cent, on the annual rental value and the drainage tax amounts to 3\$ per cent. Thus the drainage tax at Poona is lower than that in Ahmedabad. The basis adopted for levying tie tax at both the places appears to be satisfactory because of its productivity and elasticity. »with the increase in rateable value of properties connected with drainage system income from the rate goes up correspondingly. It is, however, offered for consideration whether the ends of adequacy and equity cannot be met by introducing the principle of progression in rating. »

Income from this source at Ahmedabad was more than enough till 1937 to meet the normal expenditure of the drainage service, and the municipality obtained in that year a net profit of Rs.1,91,258. In view of the loan of Rs.25 lakhs recently taken up for the Suburban Drainage scheme, these profits would soon disappear till the municipality obtains additional revenue from the new drainage connexions and reduces the debt charges considerably. The water and drainage works at Poona are treated as a Joint project so far as the finances are concerned; but since the municipality does not furnish accounts of these works, it is difficult to state whether this joint project is a financial success or not. It is, however, certain that till the year 1937, if not later, the municipality used to suffer heavy deficits in respect of water and drainage services and these deficits were usually met from the general funds. To meet the situation the

municipality recently raised the water rates, but it is **not** known whether the revenue is adequate to meet the service charges, **we** believe **that** there is scope for enhancing the drainage tax so as to make it equal to the house tax. It may well be noted that revenue from this source amounts to about 9 per cent, of the total municipal revenue at Amravati and 11 per cent, at Poona.

It is regrettable that this fruitful source of income should have been confined to a few towns only. Its introduction in other places is dependent on the inauguration of drainage service. We hope, however, that municipalities in Sholapur, Aurangabad and Hubli would expedite, with the return of normal conditions, their long-contemplated drainage schemes and thus be in a position to augment their resources.

Vehicle Tax and Tolls\*—The tax on conveyances levied within municipal limits is one of the old municipal **imposts** and at present it has been levied by almost all the municipal bodies in the Province. The main consideration which led to the levy of this tax was to obtain sufficient revenue which could be devoted entirely to maintenance and construction of roads. It was also fair that owners of vehicles who used municipal roads more intensively should be made to contribute towards the upkeep of roads. Under the District Municipal Act of 1901 the tax could be imposed on those vehicles only as were kept within municipal limits,

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This anomalous position was corrected by the Municipal Borough Act of 1925 whereby municipalities are empowered to levy wheel tax in respect of all vehicles used within municipal area whether they were kept within or outside



municipal limits. Thus all vehicles kept outside but actually plying within municipal limits were brought within the orbit of the tax. This amendment widened the scope of the levy and led to increased receipts. Development of income from this source in the seven towns is indicated below;

Town	Receipts in 1940 Rs.	Receipts in RS.
Ahmedabad	6,385	2,61,004
Nurat	1,659	38,612
Nasik	283	2,434
Poona City	4,650	35,304
Satara City	481	772
Sholapur	645	
Dharwar	802	966
Province	62,923	6,21,672

It will be seen that considerable revenue accrues <sup>W</sup> **in municipalities** only in Ahmedabad, Nurat and Poona while in Dharwar and Satara it is meagre, "It is the relative development of vehicular traffic in municipal areas which partly explains the magnitude of the income. Where the traffic is large and growing, receipts from the tax tend to be large" and where the traffic is almost stationary or growing very gradually **the receipts are low**. It is needless to say again that the development of vehicular traffic is dependent on the development of the economic conditions in the municipal area. The number of vehicles liable to the tax within municipal limits and the rates of taxation primarily determine income from this source. The figures throwing some light on the first point are, given below:

Town	No. or Vehicles liable to taxation.
Ahmedabad	5,176
Surat	2,092
Nasik	240
Sholapur	1,023
liarwar	1,577

variation in the **number** or tax-able vehicles is due not only to varying magnitude of vehicular traffic but also to the fact that a number of vehicles succeed in escaping taxation altogether. It is a matter of common knowledge **that** taxation of vehicles plying within municipal limits is one of the **deficient features** of municipal administration. It is true that all the vehicles have to be registered with the Police Department which issues licenses to them; and in the event of Police Department acting **as** collection agency on behalf of the municipalities the yield from **the** tax is often found to be satisfactory. Municipalities are, therefore, rightly advised to entrust this collection work to the Police Department. Income from this source also depends upon the rates of taxation actually levied by municipalities. It appears that these rates vary from place to place and thus pari passu account for **variations** in tax receipts. For example, the rate of the wheel tax on motor vehicles varies from Rs.120 to 200 in Ahmedabad, from Rs.7 to 10 in Surat, from Rs.24 to Rs.48 in the latter City, and from Rs.18 to Rs.40 in liarwar. The rate on Tongas varies from Rs.6 to Rs.15 in Nasik, from Rs.5 to Rs.6 in liarwar, from Rs.4 to Rs.7 in the latter City and Rs.9 in Sholapur, It may also be noted that some of **these** towns have been unable to undertake modern

road schemes owing "to shortage of funds. In view of the fact that revenue from this tax is primarily intended for road purposes, it is not known why the rates, which are admittedly low at present in towns like Satara, Nasik and Dharwar, should not be enhanced with a view to the introduction of better and more durable roads. Here it may be recalled that for a considerable time no distinction was made, while levying the tax, between vehicles used for private purposes and those used for hire. It is only after 1920 that some municipalities seem to have appreciated this distinction and provided different rates for vehicles according to their uses. Even at present the rules regarding the levy of the tax are often found to be carelessly drawn with the result that evasion of taxation is facilitated. In this respect attention of municipalities may well be invited to the more detailed and more comprehensive rules that obtain in Ahmedabad. Considering the commercial importance of the Poona city with its large and rapidly growing population and increasing vehicular traffic, income from the tax appears to be very small; and this low yield is to a considerable extent due to laxity in the work of collection. The proportion of the wheel tax receipts to total municipal revenue amounts to 4.4 per cent, in Ahmedabad, 1.7 per cent, in Poona while it is below one per cent, in Satara, Nasik, Solapur and Dharwar.

A large number of municipalities in this Province obtain unequal revenue from Tolls. In fact tolls constitute one of the earliest forms of municipal taxation. Tolls are usually classified as (a) a supplementary to an

CKJUXUJL UX UKiJ.liU.VeXX UtJL, Ui. CU» \*\* l»tU UX fit gCUitsXttA

scheme for taxation of vehicles; (oj where they are the sole means of charging for the services rendered to the roads; and (dj where they are a tax on transit. So far as tolls are a supplementary to an octroi or a terminal tax or where they are a tax on transit, theoretically there is nothing to be said for the tax. With the introduction of terminal taxation some municipalities were required to abolish tolls altogether. In other places their retention is usually justified on the ground that "they are .... a part of a general scheme for taxation of vehicles in municipal areas." 1 On this assumption the Indian Taxation Enquiry Committee objected to abolition of municipal tolls on motor vehicles and substitution of a provincial tax in lieu thereof. But under the Motor Vehicles Act municipal tolls on motor vehicles have been replaced by a provincial tax which fact suggests that municipal tolls probably degenerated into a tax on transit and on impediment to through traffic

The Bombay Government had declared their intention to abolish all tolls on provincial roads as far back as 1908; but owing to undue strain on their finances during the post-war years the policy was not *OR* . . . : abandoned but some tolls were also re-introduced on

It was only in 1945 that they succeeded in substituting a provincial tax on motor vehicles in place of municipal or local board tolls. In view of the fact that most of the complaints against municipal or local tolls are due to taxation of motor vehicles, this change has to be welcomed.

1 The Indian Taxation Enquiry Committee Report, 1924-25.  
p. 300.

However, the financial provisions of the Act staa to have "been carelessly drawn up and without any regard to the interests of local bodies. It is true that compensation .-. . . iiaxu e uy Government for the 10.,- o^ avenue to local bodies, but these ..runts ar^ more arbitrary than soeintifio. Taxation of mot or\* vehicles is a productive source of revenue and is bounu to develop further with the development of motor transport. .... or^ponaatcry grants are fixed ., <ui a..<uit eial . l uv^a..^ income of local bodies for three years prior to^/ebolition of tolls, plus 10 per cent, over the amount. This 10 per cent, increase to which payment of grants is restricted cannot **be** considered as equitable or adequate in \*ri,a of tne projects of motoi t• ^ :< ^ .a^opment in the future, hi tiris connexion tae jwle Couaittoe lias made a valuable suggestion. They observe that 'statutory arrangement should be roaae for providing an increase in grants proportionate to the lucre, i e in provincial revenue frora this source. Tne present r\_ O^ .J ^ deprive local codies of an increasing source of r^-aae and ti'ansfer the same to the pxovinciai treasury\* "1 Koreovxr, those municipalities which before the passing of the Act had not levied toils on mo" or vehicles or had restricted the area of their operation beoause the motor traffic had not developed to any appreciable extent **or for** any ether reason will not be able to taciele this source,ln future.

The levy of both wheel tax and tolls is justifiable only so far as the proceeds from tne ta^es are entirely



of the term. A municipality can also obtain revenue by letting out the land for temporary occupation or allow people to construct projections to their buildings. Municipal bodies are also empowered to frame rules and regulations for the proper administration of various services, and those who violate them are required to pay fines, which are a source of profitable utility. In an ideal local self-government, an increase in income should be

the process of revenue from property;

Town	1900 Rs.	1938	Percentage (per cent)
Ahmedabad	41,600	4,71,934	1037
Surat	23,105	84,446	365
Nasik	4,019	30,000	88
Amalner	43,710	1,60,000	400
Vijapur	3,678	16,343	314
Bhamburda	24,503	1,17,530	379
Jafrabad	7,097	15,560	97
Province	4,06,544	13,90,424	4*7

It will be observed from the above table that the rate of increase in revenue from property has been rapid in Ahmedabad, Poona, Amalner and Surat while in the other places its extent is limited. The rate of increase has been miserably slow at Jharkhand while in Ahmedabad and Bihar it has been remarkably rapid. In recent years, especially after 1930, receipts from this source have tended to do practically stationary in most of the places examined. In Ahmedabad and Surat and other places proportion of receipts to total revenue has actually declined, it is certain that income from municipal property has not developed as rapidly as that from either

taxes or rates. The major part of the revenue under this head is usually derived from rents of lands and buildings, market dues and slaughtering fees. Municipal markets have been in many places a productive source of revenue; and during the year 1936 market and slaughter house receipts amounted to Rs. 96,205 in Ahmedabad, Rs. 83,417 in Roona, Rs. 36,000 in Talapur, and Rs. 26,613 in Surat. In Hasik, Bihar and Patna they were Rs. 9,250 and Rs. 5,322 respectively. Knowledge from this source obviously depends on the extent of marketing facilities provided by local authorities, total population and the level of taxes charged. It appears, however, that the revenue derived by our municipalities. In Godhra municipal **Marketing**, facilities are almost non-existent and hence the municipality does **not derive** any revenue. In Broach the market receipts amounted to Rs. 2,149 which cannot be

population and commercial importance etc. receipts of Rs. 29,669 in Hubli, another commercial and industrial centre with a large population, cannot be considered as satisfactory. In most places growth of market revenue is dependent upon provision of marketing accommodation through municipal agency. In the absence of central municipal markets sales and purchases are effected in private shops and profits go to private individuals it is learnt that in Burma no less than 30 per cent. of the municipal revenue is realised through the letting of stalls in municipal markets, coupled with the taxation of private



markets, 'tents of stalls, if raised considerably, become in effect taxation of commodities sold in the markets and, are usually treated as modifications of the octroi.

But each form of indirect taxation has been justified on the ground that "the tax is collected with a minimum of expense and trouble to everybody concerned; the prices are still governed by the competition of the shops outside the "racket", and the regulation of the latter ensures that sales are carried out under sanitary conditions. ....

Other provinces have not taken advantage of this source of revenue in the same way as Burma.<sup>1</sup> It is a fact that marketing facilities under the control of municipal bodies ensure satisfaction of prices and sanitary conditions, and with the development and extension of cities and rise of suburbs marketing facilities already in existence prove inadequate and inconvenient especially to those who live far away from them. The consequence is that a number of private shops spring up throughout the suburbs and city extensions for the sale of vegetables and fruits, meat and fish, etc. The sanitary conditions under which sales are conducted as well as the commodity prices charged in such small and scattered markets cannot effectively be controlled by municipalities. It is, therefore, suggested that local authorities in rapidly expanding cities like Ahmedabad, Poona, etc. should construct additional central markets in the suburban and extension areas with a view to ensuring sanitary conditions, stabilization of prices and reaping

<sup>1</sup> The Commission's report on the Survey Committee report., 1924, p.296.

the gains in the shape of retail rents. Income from slaughterhouses is restricted by Government Orders which lay down that receipts from slaughtering fees should not be more than the expenditure incurred on slaughter houses. The intention obviously is to prevent taxation of non-vegetarian population for the benefit of the community.

The revenue from municipal property during recent years has been practically stationary; and this stunted growth is to a large extent due to inefficiency of administration, the result of laxity of local authorities, is one of the main causes of the stagnation of municipal revenue.

Local authorities do not always prepare and maintain a reliable register of immovable property in proper form, owing to lack of strict supervision

of their titles to their property. If aids are not given to the local authorities, the result is that the property is endangered.

Attention of local authorities concerned has been repeatedly drawn to specific instances of encroachment by City

Survey department and Auditors, municipalities generally have moved slowly and have failed to take prompt action

to prevent encroachment. If the result is that the property is encroached upon, the result is that the property is encroached upon.

of titles to their lands and a source of income, it is generally agreed that vacant plots of land, buildings

or stalls in markets are cleared out by holding a public auction, competition is stimulated and maximum returns are

ensured, but since no public auctions are held and plots and stalls are cleared out

with the result that municipalities fail to realize competitive rents. Even when public auctions are held the rules and bye-laws which regulate them are not properly enforced, whenever lands and stalls are rented out on short or long lease it is desirable to obtain lease deeds and adequate securities and recover a part of the rent in advance. But in actual practice these sound rules of administration are thrown overboard and municipalities in many cases fail to recover advance payments of rent nor do they obtain lease deeds with the consequence that arrears of rent accumulate which eventually have to be written off as irrecoverable. Similarly, plots of lands once given are left with leasees regardless of the fact whether or not they paid the rent. In many cases rent registers are not **Kept** up to date and rents are not revised but recovered from year to year on the basis of previous year's demand. These facts would indicate that not only no earnest efforts are made to augment and develop revenue from property but, on the contrary, maladministration has led in many cases to a progressive shrinkage in municipal income. The loss of revenue due to inefficiency and carelessness is all the more to be deplored because it can well be avoided if only municipalities care to exercise a closer supervision and stricter control and enforce more rigorously rules and regulations concerning property management. It is offered for consideration whether larger municipal bodies like those of Ahmedabad, Poona, Surat, Sholapur, Hubli, etc.

cannot be encouraged to set up a separate land Department under an experienced and competent officer for the management of municipal property in its manifold forms\* The proportion of revenue under this head to total municipal revenue amounted to 8 per cent, in Ahmedabad, 7 per cent, in Surat, between 10 to 12 per cent, in Nasik, Poona, Satara and Sholapur.

Grants-in-aid ana Contributions:- The system of grants-in-aid though apparently a sort of a financial adjustment, has acquired increased importance during the last **fifty** years and has now become the pivot on which works the machine of local government. In some countries like Great Britain the system "has become a governmental instrument of extraordinary potency for good or ill, of greater actual importance in the lives of **the** people than parts of the constitution to which more attention is directed." Grants-in-aid have developed into one of the most powerful engines of administrative machinery and are today much more than mere financial **Devices** for spreading the burden of expenciture over a **wider** field than the local taxpayers. In answer to **the** question "why have grants-in-aid at all?" Mr. Sidney Webb (now Lord Passfield) said: "grants-in-aid of local government are indispensable: (1) for any equitable mitigation of the inequalities of burden, (2) to secure effective authority for the necessary supervision ana control of the national Government, (3) to encourage the kind of expenditure most desirable in the interests of the community as a whole, and (4) to make it possible to attain to anything like a universal enforcement of the "national minimum" of efficiency "**in local** services **in** which **the** community .as a whole is interested. Till recently the system was regarded as a characteristic of **the** system of English local finance; but during the past twenty years it **has** been introduced in one form or another **in** many of the other advanced countries of the world. The most important reason for the extension of the system is to be found in the financial disparity resulting from the widening scope of **local** expenditure **and** the limited base of local taxation. In some countries like Germany

United States of America, etc. revenue transfers from superior to inferior units are in the nature of compensation for the loss and revenue incurred by local boeies on the transfer of certain revenue resources from them to superior authorities. Subsidies like these may be either statutory payments, under obligation or special unconditional payments without obligation, subventions to inferior governments are on the other hand, payments made for specific purposes, and subject to the condition that the function concerned is' efficiently carried out under the supervision ana control of authority making such a subvention. Local authorities today perform certain duties or services of the greatest i^tional importance, especially in regard to education, sanitation upkeep of roads, etc These services cannot be efficiently performed if assistance from superior authority was not given. The system of grants-in-aid affords by far the easiest basis for judicious participation in the solution of administrative problems.

In this Province the system of grants-in-aid has developed during the last forty years with the avowed object of materially assisting the local authorities in the execution of statutory duties in which the general community is vitally interested, "we shall confine attention to grants made by Provincial Government to municipalities. The grants fall into two categories (a) recurring, and (b) non-recurring. Secondly, they are made for specific purposes such at education, public health and sanitation, medical relief, anc subject to the condition that these services are efficiently carried out under the supervision and control of the Provincial Government, we shall first consioer grants-]in aid of education. It is already pointed out that Local Fund Primary Schools which were managed by

Government were handed over to municipalities during the eighties of the last century and to enable municipalities to conduct them formerly Government promised to pay a "contract grant" which amounted to one-third of the education expenditure. Towards the commencement of this century resources of local bodies were much crippled by famine and plague and it seemed to Government that further development and extension of primary education was not possible unless the resources of the Boards were supplemented by additional grants from Provincial Government. Hence the limit of aid to municipal Boards on account of primary education was raised from one-third to one-half of the total expenditure from October 1903. The grants calculated according to the new rule on Board's expenditure in 1902-03 entailed on Provincial Revenues an additional expenditure of Ps. 1,47,460 on account of municipal

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schools. The grants thus sanctioned were to be revised at the discretion of Government according to the financial conditions prevailing from time to time and it was distinctly understood that they were not made to relieve the Boards of any part of their expenditure on primary education, but for the express purpose of developing and extending it. The grants were fixed at a certain definite proportion of the total expenditure (including expenditure on account of municipal grants to private primary schools within municipal areas.) incurred by those bodies on primary education during the financial year immediately preceding the year in which the revision took place. Although

the ratio of the grants was raised to one-half in 1903, grants to municipalities became in course of time fixed and remained stationary since 1903 with the result that they fell short of the limit of one-half of the gross expenditure. Grants were not re-assessed annually on the principle of **fifty4**-fifty, perio-  
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die re-assessment alone being undertaken as funds became available. The revision was undertaken in 1912 and the grants were based on the gross expenditure of 1911-12. During the following years, however, municipal expenditure on primary education had considerably increauea ane provincial grants which were fixed in 1912 fell short of one-half of the increased expenditure. The contract system was therefore discontinued and Government grants to municipalities were reviseci annually after 1918 on tne oasis of actuals of expenditure incurred coring the preceding year, the increased grants being paid in the succeeding

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year, in 1921 Government accepted the recommendation of the Provincial Legislature and increased the ratio of the educational grantc to District municipalities from one-half to two-thirds of the annual expenditure for a perioa of two years. This concession was only a temporary one and was granted to such Pistrict municipalities as were unable to meet their increased expenditure on primary education. It rrust also be mentioned that the education Act of 1923 did not **^i t ^r o** the ratio of Government grants but municipalities were definitely assured of Government assistance on the basis of fifty-fifty in the execution of voluntary and compulsory schemes of educational expansion. The depressing history of educational grants since 1926 has already been narrated in another connexion and it is



needless to elaborate it here. The Act **prvin-AjE** should be calculated on the expenditure **•'approved'-** **^il^^er^** ment and the word "approve" permitted Government to **oisapp^tK^** even legitimate expenditure incurred by local bodies on expansion of Primary Education. The weapon with which Government was thus equipped was utilized in such a manner as resulted in throwing a growing burden of expenditure on local authorities. A number of schools remained "unapproved" for a number of years simply because Government could not see their way to "approve" them. After 1930 grants were subjected to various cuts which in 1932 amounted to **194** per cent; and these cuts were not restored, Till the advent of the popular Government in 1937. A large number of local bodies were under the impression that education grants were statutory and that Government had no power to alter them without amending the Education Act. The question was inquired into by the High Court which declared that grants were merely discretionary. It is, therefore, suggested that the Act should be amended so as to define the legal liability

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of Government in most unambiguous terms. Grants-in-aid is a governmental instrument of extraordinary potency which can be wielded for good or ill. The study of educational grants-in-aid, however, leads us to the conclusion that this powerful instrument was not properly utilized and retarded educational progress in the Province. In Great Britain, on the other hand, this instrument was employed to encourage local authorities to undertake increased responsibilities in the matter of education with the result that progress was much accelerated. It has already

1 Local Government Committee Report, 1939, p. 47-48.

been indicated that progress of education in the desired direction cannot be assured merely by transferring supervision and control to Education department unless Government fulfil their obligations in the matter. Dr. Finer significantly observes, "The local authorities have desired the grant without the control, the central government control without a grant." we only point out that control and adequate grant must go together.

The basis on which grants are made is a matter of both theoretical and practical importance. Under the present **Act** the basis of education grant **is**; what consists of a percentage of approved expenditure without minimum or maximum limits. This also happened to be the most common basis of various grants in Great Britain. During recent years, however, the percentage basis has been found to be unsatisfactory and the Geaves Committee especially characterized it as "a money-spending device" on the ground that it destroyed the incentive for local bodies to economize. In this Province also the percentage basis led to a certain amount of local extravagance during the initial period especially in raising the top-heavy administrative superstructure. The present system of grants is, however, inadequate from another point of view; viz., it does not take into account the relative financial position of municipalities especially the smaller ones whose sources are more inelastic. It is felt that smaller municipalities with scanty and inelastic resources should receive special attention of Government in the distribution of grants. At present there are no "relative wealth indices" to guide **the** allocation of grants. If the percentage basis is to be continued, the ratio of government grant

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\* 1 Grants-in-aid in Encyclopaedia of social sciences.

need to be raised in the case of smaller municipalities. In view of the fact that the grant ratio was already raised, though temporarily, in the case of District Municipalities in 1922, the suggestion need not be considered as drastic

Municipalities also receive recurring Government grants towards the maintenance of Medical officers of Health and Sanitary Inspectors. The frequent outbreaks of epidemics during the opening years of this century attracted attention of the Imperial Government to the appalling sanitary conditions in the towns. \* With a view to preventing the avoidable loss of life they set out in 1912 a scheme for the reorganization of unitary Departments in the Provinces. To facilitate the adoption of their scheme the central Government agreed to pay a subsidy to the extent of half the cost of maintaining Municipal officers of Health and invited Provincial Governments to contribute towards the relief of municipalities both as regards the balance of the cost of appointing Health Officers and as to the entire cost of maintaining Sanitary Inspectors. The Government of Bombay declared their readiness to share one-third of the net cost to Local Bodies of maintaining Health Officers and Sanitary Inspectors. The details of the scheme were further worked out and it was made applicable to municipal towns with a minimum population of 20,000, and later on to towns with a population of 15,000. The scheme was revised in 1921 and Government promised to continue to bear two-thirds of the cost of Health Officers and in the case of Sanitary Inspectors the ratio of Government grant

1 Government of India Resolution No.921-36, 23rd May 1912 E.  
 2 G.R.No. 3697, June, 1912, G.D. D  
 3 G.P.No. 4090, May, 1913, G.P.

was raised from 1/3 to <sup>1</sup> **i** • Government contribution was calcu-  
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 lated during the first few years on the actual salaries paid  
 but later on il caaie to be calculated on the actual pay and  
 allowances paid in accordance with the rates fixed in G.R.No.368  
 of September, 1921 and as modified by G.K.^No. 2815 of February,  
 19P3 G.T. After 1931, however, these Government grants were  
 3  
 reduced by 5 per cent on the score of financial stringency, and  
 the cut was not restored till the year 1937. These grants have  
 not, however, induced the local bodies to entertain the necessary  
 staff. So far anly 15 municipalities have appointed health offi-  
 cers and there are in all about 90 Sanitary inspectors appointed  
 in 4S municipalities. Inadequate sanitary staff being generally  
 cue to want of funds, Government agreed to pay one-half of the  
 salaries of sanitary inspectors (G.P.No.£747, 26th March ,1936)  
 -when a Health Officer is appointed he has to be provided with  
 Sanitary inspectors, clerks, office accommodation, equipment  
 anc carriage allowance. It is on account of these expenses that  
 most of the local bodies have not been able to entertain health  
 officers. It, is, therefore, suggested thrt all Borough Municipa-  
 lities should be compelled to engage ii-.iui officers by making  
 a statutory provision in this behalf, as in the **ca3e** of the  
 Chief officer and Government should pay 50 per cent of the  
 approved expenditure on Health Officers' establishment in the  
 4  
 case of municipalities.

Besioes these recurring grants Government used to  
 make non-recurring grants to municipalities, and among these  
 grants in aid of Sanitary works were perhaps the most important.

1 G.C.No. 368, September, 1921, G.D.

2 G.R.No. 398, November, 1923, G.P.

3 Government Circular No. 8687, 5th June, 1933, .

4 Local Self-Government Committee Report, Bombay 1939,  
 p. 52, 91-92.

The Government policy in this connexion was first laid down in 1907 in the Resolution which runs thus "it is probable that in some cases desirable schemes may be beyond the financial powers of municipalities or local boards unless assistance is forthcoming from Government in the form of (a) a loan; (b) a grant-in-aid. Where the circumstances of the case require it and it is clear that the Local Body is prepared to make proper efforts to help itself, Government will be prepared to render assistance both by loans and grants-in-aid subject to a condition in the latter case of 50 per cent of the total

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estimated cost of the undertaking." The Central Government was also interested in the progress of urban Sanitary works and made a special assignment of Rs. 9 lakhs to the Bombay Presi-

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dency during 1908-1911. In the meanwhile Government of Bombay had set up a Sanitary Board to advise local authorities in regard to their sanitary projects., In 1913 the Board was re-organized with additional powers to sanction sanitary schemes and to make grants in-aid, and Government also decided to place at the disposal of the Board annually such amounts, not exceeding Rs. 2 lakhs, as provincial finances permitted for

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being distributed as grants-in-aid. This policy was, however, modified in 1928 and the liberal terms granted in 1907 were partly withdrawn or strictly qualified. The resolution of 1928 which declared, "The development of local self Government that has taken place since that declaration (1907) was made and the present state of provincial finances have necessitated

1 **S.**R.No.4326, July, 1907.G.D.

2 G.P."tfo. 5317, 27th August, 1908.G.D.G.^No.2007,1st April, 1911. G.D.

3 G-K.N0.2161, 15th March, 1913.

a further review of that policy. Government now declare that in the case of the minor municipalities which are governed by the Bombay District Municipal Act, 1901, the policy of 1907 should continue. In the case of the municipal boroughs the grant-in-aid will ordinarily vary from 24 per cent to 33 per cent of the estimated cost of the scheme, but the period for the repayment of loan may be extended by Government upto 50 years according to the life of the project.... Government reserve to themselves the right to make alterations in these conditions or to give grants-in-aid upto 50 per cent of the estimated cost in certain special cases where, owing to conditions beyond the control of the local body, it is not possible for it to undertake the schemes unless greater con-

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cessions are granted to that body, "within a couple of years even these limited concessions were completely withdrawn on the ground of financial stringency. In their Resolution of 1030 ... declared, "The attention of the municipalities should be drawn to the question of developing their sources of income in order to permit the financing of urgent schemes of water supply, drainage and general improvement. In the present financial condition it is impossible for Government to hold^Body by grants-in-aid." It is needless to say that this was definitely a retrograde step and was calculated to arrest the progress of urgent sanitary projects in the urban areas. We have already indicated that in a large number of towns, especially the smaller ones, schemes of civic welfare like water supply and drainage facilities, slum clearance and re-housing of the poor have been kept pending

1 G.R.No. 7060, July 1928.G.D.

2 G.R.No.56(5), 8th January, 1930, G.D

services like Primary education, medical relief, public health and sanitation were starved. The exigencies of provincial finance seem to have largely determined the fortunes of grants, and this engendered a sense of frustration among the local authorities. The grants were never consciously developed as a system of finance but were allowed to degenerate into a system of opportunist grant-in-aid. It is erroneous to characterize grants as doles or bribes to local bodies (as Lord Farrer would like to call them), but must be considered as a method of financial adjustment, an instrument for bridging the gap between local functions and local resources. If the social welfare and nation-building services like education, medical relief, housing, public health, etc are to be planned, as they need to be, this potent weapon of grants-in-aid must be more frequently and liberally used and with imagination and courage.

This inquiry into municipal resources may now be brought to a close. It was found that for an overwhelming part of their revenue municipalities have to depend on taxes and rates. Indirect taxes and the house tax constitute the backbone of municipal finance\* The service rates, as a source of revenue, is a matter of comparatively recent development. In view of the regressive character of commodity taxes and impossibility of ever distributing them according to ability to pay, and the difficulty of even confining them to local consumption, only, municipalities should give them up gradually. Taxation of real estate, though an important source today, has not so far been adequately developed while the basis and methods of realty taxation provide much scope for improvement. During recent years income from both commodity taxes and house tax has been steady. Revenue from service rates, which augmented

rapidly during the second and third decades, has now tended to be stationary; and, in some cases it has proved insufficient to cover the expenditure on special services. Income from municipal property has also been stationary and that from grants has actually declined during recent years. On the other hand, municipalities, saddled as they are with social welfare services and being in close and daily ~~KKHXX&JEX~~ contact with the populace, have been obliged to increase their expenditure under the stress of popular demands for a better civic life. It is no wonder, therefore, that their financial requirements are rapidly increasing and often outstripping their means. They have been vainly trying to adjust their growing expenditure to inelastic revenue, a process which inevitably leads to starvation of essential community services, with very few exceptions like those of Ahmedabad, Poona city, Sholapur and Surat, the financial position of most of the municipalities, especially the smaller ones, is very discouraging and some of them are on the verge of bankruptcy. In many cases financial breakdown is averted by the postponement of liquidation of obligatory liabilities and by utilizing ear-marked funds for general purposes or by falling back upon reserves built up in the past. The Nasik municipality even went to the extent of unauthorizedly pledging its revenue in advance as security for payment of certain bills. Even the major municipality like that of Poona City diverted in 1938, though temporarily, Rs. 1,32,432 of loan money to general purposes. Numerous cases of diversion of ear-marked and even trust funds like the Provident Fund to general purposes occurred in other places like Bijapur, Bandra, etc. The cash balances with some municipal bodies were too low to meet even immediate liabilities; while in other cases even



payments to staff were delayed and frequently paid in instalments. The fundamental reason for **this** unsatisfactory financial condition is that revenue returns of most of the municipalities have remained practically stationary due firstly to limited and inelastic resources and secondly to the unsound financial policy and the defective administrative system. Administrative defects, which usually invite more attention, relate mainly to inordinate delay in the revision of assessment lists, passage of budget estimates long after the commencement of the financial year, and almost criminal negligence to take coercive measures for the recovery of municipal rates and taxes. We have already indicated\* the measures which should be undertaken for eradicating these administrative evils; and if these measures prove, by experience, ineffective, the next step would probably involve overhauling of the whole structure of municipal self-government in the Province, a problem of political and constitutional importance which clearly lies outside the scope of our inquiry. Even the most efficient administrative machine, which a human genius can fashion would not, however, work smoothly unless simultaneous efforts are made to augment municipal resources.

It has been suggested that owners of real estate, who benefit largely from local expenditure, can be made to contribute additional revenue in the form of special assessments and a tax on 'unearned' land values. Special assessments, as a source of municipal revenue, have been extensively exploited both in America and Germany. Because, "revenue from this source tends<sup>1</sup> to increase absolutely, per capital and relatively to the total revenue" **A** special assessment is defined as

1 Problem of Public Finance, - Prof. Jensen, p. 165.

"a compulsory contribution, levied in proportion to the special benefits derived, to defray the costs of a specific improvement to property uncertain<sup>1</sup> in the public interest." A special assessment cannot be regarded as a tax, pure and simple ; because "the primary test of a tax is that it imposes a common burden; the primary test of a special assessment is that it implies a

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special benefit". This levy can conveniently be employed in particular instances of improvement, especially in rich localities; for its widespread adoption in poorer areas would be extremely

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burdensome. A special tax on vacant plots besides acting as a stimulus to building activity, would contribute some revenue to municipal treasury in large and rapidly growing cities. These are certain sources of revenue, well suited for municipal purposes but which at present are exploited by Provincial Government. The whole or at least a substantial part of the revenue from non-agricultural assessment, entertainment and betting taxes and a portion of the surcharge on the consumption of electric energy within municipal limits can be transferred to municipal bodies. Transfers of immovable properties are at present subject to provincial taxation in the shape of stamp duty and registration fees. Although such properties, when situated within municipal limits, appreciate in value due to local beneficial expenditure, municipalities do not obtain any share in the proceeds of these imposts, it is, therefore, suggested that municipalities should be allowed to ask certain percentage on the stamp duty levied on transfers of properties within municipal areas, or, alternatively, Government should

1 Assays in Taxation, - Seligman, p. 414.

**2** ibid, p. 415.

3 The Principles and Problems of Federal Finance, -B.P. Adarkar p. 256.

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cemed. **ihcse** suggestions **ior MU&**menting municipal resources need not **be** consleered as original or drastic since they h::ve already received the blessings of expert committees like the **Trdl.^r: 7>r\*tlon.^nnirv** Commit "tee **^nd thp** \*^le Committer. **An** impost **on** professions anc- trades in **tne form oi** licences, though **a** suitable source of revenue for municipalities, has actually been levied **in** about 40 'towns, and there is **no** reason why municipal bodies in other towns should not exploit this source, if feasible. Taxes on mairiages and adoptions in the form'of registration fees are other additional sources and can **be levied** with advantage in municipal areas.

Lastly, we wish to point out that **there is** no **reason** fcr regarding the existi^i division cf resources in the country **as** final or sacrosanct. If in future the Provincial Governments succeed in obtaining a right to levy a provincial income tax **or** ^re allowed to **aoa** their own percentages to the **national income** tax> **the** claim **of** the local bodies to a share in the proceeds of the provincial tax cannot be lightly set a^ide. **A local** income-tax is not only out **of the** realm of practical politics, but is doomed to be defective; but the right of **the local** authorities to a share **in the** proceeds 'of **the** income **tax has been** recognized- in **countries** like America, Germany, **etc.**

1 The Local self-Government Committee Report, Bombay, 1939, p. 30-31.

Municipal Borrowing—One of the prominent features of municipal finance during recent years has been the rapid growth of municipal indebtedness. This has been attributed to the widening range of municipal activity, rise of modern necessities, growth of urban population, rise in prices, and large amounts of disposable wealth requiring satisfactory investment. In India local bodies were not allowed, for a considerable period, to borrow in the open market and they had to depend upon the Central Government for their loans in the form of advances, local borrowing was, however, legalised by the Act of 1871 which enabled local bodies to borrow in the open market and the advances which the Central Government used to *make* to local bodies were placed on a legal basis, the early efforts of the local bodies to raise loans in the market were not successful with the result that they continued to depend upon the Central Government for advances. After some time, however, even these Government loans were restricted and the local bodies had no option but to turn once again to the open market for loans. Rules of local borrowing were somewhat relaxed by the Local Loans Act XI of 1879 and the Provincial Governments were allowed to make advances to the local bodies. To enlist the cooperation of the Provincial Governments, a Provincial Loans Account was instituted with the Imperial Treasury on which the provinces had to pay interest at the rate of 3 1/4 per cent.,

and further this fund the Provincial Government a warrant allowed to  
 make advances to the local bodies at the rate of interest "not  
 less than 4 per cent."\*\* so far as borrowing in the open market  
 went concerned, local bodies were never in a favourable position  
 and they could not obtain adequate loans? For the Provincial Govern-  
 ments. Towards the close of the last century local bodies had  
 to incur heavy expenditure for the prevention of epidemics and  
 for famine relief works. With a view to facilitating local borrow-  
 ing for emergency purposes, an Act was passed in 1897  
 where local bodies were empowered to float loans to meet emer-  
 gency expenditure. This time also the local bodies were unable  
 to raise sufficient loans in the open market with the result that  
 the Provincial Governments had to make advances to them for meet-  
 ing the epidemic charges.

Till the year 1907 local bodies were required to obtain  
 the previous sanction of the Provincial Governments only for  
 raising loans; after that year, however, the previous sanction of  
 the Central Government was insisted upon. The main reason for  
 this change of procedure was that the Imperial Government felt  
 concerned that local borrowing operations, which in course of  
 time had assumed large proportions, were hampering the develop-  
 ment of the money market and hampered the operations of the Central  
 Government. In view of the consistently weak position of the  
 local bodies in the money market, it is difficult to appreciate  
 this view. In this Province local borrowing, is, at present, re-  
 gulated by the Local Authorities Loans Act, 1914, and the  
 Central Government exercises general control and supervision  
 over the local loan operations. The purpose of the loan, the  
 period of repayment and other conditions of the loan, the meth-

OJ. Action have to be approved, and sanctioned by the Govern-  
 ment. To raise the loans\* Unfortunately, however, the number  
 of local borrowing operations in the open market is small while  
 loans from Government in the form of advances have almost dried  
 up during recent years. There are about 130 municipalities in the  
 Province, but of these only 24 municipal bodies have loan accounts.  
 This means that in the case of other municipalities capital ex-  
 penditure is met from current revenues or schemes of per-  
 manent improvements have been postponed due to shortage of funds.  
 The practice of meeting heavy capital outlay from the current  
 revenue often leads to immediate heavy taxation and should be  
 discouraged. The expenditure on permanent improvements, the bene-  
 fits which are not exhausted during short periods but shared  
 by future generations also, should be more evenly distributed  
 and the burden must be properly adjusted between the present and  
 the future generations. "It is in the adjustment of the burden  
 between the present and the future that the function of the Cen-  
 tral Authority as the preserver of financial honesty, the aver-  
 sion of immediate hardship, and the guardian of the interests  
 of the citizens is brought into play\*."

The main difficulty in this province is, however, that  
 municipalities, especially the smaller ones, have been unable  
 to get loans in the market and even when they succeed in obtain-  
 ing loans they have to pay a high price. The municipalities of  
 Amalpur and Baramati have to pay 12 per cent and the Satara city

municipality                      7 per cent interest. » Even the major municipalities like those of Ahmedabad and Poona City have to pay interest rates of 6 per cent and 6<sup>1</sup> per cent respectively. The recent efforts of the Sholapur Municipality to raise the first instalment of Rs. 4<sup>1</sup> lakhs for the water and Drainage works at 4 \* cent interest ended in a fiasco because the local body could collect only Rs. 1,09,900 in the market. The reasons for the lure of local borrowing on favourable terms are the small<sup>1</sup>- - the areas of local authorities, the inadequate security which they can offer and the absence of special institutions for facilitating local loan issues\* Local borrowing is also hampered by the inordinate delay caused by Government in sanctioning loan applications. The Kale Committee, therefore, suggests a re-orientation of procedure or a readjustment of official machinery so that loan applications from the local bodies can be disposed of within the shortest possible period.

1 The Local Self-Government Committee, Bombay, 1939, p.

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