

**MAHARASHTRA ECONOMIC DEVELOPMENT COUNCIL,  
12, RAMPART ROW, FORT, BOMBAY I.**

**REPORT OF THE RESEARCH PANEL  
ON  
"ACCOMMODATION FOR SMALL SCALE  
INDUSTRIES IN BOMBAY CITY  
(GREATER BOMBAY)"**

**2-3-1965**

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**MAHARASHTRA ECONOMIC COUNCIL**  
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<b>Paragraph No.</b>		<b>Page Nos.</b>
1.	Importance of Bombay in National Economy ..	1
2.	Importance of Small Scale Industrial Units ..	2
3.	‘Small Industry In Big City’ .. .. .	2
4.	Industrial Units in Bombay and their Size ..	4
5.	Distribution of Industrial Units in Bombay Island	5
6.	Industrial Congestion .. .. .	6
7.	Need for Separate Authorities for Transport, Water Supply, etc. .. .. .	7
8.	Development Plan .. .. .	8
9.	Factories in Non-Conforming Zones and their Rehabilitation .. .. .	9
10.	Control over the Industrial Establishments ..	10
11.	Industrial Estates .. .. .	11
12.	Financial Aspects of Rehabilitation of the Industrial Units .. .. .	14
13.	Rehabilitation of Factories outside Bombay Island	16
14.	Industrial Clusters in Non-Conforming Zones and Special Cases .. .. .	19
15.	Phased Programme of Shifting .. .. .	21
16.	Joint Action by the Central and State Govern- ments, the Municipal Corporation and the Small Industries .. .. .	23
17.	Main Recommendations .. .. .	24
<b>Appendix I</b>		
	Cost of Rehabilitation of the Industrial Units in Conforming Zones .. .. .	i
<b>Appendix II</b>		
	The Average Cost of Land and Building in Bombay City .. .. .	iii

# REPORT OF THE RESEARCH PANEL ON "ACCOMMODATION FOR SMALL SCALE INDUSTRIES IN BOMBAY CITY (GREATER BOMBAY)"

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## 1. Importance of Bombay in National Economy

Maharashtra is one of the highly industrialised States and Bombay City is one of the two principal centres of cotton textile industry in this country which is the largest industry in India. Maharashtra is also the second largest producer of various industrial products in India. The proportionate contribution of the factory sector to the industrial employment in Maharashtra is 2.2 per cent which is nearly three times the national average. The industrial progress of Maharashtra is reflected in its high per capita income of more than Rs. 421 which is higher by about 21 per cent than the national average. Maharashtra has the highest rate of savings and investment and accounts for more than 36 per cent of the paid up capital of the joint stock companies in India. It is however pertinent to observe that the industrial progress of Maharashtra is mainly due to the industrial progress of Bombay City in which 4,035 factories (47 per cent) out of the total registered 8,622 factories in Maharashtra giving employment to about 5 lakhs (64 per cent) of the factory workers in the State, are located. About 19 per cent of India's industrial output comes from Bombay City and more than 15 per cent of the income from the manufacturing and commercial activities in India is concentrated in this city. The industrial concentration in Bombay City is the outcome of historical and other causes as well as its locational advantages. Industries were first attracted to Bombay City on account of port and other special facilities which it offered. Therefore, more and more people migrated into Bombay City in search of business and employment. Industries which had been already established gave impetus to the establishment of new industries. These, in turn, led to the multiplication of commercial, banking, insurance and other organisations. The offices of the State Government and Government of India went on expanding and new Government offices were opened. While this chain-reaction has promoted the development of Bombay City, it has at the same time contributed to haphazard growth as well as congestion of industries. Several of the new industries that are being floated in India like petrochemicals and intermediates for dyes and pharmaceuticals, prefer to have locations near Bombay City on account of readily available raw materials and other facilities. The importance of Bombay in our national economy thus underlines the fact that the problem such as those connected with transport, water supply, housing and industries in Bombay are not merely regional problems facing the Municipal Corporation and the State Government of Maharashtra but are also problems of national importance that merit the atten-

**tion and assistance of the Government of India for their solution.**

The industrial development of Bombay has in its wake created problems of housing shortage resulting in slum conditions in various areas and of traffic congestion. These problems having arisen out of our national, regional and local policies will have to be jointly tackled by the Government of India, the Government of Maharashtra and the Bombay Municipal Corporation for their successful solution. In particular, the suburban electric trains on the Western and Central Railways play a vital role in the transport system of Bombay and any unified transport authority for the City must have the active assistance and support of the Union Government and the Railway administration.

## **2. Importance of Small Scale Industrial Units**

Small Scale industrial units are either units ancillary to large scale units and having capital less than Rs. 10 lakhs or other industrial units having capital less than Rs. 5 lakhs. Industrial units, large in size, enjoy the economies of scale and yet it is necessary to bear in mind that well-managed small scale industrial units, due to certain inherent advantages when not ancillary to large scale industries are able to compete successfully with large industrial units. This is true even in the highly industrialised countries and still very true in newly industrialised countries like India where markets are underdeveloped, systems of transport, communications and product distribution are less developed and there is less experience with large scale organisation. Small scale industrial units provide employment opportunities for a large number of people and tap sources of capital especially from family savings which would not have readily contributed to the country's capital formation and industrial growth. Small and medium scale industrial units serve as a nursery of entrepreneurial talent for growth of large industrial units and alert owner-craftsmen in contact with market needs and possessing technical competence even for product innovation and adaptation have a vital bearing on the industrial prosperity of a nation. Quite a large number of small scale industrial units in Bombay are service types or ancillary types of industrial units and they have been closely integrated with the local community through local ownership and management, and dependence on the nearby markets and sources of supply. Their special importance to the economy of Bombay can therefore be hardly exaggerated.

## **3. "Small Industry in Big City"**

3.1 "A Survey of Small Industry in Bombay" published by the Bombay University in 1960 and based on the study of 1060 industrial units from different types of industries like flour mills, sweet-meat, bidi, dyeing and printing, footwear (leather), engineering workshops, furniture (wooden), printing presses, photography and watch repair gives a good idea about the condition of small scale industrial units in Bombay. The Survey points out that about 92

per cent of the units have space less than 750 sq. feet and 82 per cent of the units are situated in pucca buildings of bricks, cement, etc. Nearly one fourth of the industrial units in metal and chemical industries and about one sixth of all the units are situated in kutcha buildings built of corrugated sheets, wooden walls, etc. About one fourth of the units use power and the rest of them use only manual labour.

3.2 As regards capital resources, the Report points out that the total productive capital of 967 industrial units out of these units at current replacement value is Rs. 60.33 lakhs out of which total fixed capital constituted 50.2 per cent, working capital 49.8 per cent, plant and machinery 43.5 per cent and furniture and fixtures constituted 6.6 per cent and the average total capital per unit and the average total fixed capital per unit are Rs. 62,392 and Rs. 3,131.4 respectively. The average borrowed capital per unit is Rs. 1,060. Less than one-third of the total units are having external resort for their needs and the rest, the majority of over two-thirds, are dependent exclusively on their own internal resources for their fixed as well as working capital. Due to institutional swing of financial affairs on the side of large scale industries together with the increasing capital requirements in modern industries, and inadequacy of internal resources, the small industries are facing increasing difficulties in financing their fixed and floating requirements. "The problem of procuring external funds", the Report points out, "is not so much the relative one, arising out of higher costs of borrowings, as the absolute one of having an access to external agencies for the required funds" (page 79).

3.3 As regards employment, the Survey points out that these units engage 4,711 persons of whom about 80.9 per cent are workers and about 70.8 per cent are skilled workers. One-fourth of the units are run by self-employed persons; of these nearly half are just one-man units run singly without anybody's assistance. One of the conspicuous features of these units is that the average annual earnings of the workers and the producer-owners, are as low as Rs. 871.2 and Rs. 1,881 respectively. The annual production of the units is Rs. 156 lakhs and the total amounts of the wages and salaries paid and the gross profits earned are Rs. 25.48 lakhs and Rs. 33.61 lakhs respectively.

3.4 The unutilised capacity in all the units taken together is as high as 33 per cent and the same is as high as 50 per cent in miscellaneous industries, engineering workshops and cycle repairs.

3.5 As regards the problem of accommodation, the Report states that "in many cases, inadequacy of space has been a great factor inhibiting the efficient working of the present size of the units or tampering their plans of expansion. In certain services or repairing industries which have to work in closely crowded localities, the problem is practically insoluble. No such reason can, however, be

given in case of industries like the engineering workshops, tanneries, etc. which are producer or intermediate goods industries. In such industries, advantages of agglomeration may be so large as to be prohibitive of an individual shift, but shifted collectively in a simultaneous and all-involving scheme to other areas, the advantages can be retained and obstacles to natural forces of efficiency and growth overcome" (page 199).

#### 4. Industrial Units in Bombay and their size :

4.1 In Bombay, there are numerous industrial units producing various types of products like textiles, metal products, electrical and other types of machines, chemicals and chemical products, food products, rubber products, paper and paper products, foot wear, tobacco, beverages, etc.

4.2 There has been a phenomenal growth of industries in Bombay during recent years and particularly during the last decade. The number of industrial units requiring a licence has increased from 3064 in 1951 to 5412 in 1962 and the number of workers employed by them has increased from 3.84 lakhs to 5.62 lakhs during the same period.

4.3 In 1962, there was 3759 small scale licensed industrial units employing 73690 workers and 1915 small industrial units employing 10949 workers which were not licensed. The total number of large scale licensed industrial units in Bombay was 1631 and they employed about 4.88 lakh workers.

4.4 The following table gives an idea about the different industrial units in Bombay and their size :

#### Industry-wise Classification of Factories working in Bombay and their Labour : 1961

Sr. No.	Industry	No. of factories in industry	No. of workers In the factories
1.	Process allied to agriculture ..	40	670
2.	Food except Beverages .. ..	319	14390
3.	Beverages .. ..	17	711
4.	Tobacco .. ..	6	1820
5.	Textiles .. ..	627	252031
6.	Footwear, other wearing apparel and made-up textile goods ..	70	2502
7.	Wood and cork except furniture ..	97	4268
8.	Furniture and Fixture .. ..	49	3189
9.	Paper and Paper Products ..	76	3275
10.	Printing, Publishing & Allied Industries .. ..	380	16051

11. Leather and Leather Products (except footwear) .. .. .	21	816
12. Rubber and Rubber Products ..	63	5380
13. Chemicals & Chemical Products ..	244	17640
14. Products of Petroleum and Coal ..	16	2489
15. Non-metallic Mineral Products (except products of Petroleum and Coal) .. .. .	167	16792
16. Basic Metals Industries .. ..	162	13105
17. Metal Products (except machinery and transport equipment) .. ..	517	30084
18. Machinery (except electrical machinery)	329	22508
19. Electrical Machinery, Apparatus, Appliances and Supplies .. ..	141	17240
20. Transport Equipment .. ..	129	48271
21. Miscellaneous Industries .. ..	477	22983
22. Electricity, Gas and Steam .. ..	28	2267
23. Water and Sanitary Service .. ..	17	746
24. Recreation Services .. ..	22	2359
25. Personal Services .. ..	21	1889
Grand Total ..	4035	503473

#### 5. Distribution of Industrial Units in Bombay City

5.1 Bombay accounts for the largest number of industrial units in Maharashtra, but these units are not evenly distributed. In fact, the Bombay island itself accounts for more than 75 per cent of the units in Bombay and there are about 57 per cent industrial units in the area between Dadar and Carnac Road. The Bombay island accounts for over 84 per cent of industrial workers in Bombay and 22.5 per cent of its area is used for industrial purposes. The over-congested industrial zones in Bombay are the eastern part of "E" ward and southern parts of "F" and "G" wards which alone account for over 56 per cent of the industrial workers in Bombay and over 28 per cent of the area of "E", "F" and "G" wards has been used for industrial purposes.

5.2 The following table gives an idea about the distribution of industrial units and industrial labour in Bombay :

Ward	Description of the Ward	Percentage of workers	Ward	Percentage of use of land for industrial purposes
A	(Colaba, Fort, Boribunder) ..	3.43	A	9.5
B	(Mandvi, Dongri, Umarkhadi) ..	0.89	B	41.1
C	(Kharatalao, Kumbharwada, Market, Dhobi Talao, Fanaswadi)	6.20	C	1.49
D	Girgaum, Khetwadi, Walkeshwar, Mahalaxmi, Tardeo) ..			

E (East)	(Kamathipura, Nagpada, Mazgaon, Byculla west)	..	10.58		
E (West)	(Byculla east, Ghorapdeo)	..	6.35	E	26.6
F (North)	(Matunga, Sion)	..	2.05	F	38.4
F (South)	(Sewri, Lalbaug, Parel, Naigaum)	.. ..	15.08		
G (North)	(Dadar, Mahim)	..	9.32		
G (South)	(Lovegrove, Lower Parel, Worli, Parbhadevi)	..	30.39	G	18.9
H (East)	(Bandra west, Danda)	..	0.73		
H (West)	(Bandra east, Kolkalyan, Santacruz east & west)	..	0.04	H	2.22
K (North)	(Vileparle, Juhu, Sahar, Madh)	.. ..	0.86		
K (South)	(Bapnala)	.. ..	2.00	K	15.52
L	(Kurla, Saki)	.. ..	4.50	L	30.82
M	(Chembur, Trombay, Mahul)	..	1.37	M	55.52
N	(Ghatkopar, Powai, Kangur, Bhandup, Mulund, Vihar) and T (Tulsi)	.. } .. }	3.76	N	18.01
				T	8.37
P	(Goregaon, Erangal, Manori, Malad)	.. ..	1.51	P	8.00
R	(Kandivli, Borivli, Dahisar Gorai, Maghathane)	.. ..	0.94	R	6.94

## 6. Industrial Congestion

6.1 With all-round development of Bombay and particularly the development of its industries and commerce, there has been a tremendous increase in the population which has resulted in serious congestion in the island of Bombay. Between 1941 and 1961, the population of the island has almost doubled and it is estimated that the population of Bombay would increase from 45 lakhs to about 75 lakhs by 1981. Even at present, the density of some areas like Kumbharwada is as high as 1400 persons per acre. The problem of location of industrial units therefore needs to be tackled in a planned manner.

6.2 Due to lack of planning, industries are mixed with residential quarters, particularly in "C", "D" and "E" wards. It has been estimated that there are about 144 slum areas in the island and quite a number of the worst slums are in the heart of the island. The phenomenal but haphazard growth of industries in the heart of Bombay island has created several socio-economic problems. Most of the industrial units in these clusters which are small scale units are working in very congested and unhygienic conditions and have not been able to expand their activities for want of accommodation.

Intermixing of industries and residential quarters has adversely affected the welfare of both. On the one hand, the existence of different types of industrial units in the midst of residential areas has adversely affected the living condition of the people in some of these areas while on the other hand, the existence of residential buildings in the industrial clusters has interfered with the smooth working of the industrial units. Moreover, some of these industrial units have been deprived of certain advantages such as economies of large-scale consumption, marketing, transportation etc. which they could have enjoyed by mutual co-operation had they been nearer to one another. All these facts highlight the urgent necessity of regulating the location and the working of the industrial units in Bombay in the best possible manner.

#### **7. Need for Separate Authorities for Transport, Water Supply, etc.**

As regards overcrowding of population and congestion of industries (small, medium and large) in Bombay, it must be pointed out that they have given rise to numerous problems some of which such as housing, transport, water supply and slums have become very acute. The housing shortage in particular has affected the family life and created a variety of social problems. These factors are having adverse effects not only upon the productivity of industries including small scale industries but also upon the well being and morale of workers. It is a well-known fact that Municipal Corporation is finding it difficult to tackle, on its own, the various complex problems facing the City. The present position with regard to transport is particularly unsatisfactory since it is dealt with piecemeal and in isolation by the Railways, the B.E.S.T., the Municipal Corporation and the State Government. Inland water transport is also operated in isolation. Vast areas can be reclaimed from the sea in Bombay and unless the reclamations and utilisation of the reclaimed lands are carefully planned by a single body, in the light of overall needs of the whole population, the difficulties of transport, water supply, housing, etc. are liable to be accentuated. The problems of a growing and congested metropolis are extremely complex and need careful study, collection of data, analysis and co-ordination before solutions can be suggested for implementation. The execution of the Development Plan is a difficult operation that will call for energetic action and vigilance. In a growing metropolis, the maintenance problems also tend to be difficult. Looking to the workload of the present municipal staff and the problems to be tackled in future, it is manifest that the current problems such as recovery of taxes and arrears, maintenance of cleanliness, removal of encroachments and compliance with building and health regulations would be so taxing that the organisation will find it difficult to deal adequately with and do justice to the distinct, vital and intricate questions connected with growth, e.g., traffic, water supply and housing, to mention only the most important ones. A unified transport board for Bombay, for instance, can alone be expected to take an objective view of and reach satisfactory conclusions on

such proposals as an underground railway, a new common rail-terminus in the north of the city and a bridge across the harbour to connect Fort area of Bombay Island with Uran in Kolaba district. In the context of accommodation for small scale industries in Greater Bombay we strongly feel that separate functional authorities (with representatives of all concerned interests) independent of the Corporation should be established for looking after and regulating important specialised aspects of civil life such as transport, water supply, and housing. Separate functional Boards or authorities for these services exist and are working successfully in several large metropolitan areas in the world and it will be expedient to have similar Boards for Greater Bombay.

## 8. Development Plan

8.1 The problem of shifting industries has arisen mainly because the Bombay Municipal Corporation has now prepared a Development Plan. Its proposals for the creation of industrial zones, we understand, are based on the following six major premises :

(i) "To provide sufficient space in appropriate location to meet the City's expected future economy for all types of industries.

(ii) To provide that such space will be available for use of manufacturing and related activities and to protect residents by separating them from manufacturing activities and by prohibiting the use of such space for new residential development.

(iii) To encourage industrial development which is free from hazards and objectionable influences by permitting such developments in areas where commission of such nuisance is restricted.

(iv) To protect all adjacent residential and commercial areas and to protect the labour force in other establishments engaged in less offensive type of manufacture.

(v) To protect manufacturing activities and related development against congestion.

(vi) To promote the most desirable use of land in accordance with a well-considered plan to promote stability of manufacturing and related development and strengthen the economic base of the City".

8.2 For the purpose of development, Bombay has been divided into the following types of zones :

- (i) (a) Residential,
- (b) Residential with shoppings along the streets,
- (ii) Commercial,
- (iii) (a) General Industrial, and
- (b) Special Industrial.

Industrial units in residential and commercial zones are said to be the units in non-conforming zones and recommendations have been made for the shifting of the industrial units in non-conforming zones to conforming zones. Appeals to the State Government against decisions contained in the Development Plan are under consideration and a Special Officer has been appointed to make enquiries and report.

## 9. Factories in Non-Conforming Zones and their Rehabilitation

9.1 In accordance with the provisions of the Development Plan, the industries with huge capital outlay will be allowed to continue on their present sites for their life-time and about 2500 factories in the City and 400 in the suburbs will have to move to the conforming zones in the city and suburbs respectively. The following table indicates the number of factories that would vacate substantial land when they shift, the number of workers affected, areas that would be released and the ward-wise reservations for Industrial Estates in the Development Plan for service industries and general industries.

Ward	No. of Industrial units likely to be shifted	No. of workers affected	Area of land that would be released on shifting of the units		Reservation for industrial estates in the Development Plan for rehabilitating, the existing service and general industrial units in the non conforming zones	
			(Sq. yds)	(Acres)	Service Industrial units (Acres)	General Industrial Units (Acres)
A	16	525	19,725	( 4)	0.11	—
B	21	870	18,075	( 4)	0.98	—
C	136	1702	19,185	( 4)	1.60	—
D	144	4499	84,065	( 18)	9.80	3.3
E	255	11095	3,71,175	( 77)	12.5	24.2
F	120	3451	1,15,258	( 23)	8.9	15.9
G	101	4318	1,57,932	( 32)	15.60	12.5
<b>Total</b>	<b>793</b>	<b>26459</b>	<b>7,85,415</b>	<b>(162)</b>	<b>49.49</b>	<b>55.90</b>

9.2 On the assumption that different service industrial units and general industrial units would be given on an average carpet area of about 500 sq. ft. and 800 sq. ft. respectively, the total number service industrial units and the general industrial units that could be accommodated on the reservations in the City would be 5000 and 4000 units respectively. The Corporation, we understand, contemplates to allot plots to bigger units in the suburban industrial estates.

9.3 Quite a large number of small scale industrial units in Bombay, we wish to point out, owe their existence mainly to their locational

advantages and we strongly feel that whole scale shifting of these industrial units from the island to the suburbs will cause serious loss of production, dislocation and hardship, apart from the unemployment implicit in any such proposals. The cost of shifting all small scale industrial units is bound to be very high and the community can ill afford it. The question of location of small scale industrial units in the island of Bombay and of those industries in the suburbs which now find themselves in the midst of residential areas needs to be handled with imagination and sympathy, after a careful examination of each case.

9.4 The main difficulties faced by the Municipal Corporation in rehabilitating the small units are mainly (i) acquisition of land and (ii) finance. We understand that at the instance of the Corporation, Government has appointed two Land Acquisition Officers to expedite cases of Municipal acquisitions. However, the frequent transfers of incumbents are reported to have adversely affected the work. There has also been a rather serious time-lag in the actual acquisition of land and its allotment to the desired industrial units. Consequently, there is always a risk of the land being occupied in the meantime for unauthorised purposes. Moreover, as the progress in the acquisition of land is slow, the provision of alternate accommodation to the industrial units in non-conforming zones which will be asked to shift has been at a very slow pace. It is not surprising therefore that the policy of the Corporation to shift the non-conforming industries has lost its significance and the renewal of licences has become a matter of routine character. Moreover, quite a number of owners of industrial units in the non-conforming zones are reported to have established new units in the industrial zones and sold their interests in the old units that continue to operate in the non-conforming areas. It is obvious that if this state of affairs is continued, the confusion will increase and it will be very difficult to solve the problem in the near future.

## 10. Control over the Industrial Establishments

10.1 In accordance with Section 390 of the Bombay Municipal Corporation Act, 1888, "(1) no person shall newly establish in any premises any factory, workshop or work place in which it is intended that steam, water, or other mechanical power shall be employed, without the previous written permission of the Commissioner, (nor shall any person work, allowed to be worked, any such factory, workshop or workplace without such permission), (2) the Commissioner may refuse to give such permission if he shall be of opinion that the establishment of such factory, workshop or workplace in the proposed position is objectionable by reason of the density of the population in the neighbourhood thereof, or will be a nuisance to the inhabitants of the neighbourhood and (3) if any written permission of the establishment of factory, workshop or workplace granted under sub-section (1) be revoked by the Commissioner in the exercise of his powers under sub-section (3) of Section 479, no

person shall continue or resume the working or use of such factory, workshop or workplace until such written permission is renewed or a fresh written permission is granted by the Commissioner." With the application of the Bombay Town Planning Act, 1954, to Bombay the Municipal Corporation acquired additional powers to control any use of land by the grant or refusal of Commencement Certificate for the development of land. The Corporation has thus sufficient powers for regulating the establishment of the industrial units, on the assumption that the expression "other mechanical power" in Section 390 of the Bombay Municipal Corporation Act applies to electrical and pneumatic power and electrolytic processes.

10.2 As regards establishment of new factories in non-conforming zones, it has been provided in the "Policy and Procedure For Factory Permits" a brochure published by the Corporation that no such "new factories will be allowed even on temporary basis". There are however certain provisions in the "Policies and Procedures" regarding the factories in non-conforming zones that need careful attention from this view point. These provisions are as follows :

- (i) (a) "where a factory on temporary permission is purchased by a new owner on expiry of the permit period, further temporary permission should not be renewed. Where a factory on temporary permission is purchased before the expiry of the permit period, a fresh permit on the new owner may be issued for the un-expired period. In respect of factories working on permanent permits in non-conforming zones, change in ownership will be permissible on issue of a fresh permit in the name of the new owner on the original terms of permit at all times ; so also will be the position in the case of change of ownership of factories in conforming zones.
- (ii) In case of such existing factories permitted on permanent basis, additional horse power will be allowed provided there is no structural expansion and no possibilities of any pronounced nuisance by way of noise, traffic increase, etc.
- (iii) In the case of such factories (i.e., factories given permanent permits on account of huge investments in non-conforming zones) located on land and pucca buildings belonging to the factory owner, the permanent permits would be renewable as and when required."

10.3 It is necessary to make suitable changes in these provisions particularly for checking the practice of selling or transferring ownership or lease of the factories in non-conforming zones for attracting them to conforming zones. This topic is referred to in para 15.2 below.

10.4 As regards the regulation of factories by other agencies it may be pointed out that small factories employing less than 10

workers but using power and also those employing less than 20 manual workers are regulated by the Shops & Establishments Act as regards sanitary conditions, holidays, payment of wages, etc. and not by the Factories Act. The Municipal Corporation issues "No-Objection" Certificates for starting factories after consulting its Departments and authorities like fire brigade, water supply, etc. Both the Bombay Electric Supply and Transport Undertaking and the Bombay Suburban Electric Supply Co. Ltd. insist on "No-Objection" Certificate from the Corporation and also a Certificate of Registration from the Directorate of Small Industries before giving electric connection to a new factory. A factory is not given cement unless it gets permits from the Directorate of industries. Under the Buildings Control Act, no construction of building (or extension or alteration of building for a factory) can be undertaken in Bombay without the permission of the Directorate. Before giving such permission, the Directorate insists on a licence from the Municipal Corporation. The Directorate, however, does not insist on a Municipal licence for allocating or recommending allocations of raw materials and spare parts for factories; and it appears necessary to impose some restrictions on the allocation of raw materials to the factories in non-conforming zones for accelerating their shifting to the conforming zones. In practice all these organisations find it difficult to check the practice of selling the ownership of the factory in non-conforming zones as such cases are not generally brought to their notice and therefore it is necessary to strengthen the inspecting organisation of the Municipal Corporation and to evolve a new method for checking this practice effectively.

We understand that some efforts are being made for ensuring co-ordination between the State Government and the Bombay Municipal Corporation in the matter of permitting new industries and expansion of existing industries in Bombay. The Bombay Municipal Corporation considers proposals for the establishment of an industry or expansion of existing industry in Bombay other than those by service industries as described in Rule 27 of the Development Control Rules and Small Industries employing 9 persons or less and **only** after the receipt of "no-objection" letters from Industries and Labour Department of the Government of Maharashtra. The Industries and Labour Department of the Government of Maharashtra considers proposals for the expansion of existing units on their individual merits and has proposed to discourage the establishment of new industrial units in Bombay areas as far as possible. In view of the seriousness of the problem of industrial congestion, we strongly feel that there is an urgent necessity of bringing all types of industrial units employing less than 9 persons under statutory control for the purpose of their regulation and prevention of their mushroom growth. Disposal of all matters relating to permission to industrial units in Greater Bombay may with advantage be centralised at the Municipal Head Office to ensure uniformity of policy.

## 11. Industrial Estates

11.1 The Municipal Corporation has several proposals for establishing Industrial Estates comprising multi-storeyed buildings in the City as well as in the Suburbs and for reserving plots with all the necessary facilities such as roads, water, drainage and electricity where industrial units will have to erect their own buildings. The multi-storeyed industrial estates have been planned mainly to accommodate service and some general types of industries while the other estates have been planned to accommodate such industries as well as special types of industries.

11.2 It is expected that Government Industrial Estates admeasuring 282 acres, 278 acres and 145 acres would be established at Kandivali, Marol and Bhandup respectively during the current Plan and the next Five-Year Plan.

11.3 Multi-storeyed industrial estates are being constructed at present by the Corporation at Bapti Road, Clerk Road, and Haines Road for accommodating about 455 small scale units to be shifted from non-conforming zones, and it is necessary to construct similar estates in adequate number on reserved plots, particularly in Bombay island, to accommodate the small scale industrial units to be shifted from the non-conforming zones. The Corporation intends to develop 30 estates in the next 20 years and has reserved certain plots in Bombay for the same. We understand that the Corporation intends to adopt the following order of priority for allotment of accommodation in its industrial estates :

- (i) Those existing on municipal lands which are urgently needed for the provisions of social facilities ;
- (ii) Those existing on sites under acquisition ;
- (iii) Those existing on sites reserved for public purposes in the Development Plan ;
- (iv) Industries which have a high degree of nuisance on their present sites ; and lastly,
- (v) Industries that have to shift as a result of Municipal Policy.

We are of the opinion that expert advice should be obtained for designing single and multi-storeyed industrial estates in Greater Bombay so as to suit requirements of the industrial units to be accommodated therein.

11.4 The main difficulties faced by the Corporation in rehabilitating the small industries, as has been pointed out by us in paragraph 9.3 above, are (i) acquisition of land, and (ii) finance. The problem of providing an alternative and suitable accommodation to about 3,000 units in non-conforming zones and of carrying out the necessary arrangements for their shifting and housing, we must point

out, is by no means an easy problem and it will be very difficult indeed for the Municipal Corporation alone to tackle the same on their own, efficiently and effectively. In view this fact, we feel that there is a necessity of encouraging co-operatives of small scale industrial units especially the one man units on some of the reserved plots so that the factories to be shifted from the non-conforming zones have a choice of methods of shifting and the hardships involved are reduced to the minimum.

## 12. Financial Aspects of Rehabilitation of the Industrial Units

12.1 The important items of expenditure involved in the rehabilitation of industrial units concerned are those in connection with (i) the provision of land and buildings at the new sites, (ii) of dismantling plant, machinery and equipments, (iii) transporting them and (iv) re-erecting them at the new sites, (v) loss of production during the period of rehabilitation and (vi) loss of employment and wages to some workers during the period of rehabilitation. We have made an attempt to estimate this expenditure on the basis of certain necessary assumptions of which the most important is that all the important recommendations in the Report are implemented by the authorities concerned. We have estimated the cost of providing land and buildings to the industrial units to be rehabilitated at Rs. 33 crores. In view of the data regarding production and wages in small scale industrial units published in the Report of the Bombay University referred to earlier, and on the assumption that on average a period of two weeks would be necessary for the purpose of shifting and rehabilitation of the units, we feel that the expenditure in connection with stoppage of production and loss of employment to some of the workers during the period of shifting of units would be about Rs. 25 lakhs. We have consulted some industrialists for the purposes of estimating the expenditure involved in dismantling plant, machinery and equipments and transporting them and re-erecting them at the new sites and we feel that the same would be of the order of Rs. 5 crores. In estimating the total expenditure, it is necessary to take into consideration all types of reasonable and relevant expenses and changes in prices. The expenditure required for the purpose of rehabilitation of the 3,000 industrial units on the basis of the assumptions and the recommendations made by us in this Report, in our opinion, would be about Rs. 40 crores. (details are given in Appendix I).

12.2 As pointed out by us earlier, quite a large number of industrial units in Bombay are suffering from difficulties in securing the requisite finance for their daily needs and indeed the cost involved in the rehabilitation of such high order, as pointed out above, will by itself be a serious blow to many of them. The shifting of the units and their rehabilitation is a very delicate matter having a vital bearing on their economic growth. It is therefore very necessary to reduce the hardships involved in shifting and render financial assistance even in the form of subsidies to them to enable them to reach competitive position within a reasonable

time. Their financial needs in this behalf after the rehabilitation will be of a very large magnitude and it is very difficult to estimate the same; and yet the same will have to be provided from time to time in order that these units are not financially jeopardised. Considering the present sources of revenue, and the plans for the future development of the Municipal Corporation, it is obvious that it will be difficult for the Corporation to provide adequate finance for the complete rehabilitation of these industrial units and, therefore, it will be necessary to ensure active assistance of the State and the Central Governments in the matter and also to explore the possibilities for securing the required finance from various other sources, particularly from the financial institutions, like the Maharashtra State Financial Corporation, the Life Insurance Corporation and the National Industries Development Corporation which has been formed mainly for extending finance for rehabilitation. Efforts should also be made to secure loan on long-term basis from the World Bank and other international agencies.

12.3 We have been informed that the expenditure involved in shifting is not allowed by the income-tax authorities as a revenue expenditure and consequently, the small scale industries are put to considerable hardship and are reluctant to shift. The problem of accommodation as affecting small scale industries in Bombay, as pointed out by us earlier, is becoming very serious day by day and as in the case of capital gains tax, referred to in para 13.3 below, we recommend that the State Government should take up with the Central Government the question of grant of this concession for accelerating the shifting of factories from the non-conforming zones to the conforming zones in Greater Bombay as well as from the metropolitan areas to rural areas.

12.4 We are conscious of the fact that the proposal for shifting of industrial units will involve enormous capital resources and additional financial burden on the industries concerned, disruption of production, raising of their costs, and difficulties and hardships in procuring essential construction materials like cement, steel, etc. which are in short supply and, therefore, in estimating the cost of rehabilitation at Rs. 40 crores, we have, as pointed out earlier, assumed that our various recommendations in the Report like the conversion as far as possible of industrial clusters into conforming zones will be accepted and action on those lines will be taken at an early date. In case, however, some of these important recommendations are not accepted and quite a large number of industrial units are forced to shift out of Bombay, it is obvious that larger finance will be necessary for the purpose of shifting these units and their rehabilitation outside the Island of Bombay. Moreover, there would be more serious dislocation of activities of industries which would affect the economic progress and entail serious financial difficulties. In view of these facts, we strongly feel that the small scale industries other than those which are likely to become a source of nuisance or hazard to the neighbourhood should not be compelled as far as possible to go out of Bombay Island.

12.5 The rehabilitation of the industrial units will involve not merely financial difficulties but also organisational difficulties. It will be very difficult job to provide 3000 units accommodation of the type required by or suited to all of them at places of their choice and to carry out the necessary arrangements for the shifting of their plant, machinery and other movable assets according to their convenience. There will be indeed a host of problems to be faced and it will be very difficult for the Corporation to tackle the same on its own, efficiently and effectively. This fact, as pointed out by us in para 11.4 above, underlines the importance of providing suitable encouragements to the co-operatives of small scale industrial units which are required to shift to establish Industrial Estates on some of the reserved plots so that units to be shifted from the non-conforming zones have a choice of methods of shifting and the hardships involved are reduced to the minimum especially for the one-man units, mentioned in para 3.3 above.

12.6 Some of the private parties would be also willing to construct buildings to serve as Industrial Estates for rehabilitating industrial units to be shifted from non-conforming zones and in our opinion, all possible encouragement should be given to them by suitable incentives in this behalf and by amending the Rent Act wherever necessary. For instance, about 50 per cent of the accommodation in the buildings to be constructed by them may be allowed to be rented out or disposed of by them to industries from non-conforming zones on condition that the rest of the accommodation in these buildings is given to industries from the list of industrial units to be shifted as nominated by the Municipal Commissioner.

### 13. Rehabilitation of Factories outside Greater Bombay

13.1 Some of the industrial units, particularly of relatively large size, would be willing to rehabilitate themselves outside Bombay provided the difficulties involved therein are solved satisfactorily and they are provided with adequate incentives to shift. Some small scale industrial units which desire to expand may also be willing to move to Government industrial estates or other locations outside Greater Bombay. There are three main hurdles for their shifting from Bombay City. The first is the heavy cost of dismantling plant, machinery and equipments, transporting them and of re-erecting them at the new sites. The second is the housing of workers and other employees who would be willing to go to the new places and the third is the law relating to income-tax and capital gains.

These hurdles would be crossed if suitable measures are adopted.

13.2 Dealing with the last point first, at present land values are soaring in Bombay City and some of the units will be able to sell lands together with buildings thereon at good prices and to utilise the sale proceeds for the expenditure involved in dismantling plant, machinery and equipments, of transporting them and of re-erecting

them at the new sites. Shifting of industries, small or medium or large from a location in Bombay island to another one in Bombay Suburbs or to a rural area will be facilitated by grant of exemption from capital gains tax (para 13.3) and of the concession of treating expenditure on shifting as revenue expenditure for purpose of income-tax (para 12.3 above).

13.3 In regard to industrial units (large, medium and even small) that wish to move out of Bombay, to the rural areas, the greatest obstacle is probably the tax on capital gains they will have to pay on proceeds of sale of their immovable properties in Bombay. Shift of industrial units from the congested metropolis to the rural areas will be facilitated if they are permitted to invest, without incurring liability to capital gains tax, the proceeds of sale of land and building in Bombay, in purchase of land and construction of buildings (including housing for labour and staff) in rural locations. If this facility is provided, movement of some units will materialise to the benefit of rural areas and advantage of Bombay. There should be no difficulty in providing this facility because it is the policy of both Central and State Governments to facilitate movement of industries to rural areas.

13.4 As regards housing of workers, the possibilities of shifting the industrial units to areas from which the workers come might be examined because if this is found to be feasible a large number of workers would be able to live in or near their own villages or with relatives in other villages and attend to their work in the factories from these places. If however this is not feasible, a suitable amount of subsidy will have to be provided for housing workers.

13.5 So far as retrenchment compensation is concerned, workers who are willing to go to the new sites will have to be induced not to ask for retrenchment compensation. Some adjustment in regard to their wages for their idle period would have to be made. As regards the workers who are unwilling to go to the new sites and who are found to be surplus, alternate employment would have to be given to them. In cases where it is not possible, retrenchment compensation may have to be paid. The grant of a subsidy by the State Government towards this part of the compensation may be considered if the amount is very heavy and is not met by concessions under the Income Tax Act especially for the smaller units engaged in essential type of production. We recommend that the State Government may examine the question of providing a ceiling on retrenchment compensation in such cases.

13.6. Before any scheme for the shifting of industrial units in Bombay island or suburbs is finalised, the leading representatives of the various industrial units should be invited by the State Government for discussion and their difficulties ascertained. It is needless to say that any such scheme will have to be formulated on a long-term basis and can succeed only if the co-operation of the industrial units

concerned is assured. Care will also have to be taken to ensure that the shifting is gradual and that there is no appreciable loss of productivity of the industrial units or undue hardships to the workers and other employees.

13.7 It may be added in passing that there may be certain industrial units in whose cases port facilities are of special significance it will not be desirable to shift such industrial units from Bombay City unless like facilities can be made available at sites across the harbour or at places along the sea coast such as Nhava and Ratnagiri ports.

13.8 It is a matter of satisfaction that the State Government has taken steps to establish some industrial estates and development areas in different parts of the State in order to achieve balanced development and has also announced certain incentives recently for encouraging the industrial growth of the underdeveloped regions. The incentives declared, in our opinion, are not sufficient to achieve the purpose desired. The process of shifting of the industrial units to the underdeveloped areas could be hastened if the following facilities and incentives recommended by the Committee on Dispersal of Industries constituted by the Small Scale Industries Board of the Government of India are offered : —

- (i) Accommodation at concessional rent for the first five years ;
- (ii) Housing for workers for which assistance should be given in the form of loans representing 37½ per cent of the total cost for a period of 20 to 25 years and a subsidy of 50 per cent of the total cost ;
- (iii) Common Services ;
- (iv) Priority in supply of materials with a guarantee of a quota for working the factory on the basis of 8-hour shift for at least two years ;
- (v) Full subsidy for 5 years to re-imburse the expenditure in respect of sales tax (including sales tax on purchase of machinery), import duties, octroi, Municipal taxes, excise duties and income-tax (including Corporation tax) ;
- (vi) Subsidised electricity tariffs and water rates and subsidy in respect of expenditure for extension of transmission lines to the nearest point of distribution upto the factory site and of switch gears and transformers required ;
- (vii) Subsidy to re-imburse the difference between the amount of interest on loans paid to the State Financial

Corporations and the amount calculated at 5 per cent of the total amount of loans each year ;

(viii) Extention of repayment terms to ten years in respect of machines and machine tools obtained under the hire purchase scheme of the National Small Industries Corporation ;

(ix) Refund of 20 per cent of the cost of transportation of capital goods and of 33 1/3 per cent of the cost of transportation of raw materials and finished goods upto the point of first delivery for a period of five years from the date of production.

#### 14. **Industrial Clusters in Non-conforming Zones and Special Cases**

14.1 We would like to emphasise that any shifting of industrial units will involve enormous capital resources additional financial burden on the individual units concerned some disruption, raising of their cost and difficulties and hardships in procuring essential construction materials like cement, steel, etc. which are in short supply. All the necessary economic overheads and other facilities will have to be created at the new sites before the industrial units are asked to shift and every effort will have to be made to reduce the adverse economic effects of shifting on their working. One suggestion we would like to make in this regard is that in the suburbs the Corporation may reserve a few industrial plots or some accommodation for shops that stock nuts, bolts, common engineering spare parts and equipment etc. so that industrialists from remote suburbs such as Kandivli and Mulund do not have to go to centres like Nagdevi Street and Opera House for everyday requirements.

14.2 Another suggestion for the purpose of facilitating the shifting of small scale industrial units and reducing the hardships involved in the shifting and reaching competitive position thereafter, is to take measures for providing resources to them, particularly in view of the fact that quite a large number of them are already experiencing difficulties in securing requisite resources for their working. The amount required for these purposes, as pointed out by us before will be enormous.

14.3 Of much greater importance is the proposal to examine if shifting can be avoided in certain cases, so as to reduce hardships and to bring the problem within managable proportions. We attach considerable value to this proposal.

14.4 There are certain clusters of small scale industrial units in Bombay island that have been on their existing sites for a long time under licence. It would not be in the interest of the community to shift them wholesale. In some of these, the residential pockets are

fewer and less important than units of industrial production. It is advisable to examine the case of these clusters and to decide if the balance of advantage would lie in declaring them as authorised industrial areas subject to certain conditions such as shifting to suburbs such industrial units as are a hazard or nuisance, allowing the rest to continue provided they improve or reconstruct the buildings on a co-operative basis in an approved manner, with adequate provision for open yards storage accommodation, roads, amenities and improved working conditions. If this is feasible, it will be an easier solution to shift in stages the few residential pockets within the cluster area to other locations. We have visited some of the clusters and consider that in some cases the balance of advantage would lie in allowing the industrial units to continue under improved conditions and in planning the shift of few residential pockets out of these areas. We recommend that pending the examination of the industrial clusters in Bombay Island, action on the Development Plan in this behalf, may be stayed. If it is found feasible to avoid shifting of industries in a cluster the area reserved for rehabilitation of these industries would become available for residential purpose, without affecting the ratio of area in the Development Plan for industrial and for residential purposes.

14.5 Allied to the industrial clusters in Bombay Island cases have come to our notice in which well established industrial units of considerable size and located adjacent to or near the boundary of a residential area in Bombay Island as well as suburbs are proposed to be shifted. It will be necessary in such cases to consider if the limit or boundary of the residential zones can be redrawn so as to exclude the industrial units and avoid dislocation.

14.6 Another matter deserving special consideration relates to certain groups of industrial units which have been developed in the suburbs in modern surroundings with up-to-date buildings under regular licence from the Municipal Corporation. It is now proposed to cancel their licences and to compel them to shift. We see no special advantage in shifting such units merely because the boundaries of residential areas have been redrawn for the locality. Industrial units in the suburbs are not obnoxious or a health hazard and that have existed for some years in scheduled locations and in modern buildings, under regular Municipal licence should receive sympathetic consideration and should not be arbitrarily asked to shift. The housing conditions in the suburbs have not so deteriorated as to require each and every industrial unit in a secluded plot within what is now a residential area to shift without exception. The policy in this matter for the suburbs can be liberalised with advantage. In the Bombay island, of course industrial units in non-conforming areas will have to shift except in case of clusters of industries that are allowed to continue after satisfying certain conditions.

14.7 Approximate numbers of clusters wardwise in Bombay Island are as follows :

Ward	A	B	C	D	E	F	G	Total
No. of clusters	1	4	2	10	6	7	4	34

The total is of the order of 34 for the Island of Bombay. Some of the industrial units which are adversely affected by the Development Plan may have appealed to the State Government and might be granted relief in whole or part. The Development Plan itself has provided for continuance of some clusters as industrial estates. But the problem of industrial clusters, and special circumstances (such as those mentioned in paras 14.5 and 14.6 above) attaching to certain industrial units in the Island as well as suburbs is so important, by itself, that we recommend the appointment of a Special Committee to look into the problem in consultation with the Municipal Corporation and make recommendations to the State Government. We feel certain that if the land at present occupied by certain industrial clusters in Bombay Island is fully developed into modern industrial estates, under carefully prepared plan it will be possible to make a good layout for roads, parks, and amenities and to enhance benefits of planned development. Many of the industrial units in the clusters are housed in structures of one-storey and land will be released for amenities if accommodation is provided in multi-storeyed buildings for such industrial units as need not be shifted. In fact, this proposal will enable several industrial units to modernise their equipment and to help the nation in achieving more production. The skilled workers — some of whom have attained high proficiency — as in Kumbharwada — will be assured of continued employment — and if expansion of certain industries becomes possible in the process of modernisation of clusters, more employment will be created. We feel that the uprooting of several small key industrial units can be avoided by the adoption of a scheme of modernising industrial clusters.

14.8 The condition of the clusters of small scale industrial units to be allowed to continue in Bombay can be improved gradually and in a planned manner. In respect of each of these clusters, a layout should be prepared for proper utilisation of the area and a beginning should be made in the phased of modernisation by constructing an industrial estate building within or near the area and moving a contiguous group of small scale industries to the estates so as to clear a plot of land within the clusters for new development. The process can then be continued or repeated in suitable stages for all clusters.

## 15. Phased Programme of Shifting

15.1 Most of the industrial units in the non-conforming zones to be shifted are small scale units having inadequate financial resources and owing their existence mainly to their locational advantages and

therefore it is necessary to take great care in planning the programme for rehabilitation of these units in such a way that these units are not financially jeopardised and adversely affected. First of all, the programme should ensure that the problem of accommodation as affecting the small scale industries does not become adverse and more complex with the passage of time. In our opinion, an essential pre-requisite is for the Municipal Corporation to be vigilant and ensure correct use of land and buildings, to remove encroachments and to stop misuse and nuisance. We feel that the Corporation should devise a system whereby the workload of the Municipal staff concerned would be such as would enable them to do justice to their duties and whereby a responsibility in this behalf is fixed on various categories of the Municipal staff. If this is not done, we fear that there would be worsening of civic conditions due to growth of slums and unregulated and hazardous industries, trades and occupations, especially in the suburbs.

15.2 The Bombay University, in its "Survey of Small Scale Units in Bombay" found that about 24 per cent of the units were less than 4 years with their present proprietors and 15 per cent, 12 per cent and 8.8 per cent of the units were acquired by purchase, inheritance and lease respectively. 63.4 per cent of the units were started by the present proprietors. We have been informed of several cases of transfer of industrial units in the non-conforming zones and consider that it is necessary to check this practice for bringing the problem under control. As a first step in the phased programme for shifting it is desirable for the Corporation to prepare (and maintain up to date) a complete list with full particulars of small scale industrial units in the non-conforming zones in the Bombay island and of such small scale industrial units in Suburbs as are required to shift on account of their present location being considered objectionable for facilitating shifting on due dates. The list which should *inter alia* show the names of owner, tenant and lessee, details of production, accommodation, power licence etc. should be utilised for ensuring that industrial units in non-conforming zones which are proposed to be given to others on lease basis or whose ownership is to be changed on account of any reason, for example, by sale, are not allowed to be used by others and the lessees or purchasers are not given any Municipal Licence or facilities such as water, electricity, or quotas for essential raw materials unless they shift the industrial units out of the non-conforming zones or are allowed to continue because they are ancillaries or are in a cluster, etc. In case of death, the family may be allowed to run the business themselves for the remaining period but no "transfer" may be allowed. It is also necessary to devise machinery to ensure that sites of such industrial units in conforming zones as shift voluntarily to other areas are reserved for and are allotted only to the industrial units in non-conforming zones.

15.3 The other aspect of the programme should be to accelerate shifting of the industrial units smoothly and without adverse finan-

cial effects. To this end, it is necessary to take expeditious steps to acquire and hold in public ownership plots in Bombay Island for rehabilitating some of the industrial units to be shifted from non-conforming zones in Bombay Island and also to acquire and hold similarly plots in Suburbs for the purpose of rehabilitating the remaining industrial units in the island and also those industrial units in the Suburbs which require to be shifted from the present locations in the Suburbs under the Development Plan. In order to avoid complications, it is further necessary to ensure that the reservations are confined to the lands which are programmed to be immediately acquired and taken in hand for development purposes.

Furthermore watch will have to be kept on these plots to ensure that the land so acquired continues to be available at the required further date for the purpose of rehabilitating concerned industrial units. It is hardly necessary for us to stress the fact that the scheduled programme should ensure that the industrial units in non-conforming zones as existing in the island Bombay are given preference in the allotment of plots in the reserved areas in the Island of Bombay and until all these units are rehabilitated other units are not given any land out of these plots nor any Municipal licence or facilities such as water supply and electricity.

15.4 Quite a large number of these small scale industrial units in non-conforming areas to be shifted to the conforming zones are of service types of units and are of a very small size. Most of them have their source of raw materials, labour and market nearby and, owe their existence to their locational advantages. It is, therefore, advisable that the alternative accommodation to be provided to them in accordance with the phased programme of shifting is as near as possible to their existing locations.

#### **16. Joint Action by the Central and State Governments, the Municipal Corporation and the Small Industries**

16.1 The problem of shifting about 3000 small scale industrial units and their rehabilitation is, by no means, an easy problem, and it will take several years to solve the problem satisfactorily on the basis of a phased programme. This, programme can be tackled effectively and without any long-term adverse effects on the industries in Bombay only if joint action is taken by the Central and State Governments, the Municipal Corporation and the small scale industries. In our view the best mode of implementation of the programme would be through autonomous body specially established for the purpose. There should be adequate representation of the Municipal Corporation, the Central and the State Governments and the small scale industries on this body and it should be delegated with sufficient executive powers for enabling it to discharge its duties expeditiously and efficiently.

16.2 This body with the co-operation of the Central and the State Governments, the Municipal Corporation and the small scale industrial units, should evolve a well-thought of, phased programme of rehabilitation of small scale industrial units in the conforming zones in the best possible way on lines similar to those indicated in this Report with all its important aspects such as slums clearance in industrial clusters and their reconstruction and construction of suitable buildings on the lands set aside by the Municipal Corporation. This body should also take necessary steps to implement the programme effectively and in particular should not ask very small industrial units to shift until alternative and suitable accommodation is provided to them.

## 17. Main Recommendations

1. Small scale industrial units other than those which are likely to become a source of nuisance or hazard to the neighbourhood should not be compelled, as far as possible to go out of the island of Bombay. (para 12.4).

2. Clusters of industrial units in non-conforming zones that have been on their existing sites for a long time and the shifting of which would be on the whole very expensive and involve more hardship compared to the benefits conferred on the neighbourhood, may, in suitable cases, be declared as industrial estates or areas in the zone provided that these industrial estates or areas improve their working conditions (with respect to noise, sanitation, fire hazard etc.) and also carry out necessary improvements to the buildings housing them and if required agree to be housed in a new building of modern type, with necessary open spaces, roads, green belts and amenities. In such cases, steps should be taken, if necessary, to shift in stages the resident population in the neighbourhood if the residential buildings are old and the balance of advantage lies in their shift. Pending the examination of the industrial clusters in Bombay Island action on the Development Plan in this behalf may be stayed. (para 14.4).

3. A Special Committee should be appointed to investigate in consultation with the Corporation into the problems of industrial clusters in non-conforming zones, their special circumstances and possibilities of their conversion into modern types of industrial estates under carefully planned layout with roads, parks, green belts and other modern amenities and to make recommendations to the State Government for the adoption of a scheme of modernising the clusters. (para 14.7).

4. In case of each cluster of small scale industries to be allowed to continue in Bombay Island a layout should be prepared for better utilisation of the area and beginning should be made in the phase of modernisation by constructing an industrial estate building within or near the area and moving a contiguous group of small scale industries to the estate so as to clear a plot of land within the cluster

for new development. The process can then be continued or repeated in suitable stages for all clusters. (para 14.8).

5. Suitable changes should be made in the boundaries of the zones in the island as well as suburbs of Bombay so as to include well established industrial units of considerable size which are located adjacent to or near the boundary of residential areas, in the conforming industrial zones. (para 14.5).

6. Cases of groups of industrial units existing in Suburbs for a long time in secluded locations in modern surroundings with up-to-date building and under regular licence from the Municipal Corporation, which are not obnoxious or a health hazard, should be considered sympathetically, and they should not be arbitrarily asked to shift. (para 14.6).

7. The Corporation should be vigilant and ensure correct use of land and buildings and remove encroachments and misuse and nuisance. To this end, the Corporation should devise a system whereby the work-load of the Municipal Corporation staff concerned would be such as would enable them to do justice to their duties and whereby a responsibility in this behalf is fixed on various categories of Municipal staff. If this is not done, there would be worsening of civic conditions due to growth of slums and unregulated and hazardous industries, trades and occupations, especially in the suburbs. (para 15.1).

8. The Municipal Corporation should prepare (and maintain up-to-date) a complete list (with full particulars) of small scale industrial units in the non-conforming zones in Bombay Island and of such small scale industrial units in Suburbs as are required to shift on account of their present location being considered objectionable for facilitating shifting on due dates. (para 15.2).

9. Expeditious steps should be taken to acquire and hold, in public ownership, plots in Bombay Island for rehabilitating some of the industrial units to be shifted from non-conforming zones in Bombay Island and also to acquire and hold similarly plots in suburbs for the purpose of rehabilitating the remaining units in the island and also those units in the Suburbs which require to be shifted from the present locations in the Suburbs under the Development Plan. Reservations should be confined to lands which are programmed to be immediately acquired and taken on hand for development purposes. Steps must be taken to keep watch on these plots to ensure that the land so acquired continues to be available at the required future date for the purpose of rehabilitation of concerned industrial units. (para 15.3).

10. Sites of the industrial units in non-conforming zones on Bombay Island which are proposed to be given to others on lease basis or whose ownership is proposed to be changed on account of any

reason, for example, by sale, should not be allowed to be used by others. The lessees or purchasers should not be given any Municipal Licence or facilities like electricity, water supply or quotas for essential raw materials unless they shift the units out of the non-conforming zones or are allowed to continue because they are ancillaries or are in a cluster etc. In case of death, the family may be allowed to run the business themselves for the remaining period but no "transfer" may be allowed. It is also necessary to devise a machinery to ensure that sites of such industrial units in conforming zones as shift voluntarily to other areas are reserved for and are allotted only to the industrial units in non-conforming zones. (para 15.2).

11. Provisions in the "Policy & Procedures for Factory Permits" of the Corporation should be suitably modified for the purpose of checking the practice of selling or transferring the ownership or lease of the industrial units in non-conforming zones and for attracting them to conforming zones. (paras 10.2 and 10.3).

12. The Directorate of Industries should devise suitable remedies such as imposition of restrictions on the allocation of raw materials and spare parts to the industrial units in non-conforming zones, with a view to accelerate their shifting to the conforming zones. (para 10.4).

13. It is necessary to strengthen the Inspecting Organisation of the Municipal Corporation and to evolve a new method for checking the sale of the ownership of industrial units in non-conforming zones. (para 10.4).

14. The industrial units in non-conforming zones as existing in the Island of Bombay (without provision for expansion) should be given preference in the allotment of plots in reserved areas in the Island of Bombay; and until all these units are rehabilitated other units should not be given either land out of these plots or any Municipal licence or facilities like water and electricity. (para 15.3).

15. Alternative accommodation to be provided to the industrial units shifting from non-conforming zones should be as near as possible to their existing locations so as to facilitate the shifting. (para 15.4).

16. All types of industrial units within Municipal limits employing less than nine persons should be brought under statutory control for the purpose of their regulation and for prevention of mushroom growth. The work relating to industrial units in Greater Bombay should be centralised at the Municipal Head Office. (para 10.4).

17. Multi-storeyed industrial estates of the type constructed at Bapti Road, Clerk Road and Haines Road should be constructed in adequate number particularly in the Island of Bombay for the purpose of accommodating the small scale industrial units to be

shifted from the non-conforming zones. Expert advice should be obtained for designing multi-storeyed and one-storeyed industrial estates in the Island and Suburbs so as to suit the requirements of the industrial units to be accommodated therein. (para 11.3).

18. Encouragement should be given to co-operatives of small scale industrial units especially the one-man units to establish industrial estates on some of the reserved plots so that the factories to be shifted from the non-conforming zones have a choice of methods of shifting and the hardships involved are reduced to the minimum. (paras 11.4 and 12.5).

19. Private parties willing to construct buildings in conforming zones to serve as industrial estates for rehabilitating industrial units to be shifted from non-conforming zones should be given all possible encouragement and incentives and the Rent Act should be amended wherever necessary. For instance, about 50 per cent of the accommodation in the buildings to be constructed by them may be allowed to be rented out or disposed of by them to industries from non-conforming zones on condition that the rest of the accommodation in these buildings is given to industries from the lists of industrial units to be shifted, as nominated by the Municipal Commissioner. (para 12.6).

20. Efforts should be made to explore the possibilities of securing the required finance from various sources such as the Municipal Corporation, the State Government, the Central Government, and financial institutions like the Maharashtra State Financial Corporation, the Life Insurance Corporation and the National Industries Development Corporation which has been formed mainly for extending finance for rehabilitation. Efforts should also be made to secure loans on long-term basis from the World Bank and other international agencies. (para 12.2).

21. The expenditure involved in shifting plant, machinery and other moveable assets of the industrial units situated in Bombay should be allowed to be treated as revenue expenditure for income-tax purposes. (para 12.3).

22. Separate functional authorities, independent of the Municipal Corporation, (with representation of all concerned interests) should be established for looking after and regulating important specialised aspects of civic life such as transport, water supply and housing. (para 7).

23. The State Government should offer adequate inducement to industries to shift from Bombay to rural areas. The facilities and incentives recommended by the Committee on Dispersal of Industries constituted by the Small Scale Industries Board of the Government of India should be provided for encouraging shifting of the industries to underdeveloped areas. (para 13.8).

24. Joint action should be taken by the Central and the State Governments, the Municipal Corporation and the small scale industrial units for the purpose of rehabilitating the industrial units to be shifted from the non-conforming zones and a statutory body should be established to implement a phased programme. There should be adequate representation of the Municipal Corporation, the Central and the State Governments and the small scale industrial units on this body and it should be delegated with sufficient executive powers for enabling it to discharge its functions expeditiously and efficiently. (para 16.1).

25. This statutory body with the co-operation of the Municipal Corporation, the Central and the State Governments, and small scale industrial units should evolve a well thought of, phased programme of rehabilitation of small scale industrial units in the conforming zones in the best possible way on lines similar to those indicated in this Report with all its important aspects and their reconstruction and construction of suitable buildings on the lands set aside by the Municipal Corporation. The statutory body should arrange as far as possible the shifting of very small units only after suitable alternative accommodation is made available. (para 16.2).

## APPENDIX I

### Cost of Rehabilitation of the Industrial Units in Conforming Zones

The units to be shifted number about 3000. Out of these, 2200 units which are relatively smaller units are to be shifted to multi-storeyed industrial estates in the City and the remaining 800 units which are relatively larger are to be shifted to Suburbs.

#### I. Estimates of the Total Cost of providing Land and Buildings to the Units

**(1) Cost of Land and Buildings required for the 2200 Units :**

The 2200 relatively smaller units will need, on average, an area of 600 sq. ft. each. The cost per 100 sq. ft. carpet area is about Rs. 7,230/- (details given in Appendix II attached) and therefore the cost for each unit of 600 sq. ft. will be about Rs. 43,380/- and the total cost for 2200 units will be about Rs. 9.54 crores.

**(2) Cost of Land and Buildings required for the 800 Units :**

The relatively large 800 units today occupy 162 acres of land. When shifted to suburbs, they would need about 250 acres in plot area. Assuming 30 per cent as needed for roads, etc., the area of total land required for 800 big units will be about 350 acres. The cost of land at Rs. 20 per sq. yard will be about Rs. 3.39 crores and the cost at the rate of Rs. 7/- per sq. yard for development, etc. for 350 acres will be about Rs. 1.19 crores. Thus the total cost of developed land required for the 800 units will be about Rs. 4.58 crores.

It is assumed that the industrial units in Suburbs may generally be accommodated in one-storeyed buildings and that the built-up area may be about half of the total available area. The cost of construction would, on the average, be Rs. 25/- per sq. ft. (details given in Appendix II attached) i. e. Rs. 225/- per sq. yard.

The total built-up area in suburbs would be about 175 acres or 847000 sq. yds. and therefore the cost of construction of the building would be approximately Rs. 19 crores.

The cost of land and buildings required for the 800 units would be therefore about Rs. 23.58 crores.

**(3) Total Cost of providing Land and Buildings to all the 3000 Units to be shifted :**

Total cost for 2200 relatively smaller  
units (land and buildings)

Rs. 9.54 crores

Total cost for 800 relatively larger units (land and buildings) .. .. .	Rs. 23.58 crores
<hr/>	
Total cost of providing land and buildings to the units to be shifted to the conform- ing zones in Bombay .. .. .	Rs. 33.12 crores
<hr/>	

## II. Cost of Dismantling Plant and Machinery, their Transportation & Recreation at the New Sites

Based on the figures furnished by the Bombay Industries Association it is estimated that the cost of dismantling the plant and machinery, their transportation and re-election at the new sites would be between Rs. 2,000 to Rs. 80,000 for the units having area of about 600 to 10,000 sq. ft. On this assumption the rough cost for 800 units would be Rs. 60,000 x 800 i. e. Rs. 4.8 crores and the same for 2200 units would be Rs. 4,000 x 2200, i. e. Rs. 0.88 crores. Thus the cost of dismantling the plant and machinery, their transportation and re-election at the new sites would be of the order of Rs. 5 crores.

## III. Cost arising out of Loss of Production, Ages, and Profits in the Course of Shifting on a Planned Basis

In accordance with the "Survey of Small Industry In Bombay" published by the Bombay University in 1960, 1060 industrial units produced goods worth Rs. 156 lakhs, paid wages of Rs. 25 lakhs and earned profits of Rs. 34 lakhs in a course of a year.

On this basis and after making adjustments for the subsequent rise in prices the cost arising out of loss of production, wages and profits in the course of planned shifting (for a period of about two weeks) would be about Rs. 25 lakhs.

(IV) Thus the total expenditure required for the purpose of rehabilitation of the 3000 units on the basis of the assumptions and recommendations in the Report and after allowing for the changes in prices and taking into consideration all types of reasonable and relevant expenses would be of the order of Rs. 40 crores.

## APPENDIX II

### The Average Cost of Land and Building Construction in Bombay City.

The Bombay Municipal Corporation has constructed three multi-storeyed industrial estates at Bapty Road, Clerk Road and Haines Road at the cost of Rs. 6,010, Rs. 6,688 and Rs. 8,990 per 100 sq. ft. as explained below. The approximate cost, on the average, of providing 100 sq. ft. built up accommodation in Bombay City can therefore be reckoned at about Rs. 7,230.

#### 1. BAPTY Road (Industrial Estate) :

1. Area of land : 4310 sq. yds.
2. Tender amount including pile foundation : Rs. 20,45,903.
3. No. of units : 124.
4. Carpets area of units : 48,401 sq. ft.

(Varandhas, W.C.s, Canteen, Lobbies etc. not accounted in carpet area).

#### Total Cost of Industrial Estate :

1. Cost of land at Rs. 200/- per sq. yd. ..	Rs. 8,62,000/-
2. Tender amount .. .. .	Rs. 20,45,903/-
Total ..	Rs. 29,07,903/-

Cost per sq. ft.  $\frac{2907903}{48401} = \text{Rs. } 60.1$

48401

Therefore Cost per 100 sq. ft. 6,010/-

#### 2. CLERK ROAD (Industrial Estate) :

1. Area of land .. 8982 sq. yds. (half built)
2. Tender amount .. Rs. 11,23,706/-
- No. of Units .. 52
- Carpet area .. 30,268 sq. ft.

#### Total cost of Industrial Estate :

1. Cost of land at Rs. 200 per sq. yd. for 4491 sq. yds. .. .. .	Rs. 8,98,200/-
2. Tender amount .. .. .	Rs. 11,23,706/-
Total ..	Rs. 20,21,906/-

Cost per sq. ft. 2021906 = Rs. 66.88

30268

Therefore Cost per 100 sq. ft. Rs. 6,668/-

**3. HAINES ROAD (Industrial Estate) :**

1. Area of land — 7286 sq. yds.
2. Tender amount (including pile foundation) Rs. 28,45,000/-  
No. of units — 119  
Carpet area of units 44302 sq. ft.

**Cost of Industrial Estate :**

1	Cost of land at Rs. 200/- per sq. yd. ..	Rs. 14,57,200/-
2.	Tender amount .. .. .	Rs. 24,83,713/-
	Total ..	<u>Rs. 39,40,913/-</u>

Cost per sq. ft. 3940913 = Rs. 89.9

44302

Therefore Cost per 100 sq. ft. Rs. 8,990/-

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