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REPORT
of the
Special Advisory Committee
on the
Industrial Housing Scheme

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APPENDIX A

In addition to the Back Bay Reclamation Scheme, the Directorate have undertaken 8 City Schemes and 20 Suburban Schemes. Expenditure has actually been incurred on several of those Schemes but without a regular sanctioned project estimate, though individual works forming part of the scheme have received proper sanction. This was specially brought to the notice of Government who have promised that the approximate figures adopted for each scheme will be communicated shortly.

2. It may be pointed out that the eight sanctioned schemes including the Back Bay Reclamation Scheme, which is expected to be sanctioned shortly, are all considered to be financially sound.

Bombay Development Works

The following irregularities are brought to notice.

Insufficient attention to financial interests.—While submitting certain revised estimates for the sanction of Government, a Superintending Engineer reported that in one case the excess was due to the collapse of a structure already built. A further enquiry into the matter brought to light the following facts :—

- (I) The collapse was due to carelessness and neglect of the Assistant Engineer in charge, as
 - (a) Excavation was carried out for foundations without regard to the nature of the soil.
 - (b) The maximum amount of excavation was 1 foot only and there were only 6 inches of lime concrete underneath the walls.
 - (c) The plinth masonry was built in mud instead of in lime.
- (II) The work was not supervised by any Senior Officer as there was no Executive Engineer and the Superintending Engineer in charge of the Division considered that a senior Assistant Engineer should be able to carry out the construction of ordinary bungalows without superior supervision.

Pay of establishment charged to works.—With a view to effect economy, the menial staff in an Executive office was reduced by three. The Executive Engineer however engaged four men instead by charge to "works" and the irregularity was noticed when the Muster roll was received in the Audit office for audit before payment. The Executive Engineer on being asked to explain the same stated that he had done it under instructions from the Superintending Engineer. The matter was brought to the notice of Government who agreed that the action was irregular and in contravention of the Code of Rules but merely directed that the services of the men engaged should be dispensed with at once.

Paragraph 30.—Here an irregular procedure was adopted in order to frustrate the economy intended by the higher authority. I see no hope of any regard for financial rule if orders issued by superior authority in the interest of economy are deliberately defied by an officer of the status of a Superintending Engineer.

Purchase of materials in anticipation of requirements.—A Superintending Engineer in charge of the general stores of the depot purchased teakwood costing Rs. 5,917-5-0 in anticipation of requirements by debit to "Stock" and failed to take necessary action for its utilisation with the result that the same kind of wood was purchased by other officers of the Department in spite of the quantity in stock. Eventually after two years, the Superintending Engineer found this stock of wood surplus and unnecessary and sold it for Rs. 2,206-13-0, thus incurring a loss of Rs. 3,710-8-0 in addition to the interest charges on the unnecessary expenditure.

Manipulation of accounts to avoid audit objections.—An Executive Engineer incurred in February 1923 expenditure amounting to Rs. 9,179-1-0 on a work knowing that there were no funds to cover the same and with a view to avoid an audit objection debited it in the first instance to another work where there were savings. Subsequently when the funds were found available the expenditure was written back to the work for which it was actually incurred.

Misappropriation of public money.—While checking the bill books of Chawl rents, on transfer of the maintenance of the accounts in respect thereof to the Development audit office in November 1924 it was noticed that rents collected by the rent collectors were not credited to the Government accounts in some cases. The matter was promptly reported to Government and on a detailed investigation it was found that a sum of Rs. 1,033-15-6 had been misappropriated. Out of this amount a sum of Rs. 141-11-6 was misappropriated by persons who were no longer in the service of Government, and for the balance, viz., Rs. 892-4-0 the persons concerned admitted their responsibility for Rs. 143-8-0 only and this amount was under the orders of Government recovered from their dues. The recovery of the remainder had to be foregone.

APPENDIX B

(As calculated by the Department)
Bombay Industrial Housing Scheme

Item No.	Particulars	Naigaum plot A	Naigaum plot B	DeLials Road	Worli
<i>Particulars of scheme</i>					
1	Number of chawls	19	23	33	163
2	Number of tenements	1,520	1,840	2,640	13,040
<i>Capital cost</i>		Rs.	Rs.	Rs.	Rs.
3	Land	4,22,799	6,52,220	14,23,000	39,21,000
4	Chawls including sanitary fittings	20,52,000	20,24,000	33,81,000	1,46,84,000
5	Roads, drainage, water supply, etc.	1,94,000	2,18,630	5,40,948	30,90,770
6	7½ per cent. on items 4 and 5 for establishment	1,68,450	1,68,197	2,94,144	13,33,107
7	Total outlay	28,37,249	30,63,047	56,39,092	2,30,28,877
8	Interest during construction at 7 per cent. on item 7, for one year, allowing two years for completion per chawl	1,98,607	2,14,413	3,94,736	16,12,021
9	Total capital cost	30,35,856	32,77,460	60,33,828	2,46,40,898
<i>Interest and sinking fund</i>					
10	Interest at 6 per cent. on item 9	1,82,151	1,96,647	3,62,029	14,78,454
11	Sinking fund at 0.35 per cent. on item 4	7,182	7,084	11,833	51,804
12	Total interest and sinking fund	1,89,333	2,03,731	3,73,862	15,29,848
<i>Net rent</i>					
13	Nett monthly rent to cover cost item 12/12	15,778	16,978	31,155	1,27,487
14	Nett monthly rent per tenement item 13.2	10.38	9.23	11.80	9.78
<i>Outgoings</i>					
15	Fixed charge for repairs and management (see note "a")	2.00	2.00	2.00	2.00
16	Total items 14 and 15	12.38	11.23	13.80	11.78
<i>Economic rent</i>					
17	Allowing 16 per cent. of gross rent for variable charges (see note "b") the economic rent is (item 16) × 100/84	14.74	13.37	16.43	14.62

(a) Pending actual experience, the figure has been arrived at by taking repairs at 1 per cent. of works costs, items 4 and 5 of the table, for repairs, to which has been added the estimated cost of management, i.e., establishment and sanitary stores. The result is Rs. 2 per tenement per mensem very nearly.

(b) Variable charges.—

Taxes	Per cent.
General tax 8/10ths* of 11 per cent.	8.8
Fire Tax .. .. .	.5
Water tax	3.75
Halalkhore Tax	3.00
	16.05
9/10ths† of 16.05 per cent. = 14.45 per cent. or say	14.45
Vacancies, bad debts and insurance	1.55
Total	16.00

* Section 144 (3), Municipal Act.

† Section 154, Municipal Act.

APPENDIX B—*contd.**Average Economic Rent*

Naigaum A	..	..	..	19 × 14·74	280·06
Naigaum B	..	..	..	23 × 13·37	307·51
DeLisle Road	..	..	..	33 × 16·43	542·19
Worli	..	..	..	163 × 14·02	2,285·26
				238	3,415·02
				3,415·02	
Average economic rent	..			238	= Rs. 14·39

STATEMENT ON THE PRINCIPAL STATEMENTS MADE IN THE
MINORITY REPORT BY MR. MANU SUBEDAR

(Mr. Manu Subedar's report is very long and only the principal statements in it, which are erroneous and are likely to cause serious misapprehension, are dealt with.)

Unsuitability of the Development chawls

2. Mr. Manu Subedar alleges that the chawls are unsatisfactory in design, generally unsuitable for the housing of the industrial classes and therefore unpopular. He has summarised, in paragraph 20 of his report, the points on which the design of the rooms has been criticised. The earlier chawls erected evoked some criticism on account of the fixed sunshades which rendered the rooms rather dark, but these have, long since, been removed and all the chawls are now provided with windows of normal shuttered type. All rooms are also now provided with *nahanis*. As regards the suitability generally of the chawls, it is sufficient to quote the opinion of the majority of the Special Advisory Committee as recorded in paragraph 15 of their report:—"We have inspected the chawls and are of opinion that as now modified they afford exceedingly good accommodation for the class for which they are intended. We are also of opinion that, except for the initial dampness common to all new buildings, there is no foundation for the allegations that the buildings are unhealthy by reason of their design or the materials used in construction...." That these facts are becoming better understood and known is shown by the increase of tenants in all chawl areas from 2,800 to 5,200 during the year 1926. Mr. Subedar's criticisms must be read in the light of the anxious desire which he expresses in paragraphs 68-70 of his report to get all the chawls completely filled.

Accessibility of chawls

3. The comments of Mr. Manu Subedar as regards the location and accessibility of the chawls contained in paragraphs 21 and 24 of his report, appear to ignore the actual facts. Sites were selected in the *best* areas where land was *available*. The plan appended to the report shows the position of the chawl sites in relation to the mills. The great majority of the mills are within a mile of one or other of the chawl sites. The majority of the Committee state, in paragraph 15 of their report, that the areas are unusually healthy and that, on the whole, no better locations could have been selected.

Storm-water drain at Worli

4. With regard to Mr. Manu Subedar's reference in paragraph 22 of his report to the proximity of the storm-water drain near the Worli chawl area and the nuisance caused thereby Government propose to take up the question with the Bombay Municipality for taking steps to mitigate the nuisance. It is, however, a fact that chawls have been voluntarily occupied in the immediate vicinity of the storm-water drain by tenants who for various reasons prefer to reside in this locality.

Water-supply

5. The difficulties regarding water-supply to the chawls, mentioned in paragraphs 23 and 45 of Mr. Manu Subedar's report, have since disappeared and pumping is no longer required at Naigaum, Worli and Sewri chawl areas which get direct water from the Municipal mains. At DeLisle Road pumping is still done owing to low pressure in the municipal main there, but it is expected that from April next the pressure will increase sufficiently to provide an adequate water-supply and permit of pumping being stopped there also. The water-supply is everywhere satisfactory.

Amenities generally

6. Mr. Manu Subedar refers, in paragraph 25 of his report, to the lack of schools and other social amenities in the chawl areas. It may be pointed out that an area cannot be created with all amenities ready made. Amenities generally are being provided very fast, and at Worli, the area most complained of, all the most urgent, namely, roads, water-supply, lighting, schools, infants welfare centre, shops and police protection are already in existence. A market is ready to be opened and only awaits a license from the Municipality. The Municipality have promised a dispensary in due course at Worli and when the Mahalaxmi overbridge, now under construction, is complete, communications will be greatly improved.

The Advisory Committee have, in paragraph 12 of their report, brought the question of providing better police protection to the notice of Government and the question of proceeding with the police accommodation scheme at Worli will receive further consideration.

Alteration in the original design of the chawls

7. Mr. Manu Subedar's insinuations in paragraph 33 of his report are calculated to mislead the public. Government gave a full reply to Mr. G. B. Trivedi in the Legislative Council on 5th March 1923 on the question of the acceptance of Major Gammon and Company's tender, which will be found on pages 661 and 662, Volume VIII, Part III, Bombay Legislative Council Debates, 1923. As stated in the Government reply, it is not true that Major Gammon and Company were permitted to make their own designs in place of old ones on which tenders were invited. The designs were altered in the interests of economy under the Superintending Engineer's orders and supervision. The floor beams, etc., were re-designed to withstand a total load of 85 lbs. per square foot as against the 120 lbs. per square foot as allowed up to then for other chawls in Bombay. This resulted in a considerable saving in steel.

Messrs. Gammon and Company offered to make the plans of floor and beam reinforcements since the Superintending Engineer's office was full up with work and they did not want their operations delayed. This they were allowed to do after all calculations, spacing of bars, etc., were passed by the Superintending Engineer.

A few tenders were accepted on the old design; the difference between the lowest tenders on old and new designs showed approximately a sum of Rs. 4,500 per chawl in favour of the new design.

Writing off of interest during construction of the chawls against the Cotton Cess

8. With reference to Mr. Subedar's remarks in paragraph 42 on the above subject, the Audit and Accounts Officer, Bombay Development Scheme, originally wrote off interest during the construction of the chawls against the cotton cess on his own initiative. As the question is one of audit—whether it is a revenue charge or capital charge—the course adopted is not questioned by Government, since the operation was fully approved by the Audit and Accounts Officer.

Deficit

9. As regards Mr. Manu Subedar's references in paragraphs 51, 61, 78 and 79 of his report to the deficit on the chawls, the position is as under:—

(i) The actual loss (which was met from the accumulated balances from cotton cess receipts) for the year 1925-26 was Rs. 5,42,000 as shown below:—

<i>Receipts</i>			<i>Expenditure</i>	
Receipts from rent of the chawls	Rs. 3,50,371		Interest and general charges (repairs, management, etc.)	Rs.
Receipts from cotton cess	17,33,433		excluding sinking fund charges	26,26,085
		20,83,804		
Deficit	5,42,281			
		Total		26,26,085

(ii) The present rate of loss is estimated to be Rs. 4,34,000 annually on the basis of the reduced rents in force and will be met from the accumulated balances of cotton cess receipts.

(iii) If all the chawls were in full use, then, allowing 10 per cent. for vacancies and 4 per cent. for bad debts, the annual loss would amount to Rs. 1,05,000. But till all the chawls are practically filled, the annual loss will be more than this [see sub-paragraphs (i) and (ii) above].

The loss is diminishing and meantime provincial revenues are not affected as there is a balance at credit of the cotton cess account.

Pre-audit system

10. The pre-audit system as followed in the auditing of the Development Department accounts, which Mr. Manu Subedar criticises in paragraph 53 of his report, has been introduced under the instructions from the Government of India who desired that all the expenditure of the Development Department should be pre-audited. This is the first time that the pre-audit system has been criticised. The only criticism made by Mr. Subedar is that it is something new. It has been adopted in connection with the accounts of the Lloyd Barrage and Canals Construction Scheme (Sukkur Barrage Scheme). Under this system claims upon Government are audited before payment by the local Audit Office in accordance with rules framed by the Auditor General in India and sanctioned by the Government of India. The pre-audit is supplemented by a final post-audit of the payments when additional checks are imposed. The advantages of the pre-audit system are undoubted. It enables the Audit Office to detect fraud, technical errors, or errors of principle before payment is made. It also ensures double check over claims preferred against Government, since it is not considered as final audit, and a post-audit has also to be conducted in the regular way after payment has been made. Further, the pre-audit system enables discrepancies to be settled before payment and thorough and satisfactory investigations can be made into discrepancies, if any, ensuring thereby a safeguard against fraud or over-payments.

Absence of provision for depreciation

11. With regard to Mr. Manu Subedar's observations in paragraph 58 of his report regarding the absence of provision for depreciation, provision for a sinking fund has been made. When there is a sinking fund to extinguish the whole debt, a further provision for depreciation is not defensible, and is not made by other public bodies like the Port Trust or the Bombay Municipality in similar circumstances.

Repairs and Maintenance

12. Mr. Subedar has, in paragraph 60 of his report, compared the provision required for repairs according to the majority report, viz., Rs. 2,07,000 with an amount estimated by the Director of Development, viz., Rs. 3,97,056, while he gives the expenditure in 1925-26 as Rs. 6,83,000. The actual facts are that Rs. 2,07,000 is the estimated cost of repairs only, when all chawls are occupied, while the figure of Rs. 3,97,056 is based on an estimate made in 1923 which covered also other expenditure, viz., the cost of the officer in charge of the chawls, his establishment, rent collectors, sanitary inspectors, sweepers, macadams and sanitary stores. While the chawls are partly vacant, the expenditure is, of course, much less than these estimates. The figure of Rs. 6,83,000, given by Mr. Subedar for 1925-26, appears to include, in addition to all the expenditure just enumerated, the cost of municipal taxes when all chawls are in use. This figure has, of course, never been reached, the actual figures in the past having been

	Rs.
1923-24	75,813
1924-25	2,05,619
1925-26	3,26,287

Irregularities

13. Out of the irregularities mentioned by Mr. Manu Subedar in Appendix A to his report, only one—the last under the heading "Misappropriation of public money"—occurred in connection with the Industrial Housing Scheme.

R. D. BELL,

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Development Department.

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