**Introduction.**

A study of local finances is very largely a study of the development and of level of efficiency and adequacy of the local services rendered to the local populace. In the words of Gyan Chandra, "Local finance being a counterpart of local administration and its mainstay, has, of course, been an expression of the purpose implicit in different phases of local self-government." Finances do not operate in a vacuum; local finance resolves itself into local services and endows the society it serves. The theme of local self-government is no doubt lofty and eternal, and it covers vast vistas as infinite as life itself. Again, time and place lead to one can the necessary depth and perspective and interpret the data from historical, political or administrative angles.

For the purposes of this case study, the municipal town in the erst-while Bombay State were selected with due regard to certain criteria which lent themselves favourably for comparison. The municipal boroughs of Ahmedabad, Poona, Surat, Sholapur, Nasik, Hubli, Dharwar and Gatare city were all governed by and the same provincial government for about a hundred years, under a certain fixed pattern of bureaucracy.

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2. "Instead of treating local government as the scavenger of the abuses with which no other agency can or will deal, we ought to regard it as the master-architect of the fabric of community-living, in city, town and village." G. N. Roy - Local and Regional Govt. 1947, London. P.12.

3. "In local government finance, comparison may productively be instituted...between authorities of equivalent status on social and economic character as well as between current and previous years." A West Midland Group Study - Local Govt. A Central Control, 1956, London. P.8.
administration, with the exception of Dharwar and Satsara City, the other six local bodies were easily the largest municipalities in the Bombay State. These authorities could also reasonably be treated as representative of the respective regions in which they were located, since the other municipalities revealed similar features and trends in their approach to various civic problems.

Brief sketches of the municipal towns selected for case study:

The Bombay State lay sprawling along the western part of the country, on the Arabian sea-board, and measured a distance of about a thousand miles north-south, from Mount Abu in the north to the famous Jog Falls at the southern end. The State fell into three linguistic regions, viz. Gujarat in the north, Maharashtra in the centre and Bombay Karnataka in the south, while the towns of Ahmedabad and Surat were located in Gujarat, Dharwar and Hubli lay in Karnataka and the rest in Maharashtra. After the reorganization of the States in 1956, Karnataka was handed over to Mysore State. Again in 1960, the bilingual State of Bombay was broken up and its northern part was reconstituted into a separate state of Gujarat by merging Saurashtra, and the residual state came to be renamed as Maharashtra, which also included Vidarbha and Marathwada. In this way, the neighbouring states took away local self government institutions which had a fairly long career under the State of Bombay.

Ahmedabad—(N.23.02 Lat. & E. 72.35 Long.)

Lying on the banks of the famous Sabarmati, this city is famed for its Textiles and is often called the 'Manchester of India.' To boined with, it was a walled city in the last
century. Today it is the capital of the state of Gujarat. It is also the seat of a university. In 1950, the municipality was elevated to the status of a corporation, with increased powers and responsibilities. It has a large railway junction, connecting the northern regions.

Poona- (N.18.30 Lat. & E.74.0 Long)

The city lies on the banks of the Mula-Mutha river, surrounded by the hill forts, famous in the Maratha history. Poona lies to the east of Bombay and has a strategic railway junction of the central and southern railways, connecting all the southern, eastern and south-eastern regions with Bombay. In the past, Poona had few industries. Lately, however, (and especially after the formation of Poona Municipal Corporation in 1950) several industries have sprung up in the surrounding areas. Poona was always known as an important centre for education. It is the seat of a university. It is equally famous for its salubrious climate.

Surat- (N.21.13 Lat. & E.72.50 Long.)

This is one more of the old walled cities of Gujarat, which is mostly a flat region. Surat lies on the banks of the Tapti. It is an industrial city with entrepot trade. Surat is located midway between Bombay and A-hmadabad on the Western Railway. and The East India Company had established their factories at Surat in the 17th century. The artisans, craftsmen and traders of Surat have enriched the city over a period of two centuries.

Sholapur- (N.17.40 Lat. & E.75.48 Long.)

This town is situated in the fertile agricultural belt of the Deccan, known for its black cotton soil. It has cotton
mills and also a thriving handloom industry. Here too the Central and Southern Railways have their junctions, facilitating trade and commerce. The Borough Municipality was converted into a Corporation very recently.

Nasik- (N.20.0 Lat. & E.73.51 Long.)

Lying on the banks of the holy Godavari, Nasik is a famous centre of pilgrimage. Though the town lies in the midst of a fertile agricultural belt, it has been attracting trade and even industries in recent years. There is a proposal with the State Government to establish a Municipal Corporation at Nasik Nasik after merging the municipalities of Nasik, Nasik road and Bhagur. Nasik is a health resort too.

Hubli- (N.15.20 Lat. & E.75.13 Long.)

This is an important centre of trade in Karnatak. Its cotton mill, railway workshop and other industries attracted people from all sides. Today it is a centre of education too. It has an important railway junction. The Mysore Government combined the municipalities of Hubli and Dharwar, situated at a distance of 12 miles into a single Corporation, a few years ago.

Dharwar- (N.15.27 Lat. & E.75.50 Long.)

Dharwar is the seat of a University. Like Poona, it was always known for the educational facilities and the healthy climate. Absence of industries however severely limited its income sources.

Satara City- (N.17.31 Lat. & E.74.3 Long.)

Situated in the Sahyadri, Satara was formerly the Capital of the Maratha Confederacy. Today, it is largely semi-urban in character, surrounded by a fertile agricultural
belt. In the immediate neighbourhood there is the suburban municipality in the cantonment, vying with this borough municipality.

Period selected for historical study:

The period under review, viz. 1939 to 1955, witnessed a series of events of far-reaching consequences, not merely in the state of Bombay or in India but in the entire world. In a sense, this span of 16 years stands out as an epoch-marrying the exit of an old order - a world reminiscent of post-war problems of recovery and readjustment and later on of a severe economic depression - and heralding the arrival of a new order customarily referred to as the nuclear age of space conquest.

World war II, no doubt, left behind the legacy of tremendous dislocations in every phase of civic life and indirectly ushered in an era of a planned economic development in all the forward-looking countries. It is interesting to note that the war played an indirect but significant role, as a powerful revolutionizing extraneous factor on the time-axis. The austere war conditions whetted the appetites of economically starved communities. The hard-won independence released fresh springs of energy which activated people to fresh ventures in the local field.

In 1950, India adopted a new constitution, establishing a sovereign democratic republic with a federal set-up of government. The strong under-currents aiming at a welfare state soon found their concrete expression in a series of Five Year Plans, which, from the national level, sought to
stimulate and channelise all local development works in the country.

The partition of India in 1947 left the sad legacy of refugees pouring from both the wings of Pakistan and they had to be rehabilitated. This task alone was a challenge even to the strongest power and clearly this responsibility has not yet been completely carried out.

Scope and Method of study:

It may be conceded, at the outset, that the statistical techniques employed in the quantitative analysis in the field of socio-economic investigations have their own limitations. Our instruments cannot claim to have any absolute precision.

The comparative analysis employed in this case study takes the help of the usual tools of averages, percentages, per capita and per square-mile ratios and densities and similar techniques for interpreting variance - all of which would be aimed at explaining the peculiar aspect of different municipalities and attempting to appraise their various problems. While the same outlays of money may not provide the same quality or extent of local services in different local authorities, it is expenditures rather than the than the units of service that we try to analyse. There is no doubt that efficiency and quality of service contribute to

1. "Efficiency in a locally-administered service is related... to the preciseness with which those responsible can fit the service to the needs of the public", A West Midland Group Study - Local Govt. & Central Control, 1956, London, P.280.
variations in the levels of expenditure. It is our endeavour to judge, with reasonable fairness, how one authority compares with the other. It is common knowledge that even in the case of common local functions, the regional differences in regard to such factors as income levels, ethnic origins, political traditions, climate and topographical conditions account for a major part of the variance between authorities in different areas. However, no comparisons would be possible without first reducing the distinguishable items of local finance to some common denominators. For this, an intimate working knowledge of the city or a town becomes imperative.

Generally speaking, the problems of local finance and management are so complicated and varied that they may not conform to a set pattern and would not permit us to say whether a given enterprise was more economical than another one.

Indeed for most local (and even central) government investment projects e.g. roads, hospitals, housing, schools, sewerage and so on, there can be no real comparison between different authorities and hence, in most of these, some form of criterion of relative social need has to be introduced. 1 Perhaps public expenditures are largely influenced by factors which are not strictly economic.

This study has modest objectives. India has not yet developed local service standards similar to those in

1. Institute of Municipal Treasures & Accountants, London- (Week-End Conference) 1959
  Capital Finance of Local & Public Authorities, P.18
Western countries. Even so, we shall make use of certain
criteria of administrative efficiency in conjunction with
other available aids. Indeed, if one expects to see wonders
in the local field, one is clearly crying for the moon. It
is not the utopia or ideal form of organisation which counts
but rather the relative achievements made possible in the
different local bodies by devising models which would commend
themselves for emulation by less progressive authorities.
After all, local self government is a form of civic self
expression, par excellence. In order to keep this study
within reasonable bounds, it was inevitable that only the
more important aspects of municipal finance, concerning the
eight authorities in particular and all the municipalities
in the Bombay State in general, could be touched both in
cross section and over a period of time. We have dealt
with current expenditures on public health services, public
safety and general administration as well as with current
income from rates and taxes, grants etc. Thus certain
matters like municipal trading services, municipal borrow-
ing and capital outlay in general, though vital, could
not be studied in any detail. Quantitatively, however,
these aspects of finance were only few and far between,
having been tackled hardly by a dozen municipalities in
the Bombay state, during the period under review. This is
not, however, to deny that these aspects really deserve a
systematic study.

1. Similar considerations did not warrant a detailed
historical review from year to year in each case.
This study falls into four parts:

Part I is largely of an introductory nature, setting out the principles and objectives of local finance but at the same time taking stock of trends of municipal organisations. Parts II and III embody the case studies, dealing with municipal expenditures and municipal incomes respectively, over the period 1939 - 1955. Part IV is a retrospect of the main points culled out from the case studies, setting out the broad conclusions of the investigation, followed by such recommendations as were suggested by our investigations.