
CHAPTER IV

ESTABLISHMENT

Each ULB has its municipal establishment for the smooth running of its day to day activities. The Board of Councillors of a ULB, with the prior sanction of the State Government, may create posts of officers and others employees and fix the salary and allowances to be paid out of the Municipal Fund. The ULB may also provide for pension, gratuity, incentive, bonus and reward for its employees as per their entitlement.

During scrutiny in audit various irregularities including the engagement of excess staff/casual labour, without approval of the State Government and non-creation of 'Special Fund' for the payment of pension and gratuity of employees, were observed which are illustrated below:

4.1 Engagement of staff in excess of sanctioned strength

ULBs were not authorised to create any post without prior approval of the State Government. However, during the year 1998-99 to 2004-05, Old Malda, Panskura and Titagarh municipalities had engaged 62, 5 and 2 numbers of staff in excess of sanctioned strength without approval of the Government and incurred an additional expenditure of Rs 1.35 crore, Rs 3.63 lakh and Rs 12.01 lakh respectively for this purpose. Old Malda Municipality did not take any corrective action in spite of a previous audit observation (February 2004).

4.2 Unauthorised appointment of staff / labour

(a) As per Government order (March 2001), a ULB cannot appoint any employee without prior approval of the State Government. No expenditure can be made for any irregularly appointed municipal employee or casual worker from the Municipal Fund. Twenty seven ULBs had engaged a large number of casual labour and irregularly spent Rs. 16.59 crore during the years 1995-96 to 2005-06 on wages (Appendix -14).

(b) Six municipalities appointed employees, staff, sub-assistant engineers, labour, contractor, etc. for various jobs without approval of the Government and spent Rs 2.35 crore during 1995-96 to 2004-05 (Appendix-15).

(c) Jalpaiguri Municipality engaged 53 conservancy and 13 establishment staff on fixed consolidated pay in spite of having 408 number of employees as on 1st January 2005 and spent Rs 77.42 lakh and Rs 25.75 lakh respectively during 2002-2005, the justification for which was not available on record.

(d) Hoogly-Chinsurah Municipality recruited five employees during 1984-86 under CUDP III scheme on the condition of retrenchment of service on closure of the scheme. The scheme was completed in 1992 and their remuneration was paid from the salary grant up to March 2001. The service of the employees was not discontinued beyond March 2001 and an amount of Rs 17.72 lakh for the period from April 2001 to March 2006 was spent towards remuneration of the five employees from the Municipal Fund.

4.3 Excess drawal of maintenance / fixed grant

The State Government bears the prescribed share of salaries of the employees of a ULB only against the posts already sanctioned by the Government. During 2002-03 to 2005-06 three ULBs¹⁵ had irregularly drawn salary grant of Rs 1.00 crore over and above the permissible amount as per the actual sanctioned posts. In reply, Baruipur Municipality stated that it had not intimated the Government about the actual requirement while the other two municipalities failed to show any reason for such excess drawal.

4.4 Arrears on payment of retirement gratuity

As per Government circular dated 5 May 1982 regarding pension norms for Local Bodies, ULBs shall create a 'Special Fund' for the purpose of payment of pension and gratuity. Krishnanagar Municipality failed to make gratuity payment to 141 employees on their retirement and consequently had an accumulated liability of Rs 58.27 lakh as of March 2005. Against an appeal of

¹⁵ Panskura Rs 10.31 lakh, Baruipur Rs 22.71 lakh, Kulti Rs 67.12 lakh

five retired employees, the Hon'ble High Court directed payment of gratuity to be made along with interest. The Municipality could not clear dues as of January 2006 and stated (February 2006) that it had become difficult to pay gratuity to the retired persons due to non-creation of the Special Fund. This resulted in non payment of retirement gratuity in time for which interest becomes payable.

4.5 Miscellaneous irregular expenditure

Test check of records of 15 ULBs revealed that they incurred irregular expenditure of Rs 1.13 crore on various establishment matters during the years from 1985 to 2006 (Appendix -16). This in turn hampered the delivery of services and development works which could have been undertaken for the benefit of the rate payers, to that extent.

Replies from the concerned ULBs/ Government are awaited.