

## CHAPTER IV

### ESTABLISHMENT

Each ULB has its municipal establishment for the smooth running of day to day activities. The Board of Councilors of a ULB, with the prior approval of the State Government, may create posts of officers and other 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.

Test check of records of 50 municipalities revealed several irregularities which are discussed in the succeeding paragraphs.

#### 4.1 Accumulation of outstanding liability of Rs.1.84 crore towards pension and gratuity

As per Government Circular dated 5 May 1982 municipalities should create 'Special Fund' for payment of retirement / terminal benefits. Contai, Bhadreswar and Ranaghat municipalities did not create this 'Special Fund'.

Test check of records of the following four municipalities revealed that due to non-creation of 'Special Fund' for payment of terminal benefits or inadequate contribution to the said fund, the municipalities could not pay the dues to the retired personnel. This resulted in accumulation of outstanding liability of Rs. 1.84 crore as of March 2008 as shown below:

(Rupees in lakh)

Sl. No.	Name of the ULB	Liability on account of	Amount of liability
1.	Rampurhat	Pension and gratuity	4.55
2.	Nabadwip	Arrears of pension and gratuity	104.10
3.	Contai	Pension / family pension and gratuity / death gratuity	40.72
4.	Bally	Pension	34.59
<b>Total</b>			<b>183.96</b>

Thus, the above municipalities failed to discharge their obligatory responsibility and deprived the retired employees of their legitimate dues.

#### 4.2 Liability towards outstanding water charges

Scrutiny of records revealed that Municipal Authorities of Budge Budge Municipality had a huge liability of Rs.8.86 crore as of February 2008 towards outstanding water supply bill of Kolkata Metropolitan Water & Sanitation Authority.

#### 4.3 Non-recovery / non-payment / delay in payment of electricity charges

Bally and Uttarpara-Kotrung municipalities paid Rs.7.54 lakh and Rs.8.45 lakh respectively during 2006-2008 for electricity charges in respect of municipal staff quarters but did not recover the same from the occupants till the close of the year 2007-08.

The following three ULBs did not pay electricity charges amounting to Rs.7.26 crore and lost rebate to the tune of Rs.17.49 lakh as of March 2008 :

(Rupees in lakh)

Sl. No.	Name of the ULB	Period	Amount due	Loss of rebate
1.	Bansberia	As of March 2008	208.33	6.20
2.	Bhadreswar	January 2005 to March 2008	113.64	2.81
3.	Kharagpur	As of March 2008	404.21	8.48
<b>Total</b>			<b>726.18</b>	<b>17.49</b>

Bhadreswar and Kharagpur municipalities stated that the respective dues were not paid due to scarcity of fund.

Arambagh Municipality had accumulated liability of Rs.71.77 lakh on account of electricity charges as of June 2008. As a result, the West Bengal State Electricity Board imposed late payment surcharge of Rs.7.74 lakh on the ULB.

Further, Budge Budge Municipality had a liability of Rs.1.30 crore on account of electricity charges as of February 2008.

#### 4.4 Conclusion

Contai, Bhadreswar and Ranaghat municipalities did not create 'Special Fund' for payment of terminal benefits to the retired personnel. Further, Rampurhat, Nabadwip, Contai and Bally municipalities accumulated outstanding liability of Rs.1.84 crore on this account as of March 2008. The non compliance with the provisions had adverse implication on the assured social security of the employees.

Budge Budge Municipality had a huge liability of Rs.8.86 crore as of February 2008 towards outstanding water supply bill.

Bansberia, Bhadreswar and Kharagpur municipalities did not pay electricity charges of Rs.7.26 crore and lost rebate to the tune of Rs.17.49 lakh as of March 2008.

#### 4.5 Recommendations

- The provisions regarding the maintenance of separate fund for terminal benefits of the retired local government personnel should be strictly adhered to so that the delay in payment of retirement benefits is completely eliminated.
- The ULBs should pay charge of water and electricity to the suppliers in time to maintain uninterrupted services to the rate payers.