

# **CHAPTER V**

## **OTHER IMPORTANT CASES**

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#### Kamarhati Municipality

##### 5.1 Excess payment of cost of conversion of ₹ 35.21 lakh

Kamarhati Municipality issued 1649.72 quintals of rice during the period 2008 – 10 and released ₹ 78.34 lakh as cost of conversion under Mid-Day Meal Scheme to different schools and *sishu siksha kendras* against the actual entitlement of ₹ 43.13 lakh resulting in excess payment of ₹ 35.21 lakh.

The National Programme of Nutritional Support to Primary Education, popularly known as Mid-Day Meal (MDM) Scheme intended to give a boost to universalisation of primary education by increasing enrolment, retention, regular attendance and simultaneously improving nutritional levels of students in primary classes. The benefit of the scheme was also extended to cover upper primary classes. In order to implement the programme, the Urban Local Bodies were provided with foodgrains, cost of transportation, cooking, etc.

Scrutiny of records of Kamarhati Municipality revealed that they issued 1649.72 quintals of rice to different schools and *sishu siksha kendras* (SSKs) during the period 2008 – 10 under MDM Scheme. The Municipality also released ₹ 78.34 lakh towards cost of conversion<sup>36</sup> for the period from April 2008 to February 2010<sup>37</sup>. The institutions were entitled for cost of conversion at the rate of ₹ 2.88 (₹ 2.50 upto December 2009) per student. Therefore, the Municipality was to pay ₹ 43.13 lakh for 1649.72 quintals of rice considering the consumption of 100 gms. of rice per day per student (as per guidelines). However, detailed checking of related vouchers revealed that they released ₹ 78.34 lakh to 93 schools as cost of conversion resulting in excess payment of ₹ 35.21 lakh as detailed below.

<sup>36</sup> Cost of vegetables, cooking oil, condiment, etc.

<sup>37</sup> The payment was made in May 2010.

**Table 14**

Period	MDM rice issued (in kgs.)	Number of meals	Rate of cost of conversion per student (in ₹)	Total cost of conversion due	Cost of conversion paid	Excess payment
April 2008 to December 2009	115469	1154690	2.50	28.87	68.79	39.92
January 2010 to March 2010	49503	495030	2.88	14.26	9.55	(-) 4.71
<b>Total</b>	<b>164972</b>	<b>1649720</b>		<b>43.13</b>	<b>78.34</b>	<b>35.21</b>

The Municipality could not produce (January 2011) Utilization Certificates (UCs)<sup>38</sup> in respect of actual consumption of issued rice.

On being pointed out by audit in January 2011, the Municipality stated (February 2011) that a detailed scrutiny would be made regarding excess payment of cost of conversion and the result thereof would be intimated to audit. They also ensured that the UCs for both rice and cash components would be obtained from the schools.

Thus, failure of the Municipality to obtain UCs from the schools / SSKs regularly led to lack of monitoring and supervision which in turn resulted in excess payment of cost of conversion (₹ 35.21 lakh). Further development on the matter is awaited (August 2011).

The matter was reported to the Municipality and the Government in August 2011; their replies had not been received (December 2011).

### **Chandernagore Municipal Corporation**

#### **5.2 Shortage of Mid-Day Meal rice worth ₹ 5.16 lakh**

Improper maintenance of stores and absence of periodical monitoring led to shortage of 333.76 quintals of rice worth ₹ 5.16 lakh. 12.50 quintals of rice worth ₹ 0.19 lakh was damaged due to the poor condition of godown

Rule 176 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, prescribes the procedure for maintenance of Stock and Stores Accounts of the Urban Local Bodies. Under the said provision, the Municipal Authority should maintain detailed accounts of receipt and issue of stock of foodgrains under Mid-Day Meal (MDM) Scheme.

<sup>38</sup> As per guidelines, the whole programme needs to be monitored by the Ward Education Committee under the aegis of Municipality and at the end of each month, UCs are to be submitted with due certificate by the President and Secretary of the Ward Education Committee.

Scrutiny of available records and documents of the Chandernagore Municipal Corporation (CMC) revealed that it maintained a stock register for rice received under MDM Scheme upto 8 October 2009. However, the entries in the stock register were never authenticated by the Commissioner or Finance Officer and necessary entries for transactions thereafter were not made. As per stock book there was a stock of 43.92 quintals of rice at the end of April 2009. There was also a stock of 15.25 quintals of rice returned by beneficiary school. But the stock was not included in the closing stock of April 2009. In the absence of detailed records of transactions during May 2009 to April 2011, audit had to scrutinize all receipts and issues pertaining to the period. Scrutiny of release orders and lifting of rice revealed that the CMC received 2849.62 quintals of rice during May 2009 to 25 April 2011. Out of total stock of 2908.79 quintals of rice, they issued 2427.53 quintals of rice to different schools during the period. CMC also disposed of 25 bags of rotten rice containing 12.50 quintals worth ₹ 0.19 lakh<sup>39</sup>. Thus, the closing balance of rice as of 25 April 2011 stood at 468.76 quintals. During joint physical verification on 25 April 2011 conducted by the Audit in presence of the officials of CMC, only 135 quintals of rice was found in 270 bags and 333.76 quintals of rice worth ₹ 5.16 lakh was found short.

Thus, improper maintenance of stores and absence of regular monitoring led to shortage of 333.76 quintals of rice worth ₹ 5.16 lakh. Further, poor condition of godown damaged 12.50 quintals of rice worth ₹ 0.19 lakh.

The matter was reported to the CMC and the Government in August 2011; their replies had not been received (December 2011).

### Baranagar Municipality

#### 5.3 Retention of welfare cess of ₹ 59.65 lakh beyond the prescribed limit

The construction cess of ₹ 59.65 lakh collected during 2008 – 10 was retained by the Baranagar Municipality in violation of provisions of the Act and Rules.

In terms of Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, a cess shall be levied and collected at such rate not exceeding two *per cent*, but not less than one *per cent*, of the cost of construction incurred by an employer. The ULBs shall collect the cess through demand draft alongwith

<sup>39</sup> Calculated at the rate of ₹ 1545 per quintal for common variety of rice.

the application for sanctioning of building plan. The proceeds of cess so collected shall be paid by the local authority to the Board<sup>40</sup> after deducting the cost of collection within thirty days of collection.

The State Government further stipulated (December 2007) that every Local Body, construction contractor and individual, who employ such workers in any building or construction work in relation to his own residence, shall be liable to pay a cess at the rate of one *per cent* of the cost of construction incurred by them, if the cost exceeds ₹ 10.00 lakh.

Scrutiny of records revealed (July 2010) that the Baranagar Municipality collected ₹ 60.25 lakh<sup>41</sup> on account of 'construction cess' during 2008 – 10. However, they did not remit (July 2010) the net cess of ₹ 59.65 lakh (after deducting one *per cent* cost of collection of ₹ 0.60 lakh<sup>42</sup>) to the West Bengal Building and Other Construction Workers' Welfare Board. Scrutiny of records revealed that the Municipality transferred the entire cess to its own fund as and when deducted during 2008 – 10.

Thus, the Municipality unlawfully retained the welfare cess ₹ 59.65 lakh inviting unwanted penal consequences.

The matter was reported to the Municipality and the Government in August 2011; their replies had not been received (December 2011).

### **Arambagh and Bongaon Municipalities**

#### **5.4 Non-collection of cess of ₹ 25.13 lakh**

Arambagh and Bongaon Municipalities did not collect the cess of ₹11.91 lakh and ₹13.22 lakh respectively at the time of sanctioning building plans.

Scrutiny of records revealed (May 2011) that Arambagh and Bongaon Municipalities sanctioned 66 and 83 building plans (exceeding cost of ₹ 10.00 lakh) respectively during the period mentioned in **Table 13** but did not collect the cess, as detailed below:

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<sup>40</sup> West Bengal Building and Other Construction Workers' Welfare Board constituted under the Labour Department Notification No. 1182 – IR, dated 20 September 2005.

<sup>41</sup> ₹ 15.97 lakh (2008 – 09) and ₹ 44.28 lakh (2009 – 10).

<sup>42</sup> Cost of Collection = 1% of total cess collected = 1% of ₹ 60.25 lakh ~ ₹ 0.60 lakh (As per Government of West Bengal Memo No. 6895 – F dated 11.9.2006).

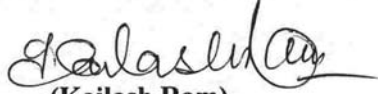
**Table 13**

Name of ULB	Period	No. of Building Plans sanctioned	Total Const. area sanctioned (Sqm)	Minimum Rate of Const. <sup>43</sup> (₹ / Sqm)	Total estimated const. cost (₹ in lakh)	Cess @ 1% of total const. cost (₹ in lakh)
Arambagh	2008 - 11	66	26,12,627	4,560	1,191.39	11.91
Bongaon	December 2007 to February 2011	83	28,99,447	4,560	1,322.15	13.22
<b>Total</b>						<b>25.13</b>

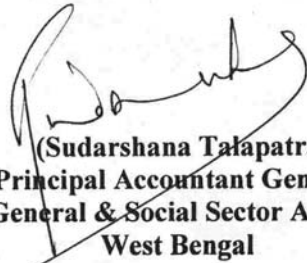
Thus, Arambagh and Bongaon Municipalities violated Government orders by not collecting cess amounting to ₹ 25.13 lakh thereby denying social welfare to workers intended to benefit under the Act. Moreover, Municipalities also lost revenue of ₹ 0.12 lakh and ₹ 0.13 lakh respectively towards cost of collection at the rate of one *per cent*<sup>44</sup>. The Municipalities confirmed<sup>45</sup> (May 2011) the facts and figures and stated that they would impose labour cess after approval of the Board of Councillors. They, however, did not furnish any reason for non-compliance of the Government order of December 2007 till May 2011.

The matter was reported to the Municipalities and the Government in August – October 2011; their replies had not been received (December 2011).

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<sup>43</sup> Construction cost was computed at the minimum rate of ₹ 4560 per sqm applicable for ULBs other than Kolkata Metropolitan Area.

<sup>44</sup> Cost of collection @ 1% of total cess collected.

<sup>45</sup> Arambagh Municipality in May 2011 and Bongaon Municipality in June 2011.