

CHAPTER-IV: FINANCIAL MANAGEMENT

4.1 Preparation of unrealistic budget estimates of receipt and expenditure

Section 25 of the BOCW Act, 1996 stipulates that the BOCW Welfare Board shall prepare, in such form and at such time each financial year, as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the BOCW Welfare Board and forward the same to the State Government.

Scrutiny of the budget estimates revealed persistent under-estimation of cess collection and over-estimation of scheme expenditure figures in the annual budget of the BOCW Welfare Board prepared during 2017-18 to 2021-22. The details of cess collected by the BOCW Welfare Board during 2017-22 are shown in **Table 4.1**.

Table 4.1: Details of cess collected and scheme expenditure

(₹ in crore)

Year	Total Cess Collection		Excess (+) /Shortfall (-) (%)	Total Expenditure on Schemes		(+)Excess / (-) Shortfall (%)
	Estimate	Actual		Estimate	Actual	
2017-18	150.00	178.39	28.39 (18.93)	251.35	191.69	(-)59.66 (23.74)
2018-19	150.00	199.71	49.71 (33.14)	342.51	185.94	(-)156.57(45.71)
2019-20	160.00	163.62	3.62 (2.26)	327.65	112.63	(-)215.02 (65.62)
2020-21	176.00	172.34	(-)3.66(2.07)	303.65	83.46	(-)220.19 (72.51)
2021-22	176.00	191.07	15.07 (8.56)	368.35	88.43	(-)279.92 (75.99)

(Source: CG Building and Other Construction Workers' Welfare Board)

Except during 2020-21, the cess receipts collected by the BOCW Welfare Board were more than the estimated receipts projected in the budget during the period 2017-18 to 2021-22. The actual expenditure on schemes decreased from ₹ 191.69 crore in 2017-18 to ₹ 88.43 crore in 2021-22 whereas the budget estimates increased from ₹ 251.35 crore in 2017-18 to ₹ 368.35 crore in 2021-22. The BOCW Welfare Board could not utilise 66 to 76 per cent of budgeted funds for Welfare schemes during 2019-22.

The Government stated (April 2024) that budget has been prepared for 2024-25 as per the trends of previous year's revenue, it further stated that expenditure on schemes during the year 2020-21 and 2021-22 decreased due to COVID. However, the expenditure has been increased accordingly in the subsequent years.

Reply is not acceptable as the Labour Department and the Board were required to spend more funds for the welfare of construction workers due to adversities/migration during pandemic.

4.2 Non utilisation of BOCW welfare fund of ₹ 631.58 crore

As per section 24 of the BOCW Act, 1996, there shall be constituted by a BOCW Welfare Board, a fund to be called the Building and Other Construction Workers' Welfare Fund. The BOCW Welfare Board's fund is constituted from the contributions made by the beneficiaries; amount of cess received by the BOCW Welfare Board and accumulated interest on funds in bank accounts. The fund so constituted is to be applied for meeting expenses of the BOCW Welfare Board in discharge of its functions. Further, the administrative expenses should not exceed five *per cent* of the total expenses in a year. The BOCW Act, 1996 also stipulates that the remaining fund should be utilised for the benefit of construction workers.

The details of receipts and expenditure of the BOCW Welfare Board during the period from 2017-18 to 2021-22 are shown in **Table 4.2**.

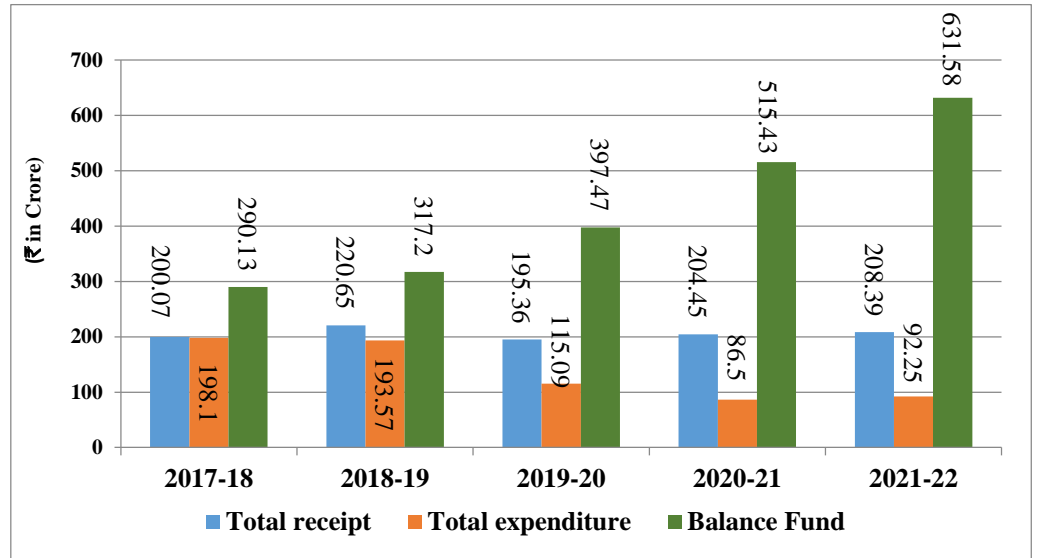
Table 4.2: Statement showing receipts and expenditure of the BOCW Welfare Board

(₹ in crore)

Year	Opening Balance	Receipts		Total fund available	Total Expenditure of the Board		Closing balance of fund
		Labour cess received in Board's account	Interest/Registration charges and Other Receipt		Scheme Exp.	Administrative Exp.	
2017-18	288.15	178.39	21.68	488.23	191.69	6.41	290.13
2018-19	290.13	199.71	20.94	510.77	185.94	7.63	317.20
2019-20	317.20	163.62	31.74	512.56	112.63	2.46	397.47
2020-21	397.47	172.34	32.12	601.93	83.46	3.04	515.43
2021-22	515.43	191.07	17.33	723.83	88.43	3.82	631.58
Total		905.13	123.81		662.15	23.36	--

(Source: information received from the CG Building and Other Construction Workers' Welfare Board)

Audit noticed that the expenditure such as advertisement, conference, workshops, meetings, national and international study tour, mobile camps and scheme implementation expenses etc. were partly booked under administrative expenditure and partly in scheme expenditure to keep the administrative expenditure within the limit of five *per cent* prescribed under the BOCW Act. The details of total receipts, total expenditure and savings of BOCW Welfare Board are shown in **Chart 4.1**.

Chart-4.1: Chart showing details of total receipts, total expenditure and savings during 2017-22

It can be seen from the above that cess collection by the BOCW Board almost remained constant whereas the expenditure from the Welfare Fund has decreased over the period of 2017-18 to 2020-21 and marginally increased in 2021-22. This indicates that the BOCW Welfare Board has failed to bring all the establishments and construction workers under its coverage during the period covered in Audit. The details of expenditure on schemes from the available fund is shown in **Table 4.3**.

Table 4.3: Expenditure on schemes from available fund

(₹ in crore)

Year	Available fund during the year	Schemes Implemented		Expenditure on schemes	Percentage of Funds utilised against	
		No.	Allotment of Fund		Allotted funds	Available funds
2017-18	488.23	27	251.35	191.69	76.26	39.26
2018-19	510.77	29	342.51	185.94	54.29	36.40
2019-20	512.56	29	327.65	112.63	34.38	21.97
2020-21	601.93	29	303.65	83.46	27.49	13.86
2021-22	723.83	33	368.35	88.43	24.01	12.22
Total	2837.32		1630.11	662.15	--	--

(Source: CG Building and Other Construction Workers' Welfare Board)

It is evident from the above table that though allotment of funds for schemes increased by 46.55 per cent from ₹ 251.35 crore in 2017-18 to ₹ 368.35 crore in 2021-22, the utilisation of fund against the allotment decreased from 76.26 per cent to 24.01 per cent during the same period. This resulted in accumulation of BOCW Welfare Fund from zero balance in 2008-09 to ₹ 631.58 crore as on 31 March 2022 with the BOCW Welfare Board.

The Government stated (April 2024) that the saving over the years was due to non-approval of equipment oriented schemes and pending applications under various schemes. It further stated that expenditure for the year 2020-21 and

2021-22 decreased due to Novel Corona Virus. However, the expenditure has been increased accordingly in the subsequent years.

Reply regarding less expenditure during pandemic is not acceptable as the Department/Board need to take up more welfare activities and spend more on welfare of workers during pandemic. Reply regarding pending application indicates that implementation of schemes by the Board/Department was tardy which led to savings of fund and pendency of applications.

4.3 Expenditure from BOCW Welfare Fund

4.3.1 Inadmissible administrative expenditure of ₹ 68.80 crore

Section 24 of the BOCW Act 1996 provides for constitution of a fund called the BOCW Welfare Fund. Sub section 24(3) of BOCW Act, 1996 stipulates that the administrative expenses comprising salaries, allowances and other remuneration to members, officers and other employees of the Board should not exceed five *per cent* of the total expenses of the Board in that year.

Scrutiny of records in the BOCW Welfare Board revealed that the BOCW Welfare Board incurred total administrative expenditure of ₹ 104.71 crore, however, it had shown only ₹ 23.36 crore as administrative expenditure during 2017-22 as shown in **Table-4.4**.

Table 4.4: Details of Administrative expenses from 2017-18 to 2021-22

(₹ in crore)

Year	Total Expenditure	Administrative Expenditure as per BOCW Welfare Board	Administrative Expenditure computed by audit	Admissible Administrative Expenditure (5% of total expenditure)	Excess Administrative expenditure
(1)	(2)	(3)	(4)	(5) = [5% of (2)]	(6) = (4-5)
2017-18	209.10 ¹	6.41	17.74 (8.48%)	10.46	7.28
2018-19	193.57	7.63	26.59(13.73%)	9.68	16.91
2019-20	115.09	2.46	18.52(16.09%)	5.75	12.77
2020-21	108.10 ²	3.04	18.23(16.86%)	5.41	12.82
2021-22	92.25	3.82	23.63(25.62%)	4.61	19.02
Total	718.11	23.36	104.71	35.91	68.8

(Source: CG Building and Other Construction Workers' Welfare Board and Administrative Report of Labour Department, GoCG)

Audit computed administrative expenditure after including expenses such as advertisement, conference, workshops, meetings, national and international study tour, mobile camps and scheme implementation expenses etc. As it is evident from the table above, the administrative expenditure showed an increasing trend as it increased from 8.48 *per cent* during 2017-18 to

¹ Initially expenditure as ₹ 209.10 crore was booked by the Board. However, due to refund of unspent fund of ₹ 11 crore in *Pradhan Mantri Ujjwala Yojana*, the actual expenditure for the year 2017-18 was ₹ 198.10 crore

² Initially expenditure of ₹ 108.10 crore was booked by the Board in 2020-21. However, due to refund of unspent fund of ₹ 21.60 crore under *Mukhya Mantri Shehri Slum Swasth Yojana*, the actual expenditure for the year 2020-21 was ₹ 86.50 crore.

25.62 *per cent* in 2021-22 of the total expenditure. Against the ceiling of five *per cent* of total expenditure i.e. ₹ 35.91 crore the BOCW Welfare Board incurred ₹ 104.71 crore during the period 2017-22, exceeding the ceiling by ₹ 68.80 crore.

The Government stated (April 2024) that due to online registration and cess collection from 2014, the BOCW Welfare Board incurred expenditure towards wages of programmers and server maintenance charges from registration and scheme implementation head. Further, expenditure had also been incurred on awareness programs such as hoardings, sms, camps, meetings and workshops from advertisement head to benefit maximum beneficiaries and their dependents according to the sanctioned budget and as per the provision contained in the Act.

Reply of the Government is not acceptable as the above expenditure are of administrative nature and should be restricted within the limit of five *per cent* as per the Act.

4.3.2 *Irregular expenditure of ₹ 35.04 crore on purposes other than welfare of construction workers*

As per Ministry of Labour and Employment, Government of India order No. Z-20011/08/2014-BL dated 07.06.2016, the State Government shall not spend any amount from BOCW Welfare cess fund on building of School, Hospitals, training centers, labour shed-cum night shelters, waiting hall, hostels etc., or for any purpose other than the welfare of BOC workers and their family exclusively. Also it was directed that the State Government shall not spend any amount from BOCW Welfare cess fund on advertisements. The fund so spent should be recouped into the BOCW Welfare cess Fund with immediate effect.

4.3.2.1 *Irregular advertisement expenditure of ₹ 25.17 crore*

Scrutiny of records of the BOCW Welfare Board revealed that the BOCW Welfare Board had made budget provision of ₹ 50.99 crore and incurred expenditure of ₹ 25.17 crore under advertisement head for displaying L.E.D Screens, hoarding etc., during 2017-22. The expenditure was incurred on advertisement in contravention to the orders³ of Hon'ble Supreme Court that advertisements from the amount collected for BOCW Welfare cess fund was not appropriate and the amount spent on advertisement should be returned. Moreover, the same was yet to be recouped into BOCW Welfare fund.

The Government stated (April 2024) that in BOCW Welfare Board, schemes were administered by complying directions of Model Welfare Schemes under the guidance of Hon'ble Supreme Court. Thus, expenditure on advertisement was incurred to ensure maximum registration of construction workers and their awareness on welfare schemes.

Reply is not acceptable as it has been envisaged in Model Welfare Schemes guidelines that spreading awareness programs should be done by way of grass root level awareness programs such as painting awareness messages in government building, urban local bodies and gram panchayats should be

³ As cited in Ministry of Labour & Employment, GoI order no. Z-20011/08/2014-BL dated 7 June 2016

involved in conducting *nukkad nataks*. However, the BOCW Welfare fund was not spent for the applicable purpose and the same was yet to be recouped.

4.3.2.2 Irregular expenditure on purchase of office building and its renovation- ₹ 8.66 crore

The BOCW Welfare Board purchased (February 2018) office building with 15,316.89 square feet area from Naya Raipur Development Authority (NRDA) and had paid ₹ 6.23 crore. Further, the NRDA submitted final claims of ₹ 3.75 crore for interior decoration work and construction of office rooms, against which the BOCW Welfare Board paid ₹ 2.43 crore (June and December 2018). The entire expenditure was incurred from the BOCW Welfare fund which was not in consonance with the directions (21 August 2015 and 04 September 2015) of Hon'ble Supreme Court. Hence, the expenditure incurred on the office building along with the expenditure on interior decoration totaling ₹ 8.66 crore⁴ was irregular and the same was yet to be recouped into BOCW Welfare fund.

The Government stated (April 2024) that proposal to purchase office building was approved in meeting of BOCW Welfare Board held before the order of Hon'ble Supreme Court without violating any directions. Further, the Government assured that the BOCW Welfare Board will comply with the directions in future.

Reply of Government that purchase of office building was approved in meeting of BOCW Welfare Board is not acceptable as the BOCW Welfare fund was spent for the purpose other than the welfare of BOC workers and their family members exclusively. However, the same was yet to be recouped.

4.3.2.3 Irregular expenditure on vehicle and computers- ₹ 1.21 crore

Scrutiny of records of BOCW Welfare Board revealed that the BOCW Welfare Board had incurred capital expenditure of ₹ 67.59 lakh during 2017-22 on the purchase of seven different type of vehicles (including SUV, MPV and Cars) for the Hon'ble Labour Minister, Chairman of BOCW Welfare Board and for the Departmental Officers to carry out the work of BOCW Welfare Board and also on purchase of three vehicles (Tata Sumo) for mobile registration of labourers. Besides, the BOCW Welfare Board had incurred expenditure of ₹ 36.85 lakh on purchase of computers.

Further, scrutiny of records of Labour Commissionerate, Government of Chhattisgarh Raipur revealed that during the period 2019-20 to 2021-22, the Department procured twelve laptops costing ₹ 16.84 lakh from the BOCW Welfare fund and distributed one laptop to Secretary, two laptops to Chairman of BOCW Welfare Board and nine laptops to the senior officials of the Labour Department for disposal of official work from their respective homes as shown in **Appendix- 4.1**.

Thus, the expenditure of ₹ 121.28 lakh⁵ incurred from BOCW Welfare fund was not for the purpose of welfare of BOC workers and their family members

⁴ ₹ 6,23,39,642 + ₹ 2,43,00,000 = ₹ 8,66,39,642

⁵ Expenditure ₹ 67.59 Lakh (Vehicles)+ ₹ 36.85 Lakh (computers)+ ₹ 16.84 Lakh (Laptops).

exclusively which was irregular and the same was yet to be recouped to BOCW Welfare fund.

The State Government stated (April 2024) that vehicles and computers were purchased for performing official work after the approval of Government.

Reply is not acceptable as the BOCW Welfare fund was not spent for the purpose of welfare of BOC workers/family members of BOC workers exclusively and the same was yet to be recouped.

4.3.3 Blocking of BOCW Welfare Fund for State scheme

Audit noticed that initially an expenditure of ₹ 21.60 crore had been booked from BOCW Welfare fund and transferred to State Urban Development Authority on October 2020 under *Mukhya mantri Shehri Slum Swasthya Yojana*, a state scheme in which camps were organized in urban slums to provide free health check-ups and medicines. However, the same had been refunded unexpended in March 2023.

4.4 Non-recoupment of expenditure of ₹ 1.91 crore into BOCW fund and unfruitful expenditure of ₹ 70 lakh on construction of waiting centers

As per BOCW Welfare Board notification (November 2012) *Mukhya Mantri Shramik Pratikshalaya Yojana* was launched for providing facilities such as drinking water, toilet and for imparting training for enhancing the skills of the workers. Under the scheme, the BOCW Welfare Board incurred expenditure of ₹ 1.91 crore for construction of nine waiting halls for labourers in eight districts as shown in **Appendix 4.2**. However, in compliance to Ministry of Labour and Employment, Government of India order No.Z-20011/08/2014-BL dated 07 June 2016, Chhattisgarh Labour Department discontinued the scheme.

Also in compliance of order mentioned above, the fund so spent for construction of waiting halls was required to be recouped into BOCW fund with immediate effect. It was, however, observed that the entire expenditure of ₹ 1.91 crore has not been recouped till date (January 2023) even after expiry of more than seven years.

Further, it was observed that out of nine waiting halls, five were utilised by Labour Department (three as food distribution centers for labourers and one each for training centers for skill development and for office purpose). However, three were being utilised by other departments' viz., one by Public Works Department, two by *Anganbadi* centers and one hall was not in use. The BOCW Welfare Board had incurred expenditure of ₹ 70 lakh on these four halls which was rendered unfruitful as the BOCW Welfare Board was unable to utilise them.

The Government stated (April 2024) that the district offices of Labour Department have been directed to open Labour Resources Center in the unutilised buildings.

Reply is not acceptable as the BOCW Welfare fund was yet to be recouped.

4.5 Payment of Cess through cheque instead of online payment gateway

As per Chhattisgarh Government, Labour Department letter (October 2016), for the purpose of better management of cess payment, the BOCW Welfare Board had started (November 2014) the facility for payment of cess through online Payment Gateway/ NEFT/ e-Banking/ Online challan option on the website of the Labour Department. This was to enable smooth transfer of cess amount to the BOCW Welfare Board's bank account without any delay.

Scrutiny of records however revealed that during 2017-18 to 2021-22, cess payments of ₹ 64.37 crore was made by various Government Departments through 2,121 cheques submitted instead of online payment gateway through Labour Department website.

During the same period, cess amounting to ₹ 386.80 crore was received through online portal and ₹ 454.30 crore was deposited in cash/cheque directly into the saving bank account (SBI A/C No. 30663238889) of the BOCW Welfare Board. Due to non-payment of cess of ₹ 518.66 crore to Board through Labour Department website, necessary details such as name of establishment, number of labourers engaged, estimated cost of construction, area of construction, estimated amount of cess, amount of cess pending *etc.* could not be captured in the system of BOCW Welfare Board.

Thus, the BOCW Welfare Board was not in the position to reconcile the payment received from various establishments against the amount due from them.

The Government stated (April 2024) that cess is being completely deposited online through departmental portal w.e.f December 2022. It was also stated that correspondence was being done with different Departments for reconciliation of figures.

4.6 Avoidable payment of ₹ 4.45 crore towards Income Tax

Under Section 10 (46) of Income Tax (IT) Act, 1961, any specified income arising to a BOCW Welfare Board, constituted by or under a Central or State Act or by Central or a State Government, with the objective of regulating or administering any activity for the benefit of the general public and which is not engaged in any commercial activity, has been exempted from levy of Income Tax by the Central Government. The entity eligible to claim exemption under Section 10 (46) of IT Act is required to be notified by the Central Government in the Official Gazette. In this regard, the Ministry of Finance (MoF) prescribed (June 2013) the standardised process to file an application in prescribed format by the entity to the Jurisdictional Commissioner of Income Tax (CIT)/Director of Income Tax to avail the said exemption.

The GoCG constituted CG Building and Other Construction Workers (BOCW) Welfare Board in September 2008 for the welfare of the Building and Other Construction Workers.

Scrutiny of records of the BOCW Welfare Board revealed that the BOCW Welfare Board had applied to the Commissioner of Income Tax for grant of exemption under Section 10(46) of the IT Act, 1961 in 2014 and consequently

the exemption was provided to the BOCW Welfare Board for the year 2013-14 to 2017-18. Thereafter exemption under Section 10(46) was provided for the years 2018-19 to 2022-23. However, for prior period i.e. the assessment year 2010-11, 2011-12 and 2012-13, the BOCW Welfare Board had not applied for exemption under section 10 (46) of Income Tax Act. The Income Tax Department issued notices under section 148 (income escaping assessment) of IT Act, 1961 for the assessment year 2012-13 and levied (December 2019) tax of ₹ 4.45 crore including penal interest of ₹ 2.89 crore. The BOCW Welfare Board had made payment (December 2019) of tax of ₹ 4.45 crore. Thus, failure of the Board in obtaining exemption under IT Act resulted in avoidable payment of Income Tax of ₹ 4.45 crore.

The Government accepted the facts and stated (April 2024) that initially the BOCW Welfare Board did not have any direction for seeking exemption under section 10(46) of IT Act.

4.7 Non preparation and submission of Annual Accounts of BOCW Welfare Board

Section 26 of BOCW Act 1996(Act) stipulates that the BOCW Welfare Board shall prepare, in such form and at such time for each financial year as may be prescribed, its annual report, giving a full account of its activities during the previous financial year, and submit a copy thereof to the State Government and the Central Government. Section 27 of BOCW Act 1996 (Act) stipulates that the accounts of the Board shall be audited by the CAG annually and any expenditure incurred in connection with such audit shall be payable by the BOCW Welfare Board to the CAG. The Board shall furnish to the State Government before such date as may be prescribed, its audited copy of accounts together with the auditor's report. The State Government shall cause the annual report and auditor's report to be laid, as soon as may be after they are received, before the State Legislature

During scrutiny of records of BOCW Welfare Board for the period 2017-18 to December 2022, it was noticed that the annual accounts of the BOCW Welfare Board were prepared and audited by Chartered Accountant up to the year 2019-20, while the annual accounts for the years 2020-21 and 2021-22 were not prepared. The BOCW Welfare Board had not submitted its annual accounts to office of the Accountant General (Audit), Chhattisgarh for audit. Hence, annual accounts were also not laid before the State Legislative Assembly.

The BOCW Welfare Board also did not submit its Annual accounts to the State Government. As a result, the Government was not in a position to properly oversee the functioning/ performance of the BOCW Welfare Board and its financial status.

The State Government stated (April 2024) that being a subordinate office of Labour Department, important details such as income and expenditure, welfare schemes administered and number of construction workers benefited under respected welfare schemes by the BOCW Welfare Board are mentioned in the Administrative Report of the Labour Department which is laid down in the State Legislative Assembly. The above mentioned details are also forwarded to Ministry of Labour and Employment, GOI and Chhattisgarh Accountant General's office at quarterly/ annually basis. Presently, the Annual Accounts

for the period 2017-18 to 2021-22 has been audited by the CAG's empanelled Chartered Accountant. Further, the State Government assured for taking necessary actions in future.

Reply of the State Government is not acceptable as the BOCW Welfare Board had not submitted its annual accounts to the Principal Accountant General (Audit), Chhattisgarh for certification despite reminders.

4.8 Conclusion

During the period 2017-22, only ₹ 662.15 crore was spent against the available fund of ₹ 1,317.09 crore resulting in accumulation of Welfare Fund of ₹ 631.58 crore with the BOCW Welfare Board. The scheme expenditure of the Board declined from ₹ 192 crore to ₹ 88 crore while the administrative expenditure increased from ₹ 18 crore to ₹ 24 crore during the period of audit. The BOCW Welfare Board had incurred ₹ 68.80 crore excess administrative expenditure against the ceiling of five *per cent*. Audit noticed that the BOCW Welfare Funds were diverted for purposes other than the welfare of building and other construction workers and their family exclusively. There was irregular expenditure on advertising, purchase of office building, vehicles, computers and semi-constructed waiting halls from the BOCW fund, which was not yet recouped. Further, the BOCW Welfare Board had made avoidable payment of ₹ 4.45 crore towards income tax and did not submit Annual Accounts for certification by Accountant General, Chhattisgarh for being laid before the State legislature.

4.9 Recommendations

- The BOCW Welfare Board should increase its coverage of registered worker under the Welfare schemes and spend fund exclusively for the welfare of construction workers and their family.
- The Board should restrict its Administrative expenditure within five *per cent* ceiling.
- Further, the BOCW Welfare Board should take prompt action to recoup the expenditure incurred from the BOCW funds on items viz., advertising, office building etc.
- The State Government should instruct the Board to prepare and submit its Annual Accounts for certification by Accountant General, Chhattisgarh for being laid before the State legislature.