

Executive Summary

Building and Other Construction Workers' (BOCW) Act, 1996 (the Act) regulates the employment and conditions of service, safety, health and welfare measures of the BOC Workers. Chhattisgarh Building and Other Construction Workers' Welfare Board (Board) was constituted in September 2008 in compliance to the provisions of Building and Other Construction Workers' (BOCW) Act 1996 to levy and collect cess on the cost of construction incurred by the employer and utilise the same to implement welfare schemes for the registered BOC Workers.

This Performance Audit was conducted with the objective to assess the consistency of rules notified by the State Government with the governing Acts, effectiveness of the system for registration of establishments and beneficiaries; efficiency in collection and transfer of cess, system of inspections to check evasion of labour cess and compliance to health and safety norms by employers and that administration and utilisation of fund on implementation of welfare schemes by the Board was efficient and effective and as per Act and rules framed by the State Government.

Audit examination of system of registration of establishments and beneficiaries revealed that the Board does not have a robust mechanism to identify and register establishments and beneficiaries. Out of 29,243 establishments, that were issued work orders for construction/building permissions by the respective Department/ local bodies, only 43 (0.15 *per cent*) were found registered with the Board. There were instances of delay in issue of registration certificates to establishments. The total number of active registered workers declined from 15.37 lakh in 2019-20 to 12.16 lakh in 2021-22. During 2017-18 to 2021-22, only 1.38 lakh registrations were renewed while 6.12 lakh registrations lapsed due to non-renewal or other reasons.

The utilisation of BOCW Welfare fund on welfare schemes decreased from 39 *per cent* to 12 *per cent* of total available funds during 2017-18 to 2021-22. The expenditure of the Board on welfare schemes declined from ₹ 192 crore to ₹ 88 crore while the administrative expenses increased from ₹ 18 crore to ₹ 24 crore during the period of Audit. This resulted in accumulation of funds of ₹ 631.58 crore (March 2022) in BOCW Welfare Fund and non-utilisation of fund for the purposes for which it had been created. Audit noticed that the BOCW Welfare fund was diverted on activities/purposes other than the welfare of BOC Workers and their family exclusively and required to be recouped as per the order of Supreme Court. The BOCW Act stipulates that the administrative expenses comprising salaries, allowances and other remuneration to members, officers and other employee of the Board should not exceed five *per cent* of total expenses of the Board. The administrative expenditure showed an increasing trend as it increased from 8.48 *per cent* in 2017-18 to 25.62 *per cent* in 2021-22 of total expenditure. The BOCW Welfare Board did not recruit regular staff and hired 435 outsourced staff against the sanctioned strength of 233. Further, non-assessment of cess by collecting/assessment authorities in Government Departments and Local Government institutions led to non-deduction of cess of ₹ 2.82 crore and non-transfer of cess of ₹ 3.38 crore. There was delay ranging from one month to 120 months in transfer of cess of ₹ 8.09 crore by the Works Department, Public

Health and Engineering Department of Government of Chhattisgarh and Raipur Municipal Corporation to the Board.

The Performance audit revealed inefficient implementation of welfare schemes such as disbursement of benefits to ineligible beneficiaries, rejection of applications of eligible beneficiaries for scheme benefits, delay in disbursement of assistance to beneficiaries. Further, there were instances of registrations and insurance made after the death of workers, non-organising of registration camps at remote areas, delay in benefitting the beneficiaries.

Due to inadequate monitoring at State level, the recommendations made by State Advisory Committee (SAC) during its last meeting (December 2017) had not been implemented. SAC was not constituted since December 2017. There was shortfall in conducting the Board meeting. The Labour Department failed to ensure compliance of health and safety norms by the employers due to lack of inspection and alternate mechanism to monitor the construction work/site.

Recommendations:

- The State Government should formulate and implement schemes for maternity benefit, transit accommodation and mobile crèches as per the guidelines of Model Welfare Scheme.
- The Labour Department and the BOCW Welfare Board needs to co-ordinate with the cess deducting/ collecting authorities and to establish an effective mechanism to register every establishment and worker engaged in construction activity.
- The Labour Department should organise camps in *chawdi* and construction site in order to increase the number of registration/renewal of construction workers.
- Further, the Labour Department should devise a uniform system for scrutiny of application for claims/registration of the beneficiaries for transparency in the system.
- The BOCW Welfare Board should co-ordinate with the cess deducting/ collecting authorities for timely collection and transfer of cess as its delay results in loss of interest to the Board.
- Suitable provision for levy of penalty for non-collection, delayed collection and non-transfer of cess should be made to the extant rules.
- The BOCW Welfare Board should establish a mechanism to ensure that the benefits/assistance under various schemes are extended to the eligible beneficiaries and their family within the time prescribed.
- The BOCW Welfare Board should simplify the process of applying for the assistance under various schemes and in the cases of death and disability, the Board should suo moto initiate and grant the benefit after due verification without any need of application.
- The BOCW Welfare Board should spread awareness about the benefits of welfare schemes amongst workers in remote areas as well.
- The BOCW Welfare Board should fix the responsibilities of the district Labour authorities (Labour sub Inspector/ Inspector, Labour Officer and

Assistant Labour Commissioner) in case of deficiencies in implementation of welfare schemes.

- The State Government may reconstitute State Advisory Committee (SAC) and instruct the Department to implement the recommendations of previous SAC.
- The Board should recruit regular staff against the sanctioned strength and rationalise the number of outsourced staff.
- The BOCW Welfare Board and Labour Department should develop a monitoring mechanism to ensure that the prescribed health and safety norms are being complied by the employers at the construction sites.
- Social audit should be given priority for better and more effective implementation of the extant provisions.