

## CHAPTER-I: INTRODUCTION

### 1.1 Introduction

The Government of India enacted (August 1996), the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act)<sup>1</sup> and the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act). While the BOCW Act was enacted with a view to regulate the employment and conditions of service, safety, health and welfare measures of the Building and Other Construction Workers, the Cess Act was meant to provide for the levy and collection of cess on the cost of construction incurred by the employer with a view to augment the resources of the Building and Other Construction Workers (BOCW) Welfare Boards. In exercise of the powers conferred by Section 40 and Section 62 of the BOCW (Regulation of Employment and Conditions of Service) Act, 1996, the Government of Chhattisgarh (GoCG) framed (May 2008) the Chhattisgarh Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules 2008. The Chhattisgarh BOCW Welfare Board was constituted by the State Government in September 2008 to implement welfare schemes for construction workers from the cess collected.

Total 11.21 lakh workers had been registered with the BOCW Welfare Board during 2017-22 and welfare fund of ₹ 631.58 crore was available with the BOCW Welfare Board as of March 2022.

### 1.2 Audit Scope and methodology

This Performance Audit (PA) of “Welfare of Building and Other Construction Workers” was conducted during October 2022 to March 2023 covering a period of five years from 2017-18 to 2021-22. During PA, records were examined at State as well as District level in the office of Labour Department and BOCW Welfare Board. Besides, concerned Works Department, Public Health and Engineering Department and local authorities involved in collection/deduction of cess were also covered in Audit.

A total of five districts<sup>2</sup> (two based on maximum amount of benefits under welfare schemes and three having maximum contribution in cess fund) were selected.

The data was obtained from the Labour Department (2017-2022) for selection of the 10 welfare schemes based on Stratified Random Sampling mentioned below:

- Five schemes with maximum amount of financial assistance.
- Three schemes with moderate amount of financial assistance.
- Two schemes having zero beneficiaries.

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<sup>1</sup> The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 has been repealed under clause 143 of “The Occupational Safety, Health and Working Conditions (OSH) Code, 2020” notified by GoI in September 2020.

<sup>2</sup> Bastar, Bilaspur, Janjgir- Champa, Raigarh and Raipur

Further, 100 beneficiaries per district (10 from each selected scheme) were selected for beneficiary survey. Methodology adopted for selection of districts and schemes is given in **Appendix-1.1**.

Entry and exit meetings were held with the Secretary, Labour Department GoCG and Secretary, BOCW Welfare Board on 11 January 2023 and 18 January 2024 respectively. Performance Audit Report was issued (July 2023) to the Secretary, Labour Department GoCG and BOCW Welfare Board and replies/comments received (April 2024) from the State Government have been suitably incorporated in the PA Report.

### **1.3 Audit Objectives**

The objectives of Performance Audit were to assess whether:

1. The rules notified by the State Government under the Act are consistent with the spirit of both the Acts;
2. There was effective system for registration of establishments and beneficiaries;
3. Cess assessment, collection and transfer of collected cess to the Welfare Fund was efficient and financial management system in Welfare Board was effective;
4. Government prescribed appropriate health and safety norms and could ensure an environment of compliance to those norms by Employers;
5. Government implemented transparent and effective system of inspections to check evasion of Labour cess and compliance to health and safety norms by Employers;
6. Administration and utilisation of fund on implementation of welfare scheme by the Board was efficient and effective and as per Act and rules framed by the State Government;

### **1.4 Audit Criteria**

The criteria against which the audit findings benchmarked are derived from the following sources:

- (i) Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996;
- (ii) Chhattisgarh Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2008;
- (iii) Building and Other Construction Workers' Welfare Cess Act 1996 and Cess Rules, 1998;
- (iv) State Financial Rules;
- (v) Resolutions passed by the BOCW Welfare Board;
- (vi) Inspection Policy notified by State Government; and
- (vii) Income Tax (IT) Act, 1961.

### **1.5 Organisational set-up**

The Labour Department, GoCG is headed by the Secretary followed by Labour Commissioner and Secretary, BOCW Welfare Board. The BOCW Welfare Board functions under the administrative control of Labour Department of

GoCG. Besides, Labour Welfare Board (other than Construction Labour), State Social Security Board for unorganised Labour and Industrial Dispute court also function under the Labour Department. The BOCW Welfare Board consists of a Chairman appointed by the State Government, Secretary Labour Department, Chief Inspector and Chief inspector (Factory) as ex-officio members, one member nominated by GoI and 11 members nominated by the State Government which include one each from Labour Department and Finance Department and remaining two from Works Departments and five representing building workers and employers of building workers and two from State Legislators. The Secretary of the BOCW Welfare Board discharges its functions as enumerated in BOCW (Regulation of Employment and Conditions of Service) Act 1996.

Under Labour Department, Assistant Labour Commissioner (ALC)/Labour Officers (LO) are responsible for collection of Cess, assessment of Cess, registration of beneficiaries, establishments and implementation of various schemes of the BOCW Welfare Board. At the District level, Assistant Labour Commissioner/Labour Officer is responsible for monitoring and supervision of implementation of the schemes.

The organisational structure of the Labour Department and BOCW Welfare Board is depicted in the following organogram in **Chart 1.1:**

**Chart-1.1- Organisation Chart**

