

Chapter-II

Welfare of Building and Other Construction Workers

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LABOUR DEPARTMENT

Welfare of Building and Other Construction Workers

Needy worker members were denied payment of their benefits despite availability of sufficient funds. The Board spent only ₹ 549.23 crore on welfare schemes despite availability of ₹ 1,783.30 crore during 2019-2022. As many as 62,948 applications seeking financial assistance/benefits of ₹ 103.74 crore under 13 welfare schemes were pending decision with delays of upto 767 days beyond the stipulated period of 180 days. The maximum applications (87.63 per cent) sought financial assistance under Stipend scheme. Lack of effective mechanism to register establishments/workers as well as delayed assessment of cess cases were noticed. Due to non-deposit of cheques in time and being dishonored, the Board lost ₹ 6.16 crore. Payment of interim relief of ₹ 143.00 crore was made to 2,38,340 workers who had ceased to be live workers and of ₹ 0.49 crore to 819 workers who had completed 60 years of age. The information systems employed by the Board failed to identify these ineligible members.

2.1 Introduction

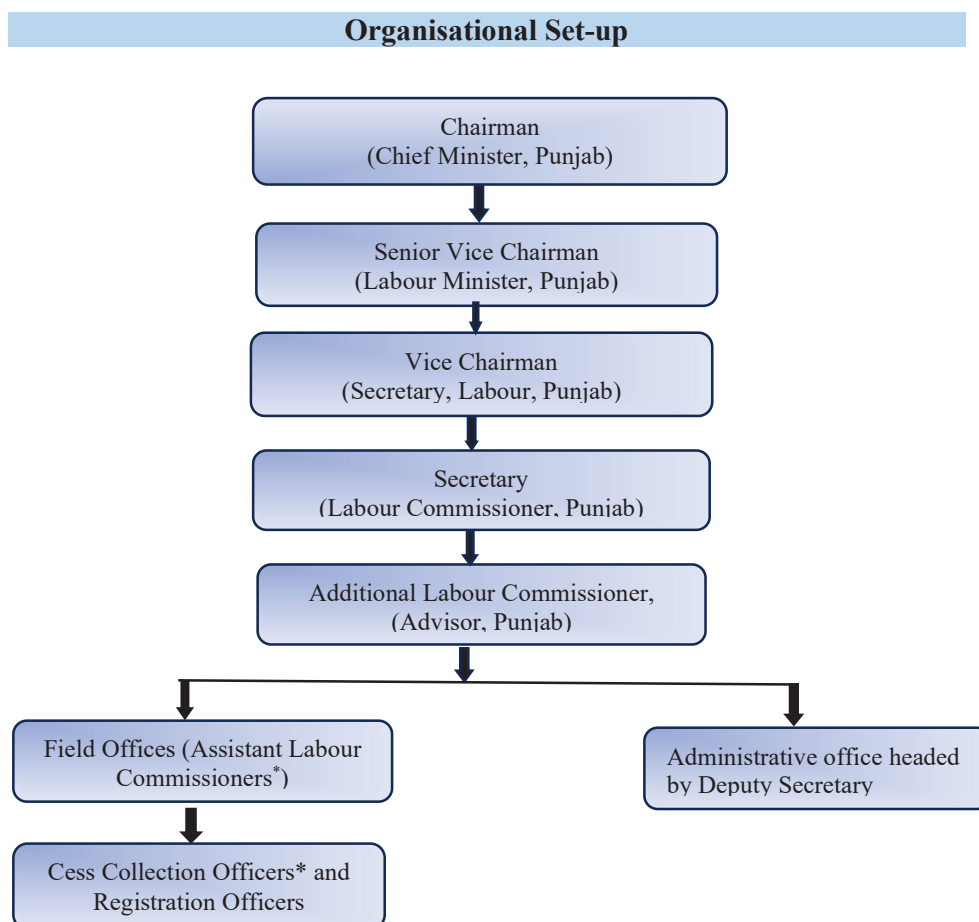
The Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act) and Building and Other Construction Workers Welfare Cess Act (Cess Act) in 1996 to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures across the country. The Act is applicable to every establishment¹ which employs or had employed on any day of the preceding twelve months, ten or more workers in any building or other construction work. The Act *inter alia* mandated constitution of a Building and other Construction Workers' Welfare Board in every State and framing of rules by every State Government to exercise the powers conferred under the Act.

Government of Punjab (GoP), accordingly, notified (October 2008) the Punjab Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2008 (PBOCW Rules) and constituted (April 2009) Punjab Building and Other Construction Workers' Welfare Board (Board) for implementation of the welfare schemes and Rules *ibid*.

¹ Establishment means any establishment belonging to, or under the control of, the Government, any body corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor but does not include an individual who employs such workers in any building or construction work in relation to his own residence, the total cost of such construction not being more than ₹ 10 lakh.

GoP also implemented (November 2008) the decision to collect labour cess at the rate of one *per cent* on the cost of construction incurred by employers.

The Chief Minister of the State is the Chairman of the Board. The Organisational set-up of the Board is given below:



** There are 25 Assistant Labour Commissioners of the Labour Department who are also acting as Cess Collection Officers in the Board.*

The Board did not have its own infrastructure and staff to implement and monitor social security schemes and welfare measures for the benefit of building and other construction workers in the State. Its functions from the premises of Punjab Labour Welfare Board and its subordinate offices are functioning from the administrative buildings of the State Government. Officers and staff on the key posts are drawn from Labour Department, Government of Punjab as discussed subsequently in paragraph 2.7.3.

The Board had registered 3,45,448² construction workers during 2019-2022 and there were 4,98,014 live construction workers as on 31 March 2022.

² Female workers: 1,10,859 and Male workers: 2,34,589.

An audit exercise was undertaken covering the activities of the Board during the period 2019-2022, for registration of establishments and beneficiaries; assessment and collection of cess; administration and utilisation of fund; and implementation of welfare schemes in line with the provisions of the Acts and Rules *ibid*. Between October 2022 and March 2023 Audit test-checked the records of the Board, welfare activities undertaken in two³ selected districts out of 23 districts of the State along with respective assessing offices and designated authorities, in respect of ten⁴ out of 23 welfare schemes⁵ operated. In the two selected districts, four registered and four unregistered establishments in each selected district were selected for audit. Besides, two works units with highest expenditure in each selected district and five construction works from each unit were also selected. A survey of 200 beneficiaries was also conducted to assess the effectiveness of the welfare schemes operated by the Board. An entry conference for this audit exercise was held (February 2023) which was attended by the Labour Commissioner.

A performance audit of activities of the Board was conducted and included as Paragraph 2.2 of the Report of Comptroller and Auditor General of India on Social, General and Economic Sector (NPSUs) for the year ended 31 March 2018 of Government of Punjab. The Paragraph was discussed (November 2022) by the Public Accounts Committee (PAC) of the State legislature. The subject specific compliance audit (SSCA) also assessed the compliance made by the Board to the PAC's recommendations which have been incorporated under the relevant paragraphs in this Report.

Audit findings

Audit observed deficiencies in identification and registration of establishments and beneficiaries, assessment and collection of labour cess, administration and utilisation of cess fund, implementation of welfare schemes and monitoring mechanism as discussed in the succeeding paragraphs.

2.2 Registration of Establishments

2.2.1 Registration of establishments

Section 7 of the Act provides for registration of establishments within a period of 60 days of the commencement of the Act or within 60 days from the date on which this Act becomes applicable to the establishment.

³ (i) Mohali; and (ii) Patiala.

⁴ (i) Stipend scheme; (ii) Life and disability (ex-gratia); (iii) Shagun scheme; (iv) Mentally retarded and partially disabled; (v) Balari; (vi) Occupational Disease; (vii) Maternity scheme; (viii) Ayushman Bharat-Sarbat Sehat Bima Yojna scheme; (ix) Housing; and (x) Financial Assistance for Natural Calamity.

⁵ Selection was made by adopting Stratified Random Sampling Method through IDEA.

Audit noticed that 1,404 establishments were registered in the State during 2019-2022. Out of these, 181 establishments were registered in the two selected districts during the same period.

Table 2.1: Details of establishments registered during 2019-2022

Sr. No.	Year	Total establishments registered in the State	Number of establishments registered		Total
			Mohali	Patiala	
1.	2019-20	360	47	5	52
2.	2020-21	526	51	17	68
3.	2021-22	518	43	18	61
Total		1,404	141	40	181

Source: Departmental data

Rule 222 (1) of PBOCW Rules specifies the manner of making application for registration of the establishments. The application would be submitted in Form XII to the Registering Officer of the area, in which the building or other construction work is to be carried out.

The procedure of registration of establishments was examined and the following deficiencies were noticed:

2.2.2 Mechanism to identify and register the establishments

Audit observed that though 181 establishments were registered in the two selected districts during April 2019 to March 2022, no mechanism was established by the Board through which it could monitor that all projects sanctioned by Government and Planning authorities including local bodies in the State undertaking/authorising construction activities were registered with it.

It was further noticed that regular inspections were not done by the Board/Labour Department (Department) to identify unregistered establishments.

A mention of this had been made in the Comptroller and Auditor General of India's Report for the year ended 31 March 2018. While discussing the matter, the Public Accounts Committee (PAC) had dropped (November 2022) Paragraph 2.2.6.2 (i) but issued directions that all the establishments may be identified/registered by March 2023 and reported to the Committee. The Board was yet (April 2023) to evolve a mechanism to identify the unregistered establishments and report to the PAC.

The Government admitted the facts and stated (April 2023) that it had issued directions to all the officers concerned of the department to register the establishments and ensure inspections as per Rules to register the eligible workers.

2.2.3 Non-furnishing of prescribed return by the employer

Rule 236 of PBOCW Rules stipulates that every employer of a registered establishment shall send annually a return relating to the establishment in the prescribed format to the Registering Officer not later than 15th of February following the end of each calendar year. In the format, information such as name and address of establishment, name and address of the employer, nature of building work, number of building workers employed during the year, accidents which took place, if any, etc. were required to be provided.

Audit observed that none of the 181 establishments which were registered in the two selected districts during 2019-2022 submitted the prescribed return nor did the Registering Officers call for the same as required under the Rules. Therefore, the registration of eligible unregistered workers could not be ensured. Besides, the Board would not be aware of details of accidents, if any, that may have taken place in a particular establishment.

The Government accepted the audit contention and stated (April 2023) that directions would be issued to the officials concerned to adhere to the rules and the Board would ensure that the annual returns in the prescribed format are sent to the registering officer by all establishments.

2.3 Registration of building and construction workers

Rule 260 of PBOCW Rules provides that every building worker in the age group of 18 to 60 years who was not a member of any Welfare Fund established under any law and had completed a period of 90 days of service during the previous year as construction worker in the State could be registered as beneficiary. A certificate to this effect, from the employer or the contractor that the applicant was a building worker, is required along with application for registration for which a fee of ₹ 25 is to be deposited by the worker at the time of registration along with monthly contribution of ₹ 10 for minimum of one year and maximum five years and thereafter registration is required to be renewed. Audit noticed the following deficiencies:

2.3.1 Data of registered construction workers

Section 15 of the Act stipulates that every employer would maintain a register in such form as may be prescribed showing the details of employment of beneficiaries employed in the building and other construction works and the Secretary of the Board or any other officer duly authorised by the Board could inspect the same without prior notice.

Audit observed that though in all the districts, 1,404 establishments showing 60,502 workers were engaged during 2019-2022, no data of construction workers engaged in these establishments was maintained by the Board nor

were inspections conducted by the designated officers of the selected districts to identify and enroll unregistered workers. During physical visit to 13 establishments at Mohali and Patiala, it was noticed that out of 420 workers only three workers were registered with the Board.

The Government replied (April 2023) that directions would be issued to the concerned officers to ensure the proper maintenance of records by the employers showing the details of employed workers in compliance to Section 15 of the Act.

2.3.2 Short registration of targeted left out workers

The Ministry of Labour and Employment, Government of India requested (July 2020) all the State Governments to implement the Mission Mode Project aimed at providing an umbrella of social security to all eligible workers and to empower them to withstand the onslaught of calamities like COVID pandemic.

The first component of the project was to register all left-out construction workers by September 2020 to achieve the target of an estimated total 8,32,799 workers in the State. A special drive/campaign was to be carried out by the Board to register the left out 2,53,587 workers through 12 activities including those prescribed under the Mission Mode Project. However, it was observed that the department was able to register 54,614 workers only during July to September 2020 i.e. only 21.54 *per cent* of the estimated uncovered workers. Thereby, the Department failed to provide the umbrella of social security to at least 1,98,973 construction workers despite the special drive initiated by the Government during the pandemic.

The Government stated (April 2023) that a mobile application *viz*; “Punjab Kirti Sahayak” had been launched in all districts. The reply was not acceptable because the application was launched in October 2021 and no activity was undertaken during July to September 2020 out of 12 activities prescribed under the project.

2.3.3 (i) Irregularities in registration of workers

Section 12(1) of the Building and Construction Workers Act, 1996 lays down that every building worker who has completed either 18 years of age, but has not completed 60 years of age, and who has been engaged in any building or other construction work for not less than 90 days during the preceding 12 months shall be eligible for registration as beneficiary under the Act. Rule 260(3) of PBOCW Rules provide that the applicant building or construction worker shall submit a certificate from the employer or the contractor in Form-XXVII stating that the worker has worked as a construction worker for the period specified in the application.

Audit test-checked registration documents of 73 and 77 workers, registered during April 2019 to March 2022, in Mohali and Patiala respectively and observed that as many as 50 and 61 workers who were beneficiaries of different welfare schemes in Mohali and Patiala respectively, had submitted certificates in Form-XXVII signed by the village sarpanch without requisite details such as period of work, details of employers and details of construction sites where the beneficiaries remained engaged. In spite of lack of requisite information these persons were registered as construction workers. In the absence of particulars required for registration, the eligibility of 111 workers was irregular leading to irregular payment of benefits of ₹ 90.94 lakh⁶ (*Appendix 2.1*) which put undue burden on the scheme funds.

The Government admitted the facts and stated (April 2023) that Form-XXVII, containing all details had been devised and was under approval of the Council of Ministers. The reply was not acceptable as Form-XXVII had already been prescribed under the Act and there was no need to devise a fresh form. Audit is pointing out the fact that workers were registered despite non availability of requisite information in their registration forms.

2.3.3 (ii) Allocation of Universal Access Number to workers

Secretary, Ministry of Labour and Employment, Government of India informed (September 2015) the Hon'ble Supreme Court that Universal Access Number (UAN) to every registered construction worker was being introduced so that if he or she migrates from one State to another, the benefit of registration does not get lost, and the construction worker is not required to get registered in another State.

Non-allotment of Universal Access Number (UAN) to the construction workers was pointed out in paragraph 2.2.6.3 (iii) of CAG's Audit Report, Government of Punjab, for the year ended 31 March, 2018. The PAC dropped the paragraph subject to the condition that the Department must keep constant liaison with GoI for allocation of UAN to all the construction workers of the State.

Audit, however, observed that UAN had not been allocated to construction workers of the State (November 2023). Due to non-allocation of UAN, the following irregularities were noticed in registration of workers.

(a) Irregular registration

- Analysis of online data provided by the Board showed that 250 live construction workers⁷, having the same Aadhaar numbers, were allotted separate registration numbers during 2019-2022.

⁶ Through Direct Benefit Transfer- ₹ 41.25 lakh in Mohali and ₹ 49.69 lakh in Patiala.

⁷ 66 cases in 2019-20; 54 cases in 2020-21; and 130 cases in 2021-22.

- Similarly, test-check of records/ data of live workers as on 31 March 2022 showed 371 cases where same registration numbers were allotted to two or more construction workers. Of these 371 cases, 110 cases were related to Patiala district.

There is a possibility that due to these lapses in the registration process, possibility of incorrect/double payment to the same live construction workers could take place.

The Government accepted the facts and stated (April 2023) that the list of these beneficiaries with duplicate registration numbers had been sent to the field offices concerned and NIC for specifying the reasons for allotting the same registration number to two or more construction workers.

2.4 Assessment and collection of Labour Cess

Audit observed that there was delay on the part of the Board in assessment of Labour Cess and even the assessed labour cess could not be realised due to failure of the Board to ensure the deposit of labour cess from the cess collecting authorities as well as due to dishonored cheques as discussed in the following paragraphs.

2.4.1 Delayed assessment of cess

Rules 6 (1) and 7 of Cess Rules, 1998 provide that every employer, within thirty days of commencement of his work or payment of cess, as the case may be, furnish to the Assessing Officer, information in Form-I. The Assessing Officer would scrutinise the information and, if he is satisfied about the correctness of the particulars so furnished, would make an order of assessment within a period not exceeding six months from the date of receipt of such information, indicating the amount of cess payable by the employer.

Audit observed that out of 1,404 cases, the Board had assessed only 34 cases during the period 2019-2022. Out of 34 cases, 14 cases pertained to two⁸ selected districts. They included nine cases of the period prior to 2019 and five cases pertaining to the period 2019-2022. Audit further noticed that no return in Form-I was furnished by the employers during 2019-2022. Due to delay in assessment of cess, in these 14 cases additional cess amounting to ₹ 2.04 crore was collected after a delay ranging between 149 and 3,675 days, as a result of which the Board lost the opportunity to earn ₹ 0.31 crore (*Appendix 2.2*) as interest⁹.

⁸ (i) Mohali-13 cases; and (ii) Patiala- one case.

⁹ Calculated @ 5.4 % *per annum* which is the average rate of interest earned by Board on its fixed deposits.

Further, in absence of any mechanism with the Board to ensure registration of all the eligible establishments in the State, the Board could not assess the amount of labour cess due from the establishments which were not registered.

The Government accepted the facts and assured (April 2023) to build a proper mechanism so that there would be no delay in assessment of cess.

2.4.2 Non-realisation of labour cess due to dishonoured cheques

Cess is collected by the Cess Collectors¹⁰ from employers, contractors, State Government, Public Sector Undertakings, Municipalities, etc. through account payee cheques. These cheques are handed over to the Board staff posted at district offices for deposit into the bank account.

Audit observed that of the cheques received by the Board on account of labour cess during 2019-2022, 478 cheques amounting to ₹ 6.43 crore were dishonoured. Out of these, 386 cheques for ₹ 6.16 crore were not finally realised due to signature mismatch, being time barred, difference in title etc. as on March 2022, whereas 92 dishonoured cheques amounting to ₹ 0.27 crore were realised (after renewal) with a delay ranging between 34 days and 614 days.

Inaction/delayed action on the part of the Board to deposit the cheques in the Bank account immediately on receipt led to loss of cess/revenue of ₹ 6.16 crore besides loss of interest of ₹ 0.11 crore on account of delayed deposit of realised cheques. Audit further noticed that cess amounting to ₹ 41.45 crore, received in the shape of cheques and drafts during 2019-2022, was deposited in the bank account of the Board with a delay¹¹ ranging between one to 58 days which resulted in loss of interest of ₹ 0.07 crore. Thus, lapse on the part of the Department resulted in loss of revenue of ₹ 6.16 crore besides loss of interest of ₹ 0.18 crore due to delay in deposit of cheques/drafts.

The PAC, while discussing (November 2022) Paragraph 2.2.11(ii) of the CAG of India's Report for the year ended 31 March 2018, on the same issue had directed to take action against the defaulting officers/officials and apprise the Committee within one month. However, no action in this respect had been taken (April 2023).

While admitting to the facts, the Government stated (April 2023) that directions had been issued to the officers concerned to get the drafts

¹⁰ Labour Officers and Inspecting Officers.

¹¹ In contravention of Rule 2.4 of Punjab Financial Rules.

revalidated and deposit the same in the Board's account without further delay to avoid any financial loss.

2.4.3 Non-deposit of labour cess by the cess collecting authorities

Government of Punjab, Department of Labour issued (November 2008) instructions for levy of labour cess at the rate of one *per cent* of the cost of construction. The cess collecting authorities would deposit the cess so collected during a month with the Board on or before 10th of the succeeding month.

Scrutiny of records of two selected districts showed that five Urban Local Bodies (ULBs) (*Appendix 2.3*) had deducted/collected labour cess of ₹ 15.28 crore but did not deposit the same with the Board during 2019-2022. Non-deposit of labour cess tantamounts to temporary misappropriation and denied the Board of its statutory dues of ₹ 15.28 crore.

The PAC, while discussing Paragraph 2.2.7.4 of the Report of the CAG for the year ended 31 March 2018 had directed to apprise them about details of recoverable amount from various developmental authorities and to take action against them in accordance with rules to recover the amount. However, the recovery was yet (April 2023) to be made.

The Government, while admitting to the facts, stated (April 2023) that the matter had been taken up with the authorities concerned to deposit the pending amount of Labour cess in Board's account. The Government is yet to take action against erring officials/officers in compliance of the PAC recommendations (April 2023).

2.5 Administration and utilisation of Fund

The main source of income of the Board is levy and collection of Cess under Cess Act and registration and contribution fee received from the registered construction workers. The proceeds of the cess collected under the Rules would be paid by the local authority or the State Government collecting the Cess to the Board.

Table 2.2: Details of receipts and expenditure of the Board for the period 2019-2022

(₹ in crore)

Year	Receipts					Expenditure				Closing Balance
	Opening Balance	Cess Collected	Beneficiaries Contribution	Interest Earned	Total Funds available	Expenditure on Welfare schemes	Administrative expenditure	Total Expenditure	Per cent of Expenditure against available funds	
2019-20	1,017.46	179.79	3.05	79.33	1,279.63	131.78	3.59	135.37	10.58	1,144.26
2020-21	1,144.26	151.68	8.61	69.21	1,373.76	144.33	3.67	148.00	10.77	1,225.76
2021-22 (tentative)	1,225.76	194.28	16.78	63.11	1,499.93	261.70	4.16	265.86	17.12	1,234.07
Total		525.75	28.44	211.65				549.23		

Source: Departmental records

It is evident from the table that:

- Out of available funds of ₹ 1,783.30 crore with the Board, an expenditure of ₹ 549.23 crore (including administrative expenditure of ₹ 11.42 crore) was incurred on welfare schemes for construction workers during 2019-2022 which ranged between 10.58 and 17.12 *per cent* as the Board did not formulate/implement the welfare schemes efficiently as discussed in **paragraph 2.6**.
- Due to short utilisation of available funds, the Board's corpus increased by 21.28¹² *per cent* during 2019-2022. Audit noticed that 62,948 applications seeking financial assistance/benefits under 13 welfare schemes were pending decision with delays upto 767 days beyond the stipulated period of 180 days (as discussed in **paragraph 2.6.5**). These applications involved financial assistance of ₹ 103.74 crore. Thus, needy worker members were denied their legitimate payments despite availability of sufficient funds with the Board. The maximum number of beneficiaries (87.63 *per cent*¹³) sought assistance under Stipend scheme. As a result, the Board failed to provide assistance for education to the wards of the beneficiaries.

Audit noticed irregularities in administration and utilisation of fund as discussed below:

2.5.1(i) Avoidable payment

The Board approved (May 2021) free vaccination to construction workers subject to *ex-post facto* approval of the Board and for the purpose directed to provide requisite funds, out of cess fund, to the Health Department. In the meantime, the Government of India announced (7 June 2021) free vaccines to all States for vaccination of those above the age of 18 years at Government facilities from 21 June 2021. Accordingly, Government of India issued revised guidelines for implementation of National Covid Vaccination Programme wherein vaccine doses were to be procured by Government of India and provided free of cost to State Governments. Further, citizens irrespective of their income status were entitled to free vaccination.

Audit observed that the Board had released ₹ 7.08 crore on 4 June 2021 for procurement of 2,24,850¹⁴ doses to the Health Department for free vaccination to all eligible workers and their dependents above 18 years of age.

¹² From ₹ 1,017.46 crore on 01 April 2019 to ₹ 1,234.07 crore on 31 March 2022.

¹³ 55,164 applications were pending under Stipend scheme out of total 62,948 pending applications as on 31 March 2022.

¹⁴ 2,19,360 Construction workers and 5,490 family members/dependents.

The Health Department started providing free vaccination to all the citizens of the State under National Covid Vaccination Programme from 21 June 2021 onwards. As the vaccine was being provided free of cost by GoI, the Board demanded (10 July 21) refund of the amount and were refunded (October 2021) ₹ 2.49 crore. The Board gave *ex-post facto* sanction to the expenditure but also resolved (December 2021) to take up the matter with the Finance Department for reimbursement of the balance of ₹ 4.59 crore. The refund was pending (April 2023).

2.5.1 (ii) Avoidable burden on scheme fund

The Board adopted (September 2019) model schemes under the instructions of GoI. The welfare scheme for life and disability cover prescribe that the Board may cover registered workers between the ages of 18 and 50 years under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY). Under the scheme 50 *per cent* of the total contribution of premium¹⁵ was to be paid by the Board and remaining 50 *per cent* to be borne by GoI under the converged PMJJBY/PMSBY Schemes. These schemes provide for insurance coverage of ₹ 2.00 lakh in case of natural death and ₹ 4.00 lakh in case of accidental death, besides disability benefits and compensation to be disbursed in a definite time frame not exceeding 60 days from the date of death of the beneficiary.

Audit observed that the Board had disbursed ₹ 29.92 crore¹⁶ as compensation to 883 families/dependents of the deceased (*Appendix 2.4*) during 2019-2022 without any contributory share from GoI because the Board did not take insurance cover for registered workers under the converged PMJJBY and PMSBY schemes. Therefore, the Board could not avail the benefit of grant available from GOI amounting to ₹ 15.62 crore and put avoidable burden on the scheme fund.

The Department stated (December 2023) that the Board considered both the schemes in its 30th meeting (May 2023). It was further stated that PMSBY was found to be beneficial and the idea of dovetailing it with ex-gratia was thought upon and deliberations with the insurance companies were going on to finalise the issue. The reply was not acceptable as the Board in its 26th meeting (13 October 2019) had already adopted the model schemes but failed to implement the schemes despite lapse of more than four years which put avoidable burden on the Fund.

¹⁵ At the rate of ₹ 171/- per worker *per annum*.

¹⁶ ₹ 8.84 crore (2019-20), ₹ 9.17 crore (2020-21) and ₹ 11.91 crore (2021-22).

2.5.2 Delayed investment of funds

Rule 269 of PBOCW Rules provides that all moneys belonging to fund may be invested in the Nationalised or Scheduled Banks or in the securities¹⁷ referred to in Clauses (a) to (d) of Section 20 of the Indian Trust Act, 1882.

The Board invested the funds in fixed deposits (FDs) with Nationalised banks as detailed below in **Table 2.3**.

Table 2.3: Details of investment made during 2019-2022

(₹ in crore)

Year	Investment in Fixed Deposits	Interest earned	Average Interest Rate (in per cent)
2019-20	1,097.18	78.69	7.17
2020-21	1,174.94	68.76	5.85
2021-22	693.95	63.09	5.88

Source: Departmental records

During April 2019 to March 2022, the Board had reinvested 75 FDs with a delay ranging from four to 33 days which resulted in loss of interest of ₹ 0.23 crore.

The Government stated (April 2023) that the delay in reinvestment was due to COVID-19 or otherwise as procedural delay due to holidays falling in the week. The reply was not acceptable as while calculating delays, cases of reinvestments with a delay upto three days were not considered. Delays of more than one month in reinvestment were also observed. The Board may consider, at least, to put an option of reinvestment on its bankers to avoid such cases of delay in reinvestments.

2.6 Implementation of Welfare Schemes

Audit selected 10 out of 23 welfare schemes operated by the Board for detailed examination. However, it was observed that in two¹⁸ of the selected schemes no beneficiary was identified by the Department during 2019-2022. The details of selected schemes are given in **Table 2.4**.

¹⁷ (a) in promissory notes, debentures, stock or other securities of any State Government or of the Central Government;
 (b) in bonds, debentures and annuities charged or secured on the revenues of India;
 (c) in stock or debentures of, or shares in, Railway or other Companies the interest whereon shall have been guaranteed by the Central Government; and
 (d) in debentures or other securities for money issued, under the authority of any Central Act or State Act, by or on behalf of any municipal body, port trust or city improvement trust.

¹⁸ Under (i) Housing; and (ii) Financial Assistance for Natural Calamity schemes there were no applications.

Table 2.4: Details of selected schemes implemented during 2019-2022

(₹ in crore)

Sr. No.	Name of Selected Welfare Schemes*	State		Mohali		Patiala		Total number of beneficiaries	Total expenditure
		Number of Beneficiaries	Expenditure	Number of Beneficiaries	Expenditure	Number of Beneficiaries	Expenditure		
1.	Stipend Scheme	46,927	63.16	4,164	4.64	13,632	13.89	17,796	18.53
2.	Life and disability	1029	30.05	61	1.44	228	6.58	289	8.02
3.	Shagun Scheme	2012	5.40	84	0.26	97	0.30	181	0.56
4.	Mentally Retarded and Partially Disabled	313	1.50	32	0.06	68	0.14	100	0.20
5.	Balari	81	0.74	13	0.07	26	0.13	39	0.20
6.	Occupational Disease	25	0.25	4	0.02	5	0.03	9	0.05
7.	Maternity Scheme	105	0.14	5	0.004	33	0.02	38	0.024
Total		50,492	101.24	4,363	6.494	14,089	21.09	18,452	27.584

Source: Departmental data

*Ayushman Bharat - Sarbat Sehat Bima Yojna Scheme was implemented at board level with expenditure of ₹ 64.20 crore during 2019-2022.

The audit observations in respect of various schemes are discussed in the succeeding paragraphs:

2.6.1 Payment of interim relief to workers whose registration had ceased

The Board, announced and accorded approval in March and April 2020 for giving the benefit of one-time financial assistance in the shape of temporary Interim Relief (IR) of ₹ 3,000/- to each live registered construction worker in the State. In this connection, Audit observed:

(i) The Board paid 1st instalment of IR cumulating to ₹ 85.91 crore (₹ 3,000 to each beneficiary) to 2,86,353 beneficiaries in March 2020 and 2nd instalment of ₹ 85.91 crore to the same beneficiaries in April 2020. On analysis of the database of the beneficiaries, it was noticed that out of 2,86,353 beneficiaries, 819 beneficiaries had completed the age of 60 years before the date of payment. Hence, payment of IR of ₹ 0.49 crore to these 819 beneficiaries whose registration had ceased on completion of age of 60 years (*Appendix 2.5*) was not in terms of the Act.

The Board stated (April 2023) that the scope of error was high as the office was functioning with 50 per cent or even less than the capacity and there was immediate need to disburse relief to construction workers in order to ensure their survival. The reply was not acceptable because the Board failed to check the live status of the beneficiaries from the available data before disbursement of IR to the beneficiaries leading to inadmissible payments to workers whose registration had ceased.

(ii) Analysis of the data further showed that out of 2,86,353 beneficiaries, as many as 2,38,340 beneficiaries (excluding 819 beneficiaries whose registration had ceased) had not submitted certificates showing their

engagement in any building or other construction work for ninety days during the preceding twelve months while giving their annual subscription amounts. In the absence of certificate prescribed under Section-14 of the Act, Audit could not draw assurance that payment of ₹ 143.00 crore (*Appendix 2.5*) was made to workers engaged in building and construction activity.

The Government stated (April 2023) that Form 27A of all workers was duly verified during their registration process. But while granting relief, there was no possibility to check Form 27A again as Sewa Kendras were closed due to COVID lockdown. The reply was not acceptable as the beneficiaries mentioned in the para were registered prior to March 2019, but their certificate showing their engagement in any building or other construction work during 2019-20 was not found enclosed with their files. Thus, the IR was paid without ensuring their engagement in any construction work in terms of the Act.

(iii) The Board disbursed three more IR instalments (May, June and November 2021) amounting to ₹ 214.08 crore¹⁹ from the fund during 2021-22 without framing any scheme as suggested by the GoI and Legal Remembrancer (LR).

The Government stated (April 2023) that construction activities could not be started at many construction sites because the impact of Covid was witnessed for long even after its 2nd wave. Construction workers were not getting labour work. The reply was not acceptable because the Board failed to frame any scheme prior to disbursement of such relief.

2.6.2 Non-refund of the contribution to nominee/legal heirs of deceased member

Rule 267 of PBOCW Rules provides that on the death of a member, the amount of contribution standing to his credit, would be given to his nominee. In the absence of a nominee, the amount would be paid to the legal heirs of the beneficiary in equal shares.

Test check of records revealed that though the Board had paid ex-gratia to 883 families of deceased workers during 2019-2022 but no refund of contribution to the legal heirs/nominees was paid till March 2022. Thereby, the bereaved families were deprived of their legitimate payments.

While admitting to the facts, the Government assured (April 2023) of compliance in future.

¹⁹ May and June 2021 at the rate of ₹ 1,500 to 3,29,130 construction workers and November 2021 at the rate of ₹ 3,100 to 3,72,078 construction workers.

2.6.3 Grant of pension without completion of stipulated period of 10 years

In compliance to the directions (July 2018) of the Hon'ble Supreme Court, GoI framed Model Schemes²⁰ for Building and Other Construction Workers and further instructed all States and UTs to comply with the Model Schemes. Accordingly, the Board adopted the same in September 2019.

GOI directed (September 2019) the State Welfare Boards to formulate pension scheme depending upon their financial capacity. However, pension was admissible to only those registered workers who remained registered for a minimum of 10 years and the State Welfare Board was to issue a certificate to this effect.

Audit observed that the Board made payment of pension at the rate of ₹ 2,000 per month (₹ 3,000 per month w.e.f. 3 December 2021) to 106 beneficiaries despite the fact that the beneficiaries had not completed 10 years' period as registered workers during 2019-2022. The action of the Board was in contravention of GoI directions which resulted in irregular payment of ₹ 0.42 crore.

The Government stated (April 2023) that pension had been given to workers after completion of three years of membership with the Board, as per the decision taken in the 28th meeting of the Board held on 03.12.2021. The reply was not acceptable as the Board had amended (December 2021) the adopted Model Welfare Schemes of GoI but did not get it ratified from the Government.

Responsibility may be fixed on the defaulting officials/officers for irregular payment made, in contravention of GoI directions.

2.6.4 Irregular payment to unregistered workers

Section 11 of the Act provides that every building worker registered as a beneficiary would be entitled to the benefits provided by the Board.

However, audit observed that in contravention of *ibid* provision of the Act, the Board paid (November 2021) ₹ 0.06 crore as *ex-gratia* to the family members of three unregistered workers who died in an accident. The payment was also against the advice²¹ (October 2020) of Department of Legal and Legislative Affairs.

²⁰ (i) Life and disability cover; (ii) Health and maternity cover; (iii) Education; ((iv) Housing; (v) Skill development; (vi) Awareness programme; and (vii) Pension.

²¹ The Department of Legal and Legislative Affairs advised on 17 October 2020 that only those workers are eligible for benefits under the scheme who got themselves registered under Section 12 of the Act.

The Government stated (April 2023) that the requisite amount was disbursed to the family members of unregistered workers as per decision (December 2021) of the Board. The reply was not acceptable because the decision of the Board was against the provisions of the Act.

2.6.5 Delayed payments under welfare schemes

The Hon'ble Supreme Court directed (January 2010) that benefits envisaged in the welfare schemes in operation by the Boards should be extended to the registered workers within a reasonable time frame, preferably within six months.

- Test check of records in the two selected districts showed that the nominees in 186 and 48 cases of deaths in Patiala and Mohali respectively were paid ex-gratia grant under the life and disability scheme after a delay ranging between 26 and 1,568 days beyond the period of six months, during 2019-2022.
- Similarly, delay of 73 and 1,264 days in release of scheme benefits was noticed in the following schemes:-

Sr. No	Name of Scheme	No of beneficiaries	Delay in making payment (range in days)
1.	Shagun Scheme	73	114 to 1264
2.	Occupational Disease	4	73 to 540
3.	Balari	5*	73 to 675

Source: Departmental records

*In addition to this payment to 08 beneficiaries was under process even after lapse of 711 days in selected districts.

The Government attributed (April 2023) delayed disbursement under the welfare schemes to the process which took time to resolve the issues with the applications, Covid-19 and due to shortage of staff. The reply was not acceptable because in 199 out of 316 cases, the delay ranged between one year to as much as four years (after giving allowance of 180 days) was noticed.

2.7 Lack of monitoring mechanism

2.7.1 Shortfall in conducting meetings of the Board

Rule 247 of PBOCW Rules provides that the Board would ordinarily meet once in six months to monitor the activities relating to welfare schemes provided that the Chairperson may, within 15 days of the receipt of a requisition in writing from not less than one third of the members of the Board, call a meeting earlier than six months.

Audit observed that against the target of six meetings during 2019-2022, only three meetings were conducted. Audit observed that as many as eight²² out of 23 welfare schemes run by the Board, which did not attract any applications, were never reviewed to judge their relevance and efficacy for continuation by the Board.

The Government took note (April 2023) of the issue.

2.7.2 Meetings of State Advisory Committee not held

Rule 209 of PBOCW Rules provides that the State Government shall constitute a committee to be called the State Building and Other Construction Workers' Advisory Committee (SAC) to advise the State Government on such matters arising out of the administration of this Act as may be referred to it. As per the conditions of notification of the formation of SAC, the Committee had to meet at least once in three months or at such intervals as considered necessary by the Chairman.

Audit observed that SAC had not held any meeting since inception (October 2017).

The Government stated (April 2023) that the process had been started to re-constitute the State Advisory Committee at the level of Administrative Department. Compliance to this effect was awaited (April 2023).

2.7.3 Manpower

Section 19(1) of the Act provides that the Board would appoint a Secretary and such other officers and employees as it considers necessary for the efficient discharge of its functions.

Audit observed that against the sanctioned strength of 186 posts in various cadres, 163²³ personnel were in position as on March 2022 (*Appendix 2.6*). The Commissioner of Labour department is also acting as Secretary of the Board and Assistant Labour Commissioner is Deputy Secretary (Welfare). The field functions of the Board were discharged by Inspectors of Labour Department in addition to their regular charge.

The dual charge held by officers of Labour Department had the consequential effect of non-registration of workers and delayed/non assessment of cess cases (as discussed in **paragraphs 2.3.1 and 2.4.1** above).

²² (i) Silicosis Scheme; (ii) Urban Health Kiosk; (iii) Skill Development and vocational Education; (iv) Cycle scheme; (v) Housing Scheme; (vi) Labour shed Scheme; (vii) Financial Assistance for natural calamity; and (viii) Financial assistance to meritorious wards.

²³ The posts are filled through outsourcing staff.

While admitting the facts, the Government assured (April 2023) to make efforts for filling these posts at the earliest.

2.8 Findings of Survey

Audit visited (February-March 2023 and December 2023) seven registered²⁴ and six unregistered²⁵ establishments along with the Labour Inspectors concerned and 420 workers were interviewed about the welfare schemes. The findings are discussed below: -

(i) Survey of establishments

- Out of 420 only three workers were found registered.
- 58 workers were found to be aware about the welfare schemes.
- None of the workers had availed the benefit of the welfare schemes.
- 49 workers had attended the camps organised for registration and awareness about the welfare schemes.
- Out of 13 establishments, canteen facility in six, creche facility in two and medical assistance in six establishments was available.

(ii) Survey of beneficiaries

Out of 200 selected beneficiaries, 131²⁶ were also surveyed²⁷ for evaluating the activities of identification and registration of beneficiaries and delivery of services by the Board. It was observed that amongst these 131²⁸ surveyed beneficiaries, 21 were not construction workers though they were registered as construction workers with the Board.

2.9 Conclusion

Lack of effective mechanism to register establishments/workers as well as delayed assessment of cess cases were noticed during audit. Due to non-deposit of cheques in time the Board lost ₹ 6.16 crore on account of dishonoured cheques; besides, it failed to recover ₹ 15.28 crore from cess collecting authorities.

²⁴ (i) Noble Dream project Pvt. Limited; (ii) Jubilee junction; (iii) Usha Polimar; (iv) Consort Builders Pvt. Ltd.; (v) ACB Infra, HPL Galleria; (vi) Larsen & Tubro Ltd.; and (vii) Colossal Warehouse and Logistic Pvt. Ltd.

²⁵ (i) Grewal Eye Institute; (ii) KLG Infra; (iii) Surya Contractor Pvt. Ltd; (iv) Avancer Infra Solution LLP; (v) Kuldeep Singh; and (vi) Narander Kumar.

²⁶ 69 (12 in Patiala and 57 in Mohali) workers could not be reached.

²⁷ The survey was conducted for evaluating the performance of the Board. A questionnaire was devised for this purpose, beneficiaries were consulted telephonically as well as personally for enquiring about identification process adopted by the Board, registration of beneficiaries, scrutiny of their applications, and grievances of beneficiaries, if any.

²⁸ Includes 101 beneficiaries telephonically contacted.

Needy worker members were denied payment of their benefits despite availability of sufficient funds. As many as 62,948 applications seeking financial assistance of ₹ 103.74 crore were pending decision with delays of upto 767 days. The Board spent only ₹ 549.23 crore on welfare schemes despite availability of ₹ 1,783.30 crore during 2019-2022. The maximum applications (87.63 *per cent*) sought financial assistance under Stipend scheme. Implementation of schemes was inefficient as the Board failed to identify any beneficiary in eight out of 23 welfare schemes. The Board, in contravention of Rules, released inadmissible interim relief of ₹ 0.49 crore to 819 workers who had completed of 60 years of age. Payment of ₹ 143.00 crore was made to 2,38,340 workers who had ceased to be live workers. The information systems employed by the Board failed to identify these ineligible members. Monitoring mechanism was ineffective.

2.10 Recommendations

The State Government/Board may:

- *develop a mechanism for sharing of information regarding permissions granted by local bodies/area development authorities for undertaking construction activities for prompt registration of the establishments/workers;*
- *develop a mechanism for integration of accounts of cess collecting authorities with the accounts of the Board for automatic transfer and reconciliation of labour cess;*
- *conduct a proper survey to enroll more establishments as well as encourage workers for registration to enable them to seek benefits under welfare schemes;*
- *ensure the utilisation of funds as stipulated in the welfare schemes to provide benefits to the desirous and needy worker members, keeping in view the available resources;*
- *employ and make use of information technology tools to bring transparency in its working, maintain data and record of workers, contractors and builders to ensure compliance with rules of the schemes; and*
- *strengthen the monitoring mechanism and hold timely meetings of the Board/State Advisory Committee.*