

Executive Summary

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About this Report

This Report has been prepared keeping in view of the implementation of both the Acts 'Building and Other Construction Workers Act (the BOCW Act)' and 'BOCW Welfare Cess Act, 1996' in Uttarakhand State. The performance audit of the Welfare of Building and Other Construction Workers in Uttarakhand has been carried out during 2022-23, covering the period 2017-22.

Why have we prepared this Report now?

Building and Other Construction Workers cover a huge segment of the unorganised labour in India. Their work is of a temporary nature, the relationship between the employer and the employee is temporary and working hours are uncertain. Risk to life and limb is also inherent. Given the circumstances, the Building and Other Construction Workers Act (the BOCW Act) was enacted in 1996 to regulate employment, safety, health, welfare and conditions of service. To ensure sufficient funds for welfare measures, the cess was provided in the Building and Other Construction Workers Welfare Cess Act 1996.

In this context, we conducted the performance audit to assess whether the Uttarakhand Building and Other Construction Workers (UKBOCW) Welfare Board and its implementing agencies in the State were discharging their responsibility effectively and efficiently toward the welfare and safety of registered building construction workers under the provision of the Act and Rules made thereunder.

What has been covered in this audit?

To examine the implementation of the Welfare of Building and Other Construction Workers, we have covered district offices of the Labour Department which have been given the responsibility of registration of establishment and workers, collection and assessment of cess and inspection of establishment. The Board, which is responsible for administration, investment of funds, formulation of schemes and disbursement of benefits to beneficiaries; the cess deductors who deduct the BOCW Welfare Cess at source from the running bills of the contractors and the cess collectors who collect cess at the time of passing of the building plans have also been covered.

What have we found and what do we recommend?

We found lapses, in the registration of establishments and construction workers, collection of cess and implementation of welfare schemes, as detailed below:

- ❖ On review of records and conducting joint physical verification, Audit observed that the registration of establishments was grossly incomplete. No mechanism existed for regular monitoring of construction activities going on in the State.

(Paragraph 2.1)

- ❖ After examining the records and conducting joint physical verification as well as beneficiary survey, Audit observed that the registration of the construction workers was incomplete and had errors of wrong exclusion and inclusion. The Board did not carry out any exercise for the identification of construction workers.

(Paragraph 2.2)

- ❖ To augment funds for welfare measures, the department failed to formulate a comprehensive and updated formula for the collection and assessment of cess.

(Paragraph 3.1.5)

- ❖ The Board failed to provide periodical status of cess details due to non-reconciliation of cess with involved agencies in the State.

(Paragraph 3.6)

- ❖ District offices of the Labour Department did not conduct the inspection of the construction sites regarding wages, working conditions, safety, health and welfare of building workers.

(Paragraphs 4.2, 4.3 & 4.5)

- ❖ Implementation of scheme was deficient owing to excess payment, benefits without ensuring eligibility, delay in delivery of benefits and without using DBT and irregular procurement and distribution of articles without requisite approval of the State Government.

(Paragraph 5.2.1 to 5.2.6)

- ❖ The Board did not prepare the database of the registered beneficiaries regarding Old Age Pension fulfilling the eligibility of 10 years' registration & Disability Pension in case of disability due to accident. No registered workers were covered under both the pension schemes in the State.

(Paragraph 5.2.7)

- ❖ Poor financial management of the Board was noticed as it did not prepare and submit its budget showing estimated receipt and expenditure for the financial year between 2017-18 and 2021-22. As a result, the Board expended ₹ 607.09 crores during the said period without consent of the Government.

(Paragraph 6.2.1)

- ❖ The Board had no organizational structure for different levels of posts and their mode of recruitment. Overall 42 to 54 *per cent* posts in the district offices of the labour department, for enforcement of the BOCW welfare scheme smoothly in the State, were continuously vacant. It adversely affected the registration of establishments, registration of construction workers and implementation of the schemes.

(Paragraph 6.5)

Recommendations

To improve the implementation of the scheme, the State Government may consider the following recommendations:

- 1. Government should ensure registration of all Government construction works through mechanism whereby award of contract or payment of first bill is carried out after confirming the registration. Suitable action should be taken in cases of non-compliance.***

2. *The Board should ensure to cross-verify the registration of workers based on affidavit/self-declaration.*
3. *The Board should ensure that its beneficiaries' database includes authenticated aadhaar number and validated bank account number and this database should be periodically updated to maintain accuracy.*
4. *Government should formulate a comprehensive and updated rate for deriving cost of construction and cess as accurately as possible.*
5. *Recovery of outstanding cess by concerned authorities and timely transfer of collected cess to the Welfare Board should be ensured through proper monitoring.*
6. *The Board may establish a mechanism whereby the cess amount is directly credited into its bank accounts by the Development Authority and ensure the submission of monthly reconciliation statements by the Development Authorities.*
7. *The UKBOCW Welfare Board should devise a procedure for reporting of occurrence of accidents at construction sites and provide immediate assistance to workers in case of loss of life or injury.*
8. *The Labour Department should conduct effective and comprehensive inspections to ensure health, safety and working conditions at construction sites with adequate and prompt follow-up. Penalty for non-compliance need to be imposed on employers.*
9. *The Board should deliver benefits as per the existent orders with requisite approvals and using DBT.*
10. *The government should ensure proper coverage of registered workers under social security schemes of health and life insurance. Convergence with the schemes of other departments can also be explored.*
11. *The Board should focus on spreading awareness about welfare schemes among construction workers through Information, Education and Communication (IEC) activities.*
12. *The UKBOCW Welfare Board should submit its annual accounts timely and ensure to get it audited.*
13. *The ID cards issued by the Board to registered workers should contain Unique Identification Number integrated with Aadhaar linked bank account to facilitate effective delivery of welfare measures.*
14. *Government should initiate suitable action against officials who failed to discharge mandated roles and responsibilities in accordance with the Acts and rules made thereunder.*
15. *Government should ensure proper reconciliation of financial statements of the Board and fix the responsibility for financial irregularities due to non-reconciliation of account transaction between the Bank and the Board.*

