

Executive Summary

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Construction workers constitute one of the largest categories of workers in the unorganized sector. Considering the social importance and sensitivity towards their wellbeing, the present Performance Audit was taken up with the objective of assessing whether the Government of National Capital Territory of Delhi (GNCTD) has taken adequate measures for providing safety, health and welfare measures to construction workers through various welfare schemes.

The performance audit covered a period of four years from 2019-20 to 2022-23. For the purpose of audit, records of the offices of the Labour Department, Delhi; Building and Other Construction Workers Welfare Board (the Board) and Directorate of Industrial Safety and Health were test checked.

Main Audit Conclusions

- As per Section 7 of the 'Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 every employer engaged in construction activities is to apply for registration of his establishment, which employs ten or more workers in construction activities. Further, as per Section 10 of the Act, an establishment which is not registered shall not employ building workers in the establishment.
- Identification and registration of such establishments engaged in construction activity is the first step in ensuring that the Building and Other Construction Workers (BOCW) engaged in these establishments get registered and can avail the benefits of various welfare schemes of the Board related to providing them safety, health and welfare measures.
- The Government of NCT of Delhi did not have any reliable data relating to the number of BOCW in Delhi.
- Audit observed that in selected South and North West Districts, where 97 private establishments which deposited cess between April 2019 and March 2023 were not found registered. Similarly, 25 establishments involved in construction as per information available on Delhi Fire Service website, were also not found registered. It clearly shows lack of proactive action on the part of the Board to use various sources of information to identify and register eligible establishments.
- The Board could provide complete database of only 1.98 lakh out of 6.96 lakh BOC workers stated to be registered with it. Out of 1.98 lakh beneficiaries, for whom images were made available to Audit, 1.19 lakh beneficiaries were linked with 2.38 lakh images i.e. more than one image for individual beneficiary.
- Availability of duplicate images, images with no faces, and multiple registrations of the same face indicates several loopholes in the registration process. Since a robust computer algorithm would require exactly one face

in each image, this indicates failure of the IT system to detect such images during registration.

- In terms of renewals of registrations of the BOCW, Delhi was way behind the all India performance being only 7.3 *per cent* against All India 74 *per cent* renewals of registrations.
- Section 3 of the Building and Other Construction Workers' Welfare Cess Act (Cess Act), 1996 provides for mandatory levy and collection of cess on the cost of construction and as per notification issued (September 1996) by GoI, cess shall be levied at one *per cent* of the cost construction incurred by an employer which will be paid to the Board. As of March 2023, the Board had accumulated funds of ₹ 3579.05 crore.
- There was huge difference in figures of cess amount collected as per records of cess collectors, district records and the Board. The difference in figures of the cess as per District records and as per the Board for four years amounted to ₹ 204.95 crore. The differences were not found reconciled.
- The Department did not maintain a reconciled database of Cess assessed, collected and remitted and thus lacked a system to ascertain the quantum of Cess due and its timely collection. Cases of incorrect assessment, short/deposit/realisation of cess were observed.
- Expenditure on welfare schemes ranged between 9.53 and 11.33 *per cent* only of total receipts except in 2021-22 when ex-gratia payments were made to the BOCW for tiding over the Covid pandemic period.
- Benefits were given only under 12 out of 17 schemes during 2019-20 to 2022-23 as no expenditure was incurred in five schemes viz Financial assistance for miscarriage, Advance for purchase or construction of house, Loan for purchase of work related tools, Grant for the purchase of work related tools; and Insurance Policy.
- Financial assistance for education of children of construction workers for the years 2018-19 and 2019-20 amounting to ₹ 46.08 crore, for disbursement to 58,998 students, was released by the Board to the Directorate of Education only in March 2022. Benefits for subsequent years were yet to be paid as of September 2023. There were also delays ranging up to 1423 days in processing of applications for financial assistance in 134 out of 4017 claims relating to various schemes.
- Despite GoI advising the States (October 2018) to take proactive steps to facilitate transit accommodation/labour shed cum night shelter, mobile toilets and mobile crèches to BOC workers till they find work, the Board has taken no concrete steps to implement the same in Delhi.

- The Board had not provided any further training to BOC workers and their dependents except providing training to 350 beneficiaries in 2019-20 to help to upgrade their skills or diversify by acquiring new set of skills.
- The Board approved the implementation of the GoI directives in June 2019 but did not implement it and still continued to provide assistance of only ₹ 2 lakh in case of accidental death and ₹ 1 lakh in the event of natural death instead of payable ₹ 4 lakh and ₹ 2 lakh respectively.
- Ayushman Bharat/Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) provides health insurance cover of ₹ 5 lakh per family per year in case of hospitalization with cashless health care services at any of the empaneled government and private hospitals across the country. The Department of Labour and the Board had taken no steps to cover the BOCW of NCT of Delhi under this beneficial scheme and thus they are eligible to a measly medical assistance of a maximum of ₹ 10,000.
- No inspection of construction sites was carried out either by the selected districts of Labour Department to ensure availability of various facilities required to be provided by employers as per the BOCW Act nor by the Directorate of Industrial Safety & Health entrusted with the enforcement of safety and health measures for construction workers under the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act 1996 during four years of audit period.
- No *social audit* of implementation of the BOCW Act was conducted in Delhi (October 2023) even after five and half years of the Supreme Court directive.

What do we recommend?

1. Government should use all available sources for identifying all establishments involved in construction activities, ensure registration of all BOC workers thereunder in a time bound manner and maintain proper records of the eligible workers to whom benefit of welfare schemes is to be delivered.
2. The Board needs to coordinate with concerned government departments and harness technology in order to identify and register the BOC workers with ease within NCT Delhi so that all of them could be benefitted under the welfare schemes of the Board.
3. The Board needs to conduct a security audit of its application to plug loopholes in its registration system and exercise more vigour in authentication and reconciling its various databases as it is essential for the discharge of its core functions.
4. Government needs to utilize the online payment route for all cess collections to receive cess in real-time besides ensure better coordination

with the building plan-approving agencies to ensure that cess lying with them is remitted without delay.

5. A robust reconciliation mechanism, preferably online, should be developed to ensure that all dues are being collected and accurately accounted for.
6. The Government needs to institute a regular scheme for mitigating hardships of BOC workers when construction works are stopped and facilitate inter-state portability of data pertaining to registered migrant BOC workers.
7. The Board needs to adhere to the timelines prescribed so that financial assistance is provided to BOC workers in time.
8. The Board needs to take immediate steps to implement various GoI directions aimed at the welfare of BOCW residing in NCTD so as to improve their living conditions.
9. Board should meet at regular intervals to provide guidance and ensure that the functions and responsibilities of the Board are discharged efficiently and effectively.
10. Government may institute social audit as well as internal audit to strengthen its internal control mechanism.