

Executive Summary

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Government of India enacted (August 1996) the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. A person in the age group of 18 to 60 years and engaged in any building or other construction work for a period not less than ninety days during the preceding twelve months was eligible for registration as a beneficiary under the BOCW Act.

To augment the resources of the Building and Other Construction Workers' Welfare Boards, Government of India (GoI) also enacted (August 1996) the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) for levy and collection of cess on the cost of construction incurred by the employers. The cess collected was credited to the 'Building and Other Construction Workers' Welfare Fund' (Fund).

In exercise of the powers conferred under the BOCW Act, the Industries, Energy and Labour Department, Government of Maharashtra (Department) notified (February 2007) the Maharashtra Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2007 (MBOCW Rules). The Department also constituted (August 2007) the Maharashtra Building and Other Construction Workers Welfare Board (Board) to carry out welfare schemes for construction workers.

A Performance Audit on "Welfare of Building and Other Construction Workers" was conducted to assess whether the rules notified by the State Government under the Act were consistent with the spirit of the Act and the existing set up was adequate to ensure compliance with the provisions of the Act. Audit checked whether there was an effective system for registration of establishments and beneficiaries. The efficiency of cess assessment, collection and its transfer to the Fund was assessed in audit. Audit also assessed the existence of appropriate health and safety norms for the workers and their compliance environment through inspection. The efficiency and effectiveness in the administration and utilisation of funds on the implementation of welfare schemes by the Board were also assessed.

Audit noticed that the representatives of employers and building workers were not appointed on the Board after June 2021. The State Building and Other Construction Workers' Advisory Committee to advise the State Government on matters arising out of the administration of the BOCW Act, was not constituted by the State Government after June 2015. Despite the shortage of staff (89 *per cent*) against the sanctioned posts, no effective action was taken to deploy manpower and strengthen the administrative mechanism which is crucial for registration of workers/establishments and implementation of schemes.

In 60 construction works test-checked, Audit noticed that 73 *per cent* of the establishments were not registered. The mechanism to improve registration of

establishments devised by the Department, by directing the local bodies/departments engaged in undertaking and authorizing construction activities to furnish approved plans/work orders to the Registering officers was not implemented.

The Board operationalised (July 2020) a web-based online system viz., Integrated Welfare Board Management System (IWBMS), to enhance labour registration and labour welfare services and provide more effective services to labourers. The number of registered workers in the State increased from 3.55 lakh in 2017-18 to 10.81 lakh in 2021-22. However, a joint inspection of 48 establishments (of which 24 were registered establishments) conducted by Audit with the representatives of the Department revealed that 64 *per cent* of the workers employed in these establishments were not registered. Audit also noticed that during April 2021 to March 2022, 48.17 *per cent* of workers were registered after more than 100 days from the date of application.

In respect of Workers Facilitation Centre (WFC) Kolhapur (Kolhapur district), work certificates for 90 days were issued by six contractors to 6,178 workers based on which workers were registered during 2020-21 and 2021-22. Cross-check of the data in IWBMS with the data of registered establishments showed that none of these six contractors had registered their establishments under the BoCW Act. Further, the six contractors had issued certificates to only 133 workers instead of 6,178 workers. Similarly, in WFC Ichalkaranji (Kolhapur district), eight contractors had issued work certificates to 1,211 workers, however, none of these eight contractors had registered their establishments. However, information furnished by these contractors revealed that they had issued work certificates to only 118 workers (instead of 1,211 workers). Thus, the authenticity of 7,138 work certificates based on which the workers were registered, was doubtful. This indicated lack of checks in the IWBMS system to flag the issue of large number of work certificates issued by one contractor as a potential risk area for reconfirmation before registration.

The estimated cost of construction for levy of cess was to be worked out considering the Annual Statement of Rates (ASR) prepared by the Inspector General of Registration. Audit noticed that in 57 test-checked cases, the ASR was not applied on the entire built-up area resulting in short recovery of cess amounting to ₹ 29.41 crore. Further, the cost incurred on landscaping, walking tracks, gardens *etc.* which do not involve built-up area was not considered for levy of cess. Assessment orders for the works covered under the Act after determining the final cost of construction were not issued by the Assessing Officer resulting in recovery of cess only on the estimated cost of construction instead of on the final cost of construction. Audit scrutiny revealed delays in remittance of cess by the Cess Collectors in seven out of 20 test-checked units and non-remittance of ₹ 3.72 crore cess in four test-checked units. In the absence of a reconciliation system, the Board could not ensure that the entire cess collected was remitted to the Board and the amount remitted was credited correctly in the bank collection account. Non-development of Cess collection and Accounting & Finance Modules by the contractor as of July 2024, affected

better reconciliation and management of cess collection system. To address the issue of reconciliation, the Board was in the process of updating the institution-wise list of Cess Collectors, Assessing Officers and Appellate Authorities and developing a dedicated Cess Collection portal.

The inspection of the establishments under the BOCW Act was important to ensure that the establishments registered adhere to various provisions contained in the MBOCW Rules. Joint inspection of 24 registered establishments conducted by Audit revealed that six (29 *per cent*) out of 21 establishments did not furnish certificates of initial and periodical tests and examinations of lifting appliances, loose gears, cranes and hoists *etc.*, and nine out of 24 (37 *per cent*) establishments did not conduct medical examination of workers. The database of establishments under BOCW Act was not sent by the Commissioner of Labour Department to the Maharashtra Pollution Control Board for feeding in the Central Inspection System to facilitate the selection of establishments for risk-based inspection. Consequently, inspection of none of the registered establishments covered under the BOCW Act was done during 2017-18 to 2021-22. After being pointed out by Audit, the data of registered establishments was sent to Central Inspection System in June 2023 and inspections were conducted.

The Board utilised only ₹ 4,253.77 crore (26.34 *per cent*) of the total available funds (*i.e.*, ₹ 16,151.82 crore) on implementation of the schemes during 2017-18 to 2021-22. The agencies supplying mid-day meals to the construction workers neither provided the distribution card nor developed the cloud-based monitoring system as per the contract conditions. Essential kits valuing ₹ 18.36 lakh and safety kits valuing ₹ 5.69 crore were distributed more than once to the beneficiaries. The Department approved the placement of six repeat orders by the Board for safety kit and essential kit in contravention of the procurement policy of the State. During the period 2019-20 to 2021-22, as against 19.49 lakh registered workers in the State, only 2.97 lakh (15 *per cent*) registered workers availed the benefit of the Health check-up scheme. During Covid-19 pandemic, financial assistance of ₹ 2000 per beneficiary (first phase), ₹ 3000 per beneficiary (second phase) to whom assistance was given in the first phase and ₹ 1500 per beneficiary (third phase) to all active registered beneficiaries was made more than once to the same bank account numbers in respect of 24,347 cases, resulting in excess payment of ₹ 5.03 crore. This indicated lack of adequate scrutiny by the Board and non-reconciliation with the Bank. Further, 1.21 lakh beneficiaries were deprived of financial assistance of ₹ 3,000 each during Covid-19 pandemic. The Board had not fixed any timeline for approving the claims received from the beneficiaries under various schemes. 60 *per cent* of the claims were approved after more than one year which shows lack of monitoring mechanism in claims clearance. Excess payment to the students (dependents of beneficiaries) due to improper verification of documents was noticed in schemes of financial assistance provided for education.

Recommendations:

- ✓ *The Government needs to appoint representatives of employers and workers in the Board in a time bound manner.*
- ✓ *The Government may ensure that the process of registration of workers is made more robust with appropriate validation checks in the Integrated Welfare Board Management System to prevent registration of workers on the basis of employment certificates whose authenticity is doubtful as well as to ensure better monitoring of services provided to labourers.*
- ✓ *The Government may ensure that the Cess Collection module under IWBMS is developed and implemented in a time bound manner to facilitate reconciliation of cess collected by the Cess collector and remitted to the Board.*
- ✓ *The Government must ensure that action is taken to develop inbuilt checks like that in Direct Benefit Transfer schemes, to avoid cases of excess payment to the same beneficiary.*
- ✓ *The Government may take effective action to fill up the sanctioned posts on priority to ensure effective implementation of provisions of BOCW Act regarding registration of establishments and workers, conduct of inspections and ensuring welfare of workers.*
- ✓ *The Government may make it mandatory that all Departments and Local bodies adhere to instructions to furnish copies of the work orders/approved plans to the Registering Authorities to strengthen the process of registration of establishments.*
- ✓ *The Government may issue directions to all the Planning Authorities to work out the cost of total constructed area and other costs incurred in construction, for levy of cess.*
- ✓ *The Government may ensure that every establishment is following safety and health norms to mitigate the risk of incidents/accidents in construction sites.*
- ✓ *The Government needs to fix a time limit for approval of claims submitted by the workers, with escalation provision to senior officials in case claims are not cleared in the stipulated timeframe.*