

## Overview

This Audit Report has been prepared in four chapters. Chapters I to III deal with Social, Economic and General Sectors. Chapter IV deals with general paragraphs.

This Report contains Performance Audit (PA) on “Welfare of Building and Other Construction Workers”, “Working of Assam Tea Employees Provident Fund Organisation”, “Functioning of Assam Agricultural University”, and “e-Procurement in Assam”. The Report also contains 12 paragraphs including three Subject Specific Compliance Audit (SSCA) Paragraphs (*Public Health Infrastructure and Management of Health Services, Functioning of selected Autonomous Councils, Assam and Utilisation of State Disaster Response Fund*), six Compliance Audit Paragraphs and three general paragraphs. The draft Performance Audit/Compliance Audit Report and draft audit paragraphs were sent to the Principal Secretary/Commissioner of the Departments concerned with a request to verify the facts and figures and furnish replies there against. The findings of PA and SSCA were also discussed in exit conferences held with the representatives of the Government of Assam and their views were duly acknowledged in the Report. A synopsis of the important findings contained in the Report is presented below.

## SOCIAL SECTOR

### Performance Audit

#### ***Performance Audit on “Welfare of Building and Other Construction Workers”***

Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Act, 1996 (the 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. Under the Act, State Governments were to constitute the Building and Other Construction Workers’ Welfare Boards. To augment resources of the Building and Other Construction Workers’ Welfare Boards through levy and collection of cess on the cost of construction incurred by the employers, GoI also enacted (August 1996) Building and Other Construction Workers’ Welfare Cess Act, 1996 (Cess Act). Government of Assam (GoA) framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Assam Rules in 2007 (State Rules) and constituted (February 2008) the Assam Building and Other Construction Workers’ Welfare Board (Board) to examine and consider the welfare schemes to be provided to the building workers. The State Rules were subsequently amended (September 2017). Audit however, observed instances of non-compliance to the provision of Acts/Rules, weakness in monitoring and control of registration process of establishments and workers.

The Board did not have any mechanism to know cess amount receivable, collected and remitted by different agencies. Besides, there was lack of awareness campaign and publicity of various welfare schemes among the registered and unregistered workers and poor supervision and monitoring of health and safety norms by the Government.

The budget proposals were un-realistic and weak scheme implementation capacities led to huge year end fund balances despite substantial accumulation of funds over the years.

State Building and Other Construction Workers Advisory Committee (SAC) and the Board were essentially meant to strengthen the implementation mechanism. However, shortfalls in holding meetings of the SAC/Board and delay in re-constitution of the SAC after the expiry of its term shows lack of commitment towards implementation of the Act and State Rules.

***(Paragraphs 1.2.4.1.4 and 1.2.4.1.5)***

Despite having mechanism for registration of establishments, there existed large number of un-registered establishments in 20 units test checked in five selected districts. Lack of co-ordination between RERA/ construction permission granting authorities and the LW Department, non-compliance of instructions of the Department, by the Government functionaries and Local Bodies/Urban Development Authorities were attributable reasons for poor registration. Non-maintenance of database and maintenance of incomplete details for establishments, the working conditions of the registered establishments/works in the State could not be assessed by the Department.

***(Paragraphs 1.2.4.2.2, 1.2.4.2.3 & 1.2.4.2.4)***

Beneficiary survey conducted on 438 BOC workers by Audit disclosed that 68 *per cent* of the registered workers were unaware of the functions of the Board and its welfare schemes and benefits.

***(Paragraph 1.2.4.3.4)***

Due to lack of action on the part of Assessing Officers in the five test-checked districts, assessment of cess *vis-à-vis* actual remittances or deposit of cess to the Board was not carried out, checked or verified during 2017-18 to 2021-22. As a consequence, instances of short collection of advance cess of ₹9.17 crore, delay in remittances of cess ranging from 12 to 92 days by test checked Local Bodies/Urban Development Authorities and Works Executing Divisions respectively came to notice.

***(Paragraphs 1.2.4.5.1, 1.2.4.5.2 & 1.2.4.5.4)***

The Board is yet to implement online cess collection system even after two years of issuance of SOP for overall operations including online cess collection by the Board.

***(Paragraph 1.2.4.5.3)***

Inspection of building and other construction sites was not given due priority. Audit in course of Joint Physical Verification found issues affecting health and safety of workers and no safety committee was constituted.

***(Paragraphs 1.2.4.6.1, 1.2.4.6.2 & 1.2.4.6.3)***

The total fund of ₹1,783.07 crore was available with the Board during 2017-18 to 2021-22. While receipts under the fund showed an increasing trend, the expenditure on the schemes actually decreased from ₹92.37 crore (7.12 *per cent* of total fund) in 2019-20 and to ₹78.95 crore (4.43 *per cent* of total fund) in 2021-22.

***(Paragraph 1.2.5.2)***

The Board submitted its budget to GoA for approval with delays ranging from more than two to eight months during the audit period.

**(Paragraph 1.2.5.3)**

The Board and its district offices were manned by contractual staff. The Board and its lower level functionaries were handicapped by shortage of manpower at various levels, which adversely affected the Board's effectiveness in its utilisation of the budgetary provision towards various welfare schemes for the beneficiaries.

**(Paragraph 1.2.5.7)**

**Recommendations:**

- *GoA may strengthen registration machinery of the Board/LW Department to effectively identify the workers and establishments eligible for registration by*
  - *creation of an integrated IT portal/ application for online registration of establishment, workers, cess assessment (assessors, cess deductors/ collectors including Local Bodies/ Authorities) and cess deposit system;*
  - *conducting regular inspection by LOs and LIs; and*
  - *ensuring mandatory submission of returns by employers;*
- *The Board may streamline budgetary process to ensure timely approval of budget and improve its expenditure towards implementation of schemes as envisaged in the Act;*
- *The Board may undertake regular awareness campaign and publicity of various schemes among the registered and unregistered workers to increase coverage of beneficiaries and help them in availing the benefits.*

**Performance Audit on Working of Assam Tea Employees Provident Fund Organisation**

Assam Tea Plantation Provident Fund (ATPPF) was established in September 1955 which was subsequently renamed as Assam Tea Employees' Provident Fund Organisation (ATEPFO) in June 2014 to provide social security benefits to the workers employed in tea plantations and factories in Assam. ATEPFO implements four social security schemes viz., Provident Fund, Pension Fund, Deposit Link Insurance, and Gratuity schemes for employees of Tea Estates and Factories. TEs are to deposit both employees and employer's share of PF contributions to ATEPFO.

Audit observed that there was shortfall in enrolment of labourers as well as deposit of PF contributions by the Tea Estates. ATEPFO had not fixed any timelines for issue of recovery proceedings against the defaulting Tea Estates which failed in deposit of PF contributions. Statutory interest against many defaulting Tea Estates was also not imposed. With regard to the settlement of claims, about 61 *per cent* to 90 *per cent* of family pension claims were outstanding at the end of every year during the audit period which was mainly due to absence of maximum time limit for submission and processing of claims by Tea Estates. Payment of family pensions to existing 1,591 family pensioners was discontinued due to non-submission/ non-updation of bank details and other related documents since 2016. ATEPFO had invested a portion of funds in corporate bonds

without ensuring safety giving rise to possible loss of invested amount and receivable interest. ATEPFO was lacking centralised integrated IT application relating to ATEPFO and was unable to generate online PF statements for its subscribers.

- As of March 2022, a total of 573 Tea Estates out of 1,197 Tea Estates involving 39,120 tea workers were not covered under PF scheme as required under the Rules.

***(Paragraph 1.3.9.1.1)***

- There was shortfall in deposit of PF contribution of ₹315.45 crore at the end of March 2022 by 334 Tea Estates (including ATCL Tea Estates) and out of these, non-deposit/delay in deposit of PF contribution was to the extent of five years by 83 per cent of the Tea Estates.

***(Paragraphs 1.3.9.1.2& 1.3.9.1.3)***

- The unrealised statutory interest from defaulting Tea Estates for non-deposit of PF contribution within the prescribed time frame was ₹74.15 crore as of March 2022. Further, ATEPFO was yet to impose statutory interests against 315 Tea Estates (excluding ALCL Tea Estates) for non-deposit of PF contribution as of March 2022 in violation of the provisions of the Act.

***(Paragraph 1.3.9.1.7)***

- During the years 2017 to 2022, 87 per cent to 96 per cent of Provident Fund claims and 99 per cent of pension claims were settled. However, clearance of family pension cases was only 10 per cent to 39 per cent.

***(Paragraph 1.3.9.2)***

- ‘PF earnings and Distribution Account’ was showing a negative balance in three out of five years i.e., -₹9.45 crore in 2019-20, -₹33.16 crore in 2020-21 and -₹53.81 crore in 2021-22 due to transfer of a portion of PF earnings/returns to Pension Fund Account.

***(Paragraph 1.3.10.1)***

- Due to investments made by ATEPFO in certain Corporate Bonds without keeping in view the criteria of safety which started defaulting in payment of interest since the year 2018-19 resulted in loss of interest to the tune of ₹11.42 crore. Besides, there is probability of loss of its invested fund in six such bonds to the tune of ₹69.61 crore on maturity in various periods till September 2027 of which three bonds involving ₹24.92 crore already matured between August 2022 and November 2023 but not repaid.

***(Paragraphs 1.3.10.4)***

- ATEPFO incurred extra expenditure to the extent of ₹4.41 crore during 2018-19 to 2021-22 beyond the administration cost levied on Tea Estates. Such extra expenditure on administration cost resulted in reduction of PF Administration fund corpus accumulated over a period of time.

***(Paragraph 1.3.13)***

- ATEPFO was yet to implement centralised subscriber’s database for PF subscribers as a result it was not able to generate and issue Annual PF statements online and PF details could not be made available to the subscribers through the system.

***(Paragraph 1.3.16.1.1)***

- A total of 1,994 claims of Provident Fund, Pension, Family Pension and Deposit Linked Insurance scheme involving ₹14.01 crore settled by ATEPFO were not credited to the bank account of the concerned beneficiaries due to reasons for failed transactions as of March 2022. Out of this, 52 *per cent* cases pertaining to 2017-18 and 2018-19 were pending for more than three years.

**(Paragraph 1.3.16.2)**

- There was shortfall in annual inspection of registered Tea Estates by ATEPFO and it ranged from 578 Tea Estates (52 *per cent*) to 910 Tea Estates (79 *per cent*) during the year 2017-18 to 2019-20. Out of 1,146 Tea Estates enrolled under ATEPFO as of March 2019, a total of 221 Tea Estates were not inspected even once during the entire three-year period from 2017-18 to 2019-20.

**(Paragraph 1.3.18.1)**

- Disposal of grievances by ATEPFO was not adequate as less than 50 *per cent* of the complaint cases only could be disposed of within 30 days. The Grievance Redressal System was still on offline mode and the follow up mechanism, a Grievance Escalation System and feedback system was poor.

**(Paragraph 1.3.18.4)**

**Recommendations:**

- *ATEPFO may conduct special drive to ensure full coverage of tea employees not enrolled under the PF, Pension and Deposit Linked Insurance schemes.*
- *ATEPFO may implement online centralised database system to streamline maintenance of PF subscriber details by Tea Estates and allow system generated unique PF account number to every subscriber for better monitoring of deposit of PF contributions, timely settlement of claims and to provide online PF balances to subscribers.*
- *ATEPFO may take effective steps to obtain/ update beneficiary's bank account and marriage/ remarriage status of the beneficiaries from the concerned Tea Estates through Zonal/ Inspectorate offices for early release of withheld pensionary benefits to the eligible family pensioners.*
- *ATEPFO may consider using generated report of settled PF cases of deceased subscribers to take up the matter with the concerned Tea Estates to expedite the settlements of Deposit Linked Insurance claims of the eligible beneficiaries to provide immediate relief to the family members of deceased subscribers as envisaged under the scheme.*
- *In order to check the increasing negative balance in the Interest Distribution Account, ATEPFO may either step up its recovery mechanism of penal interest so imposed on the defaulting gardens or restrict its distribution of annual interest to the subscribers of PF fund to the extent of availability of the Fund.*
- *ATEPFO may intensify recovery of outstanding receivables and also review the present practice of investing PF and crediting its interest income to 'Pension*

Fund Account' apart from the mandatory PF earning transfer, and retention of un-invested cash balance, with a view to setting off the negative balance in the Distribution Account to further build up PF Corpus for the benefit of the subscribers.

- ATEPFO may review the investment portfolio from time to time keeping in view safety criteria and better returns.
- ATEPFO may take all necessary steps to recover its invested funds from the two defaulted companies on maturity. Any case of investment may also be referred to the Statutory Investment Committee of the Organisation and ATEPFO may adhere to the prescribed criteria of safety as laid down in the SOP for investment its funds.
- ATEPFO may review its administration cost for PF scheme to either restrict it within the prescribed limit by ensuring recovery of dues or increase the rate imposed on Tea Estates to avoid draining the accumulated PF corpus.
- In order to make recovery procedure of outstanding PF contribution from defaulting Tea Estates more effective, ATEPFO may prescribe specific time frame for each stage of recovery proceedings so that actions are taken in a time bound manner. Moreover, to effect recovery of statutory interest levied on defaulting Tea Estates, provision further may be laid down in the Recovery Manual.
- Specific timelines to be followed by Tea Estates for submission of claims on cessation of service/death of subscribers to ATEPFO may be prescribed to ensure settlement of cases in a time bound manner.
- ATEPFO may streamline claim settlement of beneficiaries by clearly laying down in the SOP the time frame for submission of various claims with supporting documents by the Tea Estates through Zonal/Inspectorate offices for early release of benefits.
- ATEPFO may ensure mandatory renewal of provisional exemption of Tea Estates for gratuity scheme in a time bound manner by putting in place verification system in accordance with the scheme's guidelines. Steps may be taken to ensure payment of past liability by non-exempted Tea Estates for extending gratuity benefits to the eligible tea workers.
- ATEPFO may review its administrative expenditure to avoid allowing excess expenditure over the prescribed limit and its receipt by lay down guidelines for regulating expenditure and monitoring of recovery of statutory dues from Tea Estates and GoI to prevent draining of the PF and Deposit Linked Insurance Administration Fund.
- ATEPFO may strengthen its monitoring arrangement and introduce online grievance redressal system with escalation mechanism for effective grievance redressal.