

Executive Summary

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.

In the exercise of the powers conferred under the BOCW Act, the Labour Department, Government of Rajasthan (Department) constituted (July 2009) the Rajasthan Building and Other Construction Workers' Welfare Board (RBOCW Board) to manage the welfare fund and implement welfare schemes for construction workers. The Department also notified (April 2009) the Rajasthan Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009 (RBOCW Rules).

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 deposited in the revenue head of the State Government and then transferred to the 'Rajasthan Building and Other Construction Workers' Welfare Fund' (Fund).

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 Act. Audit checked whether there was an effective system for registration of establishments and beneficiaries. The efficiency of cess assessment, collection and transfer to the Fund was assessed in audit. Audit also assessed the existence of appropriate health and safety norms for the workers and its 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 observed that the State Government did not include some of the major provisions of the BOCW Act while framing RBOCW Rules. Also, there was shortage of manpower at RBOCW Board and Labour Department which affected the inspection of establishments and compliance with the provisions of the Act including registration of BOC workers and collection of cess.

Audit identified significant gaps in the registration of establishments and BOC workers under the relevant legal framework. Between 2017 and 2022, only 2,464 establishments were registered in the State with 40.18 *per cent* of them applied for registration beyond the stipulated timeline. The Labour department did not obtain lists of civil works from works executing departments and

planning authorities which led to incomplete coverage of establishments required to register under the Act.

As of March 2022, 30.10 lakh BOC workers were registered in Rajasthan. Physical verification of 27 establishments across five selected districts showed that only six *per cent* of the employed workers were actually registered highlighting inadequacy in system for registration of all eligible workers.

Audit observed that labour department did not ensure the conduct of targeted surveys aimed at identifying establishments falling under the purview of the Act. During 2019-22, against the target of 1,74,000 surveys, only 60,590 (34.82 *per cent*) surveys were conducted at the State level. Assessment orders for the works covered under the Act after determining the final cost of construction were issued to only five *per cent* of the registered establishments in selected five districts by the Assessing Officers. Further, there was non-compliance with key provisions related to Cess collection including the absence of assessment order and lack of clearly defined methodology for calculation of construction cost for assessment of cess.

Instances of non-collection and short recovery of Cess indicate towards inadequate monitoring by department to ensure effective Cess collection. Additionally, delays ranging from three to 22 months were noticed in transferring the Cess of ₹ 1,789 crore collected under the revenue head of State Government to the welfare fund.

Audit also observed that none of the establishments, though liable under the Act submitted written statement of policy on health and safety of building workers to the Chief Inspector. Targeted number of inspections were not carried out by the Factories and Boilers Inspection Department (FBID) and Labour department. Of 553 inspections conducted during 2019-22, the FBID noticed shortcomings in 387 cases. However, it did not issue notices for compliance in case of 148 (38 *per cent*) establishments. Further, of 239 establishments to which notices were issued, 212 establishments (89 *per cent*) did not furnish compliance. Joint inspection of registered establishments further revealed lapses in adherence to the prescribed safety and health norms at construction sites.

Audit has highlighted gaps in fund utilization by RBOCW Board. During the period 2017-18 to 2021-22, the expenditure ranged only 21.16 *per cent* to 51.06 *per cent* of the available funds. Against the amount of ₹ 1,788.99 crore received as Cess, only ₹ 1,659.22 crore was expended towards welfare schemes. Moreover, the RBOCW Board did not submit its audited Annual Accounts for the years 2018-19 to 2021-22 to the State Government and Annual Reports for the period 2017-18 to 2021-22 were also not submitted to the Government of India.

Of 25.89 lakh applications received during 2017-22, 7.49 lakh applications (29 *per cent*) were approved, 10.61 lakh applications (41 *per cent*) were rejected and the remaining 7.79 lakh applications (30 *per cent*) were pending for disposal. In fact, 1.86 lakh applications were pending for more than two years. Audit noticed instances of inadequate document verification in cases of Schemes i.e. *Prasuti Sahayta Yojana* and Assistance to Silicosis affected

construction workers, indicating a lack of due diligence of the department while processing the applications.

Recommendations:

- 1. The GoR may take effective action to strengthen existing set up by filling up the vacant posts at RBOCW Board and Labour Department on priority to ensure effective implementation of provisions of BOCW Act.**
- 2. The Labour department may proactively coordinate with all works executing departments and planning authorities to obtain timely and complete information regarding ongoing and completed works to ensure that all eligible establishments are identified and registered under the Act.**
- 3. The Labour Department may formulate and adopt comprehensive, measurable and verifiable criteria for determining construction costs to ensure uniformity and objectivity in assessment of Cess.**
- 4. The Labour Department may strengthen the existing mechanism to ensure timely and accurate collection of cess as per assessment orders by cess collecting authorities.**
- 5. The Labour Department may take appropriate steps to ensure inspections as per prescribed targets and strengthen enforcement mechanism, thereby promoting compliance with safety and health norms at construction sites to mitigate the risk of accidents and enhance protection of BOC workers.**
- 6. The State Government may consider recruiting dedicated inspectors exclusively for monitoring compliance under BOCW Act to enhance the welfare of BOC workers.**
- 7. The labour department may streamline the mechanism of applications processing to ensure timely delivery of benefits to the BOC workers.**
- 8. The existing system of documents verification at various level may be strengthened to ensure compliance with the prescribed eligibility condition before releasing benefits to the workers under various schemes.**