

CHAPTER XI : MINISTRY OF LABOUR AND EMPLOYMENT

Labour Welfare Organisation, Kolkata

11.1 Implementation of Welfare Schemes

The Labour Welfare Organisation (LWO), under the Ministry of Labour and Employment is responsible for administration of Acts of Parliament for setting up funds for welfare of Beedi workers, workers in Iron, Manganese, Chromium, Limestone & Cine Industries and implementation of schemes operated from these funds. Audit of LWO, Kolkata revealed that it neither had any laid down procedure nor applied any checks to prevent issuance of fake/multiple cards for availing benefits under the scheme. The Internal Controls were inadequate and in absence of an appropriate data base, LWO failed to ensure that the benefits reached the eligible workers in a timely manner.

Introduction

11.1.1 Ministry of Labour and Employment, Government of India, through Acts¹ of Parliament, set up following Funds for the welfare of Beedi workers, workers in Iron, Manganese, Chromium, Limestone & Dolomite mines and Cine Industry.

- The Beedi Workers' Welfare Fund;
- Iron/Manganese/Chrome Ore Mines Labour Welfare Fund;
- The Limestone & Dolomite Mines Labour Welfare Fund and
- The Cine Workers' Welfare Fund

The Acts provides for levy, collection and crediting of cess on minerals consumed/exported, manufacture of Beedi and production of feature

¹ The MICA Mines Labour Fund Act 1946

The Iron Ore Mines Labours Welfare Fund Act 1961 effective from October 1963

The Limestone & Dolomite Mines Labour Welfare Fund Act 1972 effective from 01.12.1973

Beedi Workers Welfare Fund, 1976 effective from 15.02.1977

Cine Workers Welfare Fund Act 1981

films. The funds are used for the implementation of welfare schemes under five sectors namely health, social security, housing, education and recreation.

11.1.2 Comptroller and Auditor General's Report No. 1 on Accounts of the Union Government for the years 2010-11 to 2012-13 have brought out the inconsistencies and continued adverse balance in Beedi workers Welfare Funds.

11.1.3 The Labour Welfare Organisation headed by the Director General (Labour Welfare) is responsible for the implementation of the schemes. The Director General is assisted by Welfare Commissioner and nine Regional Welfare Cess Commissioners.

Audit examined the records of the Regional Welfare Cess Commissioner, Kolkata, who administers the funds in the States of West Bengal, Assam, Tripura, Meghalaya, Nagaland, Manipur, Sikkim and Arunachal Pradesh for the period 2009-10 to 2013-14.

Financial Status:

The amount of cess collected in Labour Welfare Office, Kolkata during the period from 2009-10 to 2013-14 is detailed below:

(₹ in lakh)

Year	2009-10	2010-11	2011-12	2012-13	2013-14
Name of Establishment	Amount collected	Amount collected	Amount collected	Amount collected	Amount collected
Mica	NA				
Iron	79.70	101.70	70.37	60.31	70.91
Manganese					
Chrome					
Limestone & Dolomite	49.62	41.03	61.57	78.04	66.67
Beedi	4187.00	4491.00	4528.00	4584.88	NA
Cine	11.70	15.80	16.10	11.70	19.10

(Source: Figures furnished by LWO)

The expenditure on the welfare schemes during 2009-10 to 2013-14 was ₹ 213.67 crore as detailed below:

Sl. No.	Name of the Scheme	Total Expenditure for 2009-10 to 2013-14 (₹ in lakh)
1.	Scholarship for children of Beedi and Mine workers from Class V onwards (including post graduation, MBBS, B.Tech. LLB & Management courses.	13430.44
2.	Revised Integrated Housing Scheme 2005 for Beedi/Mine workers.	7166.4
3.	Group Insurance Scheme for Beedi/Cine Workers.	316.93
4.	Domiciliary Treatment of Mine and Beedi workers suffering from Tuber Culosis	146.9
5.	Maternity Benefit for Female Beedi/Cine Workers.	94.25
6.	Financial assistance to school going children of Beedi and Mine workers for purchase of Dress/Slates/Note Books/Text books (Class I to IV).	93.32
7.	Financial Assistance towards funeral expenses of Beedi/Cine Workers.	46.26
8.	Reimbursement of expenditure on treatment of Cancer.	22.67
9.	Providing financial assistance to a widow/widower of Beedi/Mine/Cine workers for meeting wedding expenses of their daughter.	14.65
10.	Grant in aid to Mines Management for maintenance of Standard Dispensary.	8.72
11.	Visiting Holiday Home at Puri by Mine/beedi workers.	8.62
12.	Reimbursement of expenditure on treatment of Heart Disease.	5.96
13.	Integrated Water Supply in Mining area.	4.6
14.	Payment of Monetary Compensation for Sterilisation.	3.31
15.	Reimbursement of expenditure incurred by limestone, mica and beedi workers on domiciliary treatment of minor diseases.	1.96
16.	Providing Spectacles.	1.69
17.	Providing facilities for treatment workers suffering from mental disease.	0.06
18.	Organising sports/games, social and cultural activities.	0.03
19.	Leprosy Relief.	0.02
Total		21366.79

Audit examined four schemes (Serial No. 1,2,3 and 6 of above table) involving expenditure of ₹ 210.06 crore constituting 98 *per cent* of total expenditure.

11.2 Audit Findings

11.2.1 Deficiencies in Issuance of Identity Cards

Beedi workers must possess identity card in order to avail of the benefits of all the welfare schemes run by the LWO, Kolkata. The LWO, Kolkata as well as State Government of West Bengal (GoWB) were authorized to issue I-cards to beedi workers upto February 2008. After that, LWO, Kolkata became the sole authority for issuing I-cards, based on the direction of Parliamentary Consultative Committee. Audit examination of records revealed that;

- As per the GoWB estimation there were 19.74 lakh beedi workers in the state up to June 2010. But identity cards (I-cards) were issued to only 16.94 lakh workers (10.80 lakh by GoWB and 6.14 lakh by LWO, Kolkata) till the end of March 2014. This suggested that a large number of beedi workers continued to remain deprived of financial assistance under different beneficiary schemes.
- The LWO, Kolkata did not maintain consolidated data in respect of 6.14 lakh I-cards issued through their 25 dispensaries. Further, they did not obtain the data in respect of 10.80 lakh cards issued by GoWB. The I-cards were thus issued without any cross verification among the dispensaries or with data maintained by GoWB.
- There were no guidelines for periodic verification of the card holders. Also there was no mechanism to ensure that the I-cards were cancelled in the event of death or ineligibility of the card holders and for updating the data accordingly.
- The GoWB continued to issue I-Card despite being relieved of this responsibility in February 2008, which further increased the risk of duplication in absence of lack of information regarding the number of cards so issued.

Random check of copies of I-Cards attached to scholarship schemes in one dispensary revealed few instances of issue of I-Cards with same number and in some cases without any official seal.

LWO, Kolkata in March 2015 accepted the audit comment.

Recommendation-1: The Ministry should take immediate steps to capture and maintain correct and updated data of authentic I-Cards with registered workers. Each I-card may be assigned a unique number and validation details like Aadhar Card number or Voter I-Card number to prevent duplication.

11.2.2 Revised Integrated Housing Scheme 2007

The scheme came into effect from April 2007. Under the scheme, eligible beedi workers are entitled for a subsidy of ₹ 40,000/- per tenement, to be released in two equal instalments. The first instalment was to be released on receipt of application in prescribed format forwarded by the state authority. The second instalment was to be paid after conducting hundred *per cent* inspection by the engineers of LWO. The house was to be completed within a period of 18 months, failing which the amount of subsidy was to be forfeited and recovered along with a penal interest. The completion certificates were to be issued by the LWO and the utilisation certificate by GoWB.

It was noted that apart from the Central subsidy, each beedi worker was also entitled for a uniform subsidy of ₹ 10000/- from the State Government in two equal instalments under the West Bengal Beedi Workers' Welfare Scheme.

During 2009-10 to 2013-14, LWO, Kolkata released an amount of ₹ 71.66 crore of subsidies as follows:-

Year	1 st Instalment (number of workers)	2 nd Instalment (number of workers)	Amount paid (₹ in crore)
2009-10	3890	6789	21.36
2010-11	3571	6142	19.79
2011-12	754	3071	7.65
2012-13	9390	742	20.26
2013-14	0	1303	2.60
Total	17605	18047	71.66

(Source: Figures furnished by LWO)

LWO maintains a register to record the release of subsidy to the beneficiaries. Audit of this register revealed that it was not maintained beyond March 2011. The register shows that the first instalment was released till March 2011 to 4892 beneficiaries, which was at variance with the figure of 7461 furnished by LWO, Kolkata. The veracity of the figures furnished by LWO was not supported with any details or documents. Further scrutiny of the register revealed the following irregularities.

11.2.2.1 Non-recovery of subsidy

The time limit to complete the house was 18 months. It was noted that of the 4892 beneficiaries, 4342 received only the first instalment of subsidy totalling ₹ 8.68² crore and the second instalment was not released even after 3 to 5 years due to non-receipt of utilisation certificate from the GoWB. In the remaining, 550 cases also the LWO, Kolkata did not have utilisation certificate for ₹ 0.11³ crore. The LWO, Kolkata did not take any action to recover the subsidy of ₹ 8.68 crore and the penalty, even after expiry of the prescribed period of 18 months in 4342 cases.

The LWO, Kolkata stated (March 2015) that they cannot *suo moto* sanction the 2nd instalment of the subsidy until the State Government forwarded the detailed list of workers along with the recommendation for grant/sanction for 2nd instalment of subsidy to the eligible beneficiaries. LWO was responsible for administration of the Scheme and should have coordinated with GoWB to ensure effective implementation.

11.2.2.2 Lack of transparency in selection of beneficiaries

It was found that the payment of subsidy was made only to the beneficiaries from four districts of West Bengal (Nadia, Malda, East and West Midnapore). The fact that this selective payment was made while keeping 26417 applications from the other districts pending since 2010, without any assigned reason, indicates that the selection process was not transparent. The LWO in their reply (November 2014) attributed it to the voluminous work involved in scrutiny of the application. This does not explain as to why the applications from only four districts were processed since 2010.

² 4342 X ₹ 20000.00

³ 550 X ₹ 20000.00

11.2.2.3 Inadequate Inspection

While scrutinising the application for subsidy no inspection/re-assessment was done to verify the profession and hence the eligibility of the applicant. Considering that the system of issue and validation of I-card was flawed, risk of extending benefit to ineligible workers cannot be ruled out.

11.2.2.4 Non-retention of Fixed Deposit Receipts

To avail the subsidy, fixed deposit receipt (in the name of the applicant) from a bank/Post Office for ₹ 5000 had to be submitted to the Welfare and Cess Commissioner. At the time of release of second instalment this document was to be released to the beneficiary along with the accrued interest. However, audit scrutiny revealed that instead of the original deposit certificate, photocopies were obtained without keeping any record of the same. Audit noted that on request of the applicant, the authorities allowed the applicant to withdraw the amount along with the interest accrued thereon without ensuring that the applicant had applied for or was granted the second instalment.

In view of weak internal controls including deficiencies in issue of I-Cards, proper utilisation of ₹ 71.66 crore, there was no assurance that the collected cess was being utilised for the intended purpose.

Recommendation-2: - The Ministry should review the scheme provisions in the light of available resources and operating procedures in LWO for greater assurance of proper utilisation of cess.

11.3.1 Scholarship for children of Class V onwards: The scholarship scheme for the benefit of beedi/cine/mine workers envisages financial assistance ranging from ₹ 500 to ₹ 8000 per child *per annum* to be given to the children of these workers studying in class V and above in Government recognised schools. The eligible children of the workers apply in the prescribed application form which is forwarded by the respective heads of the educational institutions. These applications are scrutinised by LWO prior to sanction of scholarship.

Number of beneficiaries and amount sanctioned by the LWO, Kolkata under this scheme during 2009-10 to 2013-14 are detailed below:

Year	Number of beneficiaries				Amount (₹ in crore)
	Beedi	Cine	Mine	Total	
2009-10	378077	236	667	378980	40.15
2010-11	296679	186	300	297165	33.06
2011-12	178885	176	394	179455	20.82
2012-13	177376	173	6	177555	20.82
2013-14	159499	161	7	159667	19.45
Total	1190516	932	1374	1192822	134.30

(Source: Figures furnished by LWO, no underline documents were shown to audit)

Following irregularities were noticed in the implementation of the scheme:

11.3.1.1 Scholarship amounting to ₹ 11.79 crore was not disbursed in time as evident from the fact that the claims of 1.06 lakh children pertaining to the year 2010-11 was sanctioned as backlog during 2012-13 due to lack of timely availability of budget, depriving the children of intended financial assistance in time.

11.3.1.2 In March 2011, the Ministry of Labour instructed that release of scholarship should be made only after receiving details of individuals' savings bank accounts. Scrutiny of data-base of beneficiaries covered under two sanction orders, revealed release of payment to children having same account number as per the details below.

No. of Children having same account Numbers in each instance	No. of such Cases
2	38
3	20
4	2
5	2
7	1
8	1

11.3.1.3 In 389 cases involving 778 beneficiaries, payment was made to students having same name and studying in the same school. But, in

the absence of updated data base of the beedi workers along with their identity card numbers, cross-verification for elimination of double payment was not possible.

Total family income of the parents working in Cine Industry was not to exceed ₹ 8000 per month or ₹ one lakh in a year to avail the benefits in the scholarship scheme. However, test check of applications revealed that the LWO, Kolkata sanctioned (March-May 2013) scholarship amounting to ₹ 0.46 lakh to 13 children of Cine workers for year 2012-13, whose income exceeded the qualifying ceiling for the scheme.

The LWO, Kolkata in March 2015 attributed the double entries to the absence of data base of I-cards and related software to check the same adding that out of four lakh only a few applications have been detected as double entry.

11.4.2 Financial Assistance to School going children (Class-I to Class-IV)

The scheme for financial assistance to school going children of beedi, cine and mine workers for purchase of dress/slates/note books/text books (Class I to IV) envisages assistance of ₹ 250 per student *per annum* limited to a maximum of two children per parent. The eligible children of the workers apply in the prescribed application form forwarded by the respective heads of the educational institutions. These applications are scrutinised by LWO prior to sanction of assistance.

Number of beneficiaries and amount expended under this scheme for the period under audit are detailed below:

Year	Number of beneficiaries				Amount (₹ in lakh)			
	Beedi	Cine	Mine	Total	Beedi	Cine	Mine	Total
2009-10	12217	Nil	Nil	12217	30.54	Nil	Nil	30.54
2010-11	6137	Nil	Nil	6137	15.34	Nil	Nil	15.34
2011-12	8628	Nil	Nil	8628	21.57	Nil	Nil	21.57
2012-13	6143	21	7	6171	15.36	0.05	0.02	15.43
2013-14	4162	14	Nil	4176	10.41	0.03	Nil	10.44
Total	37287	35	7	37329	93.22	0.08	0.02	93.32

(Source: Figures furnished by LWO)

It is thus evident that no 'Cine' and 'Mine' workers received benefits from the scheme till 2011-12. The large scale fluctuation in the number of the beneficiaries in the category of the beedi workers was also not explained by the Department.

Audit noted that the Welfare Commissioner, in March 2013, sanctioned ₹ 11.24 lakh towards grant of financial assistance for education (school uniform) to 4494 children of beedi workers, without proper verification. Further, despite the Ministry of Labour's specific direction (March 2011) to release the amounts only after receipt of savings bank details from the beneficiaries, test check of the data-base revealed instances of payment to different children having same bank account number as in the case of scholarship scheme.

No. of Children having same account numbers	No. of Instances
2	11
3, 4, 5 & 13	1 each

Certain other irregularities in respect of amounts sanctioned in March 2013 as shown below, were noticed in audit:-

Nature of Irregularities	No. of instances	No. of Children involved
Payment to Children whose parents possessed multiple I-Cards.	23	46
Payment to more than 2 children of a family.	8	24
Double payment – Name of the Parent, I-Card No. and name of the student same.	49	98
Payment to Children having different Surname but same I-Card No. & Bank Account.	31	62

When the above observations were communicated, the LWO, Kolkata stated (February 2014) that the workers, were mostly uneducated, try to avail the benefits through bank account of other workers. The LWO cannot absolve themselves of the responsibility of extending benefits under the scheme to legitimate beneficiaries and the stipulation was also to release payment only against individuals' bank accounts.

Recommendation-3: - Funds under the education scheme should be released only after ensuring fulfilment of eligibility criteria as stipulated in the scheme guideline. Unless an accurate data base is maintained, such schemes of direct benefit cannot operate transparently.

11.5.1 Group Insurance Scheme

The Group Insurance Scheme for beedi/cine workers came into force with effect from 01.04.1992. The Group Insurance Scheme was confined to those beedi/cine workers who were in the age group of 18-60 years and had been issued Identity Cards by the specific authorities with the exception of those who were enrolled as subscribers by EPFO. The sum of ₹ 10000/- was assured to the workers in case of natural death and ₹ 25000/- in case of full disability or accidental death. As per the scheme, the premium was to be paid on 50:50 basis by the Ministry of Labour from the Beedi/Cine Workers Welfare Fund and Social Security Fund of Life Insurance Corporation at the rate of ₹ 18/- per beedi worker, *per annum* which was revised to ₹ 20.00 during 2013-14.

Audit noticed that on receipt of the claim the same is forwarded to LIC by the Welfare and Cess Commissioner and the benefits are provided by the LIC directly to the claimant. The office could not produce any records or details of the cases settled by LIC and payments made from the Social Security Fund.

Scrutiny of records revealed that the Welfare and Cess Commissioner, Kolkata had paid Group Insurance Premium of ₹ 77.30 lakh against 429444 number of identified beedi workers @ ₹ 18 per worker *per annum* for the period from 2009-10 to 2012-13 and ₹ 85.03 lakh for 472388 workers @ ₹ 20 per worker *per annum* for 2013-14. Details are shown in the table below:

Year	Premium paid to LIC (₹ in lakh)	No. of identified beedi workers against whom premium was paid	Total number of cases sent to LIC	
			Natural	Accidental
2009-10	Not Paid	0	797	08
2010-11	77.30	4,29,444	1554	09
2011-12	77.30	4,29,444	687	10
2012-13	77.30	4,29,444	605	07
2013-14	85.03	4,72,388	653	04

(Source: Figures furnished by LWO)

11.5.2 Audit observed that owing to delayed payment of premium for the period from 2008-09 to 2011-12 the LIC charged and adjusted (June 2014) an interest of ₹ 51.30 lakh from the premium of 2013-14 and stated that the balance amount would be refunded to LWO, Kolkata. Moreover, the LIC has not been accepting any claims under Group Insurance Scheme since 2013-14, although LWO, Kolkata forwarded 657 claims to LIC during 2013-14 onwards. Thus, no payments were made under the scheme in 2013-14. In reply to these observations, the LWO stated (March 2015) that for proper settlement of dispute between LIC and LWO, the entire scheme has to be amended, streamlined and modified by appropriate authority.

11.5.3 Audit also noticed that the LWO was not providing any details of the beedi workers against whom premiums were being paid and claims were raised with LIC. The LWO stated that the names were not furnished as they did not have the entire database of workers.

Recommendation-4: - Ministry should take appropriate steps to resolve the dispute between the LIC and LWO. The payment on account of GIS premium should be made in time to avoid payment of interest charges imposed by LIC.

11.6 Conclusion

The LWO, Kolkata neither has any laid down procedure nor applied any checks to prevent issuance of fake/multiple cards. The process of selection of the beneficiaries and release of aid under housing scheme was flawed. The LWO, thus, failed to ensure that the subsidy was utilised for intended purpose. They were lax in carrying out inspection

and in recovering the subsidy of ₹ 8.68 crore. Documentation was incomplete or not available in respect of beneficiary data and the LWO provided different sets of un-reconciled figures which precluded verification. In view of these serious lapses the scheme benefits were not reaching the targeted beneficiaries, in the manner and to the extent it was intended to.

The matter was reported to the Ministry in January 2015; their reply was awaited as of February 2015.