

Chapter 2

Planning

Effective planning serves as the foundation upon which the success of any scheme or programme rests. Collaboration between different levels of Government, along with engagement of stakeholders and beneficiaries, is key to the success of schemes and programmes. Ultimately, a well-planned and inclusive approach for implementation paves the way for realising the intended objectives and improving the lives of the people it serves.

2.1 Constitution of Board and its activities

As per Section 18 of the BOCW Act read with Rule 33(c) of Cess Rules, every State Government should constitute a Board consisting of a Chairperson; a person nominated by the Central Government; two⁸ persons representing the State Government; two members each representing the workers and the employers with at least one member of the Board shall being a woman. Hence, there shall be a minimum of eight members including Chairperson. The term of the Board shall be for three years. As per Rule 33-C (3) of TBOCWW Cess Rules, 1998 the Board shall meet at least once in every three months.

After formation of Telangana State, a separate Board was constituted (September 2014) consisting of the Labour Minister being the Ex-Officio Chairman; Special Chief Secretary/ Principal Secretary of Labour Department as Ex-Officio Member; Commissioner of Labour Department as Member-Convenor. Later in March 2015, two Members each representing workers and employers' group were nominated and a Member representing the GoI was nominated in March 2019.

Rule 33 also stipulates that the Board is responsible for accountal of the Cess received, formulation of welfare schemes, preparation of the budget estimates, implementing the welfare schemes through these funds and preparing the annual accounts.

Scrutiny of records revealed the following:

- After lapse of the term of the Board in October 2017, based on the request by the Commissioner of Labour in March 2018, the term of the Board was extended up to 31 October 2018 and lapsed on that date. Thereafter the Board did not exist till 30 March 2020.
- State Government constituted the Board on 31 March 2020 with Secretary to Government, LET&F Department as Ex-officio Member; Commissioner of Labour as Member Convenor; and Welfare Commissioner, Government of India (GoI), Ministry of Labour & Employment, Labour Welfare Organisation, Hyderabad as Member from

⁸ 1. The Secretary to Government, Labour Department Ex-Officio Member; 2. Commissioner of Labour as Member Convenor

the GoI. Thus, it was functioning with only three members contrary to the Rules which stipulated a minimum of eight members including Chairman.

- The Minister of Labour acted as ex-officio Chairman till September 2018, thereafter no Chairman was appointed to the Board as of March 2023. Further it was also observed that after October 2018, members from employers and employees' organisations were not appointed.

The Board while stating that pending nomination of the Chairperson by the Government and other members as required under Sec 18(1) of the Act, the Secretary in-charge of the Labour Department had been acting as Chairperson and that the non-constitution of the Board did not impact Cess collection, preparation of Budget, introduction of new schemes.

The reply is not acceptable as audit observed cases of non-collection of Cess and non-introduction of any of the envisaged new schemes from January 2018 onwards. Non-constitution of the Board with the required number of members was also against the provisions of the Act and the Rules.

Contrary to Rule 33 of TBOCWW Cess Rules, the Board had conducted only eight meetings against required 20 meetings during the five years period from 2017-18 to 2021-22. Details of the Board meetings conducted are given in **Chart-2.1**:

Chart-2.1: Board meetings required to be conducted; conducted and shortfall



Source: Information furnished by the Board

The Board replied (January 2024) that due to multiple activities, the Board met on need basis and despite non-conducting of required number of meetings, there was no deficiency in service delivery. The reply is not acceptable as new schemes could not be implemented in absence of proper follow up of the decisions taken in Board meetings.

- According to the provisions of Section 27 of the Act, the Board is required to prepare and submit Annual Accounts every year to the Government. However, the Board prepared Annual Accounts up to 2018-19 only, and thereafter, no accounts were prepared. As a result, the preparation of Annual Accounts for three years (2019-22) had been pending (as of January 2024).

When the issue was brought to the notice of the Board, it was replied (January 2024) that preparation of annual accounts was delayed initially due to bifurcation of the State, transfer of staff, change of Chartered Accountant and sorting of records. It was also stated that the Finalisation of accounts was under progress.

Non-preparation and non-submission of Annual Accounts to the State Government and in turn to the State Legislature had deprived the Legislature of oversight on the affairs of the Board.

2.2 Registration of Establishments

2.2.1 Registration of Establishments in the State

As per the provisions of Section 7 of the BOCW Act read in conjunction with Rule 24, it is mandatory that, every Employer involved in construction work must submit an application to the Registering Officer (RO) for the registration of the Establishment within 60 days from the commencement of work. The certificate of Registration should be issued within 15 days from the date of receipt of application by the RO. Government had introduced (December 2015) a single window system for the process of registration.

As per the orders (December 2009) of the Government, the Deputy Commissioner of Labour (DCL) as Member-Convenor of District Coordination Committee should submit a Monthly Progress Report by 10th of succeeding month and an Annual Return was also to be submitted by the departments/local bodies/ authorities collecting Cess, to the Board not later than 15th May of succeeding year on the details of plans approved and amount of Cess collected and Cess remitted for Government projects/ projects of private individual/Establishments and labour department should take necessary steps for the registration of these Establishments under the Act.

As per the Action Plan and Model Welfare Scheme formulated (September 2018) on the directions (March 2018) of the Honourable Supreme Court, Regular monitoring mechanism of construction activities should be established in the States, utilising technologies such as GIS mapping.

Details of applications received and registration of Establishments in the State for the period 2017-22 are given **Table-2.1**.

Table-2.1: Details of applications received and registration of Establishments in the State for the period 2017-22

Year	Number of Applications received	Number of Registrations done
2017-18	1,122	1,047
2018-19	2,240	2,293
2019-20	446	453
2020-21	388	380
2021-22	529	536

Source: Information furnished by the Commissioner of Labour

Scrutiny of records revealed the following:

- Out of 4,725 applications received for registration of Establishments under BOCW Act, 4,709 Establishments were registered of which 3,714 Establishments (79 per cent) were registered in 10 Districts, in remaining Districts 995 Establishments (21 per cent) were registered. (*Appendix 2.1*)
- As per the Government orders (December 2009) the plan approving authority has to submit plan approval details of construction activities taken up by the Government Departments and others; and submit annual return to the Board. However, the approving authorities had not submitted the returns to the Board in any of the years. In absence of details of plan approvals, the Department had to depend only on the applications received for identification of establishments and their registration, which resulted in non-registration of Establishments in test-checked Districts as explained in the *Paragraph 2.2.2*.
- Against the 5,392 Establishments identified under Special drive during March and September 2018, only 2,199 (41 per cent) Establishments were registered leaving a significant number of 3,193 Establishments (59 per cent) unregistered.

As per the directives (May 2018) from the GoI based on the Honourable Supreme Court's directions, though Geographic Information System (GIS) technology/mapping was required to be implemented for ensuring Establishment registration, the same had not taken place even after five years. Further, status of implementation of GIS mapping was not furnished. The reply of the Government and the Board on the above issues is awaited (April 2024).

2.2.2 Registration of Establishments in the test-checked Districts

In the absence of the annual returns received from the plan approving authorities as explained in the *Para 2.2.1*, Department could register only those Establishments which had submitted their application under the BOCW Act.

- a. Audit obtained the data of building plans with estimated cost above ₹10 lakh approved by the test-checked ULBs and compared with the details of Establishments registered under BOCW Act during the period from 2017-18 to 2021-22 as depicted in the **Table-2.2**.

Table-2.2: Plans approved by test-checked ULBs and Establishments registered in the test-checked Districts during the period 2017-18 to 2021-22

District	Number of Building plans approved	Number of Registered Establishments (%)		Number of Unregistered Establishments (%)	
Hanumakonda	10,259	280	3%	9,979	97%
Hyderabad	76,861	1,065	1%	75,796	99%
Karimnagar ⁹	64	45	70%	19	30%
Khammam ¹⁰	1,331	138	10%	1,193	90%
Rangareddy	974	866	89%	108	11%
Total	89,489	2,394	3%	87,095	97%

Source: Information furnished by ULBs and Department of Labour

⁹ Karimnagar: - Furnished information for 2021-22 only as TS-BPASS was introduced from October 2021

¹⁰ Khammam: - Furnished information for 2020-21 & 2021-22 of TS-BPASS only

Scrutiny of the above data revealed the following:

- Out of the total 89,489 Building Plan approvals¹¹ sanctioned in the selected offices of the test-checked Districts which were required to be registered as Establishments, only 2,394 (three *per cent*) Establishments were registered.
 - The percentage of Non-registration of Establishments in the test-checked Districts ranged from 11 *per cent* (Rangareddy) to 99 *per cent* (Hyderabad).
- b. The details of certificate of registrations issued with delay has been given hereunder in the **Table-2.3**.

Table-2.3: Statement showing the District-wise details of delay in Registration of Establishments

Sl. No.	Name of the sampled Districts	No. of establishment registered during 2017-22	No. of establishment registered with delay	No. of Days delayed
1	Hyderabad	1,065	180	1-29
2	Rangareddy District	866	332	1-29
3	Karimnagar	45	8	1-4
4	Khammam	138	10	1-13
5	Hanumakonda	280	17	1-27
	Total	2,394	547	

Source: Information furnished by the Board

- As per provisions of the Act and the Rules, certificate of registration was to be issued within 15 days from the date of receipt of application. However, certificates were issued to 547 (23 *per cent*) Establishments with delays ranging from 1 to 29 days in selected districts.

It is evident from the non-registration of 97 percent Establishments whose building plans were approved by the respective ULBs in test checked districts that the Department had not given much importance to the registration of establishments as per provisions of the act.

When the issue of non-registration of all the Establishments was brought to notice of the labour department, the reply remained awaited (April 2024).

Thus, the failure of the Department in obtaining the required information from plan approving authorities had resulted in non-registration of Establishments under the BOCW Act. Non-registration of Establishments under the Act affected monitoring mechanism for Cess collection and implementation of provisions of welfare measures to the workers.

2.3 Registration of Beneficiaries

As per Section 12 of the Act, every building worker who had completed 18 years of age but has not completed 60 years of age and who has been engaged in any building or other construction work for not less than 90 days during the preceding twelve months shall be eligible for registration as a beneficiary under the Act. As per the Action Plan and Model Welfare Scheme (September 2018) communicated by GoI and in line with the directives

¹¹ As per Section 2(j) of the BOCW Act read with Section (7), every employer/contractor shall register as an 'Establishment' in respect of each work, with the authorities concerned.

issued (March and May 2018) by the Honourable Supreme Court, regular estimation/survey of workers was essential in all the States for strengthening the machinery for registration of workers.

Further, Section 13 of the Act, stipulates that on satisfactory scrutiny of the applications received for 'Beneficiary Registration', the Board shall issue an identity (ID) card to every beneficiary duly affixing his/her photograph and shall have enough space for entering details of the building or other construction works done by the beneficiary.

The construction worker would be registered as a beneficiary by paying initial registration fee of ₹50 and an annual membership fee of ₹12 for one year or ₹60 for five years to the concerned ALO (Registering Officer). Thereafter he/she is required to get their registration renewed from time to time.

The Government had issued (February 2012) instructions¹² that the worker can register on the strength of the self or group declaration of the workers that he has worked for more than 90 days. The Board issued Circular instructions (July 2019) that the BOC workers would submit the registration applications through Mee-Seva centres.

Details of Registrations of beneficiaries with the Board in the State during the period 2017-22 are given in **Table-2.4**.

Table-2.4 Details of Registration of beneficiaries in the State

Year	No. of Registrations	No. of valid workers	Due for renewals
June 2014 to March 2017	2,99,234	1,01,984	1,97,250
2017-18	1,48,097	43,167	1,04,930
2018-19	2,22,701	1,95,985	26,716
2019-20	2,04,836	2,01,785	3,051
2020-21	3,53,605	3,52,008	1,597
2021-22	2,54,634	2,53,969	665
Total	14,83,107	11,48,898	3,34,209

Source: Information furnished by the Board

Scrutiny of records revealed the following:

- No regular survey as specified by the GoI instructions (September 2018) was conducted to identify the beneficiaries for registration. This was also against the directions given by the Hon'ble Supreme Court.
- Audit observed that during the Audit period (2017-22), 11,83,873 workers registered themselves as BOC workers on self-certification without indicating the details of their employment as stipulated in the Section 12 of the Act. In the absence of employment details for authenticating the construction works done by the worker, the genuineness of the status as BOC worker fulfilling the requisite condition could not be ensured.

On being pointed out the Board had replied that the mere registration with the Board does not entail right to receive the claim benefits, as the ALO would verify the facts before

¹² G.O.Ms.No.33 dated 28 February 2012 of LET&F Department

approving the claim. However, the reply is not acceptable as the ALO verification is restricted to the documentation of the claims but not to the status of the worker as the same is not verifiable with reference to provisions of the Act.

- Though the Board had conducted two spells of special drives during March and September 2018 for registration of beneficiaries, out of 92,754 BOC workers identified during the drive, only 59,564 (64 per cent) workers were registered.
- As per the Government instructions, the workers registered under the Act shall get their registrations renewed after a year or five years. However, it was observed that 3,34,209 out of the 14,83,107 workers (22 per cent) had not renewed their registration even as of June 2023.

When the issue regarding action taken for registration of identified and other beneficiaries, was brought to the notice of the Board, it was stated that the renewal of the beneficiary is dependent on several factors like continuation of the individual as BOC, migration to other place etc. It was also stated that renewal of the Registration has no financial bearing on the implementation of welfare schemes of the Board.

Reply is not acceptable as in absence of the registration/ renewal of registration, benefits of welfare measures to all eligible BOC workers was not ensured.

2.4 Issue of Identity Cards

Section 13 of Act read with instructions issued (October 2018) by the Board, stipulates that the Board shall issue identity (ID) cards within nine days of receipt of application to every beneficiary with his/her photograph duly affixed thereon and with enough space for entering the details of the building and other construction work done by the beneficiary as the same was mandatory for claiming the benefits under different welfare schemes implemented by the Board.

Details of beneficiaries registered, approved, ID cards issued in the State during the period 2017-22 are given in **Table-2.5**.

Table-2.5: Details of ID cards issued in the State

Year	Applied for Registration	Approved	ID cards issued	Pending
2017	1,42,283	1,35,219	1,29,858	5,361
2018	2,05,106	2,02,356	2,00,203	2,153
2019	2,15,275	2,11,156	2,03,606	7,550
2020	3,28,088	3,18,629	3,07,248	11,381
2021	2,99,750	2,86,229	2,75,842	10,387
2022	2,57,474	2,31,585	2,19,523	12,062
Total	14,47,976	13,85,174	13,36,280	48,894

Source: Information furnished by the Board

Scrutiny of records revealed the following:

- Audit observed that ID cards issued by the Board do not provide prescribed space/columns for making entries by the Employer regarding the details of the building and other construction work done by the worker during the preceding 12 months to verify the correctness of the details furnished by them.

Though the Board replied (January 2024) that a separate passbook is being issued along with the ID Card to the beneficiary which has adequate provision for the employer to record the works done by BOC worker. Reply of the board is not acceptable as the copy of the pass book furnished was pertaining to the erstwhile combined State of Andhra Pradesh and the same is not in vogue in present State of Telangana as the Identity Card that was being issued to BOC worker was different from the format evident in the Pass Book furnished to Audit.

- The Board had not issued identity cards to 48,894 beneficiaries out of approved Registrations (2017-22) and 62,802 registrations were pending for approval against applications received.

When the issue of registrations pending for approval was brought to the notice of the Board, no specific reply was furnished by the Board and it was stated (June 2023) that the matter would be pursued with the Nodal Officers.

Reply is not acceptable as non-issuance of Identity cards by the Board deprived the beneficiaries of the opportunity for claiming benefits under different welfare schemes.

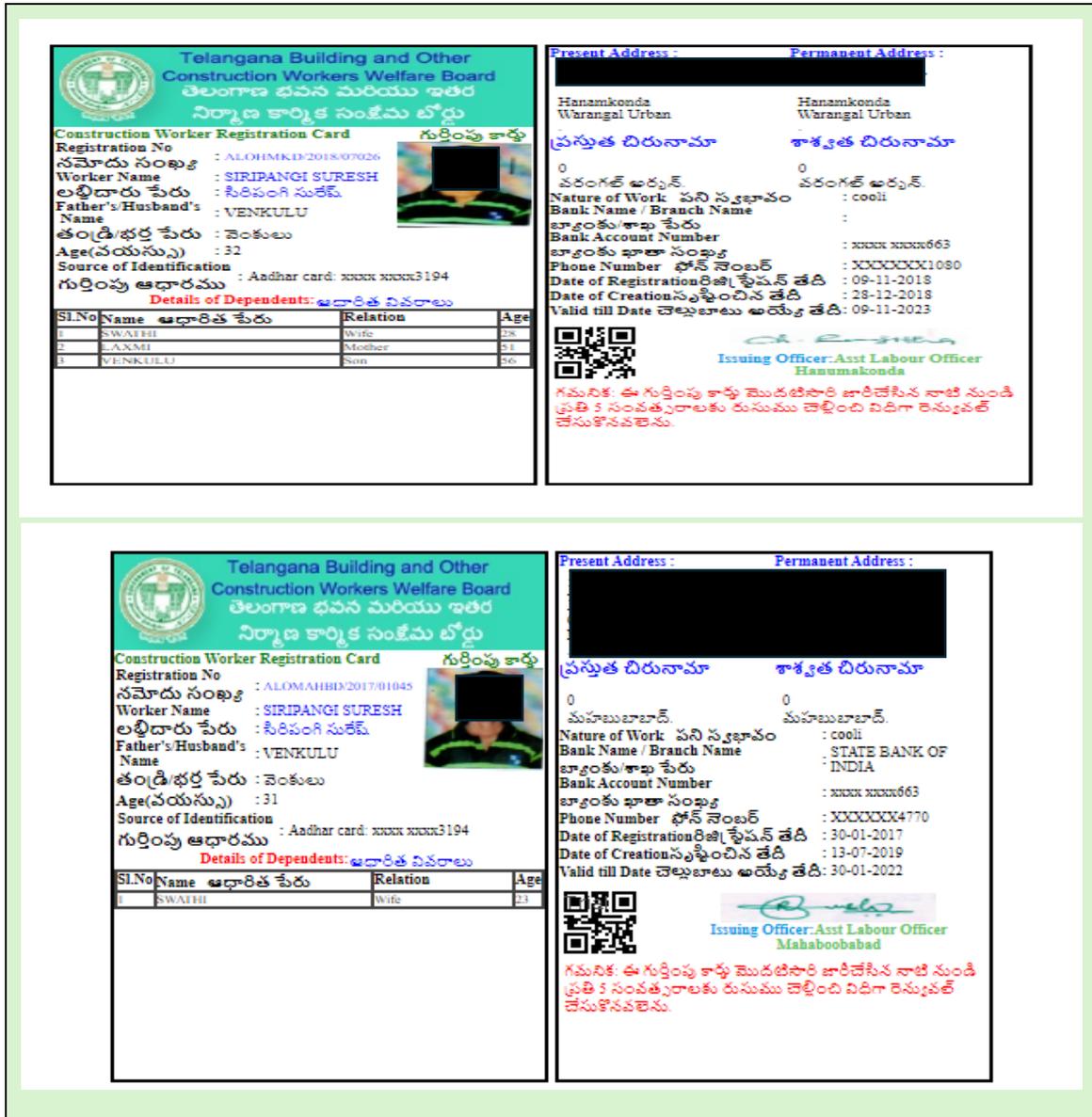
2.5 Multiple Registrations of Beneficiaries

At the time of registration, the Department is providing a registration number to the worker containing the details of the Issuing Officer, District, year of registration and registration number. For instance, in the Registration number ALOGAZL/2019/01344 first three alphabets represent Registering officer (ALO); next alphabets represent the Circle name of that District (GAZL–Gajwel); 2019 represents year of registration; 01344 is the registration ID of the beneficiary in that Circle. Except this number there is no unique field to identify the duplicate beneficiary.

Though the ID number is unique, if the same worker is registering in another Circle or District, he will be issued another ID card with details pertaining to the current Registering office/circle. This ID card registration number differs from the earlier registration number.

An illustrative instance of a Duplicate ID card of one beneficiary is shown in **Figure-2.1**.

Figure-2.1: Duplicate ID card



Registration of beneficiaries based on self-declaration, without linkage to a unique ID such as AADHAAR or any other unique ID had led to duplicate registrations of beneficiaries, resulting in some cases of suspicious double payments of the benefit to the same beneficiaries at different places (*Paragraph 6.6 refers*).

Department did not furnish any specific response on this issue. However, the Board replied (January 2024) that it had introduced (August 2022) e-KYC and AADHAAR authentication services for receiving benefits under the schemes implemented by the Board and that there was no scope for multiple registration as on date. However, the new mechanism for issue of ID cards could not be verified by Audit as the data provided to Audit was up to March 2022 only. Further, action taken to weed out duplicate cards existing in already issued ID cards was also not furnished to Audit.

2.6 Conclusion

Registering the Establishments only on the applications received without obtaining the details of plan approvals from the approving authorities resulted in non-registration of 87,095 Establishments involved in construction activities in the test-checked ULBs. The Department had not implemented the GIS technology for effective registration of Establishments which was a violation of the Honourable Supreme Court guidelines. Non-registration of Establishments under the Act affected monitoring mechanism regarding Cess collection and provision of welfare measures to the workers. As per the Government instructions, the workers who are registered shall get their registrations renewed after a year/five years. Accordingly, out of the 14.83 lakh registered workers, 3.34 lakh (22 per cent) workers had not renewed their registration as of June 2023. Non-registration/non-renewal of the beneficiaries resulted in the beneficiaries not being eligible for claiming benefits under different welfare schemes. Though Identity card is mandatory for claiming the benefits for different welfare schemes, the Board had not issued identity cards to 48,894 beneficiaries and 62,802 applications were pending for registration. The absence of a unique ID such as Aadhaar or any other unique ID linked to registration had resulted in duplicate registrations of beneficiaries. No survey was conducted by the Department to identify the workers for registering under the BOCW Act.

2.7 Recommendations

- The Government should establish the Board with requisite Members, to ensure the effective implementation of the BOCW Act and welfare measures for BOC workers.
- The Board should implement a comprehensive registration drive to address the low registration, conduct programs to educate Employers and workers regarding benefit of registration and their entitlements to various scheme benefits.
- Utilisation of GIS mapping/ technology may be prioritized by the Department for effective registration of Establishments as per the provisions of the BOCW Act.