

Chapter-2
Registration of Establishments and
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BOCW registration offers a multitude of benefits to both construction workers and their employers. Workers gain access to social security measures, including health insurance, pension schemes and accident compensation. Employers benefit from a legal framework that prioritizes worker safety and health, reducing the risk of accidents and legal consequences. In the chapter, the consequences of non-registration of Building or construction works are discussed *viz.* failure to achieve the purpose of enactment of the BOCW Act, loss of revenue to the Government, evasion of BOCW Welfare Cess, fake registration of beneficiaries, inability to provide benefits/financial assistance to legitimate beneficiaries and lack of monitoring of active beneficiaries.

2.1 Registration of Establishments (Construction Works)

2.1.1 Low registration of Establishments

As per Section 7 of BOCW Act, every employer, undertaking construction work¹, would make an application to the registering officer for registration of the work (establishment) within 60 days from the commencement of the work.

In test checked entities of sampled districts, it was noticed that out of 17,655 establishments/construction works², only one work was registered with the Labour Department in the period 2017-22 as detailed in **Table-2.1**.

Table-2.1: Details of establishments in test checked entities

Sl. No.	Test checked entities	Number of establishments/ construction works ³	Number of works registered under the BOCW Act 1996
1.	Ex. En., Construction Division PWD Dehradun	208	0
2.	Ex. En., Temporary Division PWD Rishikesh Dehradun	325	0
3.	Ex. En., Construction Division PWD Khatima, U S Nagar	215	0
4.	Project Manager Construction Unit Uttarakhand Pey Jal Nigam, U S Nagar	153	0
5.	MDDA, Dehradun	15,104	1
6.	DDA, U S Nagar	1,650	0
	Total	17,655	1

Source: Working Agencies and Development Authorities.

Audit noticed the following reasons for the low registration of establishments:

i. Registration of construction works

Assistant Engineer of working agencies was notified (May 2012) as Registration Officer for registration of Government construction works under the BOCW Act.

However, the said Assistant Engineers largely failed to perform their assigned duties as none of the establishment /construction work in the test checked working agencies was found registered under the Act. Further, out of 193 total registered establishments

¹ Where 10 or more workers employed on any day during construction.

² Includes 901 Government Construction works and 16,754 non-Government works.

³ Having estimated cost of more than 10 lakh.

in the State only 37 (19 *per cent*) were government projects. On this being pointed out, entities replied that as of now this mechanism is not in practice and in future this will be ensured.

ii. Approval of Map by Development Authorities without ensuring registration

According to applicable Government Order (GO) (December 2016) registration slip of establishment, issued by Labour Department, was to be produced for approval of building plan. However, this was not being followed by the test checked Development Authorities.

District Development Authority (DDA), Udham Singh Nagar stated in its reply that receipt was not taken since effective mechanism was not in place and it will be complied in future. No reply was received from Mussoorie Dehradun Development Authority (MDDA).

iii. Penalty not imposed

As per Section 50 of the BOCW Act, whoever contravenes any other provision of this Act shall be punishable with a fine which may extend to one thousand rupees for every such contravention.

On review, Audit observed that employers violated Section 7 of the Building and Other Construction Workers (BOCW) Act by failing to register their establishments with the Labour Department. Despite this breach, no penalties were imposed upon them.

During the Exit Conference (October 2023), Secretary Labour Department conveyed that necessary instructions from the Chief Secretary would be issued to working agencies, development authorities and concerned higher authorities of the engineering department. They would take necessary steps to ensure registration of Government construction works. Board replied (November 2023) that robust mechanism is being developed for registration of works.

2.1.2 Delay in registration of establishments

According to Rule 24 of UKBOCW Rules 2005, the Registering Officer, after receiving the application shall register the establishment and issue a certificate of registration to the applicant within 15 days of receipt of the application.

On review of data on Uttarakhand Labour Management Information System (UKLMIS) portal, Audit observed following deficiencies in 41 establishment of the sampled districts:

- i. Eighteen establishments were registered after 17 to 557 days from the date of application for registration of establishment.
- ii. Twenty registered establishments⁴ applied for registration after 63 days to 1,746 days from commencement of work while it was to be done within 60 days from date of commencement of work.

⁴ Dehradun-17, US Nagar-03.

iii. In district Dehradun, three out of 32 establishments were registered before application date. It indicates that the online registration through UKLMIS portal did not have effective checks /validation controls.

iv. Twenty eight applications⁵ were pending for registration from the date of the application⁶ till the date of audit. No reason for non-registration of the said establishments and any communication in this regard was furnished to the Audit.

In this context, the Board replied (November 2023) that effective procedure is being developed and compliance of the rules will be ensured.

2.1.3 Loss of revenue due to non-registration of establishments

Rule 27(1) of Uttarakhand BOCW Rules 2005 stipulates fees to be paid for registration of the establishment depending upon number⁷ of construction workers to be employed.

In the test checked entities in the sampled districts, 17,654 establishments were found unregistered, as depicted in **Table-2.1**. Consequently, there was a minimum revenue loss of ₹ 88.27 lakh⁸ to the Board between 2017-18 and 2021-22.

On this being pointed out, the Board stated (November 2023) that as system for registration of construction works is being established, receipt of fees for registration will be ensured.

2.2 Registration of Construction Workers

As per UKLMIS database, maintained by the Board, a total of 3,66,352 construction workers were registered between 2017-18 and 2021-22.

2.2.1 Inclusion of ineligible beneficiaries

i) Registration based on affidavit without cross verification

As per various guidelines/orders⁹, the Board may also allow registration of construction workers based on self-certification/affidavit in prescribed format. However, the self-certification should contain full details of the sites, employer and number of days of work performed in the passbook/ID of the worker so that the eligibility of the construction worker could be verified at a later date /stage.

On review of 20 sample cases¹⁰ of registered workers, Audit observed that the said self-certification/affidavit did not contain information regarding their employers and work sites. Accordingly, eligibility of the registered workers would be difficult to verify at later stage.

⁵ Dehradun-10 & US Nagar-18.

⁶ Between 13 July 2017 and 21 November 2021.

⁷ If the number of workers is up to one hundred: Five hundred rupees.; Exceeds hundred but does not exceed five hundred: One thousand five hundred rupees; Exceeds Five hundred: Two thousand five hundred rupees.

⁸ 17,654 X ₹ 500 calculated at a minimum fee (₹ 500) for registration.

⁹ As per point D of machinery for registration of workers given in the model welfare scheme for building and other construction workers and action plan for strengthening implementation machinery issued by the Government of India (2019).

¹⁰ Ten cases in each selected district.

On being pointed out, Deputy Labour Commissioner, Dehradun replied that registration was based on documents provided by beneficiary while Assistant Labour Commissioner (ALC), US Nagar gave evasive reply. Above replies of the district level functionaries of the Labour Department failed to justify lack of compliance with extant guidelines regarding furnishing of information in affidavit based registration.

ii) *Results of Beneficiary survey of registered construction workers*

Audit conducted joint beneficiary survey of 237 construction workers who were registered with the Board and who had availed benefits of the welfare schemes of the Board. The survey showed that only 121 (51 *per cent*) out of 237 beneficiaries were construction workers.

In Exit Conference (October 2023), Secretary Labour Department acknowledged that, in addition to registered construction workers, individuals under the MGNREGA scheme were initially enrolled and listed as beneficiaries with the Board. The Secretary, BOCW Welfare Board also emphasized the need for implementation of random checks to identify and weed out ineligible beneficiaries.

2.2.2 *Exclusion of genuine construction workers*

Audit conducted site visits of 19 sampled construction sites and conducted beneficiary survey of 400 construction workers. Only 10 *per cent* of 400 workers present in 19 sampled construction worksites in Dehradun and U S Nagar district were found to be registered with the Welfare Board (*Appendix-2.1*).

During Exit Conference (October 2023), Secretary, Labour Department replied that camps will be organized at major construction sites to ensure the inclusion of genuine construction workers.

2.2.3 *System for registration of migrant labourers*

To facilitate the registration of building and other construction migrant workers, the committee constituted under the directions of the Hon'ble Supreme Court (March 2018) recommended to the States that the domicile status of a worker should not prevent the worker from getting registered outside his/her State of origin. Further, Model Welfare Scheme guidelines require to organise awareness programme around construction sites.

On joint inspection of 19 sampled construction worksites, 54 *per cent* workers at worksites were found to be migrant workers and unregistered (*Appendix-2.1*).

Secretary, Labour Department stated in Exit Conference that camps would be organised in the big construction sites for inclusion of genuine construction workers.

2.2.4 *Registration services*

An online registration facility for construction workers was introduced in 2015 by the Board. However, a walk-through of the portal revealed that there was no facility available for self-registration. Instead, the worker was directed to visit Jan Seva Kendra (CSC) for registration. In the absence of facility for online registration, workers had to face challenges including travelling from distant locations, taking time off work and waiting in a big queue for their turn.

The Labour Department replied that Workers Facilitation Centre provides the facility for any type of updation and registration. The reply is not satisfactory as the online registration facility was not available for workers.



Applicant standing in front of Worker Facilitation Centre (01 February 2023)



Long queue at DLC office Rudrapur (01 February 2023)

2.2.5 Quality of beneficiaries database

According to UKLMIS database, 3,66,352 workers were registered as beneficiaries under UKBOCW Welfare Board during 2017-22 and were availing benefits under welfare schemes. On review, Audit found said database to be deficient on following grounds viz. bank account not captured, bulk registration of single mobile number, double registration etc. (details provided in **Appendix-2.2**). This shows that the UKLMIS portal lacked validation controls to ensure completeness of data as well as prevention of duplicate records.

The Labour Department replied that it was done as per the affidavit given by beneficiary. The reply was not satisfactory as the observation pertained to the lack of necessary controls in the UKLMIS portal, not to affidavits submitted by the beneficiaries.

2.3 Conclusion

The registration process for construction works was significantly deficient. This inadequacy led to a revenue loss of at least ₹ 88.27 lakh on account of registration fee not received from unregistered establishments. The registration of construction workers was riddled with errors, including wrong exclusions and inclusions of workers. Those registered based on affidavit/self-declaration were not subjected to cross-verification. Instances of registration of ineligible workers and the poor quality of the beneficiaries' database were also observed.

2.4 Recommendations

In order to have efficient and effective registration of establishment and beneficiaries following recommendation may be considered:

- 1. The Government should ensure registration of all Government construction works through a mechanism whereby payment of first bill or award of contract is carried out after confirming the registration. Suitable action should be taken in cases of non-compliance;*
- 2. The Board should ensure to cross-verify the registration of workers based on affidavit/self-declaration;*
- 3. The Board should ensure that its beneficiaries' database includes authenticated Aadhaar number and validated bank account number and this database should be periodically updated to maintain accuracy.*