

SECTION-B

**UTILISATION OF
LABOUR CESS**

CHAPTER IV

Registration of Workers

Chapter IV: Registration of Workers

The manual as well as the electronic data of registered workers had significant shortcomings. Inaccuracies in capturing vital data such as date of birth, gender of the registered workers compromised the quality of the registration database. Deficiency in identification of eligible construction workers through proper survey resulted in non-registration of significant number of workers. The Board did not initiate effective action to bring the inter-State migrant construction workers under its fold. The data from the *Seva Sindhu* Portal, consisting of 42,50,122 registered beneficiaries was inadequately validated before being entered into the database. Registration and Renewal of beneficiaries on the *Seva Sindhu* portal showed that the employment certificate submitted with the applications lacked employment details. Ineligible workers like tailor, clerk, weaver, and other professions were registered as construction workers and availed benefits.

4.1 Registration of construction workers

As per Section 12 of the BOCW Act, every building worker who has 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 12 months shall be eligible for registration as a beneficiary.

To ensure effective implementation of the schemes relating to workers benefit, the Board is required to maintain the database of workers and labourers for whom the benefits were to be paid. The Board also needs to conduct periodical updation of the data to ensure that any subscribers/beneficiaries left out are enrolled timely.

4.1.1 Non-allotment of Unique Identification Number

The Ministry of Labour and Employment, Government of India (in pursuance to the Hon'ble Supreme Court Judgement/order in Writ Petition (Civil) 318/2006) issued guidelines/action plan (September 2018) to introduce Unique Identification Number (UIN) to every registered construction worker to upload their complete details on the State portal and National BOCW portal in "read only mode" of the registered worker and their families along with registration and renewal, so that it can be accessed by other States and would help in portability of welfare benefits during migration of workers.

Audit observed that the Board made no efforts to allocate Unique Identification Numbers (UINs) on both the State and National Building and Other Construction Workers (BOCW) portals for construction workers. This failure meant that migrant labourers were unable to access benefits in States other than Karnataka due to the absence of UINs. This is in violation to the guidelines issued by the GoI.

The Government stated (August 2024) that action would be taken to allocate UIN on both State and National portals for the construction workers to enable them to access benefits in the State for migrant workers also.

4.2 Deficiencies in the quality of registration data

4.2.1 Registration of ineligible persons as Construction workers

Section 12 of the Building and Other Construction Workers' (Regulation of employment and Conditions of Service) Act, 1996 and Rule 20 of Building and Other Construction Workers' (Regulation of employment and Conditions of Service) (Karnataka) Rules, 1996 prescribe the conditions for registration of Building and other construction worker as a beneficiary under the Act. An application in Form V along with a certificate of employment and other documents were to be submitted for the purpose. The Registering Officer after scrutiny shall accept the application if the applicant has complied with the provisions of the Act and Rules for registration. Further, as per Rule 20-A, the beneficiary shall submit the pay slip or copy of nominal muster roll as proof of employment in building or other construction works for a minimum period of 90 days in the preceding year.

Audit conducted a scrutiny of randomly selected 399 applications for registration and renewal of beneficiaries available in the "Seva Sindhu" portal and observed that the employment certificate furnished along with the applications did not contain the details of the employment but were accepted by the Registering Officer. The pay roll or muster roll was not furnished for renewal of membership every year. Audit also observed that ineligible workers like tailor, clerk, weaver and other professions were registered as construction workers and availed benefits.

The Board in its 36th meeting (June 2022), decided to form a committee under ALC to identify the ineligible beneficiaries and special drives were also conducted in this regard. However, the details of the ineligible beneficiaries identified, and the action taken on them were not made available to audit. Due to inadequate scrutiny at the time of registration / renewal and while sanctioning the benefits, ineligible beneficiaries continued to avail the benefits meant only for construction workers.

The Government stated (August 2024) that the Board issued circulars (July and August 2023) to ease the renewal procedure by facilitating self -attested employment certificates/pay slips of the construction workers. It was also stated that the Board was taking every step to avoid sanctioning benefits to ineligible beneficiaries.

However, the Board needs to devise a mechanism to identify ineligible beneficiaries without the employment details required under Rule 20-A.

4.2.2 Identity Cards without employment details

Section 13 of the Building and Other Construction Workers' Act, 1996 mandates the Board to issue identity cards to beneficiaries, with employers required to record work details and return them to the beneficiary.

Further, Rule 20(4) of the Karnataka Rules specifies the issuance of identity cards and mandates the creation of smart cards for registered workers. Again,

employers were to maintain employment registers or submit annual returns as stipulated by Rule 22 and Rule 260, respectively. The inclusion of employment details in identity cards, registers, and annual returns was intended to facilitate verification by Registering Officers, enabling the rejection of registrations for ineligible beneficiaries.

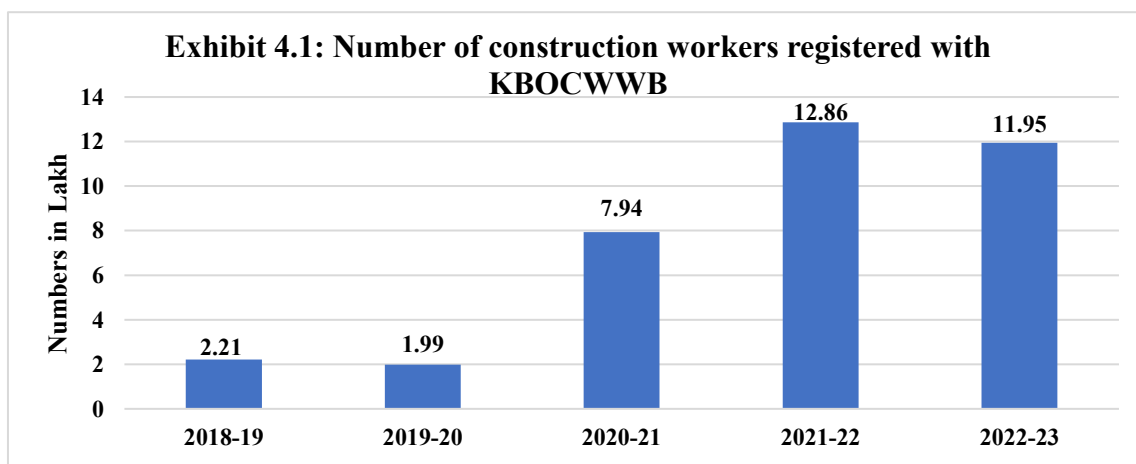
However, employers did not maintain employment registers or submit annual returns as stipulated by Rule 22 and Rule 260, respectively. Further, due to absence of such details in identity cards and the non-maintenance of employment registers and non-submission of annual returns, Registering Officers were unable to verify the information provided by beneficiaries in Employment Certificate applications or renewals. Consequently, incomplete Employment Certificates lacking employment details were accepted in all cases. In the absence of employment details, the registering officer could not ensure whether the beneficiary was involved in building construction work as required under the Rules. This also led to extending of benefits to ineligible beneficiaries in few cases as commented in succeeding paragraphs.

The Government stated (August 2024) that the Labour Officers/Registering Authorities, across the State were instructed to record all the information in the registers and identity cards.

4.3 Analysis of Registration data

4.3.1 Registration details of construction workers in the Board

The details of registered construction workers for the period 2018-23 are given in **Exhibit 4.1**.



Source: Details furnished by KBOCWBB

Audit observed a sudden surge in the registration of the construction workers in 2020-21 and 2021-22 which could be attributable to cash assistance and other benefits released to the registered construction workers during COVID pandemic.

4.3.2 Migration of Beneficiary data

Registration of beneficiaries for the Board was done manually from inception of the Board in 2007. Thereafter in February 2016, the “e-Karmika” portal was introduced for online registration by the Board. The Board migrated (June 2019) to “Seva Sindhu” portal for registration and processing of claims for assistance. The legacy data from the manual entries and from the Karmika portal were not migrated fully into the Seva Sindhu portal as the data of Karmika portal had deficiencies. Consequently, unreliable data got stored in the Seva Sindhu database. Audit analysed the data of 42,50,122 registered beneficiaries obtained from Seva Sindhu portal and found the following discrepancies:

- the age at the time of registration was shown more than 60 years in 1,150 cases.
- the gender column was blank in 3,08,609 cases and
- the date of birth was entered as 20/03/0912, 07/02/0915 *etc.*, which was not a valid date format for registration of a worker.

The data in the Seva Sindhu portal was not validated properly before storing in the database. In view of these discrepancies in the data, the database was found not reliable. As there was no unique number allotted to each beneficiary, chances of duplicate entries in manual forms and in Karmika /Seva Sindhu portal and payments of benefits more than once could not be ruled out.

The Government stated (August 2024) that the discrepancies identified in the procedures for maintaining beneficiary registrations and processing claims would be reviewed, and appropriate actions would be taken to address them.

4.3.3 Differences in the number of beneficiaries furnished by the Board and implementing offices.

Audit collected the details of beneficiaries from the Board and from the implementing offices for the purpose of sampling and beneficiary survey. It was observed that there was difference in the number of beneficiaries between that furnished by the implementing offices and the Board, as shown in the following **Table 4.1**.

Table 4.1: Differences in the number of beneficiaries furnished by the Board and implementing offices

Schemes	No. of beneficiaries as per the selected field offices				No. of beneficiaries for the selected field offices as per Board Head Office				% of variation*
	2020-21	2021-22	2022-23	Total	2020-21	2021-22	2022-23	Total	
Pension	1,354	926	1,062	3,342	1,647	10,764	20,998	33,409	90.00
Disability Pension	4	2	3	9	38	22	46	106	91.51
Family Pension	3	11	19	33	5	56	215	276	88.04
Education assistance	26,294	27,196	4,879	58,369	16,090	37,990	13,099	67,179	13.11
Marriage assistance	3,196	9,167	11,640	24,003	3,956	9,325	16,246	29,527	18.71
Medical assistance	221	470	882	1,573	231	313	932	1,476	-6.57
Thayi Magu Sahaya hasta scheme	22	85	209	316	0	55	187	242	-30.58

Source: Information furnished by the Board and field offices¹⁷

*This has been worked out by comparing the scheme-wise total number of beneficiaries observed in the selected field offices and that of the Board head office.

As seen from the table above, in pension, disability pension and family pension cases, a huge variation which ranged between 88.04 *per cent* and 91.51 *per cent* was observed in the data of number of beneficiaries furnished by the selected field offices and the data available with the Board head office. The inconsistency in the data is indicative of a faulty reporting system and absence of data reconciliation. In the absence of compiled data from Seva Sindhu portal the veracity of the data could not be ascertained in audit.

The Government stated (August 2024) that instructions had been issued to reconcile the data provided by field officers with the Board's Head Office records, scheme-wise, to ensure accurate data maintenance.

4.3.4 Inaction on the findings of Karnataka Evaluation Authority

Karnataka Building and other Construction Workers Welfare Board initiated a study on the "Welfare impact of usage of the Construction Workers' Welfare Board Cess in Karnataka" through Karnataka Evaluation Authority (KEA).

The major findings of the study were that:

- there was no accurate data on the number of construction workers and those who were registered.
- no uniformity in the process of registration of the establishments and collection of cess and no proper process of information sharing between the Board and district offices leading to whole disparity in records.
- the process of registration and renewal was complicated and took 45 days (average time) to complete and there was lack of a formal grievance

¹⁷ Information as per pension related records as furnished by three ALC offices (ALC-1 Bengaluru, ALC- Belagavi and ALC-Mangaluru) and Other Scheme related records as furnished by six Labour Offices (LO-01 Bengaluru, LO-Bidar, LO- Davanagere, LO-Hubballi, LO-Mysuru and LO-2 Belagavi).

redressal mechanism to deal with the problems faced by the construction workers.

The KEA provided (June 2021) recommendations to rectify the shortcomings identified in the study. However, the Board took no corrective action to address the shortcomings.

The Government stated (August 2024) that the shortcomings pointed out in the study report were noted and all the suggestions made in the KEA report were being implemented.

However, Audit observed many lapses in the functioning of the Board, including issues related to the registration of workers and establishments, among others, which are detailed in various chapters of this report.

Recommendation 5: The State Government should direct the Board to coordinate with the establishments to ensure the coverage and registration of all eligible workers, including inter-State migrant construction workers at registered construction sites through a comprehensive survey.

Conclusion

Despite creation of the Board in 2007, significant shortfalls continued in the registration process of unorganised construction workers. The manual as well as the electronic data of registered workers had significant shortcomings. Deficiency in identification of eligible construction workers through proper survey had resulted in non-registration of significant number of workers and registration of ineligible workers. The Board did not initiate effective action to bring the inter-State migrant workers under its fold.