



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
Welfare of Building and Other
Construction Workers**



**Government of Kerala
Report No. 7 of 2024
(Performance Audit - Civil)**

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P R E F A C E

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2023 has been prepared for submission to the Governor of the State of Kerala under Article 151(2) of the Constitution of India.

This Report contains the results of the Performance Audit on 'Welfare of Building and Other Construction Workers' covering the period 2018-23.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Why we did this audit?

The Kerala Building and Construction Workers' Welfare Board (the Board) was formed in 1990, to provide welfare assistance to the construction workers in the State of Kerala. Welfare schemes executed by the Board include assistance to the workers in the case of accidents, payment of pension to those who completed the age of 60 years, sanctioning of loans and advances for construction of houses, payment of premia for group insurance schemes of beneficiaries, giving financial assistance for the education of children, meeting medical expenses for treatment of major ailments, granting maternity benefits to female beneficiaries and provision and improvement of such other welfare measures and facilities as may be prescribed.

The Performance Audit (PA) on the Welfare of Building and Other Construction Workers aimed at assessing the efficacy of activities initiated by the Government/ Board for the welfare of building and other construction workers and effective management of collection, assessment and utilisation of cess for carrying out welfare activities of these workers. The findings of the PA have been grouped under Section I on Realisation of Labour Cess and Section II on Utilisation of labour Cess.

What we found?

Details of all establishments which employ building workers were not entered in Labour Commissionerate Automation System (LCAS), a registration portal. Only 10,113 establishments across the State were entered in the LCAS as on March 2023. The Advanced Information Interface System (AIIS) database system for the beneficiaries was not fully utilised by the Board to keep proper records of the beneficiaries. Of the total 7,312 buildings constructed in the selected Local Self Government Institutions (LSGIs) which were eligible for assessment, the Taluk offices under Revenue Department collected details of 4,294 buildings only. Of these 4,294 buildings, the details of only 679 buildings were seen entered in LCAS. There was delay ranging from one to five years in conducting assessment of cess in 282 cases.

The Labour Department failed to accrue interest of ₹11.39 crore due to delays in cess payments across 1,319 cases, with delays extending up to four years. Additionally, cess amounting to ₹1.56 crore, collected by various authorities, was incorrectly credited to the Restructuring and Internal Audit Board (RIAB). Of this, ₹84.87 lakh remains to be transferred back to the Board.

Among the 2,82,998 buildings assessed for cess collection by the Labour Department in the State, payments were realised for only 1,26,446 buildings (44.68 per cent). This resulted in a shortfall of cess collection amounting to ₹542.17 crore (53.83 per cent). In selected districts, the Board exceeded the one

per cent limit in payment of ₹1.66 crore as staff salaries and postage expenses to the Labour Department.

In five test-checked PH Divisions of the Kerala Water Authority, cheques/ DDs for cess totalling ₹48.52 lakh were not deposited into the Board's account.

There was no central repository for tracking the number of beneficiaries and expenditure related to the various welfare schemes administered by the Board in the State. Due to the lack of a centralized data system at the State office, the Board relied on information collected from District Offices to determine fund requirements for implementing district-level schemes.

Applications for various welfare benefits including pensions, marriage assistance, support for illness, fatal diseases, maternity benefits, death benefits, scholarships and cash awards were pending due to insufficient funds. Irregularities were observed in the disbursement of COVID-19 benefits due to unreliable beneficiary data.

Limited awareness among construction workers led to under-registration under the scheme, with registration often based on Trade Union certificates. Migrant workers in the State were not registered under the Act, depriving them of its benefits. Furthermore, the Department failed in enforcing safety regulations at worksites, even after accidents or incidents.

District Labour Offices lacked a system to monitor the receipt of Form IV from employers or to enforce fines as required by regulations. The Board's cash balance steadily declined from ₹910.06 crore in March 2019 to ₹135.16 crore in March 2023. The disbursal of welfare benefits also showed a decreasing trend since 2020-21. This consistent drop in cash reserves over the five-year audit period indicated that annual expenditures had been funded from the Board's cash reserves, leading to significant depletion and necessitating additional loans.

There were delays ranging from 11 to 24 months in submitting the Board's accounts to the Accountant General for audit. Out of the ₹10 crore corpus fund allocated for the Migrant Workers' Welfare Fund, only ₹1.69 crore was spent on workers' welfare between 2018-19 and 2022-23. Audit noticed inadequacies in the constitution as well as functioning of advisory bodies. Statutory State Advisory Committee was not constituted within the stipulated period and the Expert committee was not convened with adequate participation. In the districts test-checked, Labour Officers did not conduct the prescribed number of monthly inspections as mandated by the Labour Commissioner. The grievance redressal mechanism did not function effectively as envisaged.

What CAG recommends:

- *The Government should ensure that all establishments are registered and brought under the cess net by the Board, so as to enable broad based assessment of cess.*

(Recommendation 1)
- *The Government should ensure that an effective data validation system is enforced thereby making the database self-contained so that details on all cess remitting institutions/ establishments are correctly captured.*

(Recommendation 2)
- *The Government should ensure that details of all constructions permitted by LSGIs are collected and captured in the LCAS software, so that correct assessment of cess can be made by the Government.*

(Recommendation 3)
- *The Government should direct the LSGIs to develop a robust mechanism for ensuring that cess assessments are correctly made and initiate efforts for prompt collection of cess.*

(Recommendation 4)
- *The Government should direct the Board to strengthen its internal control mechanism to check leakage of revenue and also to ensure that cess due from all possible sources is realised.*

(Recommendation 5)
- *The Government should ensure that the Board maintains a database of beneficiaries with complete details of benefits availed, complete banking details, etc. thereby facilitating adherence to eligibility criteria for financial assistance.*

(Recommendation 6)
- *The Government should ensure that the Board incorporates multiple verification levels to ensure genuineness of membership forms issued by Trade Unions so as to safeguard the transparency of registration process.*

(Recommendation 7)
- *The Government should ensure that the Board conducts adequate campaigns and advertisements to increase awareness amongst workers about procedures of registration, and its benefits in the form of various welfare schemes.*

(Recommendation 8)
- *The Government should ensure that as the funds for annual expenditure of the Board were being sourced out of its cash reserves, the Board should step up the rate of cess collection on war foot basis so that recourse to borrowings can be avoided.*

(Recommendation 9)

- *The Government should ensure that required number of inspections of establishments are conducted as prescribed in the Act and Rules and that deficiencies in grievance redressal system are rectified.*

(Recommendation 10)

- *The Government should ensure that utmost priority is given to the safety of workers in construction sites. Officials responsible for oversight in the adherence to safety norms by the establishments may be held accountable.*

(Recommendation 11)

CHAPTER – I

INTRODUCTION



CHAPTER I INTRODUCTION

Building and other construction workers are one of the most numerous and vulnerable segments of unorganised labour in India. Their work is characterised by its casual nature with uncertain working hours, lack of basic amenities, inadequate welfare facilities, temporary relationship between the employer and employee and involves risk to life and limb.

The Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Act ((BOCW (RECS) Act) framed in 1996, aims to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. The Building and other Construction Workers' Welfare Cess Act, 1996 (Cess Act) provides for the levy, assessment and collection of cess, at such rates not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by the employer, with a view to augmenting the resources of the Building and Other Construction Workers' Welfare Boards constituted under the BOCW (RECS) Act.

In line with the enactment of the BOCW (RECS) Act by Government of India (GoI), the Government of Kerala (GoK) framed the Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Kerala Rules (Kerala Rules) in 1998. The Cess Act, 1996 and the Building and Other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules) framed by GoI, provided for the levy, assessment and collection of welfare cess which is to be utilised for providing safety, health and welfare measures to the building and other construction workers.

The Labour and Skills Department (the Labour Department) is entrusted with the responsibility of facilitating harmonious industrial relations in the State and enforcing various labour laws aimed at ensuring the welfare of labourers. The aims and objectives of the Labour Department included maintenance of peaceful atmosphere in the labour sector as a whole, providing decent working conditions and improved quality of life to the workers, ensuring co-operation and healthy relation between the employers and the employed, systematic implementation of various labour laws of both Centre and State and enhancing social security coverage of workers through better policies and programmes.

The Kerala Building and Construction Workers' Welfare Board (the Board) was formed in 1990, to provide welfare assistance to the construction workers in the State of Kerala. Welfare schemes executed by the Board include assistance to the workers in the case of accidents, payment of pension to those who completed the age of 60 years, sanctioning of loans and advances for construction of houses, payment of premia for Group Insurance Schemes of beneficiaries, giving financial assistance for the education of children, meeting medical expenses for treatment of major ailments, granting maternity benefits to female

beneficiaries and provision and improvement of such other welfare measures and facilities as may be prescribed.

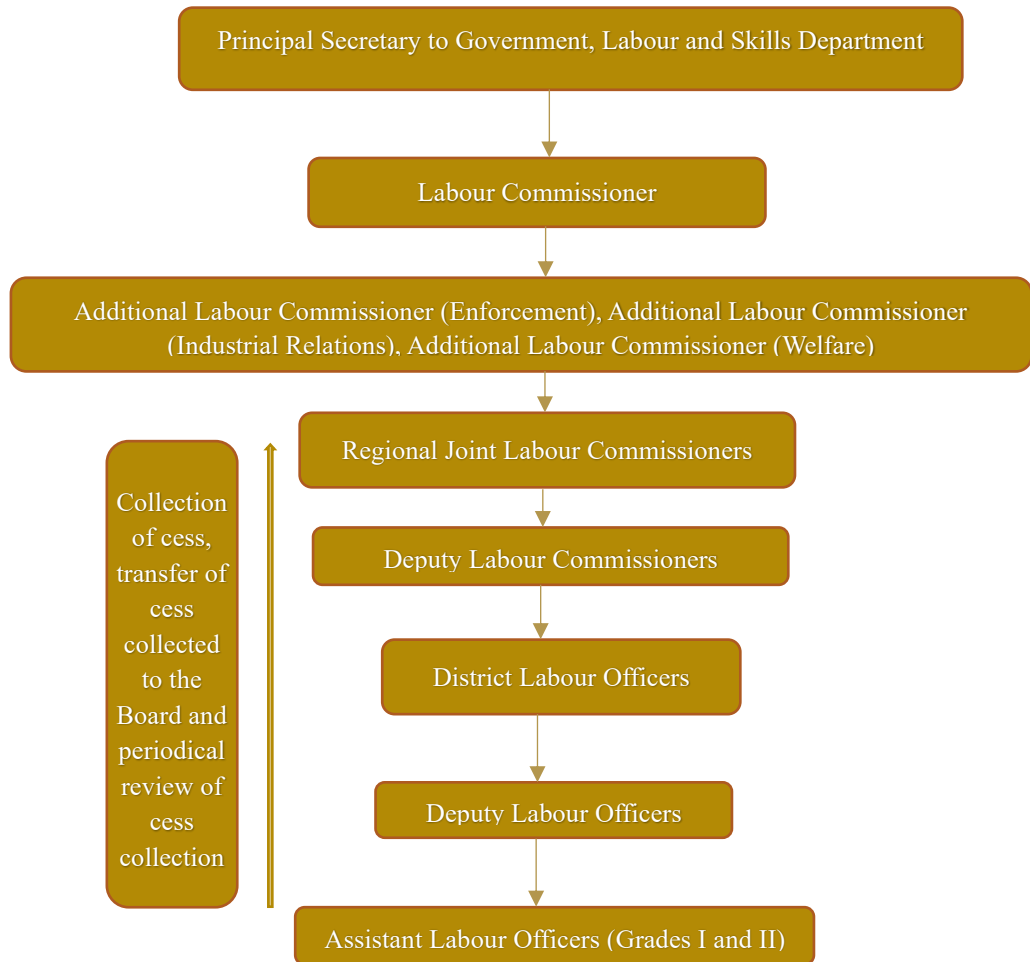
The Performance Audit (PA) on the ‘Welfare of Building and Other Construction Workers’ aimed at assessing the efficacy of activities initiated by the Government/ Board for the welfare of building and other construction workers and effective management of collection, assessment and utilisation of cess for carrying out welfare activities of these workers. The findings of the PA have been grouped under Section I on Realisation of Labour Cess and Section II on Utilisation of Labour Cess.

1.1. Organisational setup

The charts below present the organisational setup of the Labour Department and the Board depicting the duties entrusted to the officers responsible for implementing welfare activities for building and other construction workers.

Chart 1.1: Organisational setup

A. Labour and Skills Department - Government of Kerala

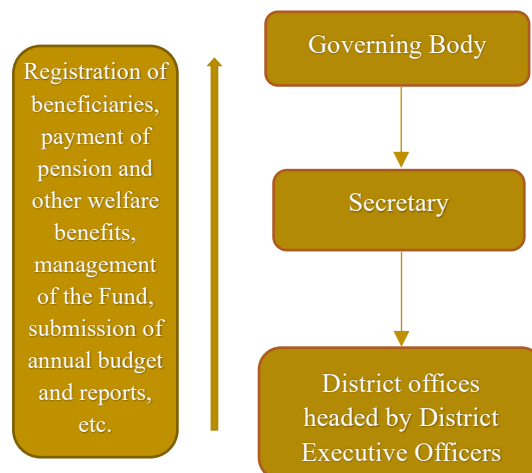


The administrative control of the Labour Department was vested with the Principal Secretary and that of the Labour Commissionerate with the Labour Commissioner. The Additional Labour Commissioner (Industrial Relations) dealt with industrial relations, Additional Labour Commissioner (Enforcement), with the enforcement of Labour Laws and Additional Labour Commissioner (Welfare), with the implementation of various welfare schemes under the different Welfare Boards. However, the Board had autonomy with regard to the implementation of schemes.

Three Regional Offices functioned at Kollam, Ernakulam and Kozhikode under the respective Joint Labour Commissioners. These offices are vested with the responsibility of resolution of labour disputes and other duties on a sectoral basis and coordinating and controlling the work of the Labour Department including enforcement of laws. Eight offices of Deputy Labour Commissioners also functioned at Thiruvananthapuram, Kollam, Ernakulam, Kottayam, Thrissur, Palakkad, Kozhikode and Kannur districts.

The Assistant Labour Officers (Grade I)/ Deputy Labour Officers in the District Labour Offices assessed the cess to be levied on the constructions in each District. The District Labour Officers (Enforcement) were in charge of periodic monitoring of levy, assessment and collection of cess. The District Labour Officers (General) were the Appellate Officers with regard to levy, assessment and collection of cess as per the Kerala Rules.

B. Kerala Building and Other Construction Workers' Welfare Board



The Governing body of the Board¹ consisted of a Chairperson appointed by GoK, a member nominated by GoI, not more than five members representing the building and other construction workers nominated by GoK, not more than five persons from among the employers nominated by GoK and not more than five members representing GoK, of whom one shall be the Chief Inspector of Inspection of Building and Construction, and one representative each of Finance, Law and Labour Departments, as envisaged in Rule 266 of the Kerala

¹ Sections 18 and 19 of the BOCW (RECS) Act.

Rules. The term of office of the Chairperson and that of the members of the Board other than official members is three years.

1.2. Audit objectives

The PA was conducted to assess whether;

- an effective mechanism was available for enumeration and registration of all establishments to facilitate assessment of cess and for its collection and remittance into the Board's fund;
- an efficient and effective system was in place for estimation, identification and registration of all construction workers and to ensure that the fund was managed properly; and
- monitoring and internal control mechanisms were effective and all employers in the construction sector fulfil their statutory obligations concerning the utilisation of funds for the welfare of employees.

1.3. Audit criteria

The criteria against which the audit findings were benchmarked, were derived from the following sources;

- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996²
- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service), Kerala Rules, 1998
- Building and Other Construction Workers' Cess Act 1996 and Cess Rules, 1998
- Model Welfare Scheme for Building and Other Construction Workers and Action Plan for Strengthening Implementation Machinery, 2018
- Part 7 of National Building Code of India, 2016 titled 'Construction Management, Practices and Safety'
- Inspection Policy notified by Government of Kerala, 2015
- Orders of Government of Kerala related to levy, assessment and collection of cess and welfare schemes for the 'Building and other Construction Workers'

² The Occupational Safety, Health and Working Conditions Code, 2020 enacted on 28 September 2020 is an Act to consolidate and amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment employing 10 or more workers. The Act subsumes 13 labour laws and Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 is one among them. Kerala has not yet implemented the Code.

1.4. Audit scope, methodology and sampling

Audit was conducted from July 2022 to January 2023 and from July 2023 to December 2023 covering the period from 2018-19 to 2022-23. Three districts, Ernakulam, Kozhikode and Malappuram were selected based on quantum of cess collection and amount of welfare benefits disbursed. Ten welfare schemes, viz., pension, marriage assistance, death benefit, scholarship and cash award, assistance to fatal disease, maternity allowance, voluntary retirement scheme, minor deposit, house building advance and tool advance were selected based on Stratified Random Sampling for detailed verification.

Audit scrutinised files and documents at the Labour Commissionerate, Board, district offices of Labour Department/ Board, selected Taluk Offices and Local Self Government Institutions (LSGIs). In addition, eight offices³ of Public Works Department (PWD) and six offices⁴ of Kerala Water Authority (KWA) from the test-checked districts were chosen, wherein cess was deducted from the work bills and deposited to the Board's account. Audit verified 300 cases of assessment selected by random sampling, for ascertaining the correctness of assessment. Further, six LSGIs and connected village offices were also selected from the selected districts for cross verifying the electronic data on buildings constructed, uploaded on the Labour Commissionerate Automation System (LCAS). Audit also analysed data obtained from Advanced Information Interface System (AIIS) pertaining to all Welfare Boards, managed by the Labour Commissionerate. Further, survey of beneficiaries and joint physical verification of establishments were also conducted during audit.

The Entry Conference was conducted with the Secretary to Government, the Labour Department on 01 June 2022, wherein the objectives, criteria, sampling and methodology were discussed with and agreed upon. The Exit Conference was conducted on 19 July 2024, in which the audit findings were discussed with the Secretary to Government, the Labour Department.

1.5. Acknowledgement

Audit acknowledges the co-operation extended by the Labour Department, the Labour Commissionerate, Kerala Building and Other Construction Workers' Welfare Board and their subordinate offices at district level and selected Local Self Government Institutions, offices of Kerala Water Authority/ Public Works Department and Taluk Offices in the smooth and timely conduct of audit.

³ Buildings Sub-Division, Roads Division and Electrical Division (Kozhikode); Roads Division (Muvattupuzha), Roads Division (Ernakulam); Buildings Division (Edappally); Roads Division (Manjeri); NH Division (Malappuram)

⁴ PH Division and Project Division (Kozhikode); PH Division (Edappal); PH Division (Malappuram); Project Division (Kochi); Project Division (Perumbavoor)

1.6. Structure of the Report

The Audit findings based on the scrutiny of records at the Head Offices of the Boards and the field offices are given in the following chapters:

Section I: Realisation of Labour Cess

- ❖ Chapter 2 - Registration of Establishments and Assessment of Labour Cess.
- ❖ Chapter 3 - Collection and Remittance of Labour Cess.

Section II: Utilisation of Labour Cess

- ❖ Chapter 4 - Implementation of Welfare Schemes.
- ❖ Chapter 5 - Functioning of Kerala Building and Other Construction Workers' Welfare Board.

SECTION - I

REALISATION OF LABOUR CESS

CHAPTER – II

REGISTRATION OF ESTABLISHMENTS AND ASSESSMENT OF LABOUR CESS



CHAPTER II REGISTRATION OF ESTABLISHMENTS AND ASSESSMENT OF LABOUR CESS

Details of all establishments which employ building workers were not entered in the registration portal LCAS. Only 10,113 establishments across the State were entered in LCAS as of March 2023. The AIIS database system for the beneficiaries was not fully utilised by the Board to keep proper records of the beneficiaries. Of the total 7,312 buildings constructed in the selected LSGIs which were eligible for assessment, the Taluk offices under Revenue Department collected details of 4,294 buildings only. Of these 4,294 buildings, the details of only 679 buildings were seen entered in LCAS. There was delay ranging from one to five years in conducting assessment of cess in 282 cases.

2.1. Registration of establishments

According to Section 7 of BOCW(RECS) Act, every employer shall make an application to the registering officer (District Labour Officer) of that area for the registration of such establishment⁵ within a period of 60 days from the date of commencement of establishment. The application⁶ shall be made in triplicate in Form I⁷ to the registering officer accompanied by the fees for the registration of the establishment. The registering officer, after receiving application shall register the establishment and issue a certificate of registration (Form II) to the applicant within 15 days of receipt of application.

2.1.1. Registration through Labour Commissionerate Automation System (LCAS)

The delivery of services by the Labour Department was being dispensed through a web enabled software application namely “Labour Commissionerate Automation System” (LCAS) which was developed by Kerala State Electronics Development Corporation Limited (KELTRON), the Total Solutions Provider. As part of the phase-wise development and integration of various services such as grant of registration/ licence under the enabling labour legislations, inventory management, dispute redressal, gratuity, call centre monitoring, etc., an agreement for revamping LCAS was entered into (March 2018) with KELTRON by the Labour Department at a cost of ₹10.40 lakh. The Labour

⁵ Establishment belonging to, or under the control of Government, any Body, corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor, but does not include an individual who employs such workers in any building or construction work in relation to his own residence, the total cost of such construction not being more than ₹10 lakh.

⁶ Rule 25 of the Kerala Rules

⁷ Form I contains Name of Establishment, Registration Number under BOCW(RECS) Act, 1996, Registering Authority, address, name of work, number of workers employed, date of commencement of work, estimated period of work, estimated cost of construction, details of payment of cess (*viz.*, advance, deduction at source, final, etc.), name of employer, etc.

Commissioner issued (December 2018) a Circular directing all units and sub offices of the Labour Department to complete the procedures of registration/ renewal, licence/ renewal and amendments as per all Acts related to the Labour Department through online mode only. All the inspections conducted by the Labour Officers were also to be processed through LCAS.

In Kerala, the Revenue Department was authorised to levy one-time building tax on all categories of buildings except those exempted under Sections 3 and 3A⁸ of the Kerala Building Tax Act, 1975. According to the data pertaining to one-time building tax accessed from the Revenue Department, it was seen that the total number of constructions during the period 2021-23 was 2,57,104. However, only 10,113 establishments were seen registered in LCAS as of March 2023. The comparison of number of constructions in the data obtained from Revenue Department with that of LCAS software of Labour Department is given in **Table 2.1**.

Table 2.1: Comparison of number of constructions in the data obtained from Revenue Department with LCAS software for the selected districts

District	No. of constructions as per Revenue Department	No. of constructions as per LCAS
Kozhikode	24,436	622
Malappuram	35,611	406
Ernakulam	25,809	574
Total	85,856	1,602

(Source: Data obtained from Revenue Department and software of Labour Department)

This points to the significant variance between the actual number of existing establishments as per revenue records *vis-à-vis* those registered under LCAS, thereby establishing the ineffectiveness of online mode of registration. It was also observed that for the purpose of collection of cess, the Labour Department maintained a separate set of data containing 2,82,998 establishments during the last five years which points towards contradiction in the data sets maintained by the Labour Department.

Audit noticed that procedures such as inventory management, dispute redressal, gratuity, call centre monitoring as well as conduct of inspections were not being routed through LCAS.

Government stated (July 2024) that the low rate of registration was primarily due to the fact that the Assistant Labour Officers in the districts were overloaded with an array of tasks and hence could not find sufficient time to register the building and other construction workers. Audit is of the opinion that

⁸ Buildings owned by the Government of Kerala or the Government of India or any local authority and buildings used principally for religious, charitable or educational purposes or as factories or workshops or any such buildings as notified by the Government.

Government should revamp the registration process by collecting data on buildings to be registered, directly from LSGIs.

2.1.2. Advanced Information Interface System

As part of digitalising the data of all workers registered in 19 Welfare Boards under the Commissionerate, KELTRON proposed (July 2019) a project⁹ viz., Upgradation/ enhancement in Advanced Information Interface System (AIIS) for Labour Commissionerate to map the functions of all the Welfare boards under the Labour Department, costing ₹1.39 crore. GoK sanctioned (March 2021) the proposal for ₹1.39 crore and allotted ₹25 lakh from the budget to update AIIS software, as the initial phase of the project. In September 2021, the Labour Department decided to opt for a shortened version of the project consisting of limited functionalities like registration of beneficiaries, nomination management and search facility amongst the registered beneficiaries of all Welfare Boards under the Labour Department at a cost of ₹25 lakh. The software used for the project facilitated capturing of beneficiary details including name, address, Aadhaar number, date of birth, caste status, address of establishment, registration number of establishment, name of Trade Union which recommends the registration of beneficiary, bank details, period of service, etc. Audit observed that the Board had ceased to utilise even the limited version of the software. The benefits were disbursed based on details directly furnished by beneficiaries and not through the details entered in AIIS. The database created using the limited version software was used only for verifying whether a beneficiary who had applied for new membership in the Board was a member of any other Welfare Board under the Labour Department.

Audit analysis of data pertaining to the Board comprising 5,54,294 beneficiaries in the above database revealed that:

- a) In 15,396 cases, same bank account number was entered against more than one beneficiary.
- b) In 127 cases, the Aadhaar numbers entered against the beneficiaries were found to be invalid.
- c) In 83 cases, there was duplication of the beneficiary id.

It is, therefore, evident that the database contained erroneous details and there was no system for validating the data, as a result of which, this shortened version was of no use to the Board and therefore, was discontinued. Since the benefits were being extended based on the information collected from the respective beneficiaries and not through this software on which ₹25 lakh was already spent, the entire expenditure had, thus, become unfruitful. The Government reply was, however, silent on this aspect.

⁹ The project included modules like membership management, nomination management, Identity card generation, subscription management, pension, other welfare benefits management, digital documentation, Government fund management, establishment management and various reporting facilities

Recommendation 1 : *The Government should ensure that all establishments are registered and brought under the cess net by the Board, so as to enable broad based assessment of cess.*

Recommendation 2 : *The Government should ensure that an effective data validation system is enforced thereby making the database self-contained so that details on all cess remitting institutions/ establishments are correctly captured.*

2.2. Non-compliance to provisions relating to assessment of cess

According to Rule 6 of the Cess Rules¹⁰, every employer, within 30 days of commencement of his work or payment of cess, shall furnish to the Assessing Officer information viz., name of establishment, number of workers, estimated cost of construction, etc., in Form I. Rule 7(1) of Cess Rules stipulates that on receipt of information in Form I, the Assessing Officer¹¹, on scrutiny of such information and if satisfied, shall make an order of assessment within a period not exceeding six months indicating the amount of cess payable by the employer. Rule 4 stipulates that cess levied can be paid within 30 days of completion of construction or within 30 days on which assessment is finalised, whichever is earlier.

In the course of audit, it was observed that there was no system in place in the Labour Department to monitor the receipt of Form I as per Rule 6 mentioned above. Consequently, the assessing officer could not perform his duties as per Rule 7(1), which in turn contributed to non-compliance with the provisions related to the levy of cess as per Rule 4, by the Labour Department. The LSGIs were authorised to issue occupancy certificates for buildings in their jurisdiction. However, the District Labour Officers (DLOs) of selected districts collected data on completed constructions which were liable for assessment of cess, from the Taluk offices under Revenue Department instead of LSGIs. Audit also observed that the data collected from the Revenue Department was not comprehensive.

Audit attempted a comparison of year-wise details of number of constructions available at three different sources, viz., selected LSGIs, Taluk Offices and Labour Commissionerate Automation System (LCAS) of Labour Department for the selected local bodies, the details of which are given in **Table 2.2**.

¹⁰ The Building and other Construction Workers' Welfare Cess Rules, 1998, framed by the Central Government

¹¹ Deputy Labour Officer and Assistant Labour Officer (Grade I)

Table 2.2: Details of number of constructions available at LSGIs, Taluk offices and LCAS software

Year	Number of constructions as per data available at		
	LSGIs	Taluk offices	LCAS software
2018-19	2,828	986	85
2019-20	1,300	967	469
2020-21	1,191	437	124
2021-22	1,240	866	1
2022-23	753	1,038	0
Total	7,312	4,294	679

(Source: Data obtained from LSGIs, Taluk offices and software of Labour Department)

Of the total 7,312 buildings constructed in the above LSGIs which were eligible for assessment, the Taluk offices under Revenue Department collected details of 4,294 buildings only. Of these 4,294 buildings, the details of only 679 buildings were seen entered in LCAS for further assessment.

Thus, a meagre 9.29 per cent of the constructions for which details were available with LSGIs were assessed by the Labour Department.

Audit observed that the Labour Commissioner had directed (October 2020) the DLOs to collect details of all buildings registered under LSGIs concerned in previous months and to record a certificate in this connection in assessment registers. However, the same has not been complied with (December 2023). Thus, laxity on the part of DLOs in obtaining comprehensive details of constructions liable to be assessed for cess from LSGIs resulted in buildings escaping assessment of cess.

The Labour Commissioner stated (June 2024) that the work of collection of cess has been entrusted to LSGIs vide orders dated 14 February 2024. The Government did not offer any remarks in this regard.

Recommendation 3: The Government should ensure that details of all constructions permitted by LSGIs are collected and captured in the LCAS software, so that correct assessment of cess can be made by the Government.

2.3. Delay in assessment of cess

According to Rule 6(1) of the Cess Rules, every employer shall furnish information in Form I within 30 days of commencement of his work or payment of cess, as the case may be. Further according to Rule 7 of the said rules, the Assessing Officer shall make an order of assessment within a period not exceeding six months from the date of receipt of Form I and in case Form I has not been furnished, the assessment shall be made based on available records.

Audit analysed 300 assessment cases in selected districts, and it was seen that Form I was not submitted in any of these cases. Therefore, the Assessing Officer

relied on the data from Taluk and Village offices on completed establishments for calculating the cess amount based on plinth area and year of completion¹².

An analysis of the assessment cases revealed that there was delay ranging from one to five years in conducting assessment of cess in 282 cases as shown in **Table 2.3**.

Table 2.3: Time period between completion of the building and issue of first notice

Sl. No.	Time period between the completion of the building and issue of first notice	No. of instances
1.	Less than 1 year	99
2.	Between 1-3 years	84
3.	Between 3-5 years	51
4.	Five years and above	48
Total		282

(Source: Assessment orders from DLOs)

The BOCW(RECS) Act provided for a time frame of six months for conducting the assessment in cases where the employer has furnished information in Form I. In cases where the employer failed to comply with the above, the Cess Rules empowered the Assessing officer to make assessment on the basis of available records, and other information incidental thereto. However, no time frame was seen fixed in this regard for the assessing officer to make the assessment. Delay in assessment of cess resulted in delay in remittance of cess and consequent delay in disbursement of benefits. The Government did not furnish any reply till September 2024.

2.4. Conclusion

Audit observed that the details of establishments which employed building workers were not entered in the registration portal LCAS. The AIIS database system for the beneficiaries was not fully utilised by the Board. Of the total 7,312 buildings constructed in the selected LSGIs which were eligible for assessment, the Taluk offices under Revenue Department collected details of 4,294 buildings only. Of these, details pertaining to only 679 buildings were entered in LCAS, revealing the slackness in the functioning of the system of registration.

¹² GoK orders dated 14 July 2017

CHAPTER – III

COLLECTION AND REMITTANCE OF LABOUR CESS



CHAPTER III

COLLECTION AND REMITTANCE OF LABOUR CESS

The Labour Department failed to accrue interest of ₹11.39 crore due to delays in cess payments across 1,319 cases, with delay extending up to four years. Additionally, cess amounting to ₹1.56 crore, collected by various authorities, was incorrectly credited to the Restructuring and Internal Audit Board (RIAB). Of this, ₹84.87 lakh remains to be transferred back to the Board.

Among the 2,82,998 buildings assessed for cess collection by the Labour Department in the State, payments were realised for only 1,26,446 buildings (44.68 *per cent*). This resulted in a shortfall of cess collection amounting to ₹542.17 crore (53.83 *per cent*). In selected districts, the Board exceeded the one *per cent* limit by paying ₹1.66 crore as staff salaries and postage expenses to the Labour Department.

In five test-checked PH Divisions of the Kerala Water Authority, cheques/ DDs for cess totalling ₹48.52 lakh were not deposited into the Board's account.

Section 3 of BOCW(RECS) Act stipulates that there shall be levied and collected a cess at such rate not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer, as the Central Government may specify from time to time. The cess levied shall be paid by an employer, within 30 days of completion of the construction project or within 30 days of the date on which assessment of cess payable is finalised, whichever is earlier. Further, the assessment orders issued by DLOs required the assessee to remit cess as DD/ Cheque in favour of the Board within 20 days from the receipt of Assessment Notice.

The proceeds of cess collected under sub-section (2) shall be paid by the local authority or the State Government collecting the cess to the Board after deducting the cost of collection of such cess not exceeding one *per cent* of the amount collected. Government Departments/ Organisations deduct cess from work bills and remit the amount to the Board.

3.1. Non-realisation of interest for delayed remittance of cess

According to Section 8 of the Cess Act, the employers are liable to pay interest on the cess amount at the rate of two *per cent* per month in case of delay in payment of cess. On analysis of LCAS data for the period from 2018-19 to 2022-23, it was seen that the Labour Department did not realise interest for delay in payment of cess¹³ in 1,319 cases. The extent of delay that occurred in payment of cess for which interest was to be collected ranged from less than one month to over four years, as shown in **Table 3.1**.

¹³ Delay was calculated from 20 days of the issue of the assessment notice, as the date of completion of construction project was not readily available.

Table 3.1: Delay in payment of cess and amount of interest to be collected

Delay	No. of cases of assessment	Interest to be collected* (₹ in crore)
Between 1 and 30 days	346	4.34
Between 31 days and 90 days	291	1.27
Between 91 days and 365 days	381	3.62
Between 1 year and 2 years	172	0.57
Between 2 years and 4 years	127	1.59
More than 4 years	2	0.0035
Total	1,319	11.39

* Position as of October 2023

(Source: Data extracted from LCAS and remittance details at the Board)

It was further observed that while issuing notice for remittance of cess, penal provision as per Section 8 of the Act was not mentioned. Failure to collect interest on belated payment of cess led to loss of ₹11.39 crore to the Board.

The Labour Department stated (October 2022) that the parties approached the Government seeking permission to remit the cess in instalments. Also, during the course of Adalats¹⁴, Government decided to give exemptions for remitting cess, which included full waiver of interest for residential buildings and 50 per cent reduction for commercial buildings. The reply is not tenable, as for allowing exemptions, the amendment in Act and Rules are required to be done either in the Parliament or in the State Legislature. Government orders for exemption of cess without legislative exercise is, therefore, not in order. The Government did not furnish any reply till September 2024.

3.2. Miscredited cess amount pending realisation

According to Rule 4(3) of the Cess Rules, Government or Public Sector Undertakings shall deduct or cause to be deducted, the cess from construction works payable at the notified rates from the bills paid for such works. Rule 5 stipulates that the proceeds of the cess so collected shall be transferred by such Government, Public Sector Undertakings etc., to the Board. During the Audit of Restructuring and Internal Audit Board (RIAB)¹⁵, it was seen that cess amounting to ₹1.56 crore for the period 2016-17 to 2021-22 was wrongly transfer credited by various cess collecting authorities into the Special TSB account of RIAB instead of the designated account of the Board. The Secretary of the Board requested (May 2022) the Secretary, Labour Department and Additional Chief Secretary, Finance Department to direct RIAB to credit back ₹1.56 crore along with interest to the account of the Board. Since no adequate mechanism to monitor/ verify the details of remittance of cess exists, other short collections, if any, cannot be ruled out.

¹⁴ The period of Adalat extended up to 31 December 2022

¹⁵ A Public Sector Undertaking under the Industries Department

The Government replied (December 2022) that ₹71.18 lakh was credited to the account of the Board. However, the remaining ₹84.87 lakh was still pending transfer from RIAB's account, along with interest.

3.3. Payment of charges in excess of permissible limit

Cess collecting authorities like State Government Departments/ Autonomous bodies/ Local Self Governments remit the cess amount to the Board after deducting one *per cent* of the amount as administrative expenses in accordance with Section 3 of the Cess Act. During the audit period, the Labour Department claimed reimbursement of salary paid to the staff of the Board deputed on working arrangement to the District Labour offices, as well as postage expenses. Audit observed that the amount thus claimed was over and above the permissible one *per cent* limit already deducted from the cess amount. During the audit period 2018-23, in the selected districts, the Board paid ₹1.66 crore¹⁶ as salary to the staff and postage expenses to the Labour Department in excess of the one *per cent* limit, which was irregular.

The Labour Commissioner replied (June 2024) that when cess Adalat started in the State on 01 November 2021, there arose need for more postage stamps and other office expenses in connection with printing notices, paper for printing etc. The reply is not acceptable as any amount incurred in excess of admissible limit is a violation of provisions in the Act, which is irregular.

3.4. Short collection of cess

The District Labour Officer shall ensure that the Assessing Officer collects the details of buildings constructed under his jurisdiction from the Local Self Government Institutions and takes further necessary action for collection of cess¹⁷. As per the information furnished by the Labour Department, details of buildings assessed, cess collected and cess pending collection were as shown in Table 3.2.

Table 3.2: Details of buildings assessed for cess by Labour Department, cess collected and balance pending collection for the period 2018-23

Year	Buildings assessed		Cess collected		Cess pending collection	
	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
2018-19	54,857	194.92	23,008	89.20	31,849	105.72
2019-20	70,181	285.66	6,722	95.99	63,459	189.67
2020-21	11,965	87.30	8,531	31.77	3,434	55.53
2021-22	35,098	167.68	27,655	99.41	7,443	68.28
2022-23	110,897	271.62	60,530	148.65	50,367	122.97
Total	282,998	1007.18	126,446	465.02	156,552	542.17

(Source: Data furnished by the Labour Department)

¹⁶ ₹1.35 crore as salary and ₹0.31 crore as postage expenses

¹⁷ Circular No. 06/2020 dated 12 October 2020 issued by the Labour Commissioner

From the above, it can be seen that out of 2,82,998 buildings assessed for collection of cess by the Labour Department in the State, amount was realised only in respect of 1,26,446 buildings (44.68 *per cent*) and this led to short collection of cess to the tune of ₹542.17 crore (53.83 *per cent*).

Further, the private constructions did not duly register and file proper returns to the Labour Department leading to a very low cess base and fewer collections. Hence steps were to be taken urgently to collect the details of building constructions from LSGIs to create a comprehensive database of new constructions and to enable cess collection through LSGIs.

Government stated (July 2024) that it has been decided to shift the onus of collecting cess from the Labour Department to LSGIs from January 2024. Audit observed that despite instructions to this effect having been issued in October 2020 itself by the Labour Commissioner, the DLOs continued to collect basic data from Taluk Offices, resulting in several constructions escaping assessment and resultant shortfall in cess collection.

Recommendation 4: The Government should direct the LSGIs to develop a robust mechanism for ensuring that cess assessments are correctly made and initiate efforts for prompt collection of cess.

3.5. Non-crediting of Cheques/ DDs drawn for the purpose of Building and Other Construction Workers' Welfare Cess

In respect of Government works, cess is being collected from the work bills at the rate of one *per cent* of the gross amount of the bill. The amount so deducted is either converted as cheques/ DDs and forwarded to the Board for realisation or transferred to the account of the Board maintained in the treasury.

Audit checked the details of deduction of cess from work bills of six offices each of LSGIs, Kerala Water Authority (KWA) and Public Works Department (PWD) from the three selected districts. The test-checked LSGIs and PWD offices were found to remit cess deducted from the work bills at the treasuries, when the payments were made. In the offices of KWA, cess was deducted from the work bills and Cheques/ DDs drawn and sent to the Board. These Cheques/ DDs were remitted by the Board to the bank account created for the purpose.

While comparing the Cheques/ DDs drawn in six KWA offices with amount credited to the bank account of the Board, Audit noticed that the following amounts pertaining to five offices deducted during the audit period were not credited to the bank account as detailed in **Table 3.3**.

Table 3.3: Details of Cheques/ DDs drawn by selected KWA offices but not credited to the bank account of the Board

Sl. No.	Name of office	Total No. of Cheques/ DDs drawn by KWA	Total amount (₹ in lakh)	No. of cheques/ DDs not credited to bank account of the Board	Amount not credited to bank account of the Board (₹ in lakh)
1.	Project Division, Perumbavoor	56	20.87	1	3.81
2.	PH Division, Kozhikode	33	96.52	1	0.35
3.	PH Division, Edappal	136	50.52	14	27.58
4.	Project Division, Ernakulam	123	69.62	2	0.23
5.	PH Division, Malappuram	214	76.18	75	46.70
Total		562	313.71	93	78.67

(Source: Details obtained from Board and KWA offices)

In the absence of KWA intimating the Board about the quantum of cess being deducted or Board seeking such information from KWA, there was no check to ensure that the entire amount deducted by KWA was credited to the accounts of the Board¹⁸. This was indicative of the inadequacy of internal control mechanism in the Board leading to possible leakage of revenue.

The GoK replied (December 2022) that out of 104 Cheques/ DDs (₹80.19 lakh), 19 Cheques/ DDs (₹31.67 lakh) were located and found to be credited to the account of the Board. Further, it was stated that a comprehensive software was being developed, on the completion of which the difficulties faced in this regard would be resolved. The reply of the Board however failed to explain the status of the remaining Cheques/ DDs amounting to ₹48.52 lakh.

Government also admitted (August 2024) that non-availability of software to facilitate cess collection had led to inability to assess the correct position of credited amount of the Cheques/ DDs and that development of software which was on the anvil would prevent such hassles.

Recommendation 5 : The Government should direct the Board to strengthen its internal control mechanism to check leakage of revenue and also to ensure that cess due from all possible sources is realised.

3.6. Conclusion

Interest amounting to ₹11.39 crore could not be availed due to delay in cess payments in 1,319 cases. Instances also occurred wherein cess amount was miscredited to other accounts, which had to be transferred back to Board. Among the 2,82,998 buildings assessed for cess collection by the Labour Department in the State, payments were realised for only 1,26,446 buildings, which led to short collection of cess. By expending higher amounts in staff salary, postage, etc., the Board exceeded the prescribed limit.

¹⁸ The Board operates four bank accounts for crediting Cheques/ DDs (as of October 2022)

SECTION - II

UTILISATION OF LABOUR CESS

CHAPTER – IV

IMPLEMENTATION OF WELFARE SCHEMES



CHAPTER IV IMPLEMENTATION OF WELFARE SCHEMES

There was no central repository for tracking the number of beneficiaries and expenditure related to the various welfare schemes administered by the Board in the State. Due to the lack of a centralised data system at the State office, the Board relied on information collected from District Offices to determine fund requirements for implementing district-level schemes.

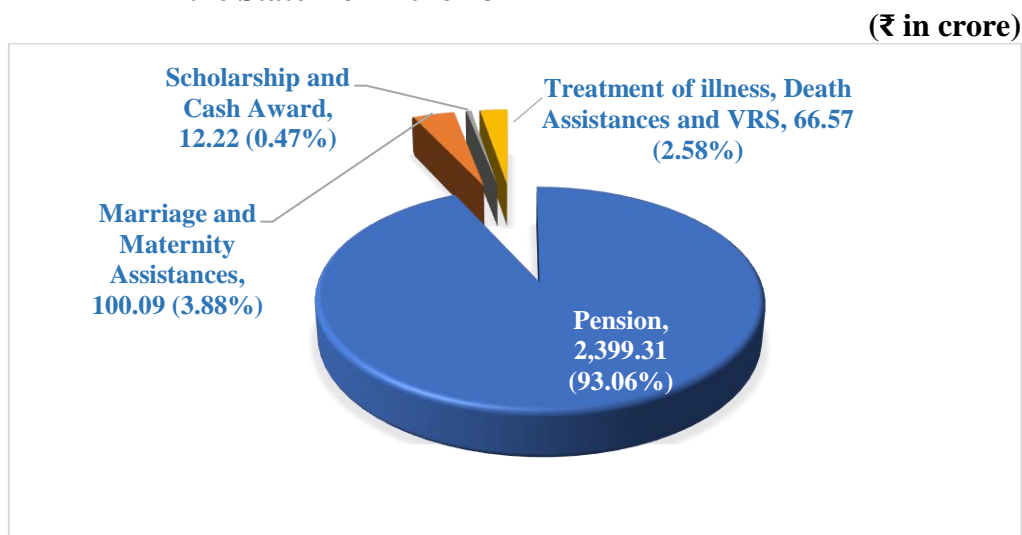
Applications for various welfare benefits including pensions, marriage assistance, support for illness and fatal diseases, maternity benefits, death benefits, scholarships and cash awards were pending due to insufficient funds. Irregularities were observed in the disbursement of COVID-19 benefits because of unreliable beneficiary data.

Limited awareness among construction workers led to under-registration to the scheme, with registration often based on Trade Union certificates. Migrant workers in the State were not registered under the Act, depriving them of its benefits. Furthermore, the Labour Department has failed to enforce safety regulations at worksites, even after accidents or incidents.

4.1. Welfare Schemes implemented by the Board

Section 11 of the BOCW(RECS) Act stipulates that every building worker registered as a beneficiary under the Act shall be entitled to the benefits provided by the Board from its Fund. The Board implements 20 welfare schemes out of which 10 schemes such as a) Pension, b) Marriage Assistance, c) Scholarship and Cash Awards, d) Assistance to illness and fatal disease, e) Death and Disability Assistance, f) Maternity Allowance, g) Voluntary Retirement Scheme, h) Minor deposit scheme, i) Tool Advance and j) House Building Advance were taken up for audit scrutiny. The pension and other welfare benefits sanctioned by the Board are transferred to the respective bank accounts of the beneficiaries through Direct Benefit Transfer.

Expenditure incurred by the Board on the aforementioned welfare schemes in the entire State and the amount pending to be disbursed during the audit period is depicted in **Charts 4.1 and 4.2.**

Chart 4.1: Expenditure incurred by the Board on major welfare schemes in the State from 2018-23

(Source: Data obtained from the Board)

Audit analysed the demand and expenditure pattern against the major welfare schemes which are as under:

Table 4.1: Demand and Expenditure pattern of major welfare schemes for the period 2018-23

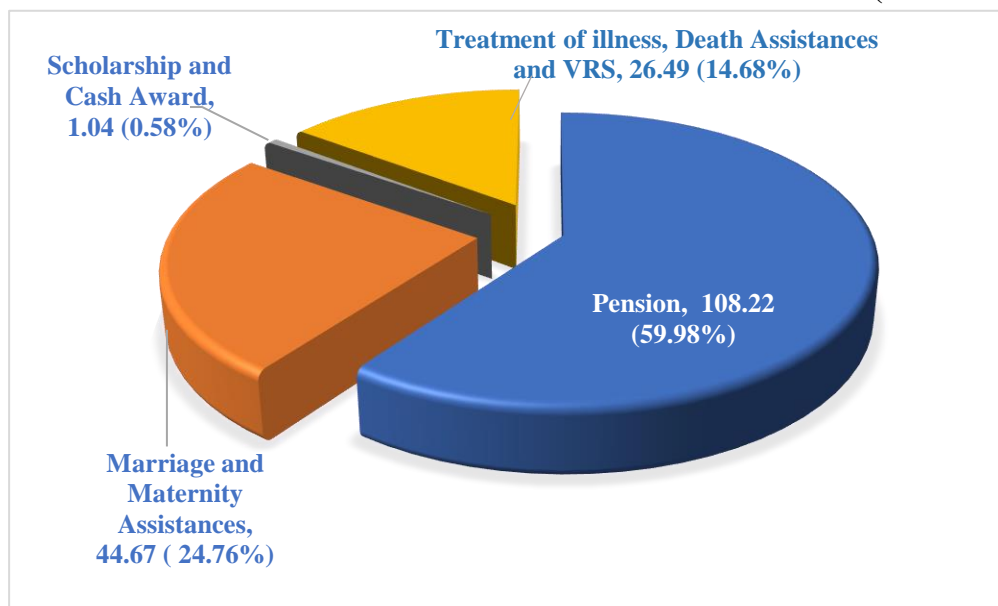
(₹ in crore)

Major Welfare Schemes	Demand	Expenditure	Pending payments
Pension and Voluntary Retirement Scheme	2508.20	2399.82	108.38
Marriage Assistance	134.51	91.98	42.53
Maternity Assistance	10.25	8.11	2.14
Scholarship and Cash Award	13.26	12.22	1.04
Assistance for fatal diseases	26.68	24.39	2.29
Death Assistance	65.71	41.67	24.04
Total	2758.61	2578.19	180.42

(Source: Data obtained from the Board)

It is evident from the table above that the demand raised against the major welfare schemes was ₹2758.61 crore, whereas the actual expenditure was ₹2578.19 crore (93.45 per cent). It is also necessary to mention here that despite having a budget provision of ₹742.60 crore in 2022-23, the actual allocation of ₹582.07 crore was far below the estimates (78.38 per cent), which is indicative of paucity of funds for implementation of the welfare schemes.

Chart 4.2: Payment pending by the Board under various welfare schemes
(₹ in crore)



(Source: Data obtained from the Board)

There was no central repository of data regarding the number of beneficiaries availing benefits and expenditure incurred under the various welfare schemes operated by the Board in the State. In the absence of a centralised data source at the State office of the Board, the possibility of benefits not reaching the eligible beneficiaries could not be ruled out, besides failure to effectively monitor the implementation of welfare measures. It was observed that the Board collected details from the District Offices to finalise the fund requirements for implementing various schemes in the districts. Thus, the Board had to depend largely on the District Offices rather than having its own monitoring mechanism to oversee the effective implementation of the welfare schemes.

Scrutiny of records at offices of the Board in test-checked districts revealed that despite various welfare schemes being implemented by the Board, the benefits of these schemes did not effectively accrue to the beneficiaries, as envisaged. Audit observations in this regard are listed below:

4.1.1. Pension Schemes

According to Rule 289 of the Kerala Rules, a worker is entitled to monthly pension from the first day of the month succeeding the month in which he completes 60 years of age.

4.1.1.1. Non-disbursal of monthly pension

Monthly pensions provide a reliable and consistent source of income to cover the essential expenses at regular intervals during the post-retirement years. Audit noticed that though pension benefits were being paid to the registered workers, the payment was being made on quarterly basis and not on monthly basis.

It was observed that 1,35,977 pensioners did not receive pension amounting to ₹108.22 crore in the entire State (31 March 2023). In the selected districts, pension arrears¹⁹ amounting ₹12.03 crore was pending disbursement to 10,024 pensioners (March 2023), as shown in **Table 4.2**.

Table 4.2: Year-wise pendency in disbursement of pension

District	Year	No. of pensioners to whom payment was pending	Amount (₹ in crore)
Kozhikode	2022	505	0.44
	2023 (upto March 2023)		
Ernakulam	2021	785	1.06
	2022	2,660	2.06
	2023 (upto March 2023)	603	0.70
Malappuram	2021	2,212	4.26
	2022	2,717	2.94
	2023 (upto March 2023)	542	0.57
Total		10,024	12.03

(Source: Data obtained from the Board)

The pendency in payment of pension was attributable to shortage of funds as already mentioned in paragraph 4.1. Further, the Board was not resorting proactively to measures to realise cess from unassessed sources, as detailed in paragraphs 2.2 and 2.3 of this Report. The Government did not furnish any reply till date.

4.1.1.2. Pension paid to ineligible beneficiaries

According to Rule 283 of the Kerala Rules, a worker who is a member of any other welfare fund established under any law for the time being in force is not eligible to be a member of the Board which in turn implies that a person who receives pension from the Board is not eligible to draw pension from any other Board.

GoK ordered (July 2013) that Aadhaar identification record was to be mandatorily produced for obtaining all social welfare pensions. The Board issued directions on 09 May 2018 permitting the pensioners for submission of life certificate in which Aadhaar number was recorded, within 20 May 2018. The new pensioners were to produce copy of Aadhaar along with the application for pension. It was also directed by the Board not to disburse pension to those beneficiaries whose names did not figure in the Sevana Pension software²⁰.

Linkage of Aadhaar number enabled identification of pensioners receiving multiple pensions in the selected districts in 2017-18, as detailed in **Table 4.3**.

¹⁹ The arrears comprise the pension amount due from the date from which one becomes eligible till actual payment of regular pension or due from delay in submission of yearly life certificate by the pensioner to the Board.

²⁰ A web-based application developed and supported by Information Kerala Mission for distribution of social security pensions to the beneficiaries in Kerala.

Table 4.3: Cases of pensioners receiving multiple pensions in the selected districts

District	No. of cases	Excess pension paid (₹ in lakh)
Kozhikode	718	91.96
Ernakulam	10	0.56
Malappuram	288	46.06
Total	1,016	138.58

(Source: Details obtained from District offices of the Board)

The GoK replied (December 2022) that steps would be taken to recover the pension amount paid in excess to the beneficiaries.

4.1.1.3. Denial of pension to the beneficiaries from the month due

According to Rule 289 of the Kerala Rules, 1998, a worker is entitled to monthly pension from the first day of the month succeeding the month in which he completes 60 years of age. Audit observed that GoK issued orders in April 2022 directing the pension to be disbursed from the date on which the officer concerned digitally signed the order sanctioning pension. Though the above order, which was not in line with Rule 289 of Kerala Rules was suspended by GoK in January 2023, it resulted in denial of disbursement of pension amounting to ₹2.28 crore to 3489 pensioners during the intervening period from May 2022 to December 2022 in the selected districts, as shown in **Table 4.4**.

Table 4.4: Denial of eligible pension from the month due in selected districts

Sl. No.	District	No. of pensioners	Total amount of pension denied (₹ in lakh)
1.	Ernakulam	1,644	107.46
2.	Kozhikode	1,753	115.58
3.	Malappuram	92	6.11
	Total	3489	229.15

(Source: Details obtained from District offices of the Board)

It was further observed that the information furnished by the Board did not contain details of the dates of submission of application for pension by the beneficiaries, in the absence of which the actual time taken for settlement of pension cases could not be ascertained by Audit. However, it was observed from the available information that the actual time taken between the pensioner attaining the age of 60 and date of disbursement of pension ranged from one month to 34 months. Audit noticed that though the instruction which was violative of the Rule was suspended by GoK with effect from January 2023, the short-disbursed pension was still pending payment to these beneficiaries (May 2024). Government reply was silent on this aspect.

4.1.2. Marriage Assistance

According to Rule 300 of the Kerala Rules, the workers having continuous membership for three years shall be eligible to get financial assistance for the marriage of two children. A female member of the Board is also eligible for this

assistance for her own marriage. The amount of assistance was fixed at ₹10,000 each for two children per beneficiary. The pendency in this connection in respect of selected districts as on 31 March 2023 is shown in **Table 4.5**.

Table 4.5: Pendency in disbursement of Marriage Assistance in selected districts

District	No. of applications pending	Amount pending disbursement (₹ in lakh)
Kozhikode	4,934	493.40
Malappuram	7,327	732.70
Ernakulam	1,912	191.20
Total	14,173	1,417.30

(Source: Data obtained from District offices of the Board)

It was also seen that 42,535 applications amounting to ₹42.54 crore were pending in the entire State. The Board cited paucity of funds as the reason for non-payment of the assistance. The reply of the Board is not acceptable as at the end of 2022-23, Board had an unspent cash balance of ₹135.16 crore (paragraph 5.1), which could have been utilised for payment of assistance. The Government did not furnish any reply till date.

4.1.3. Scholarship and cash award

In accordance with Rule 299 of the Kerala Rules, amount ranging from ₹1,000 to ₹3,000 was being provided as educational assistance for higher education of children of the members of the Board. In addition, an amount of ₹1,000 as educational allowance for SSLC²¹ and cash award of ₹3,000 for excellence in SSLC examination was also being provided to eligible children of the members. The pendency in this regard as on 31 March 2023 related to 4,587 applications worth ₹55.89 lakh in respect of selected districts, as given in **Table 4.6**.

Table 4.6: Pendency in disbursement of scholarship and cash awards in selected districts

District	No. of applications pending	Amount pending disbursement (₹ in lakh)
Kozhikode	1,194	15.74
Malappuram	2,947	33.32
Ernakulam	446	6.83
Total	4,587	55.89

(Source: Data obtained from District offices of the Board)

Audit observed that there were 8,208 pending applications amounting to ₹1.04 crore in the State. The Board cited paucity of funds for non-payment of the assistance. The reply of the Board is not acceptable for reasons mentioned in paragraph 5.1. The Government did not furnish any reply till date.

4.1.4. Assistance for treatment of illness/ fatal disease

According to Rule 298 of the Kerala Rules, the Board may sanction financial assistance to the beneficiaries who are hospitalised for five or more days due to

²¹ State School Leaving Certificate

accident or any disease. The assistance currently provided to victims of accidents ranged from ₹800 to ₹5,000 and an amount upto a maximum of ₹50,000 was being provided for fatal diseases. The pendency as on 31 March 2023 in respect of selected districts was as given in **Table 4.7**.

Table 4.7: Pendency in disbursement of assistance for treatment for illness/ fatal disease in selected districts

District	No. of applications pending	Amount of assistance involved (₹ in lakh)
Kozhikode	416	23.78
Malappuram	177	21.03
Ernakulam	103	29.12
Total	696	73.93

(Source: Data obtained from District offices of the Board)

In the entire State, 1,647 applications for assistance amounting to ₹2.29 crore were pending to be disbursed. The Board cited paucity of funds for non-payment of the assistance. The reply of the Board is not acceptable for reasons mentioned in paragraph 5.1. The Government did not furnish any reply till date.

4.1.5. Death benefit

According to Rule 295 of the Kerala Rules, an amount of ₹25,000 was to be paid to the nominee/ dependent of the active member towards death benefit in case of death and an amount of ₹three lakh was to be provided to the nominee/ dependent of the member towards death benefit in the event of death in an accident during the course of employment.

Audit observed that the pendency of cases in this regard in the entire State related to 2,234 cases amounted to ₹2.40 crore. The pendency in respect of the selected districts as on 31 March 2023 is as given in **Table 4.8**.

Table 4.8: Pendency in disbursement of Death benefit

District	No. of applications pending	Amount of assistance involved (₹ in lakh)
Kozhikode	258	128.50
Malappuram	298	160.99
Ernakulam	161	290.80
Total	717	580.29

(Source: Data obtained from District offices of the Board)

The Board cited paucity of funds for non-payment of the assistance. The reply of the Board is not acceptable for reasons mentioned in paragraph 5.1. The Government did not furnish any reply till date.

4.1.6. Maternity assistance

According to Rule 288 of the Kerala Rules, the women employees who are beneficiaries of the fund shall be given maternity benefit amounting ₹15,000 during the period of maternity, provided that this benefit shall not be allowed

more than twice. The pendency in payment in respect of selected districts as on 31 March 2023 was as given in **Table 4.9** below.

Table 4.9: Pendency in disbursement of maternity assistance in selected districts

District	No. of applications pending	Amount of assistance involved (₹ in lakh)
Kozhikode	21	3.15
Malappuram	424	63.60
Ernakulam	2	0.30
Total	447	67.05

(Source: Data obtained from District offices of the Board)

The pendency of applications in the State stood at 14,268 worth ₹2.14 crore as on 31 March 2023.

Audit also observed that GoK had not re-imbursed the amount disbursed by the Board as maternity benefit as detailed below:

The scheme “Maternity benefit scheme for women labourers in unorganised sector 2012” with the Labour Commissioner as the Administrator, was introduced by GoK in March 2012. The Guidelines of the scheme enabled the women workers to be provided with a maternity benefit of ₹15,000, of which the Board would contribute ₹3,000 and GoK would pay the remaining amount. As per the guidelines of the scheme, the Board was to incur the expenses initially and subsequently seek re-imbursalment on a monthly basis from the Labour Commissioner. However, the Board claimed for re-imbursalment on a yearly basis only and GoK had not re-imbursed ₹6.81 crore as on 31 March 2023, details of which are given in **Table 4.10**.

Table 4.10: Details of maternity benefit pending reimbursement from GoK

Year	No. of beneficiaries to whom maternity benefit was disbursed	Amount (₹ in lakh)	Amount reimbursed by GoK (₹ in lakh)	Balance to be reimbursed including that of previous years (₹ in lakh)
2018-19	1,947	233.64	36.00	644.22
2019-20	1,016	121.92	48.00	718.14
2020-21	538	64.56	0.00	782.70
2021-22	721	86.52	0.00	869.22
2022-23	32	3.84	192.00	681.06

(Source: Details provided by the Board)

The Government stated (December 2022) that the process of transferring this amount to the Board, was in progress.

4.2. Irregularities in disbursement of COVID-19 benefits

In order to tide over the difficulties faced by the beneficiaries of the Board consequent to the COVID-19 lockdown, the Board decided to provide financial

assistance to the beneficiaries. The Board sanctioned²² ₹1,000 each for the years 2020 and 2021 to the beneficiaries, the disbursement of which was to be subject to fulfilment of certain²³ conditions. Further, the Board also sanctioned ₹2,000 each to all the COVID positive beneficiaries, from January 2021.

Audit noticed that the Board did not have a comprehensive database consisting of date of enrolment as beneficiary, details of renewal of membership, other family members who are beneficiaries, etc. In the absence of relevant details of beneficiaries, the Board could neither verify the extent of adherence of beneficiaries to any of the prescribed conditions, nor claim that an appropriate system was in place to identify the beneficiaries eligible to be disbursed with COVID benefits. Consequently, the benefits were disbursed to all beneficiaries, disregarding the conditions of eligibility.

Audit further observed that Government instructed (July 2020) all Welfare Boards to refund undisbursed COVID assistance as on 15 August 2020 to Government. With reference to the above instruction, the Board instructed (08 August 2020) all District Executive Officers to stop payment of special assistance on 15 August 2020 and to refund balance amount retained in their bank accounts after 15 August 2020. Accordingly, the District officer Malappuram returned ₹1.55 crore to the Main office being the unspent balance as on 15 August 2020, despite having pending applications worth ₹38.06 lakh for assistance on that date.

Similarly, District Officer Kozhikode returned ₹3.39 crore to the Main office as unspent balance, when request for ₹1.89 crore of COVID assistance was pending disbursement. These applicants were thus denied the eligible financial assistance sanctioned in the wake of the pandemic.

It was the responsibility of the District Officers to ensure that the details of beneficiaries including the bank details were available. Due to non-availability of a proper database of beneficiaries with their bank account numbers and IFSC details, the applicants could not be granted assistance.

Further, analysis of the payment data in Ernakulam district revealed that in 182 cases, assistance to two different beneficiaries was credited to the same bank account, thereby leading to an irregular payment of ₹1.82 lakh. The Government did not furnish any reply till September 2024.

Recommendation 6: The Government should ensure that the Board maintains a database of beneficiaries with complete details of benefits availed, complete banking details, etc. thereby facilitating adherence to eligibility criteria for financial assistance.

²² Board order No. E4-4099/20 dated 01 April 2020, Board Circular No. 14/2021 dated 18 May 2021

²³ The beneficiary should have atleast two years of service, should have renewed his membership as on 2018, only one beneficiary from each family to receive assistance, beneficiaries due to retire from March to June 2020 and those who applied for assistance for fatal diseases amounting ₹2,000 were not eligible

4.3. Irregular refund of beneficiary contribution on retirement

According to Rule 303 of the Kerala Rules, the amount of contribution standing to the credit of the beneficiary shall be disbursed to his nominee in case of death of the beneficiary.

However, in violation of the aforementioned rule, beneficiary contribution of ₹15.53 crore (including interest) was seen refunded to the beneficiaries on retirement in the selected districts. The amount refunded so by the Board to the pensioners in the selected districts is as shown in **Table 4.11**.

Table 4.11: Details of irregular refund of contribution to beneficiaries who had attained the age of 60 years in the selected districts

District	Number of beneficiaries	Contribution (₹ in crore)	Interest (₹ in crore)	Total (₹ in crore)
Kozhikode	10304	4.12	0.32	4.44
Ernakulam	11169	5.08	0.30	5.37
Malappuram	9805	5.36	0.36	5.72
Total	31278	14.56	0.98	15.53

(Source: Details obtained from the respective District Executive Offices)

GoK replied (December 2022) that this was done in accordance with the decision of the Board (November 2005) taken with the intention to uphold the welfare of the workers. The reply is not acceptable as according to Rule 309, the fund shall not, without prior approval of the Government, be expended for any purpose other than those mentioned in the Act and Rules. Since refund of contribution to the members at the time of retirement is not covered under the said Act/ Rules, prior approval of the Government was essential before the refund, which was also not seen obtained.

4.4. Mission Mode Project

In July 2020, GoI launched Mission Mode Project (MMP) so that all the construction workers are registered as beneficiaries to avail the entitled benefits without any hassles. The MMP envisaged to achieve the objectives by State Welfare Boards within three months' time-period. MMP comprised of three components, viz., (i) Registration of left-out construction workers, (ii) Renewal and Portability and (iii) Universalisation of Social Security.

Audit observed that no project/initiatives to cover the registration of left out construction workers were seen launched in the State. The inter-state migrant workers were totally excluded from the ambit of the Act as the Board did not permit registration of such workers. As regards renewal, portability and universalisation of social security, the Secretary of the Board informed that there was no system existing in the Board relating to the provision for liaison or data sharing with other State Construction Workers' Welfare Boards.

Thus, Audit observed that the Board did not achieve the objectives of MMP in full and lacked ongoing initiatives to implement all components of MMP.

4.5. Registration of workers

The BOCW (RECS) Act²⁴ stipulates that every building worker who has completed 18 years of age but not turned 60, 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. Once registered as a beneficiary, the building worker shall contribute to the Building and other Construction Workers' Welfare Fund (Fund) at rates per month, as specified by the State Government. He will also be eligible for availing the benefits of welfare schemes from the Fund managed by the Board. The current monthly rate of contribution is ₹50²⁵.

Though registration of workers was the pre-requisite for availing financial assistance under various welfare schemes, Audit observed that impediments as discussed below, marred the efficacy in registration process of workers.

4.5.1. Lack of awareness about welfare schemes among construction workers

The Guidelines of Model Welfare Scheme for Building and other Construction Workers and Action Plan for strengthening Implementation Machinery issued (September 2018) by the Ministry of Labour and Employment, GoI, lay down that spreading of awareness of the welfare schemes for building and other construction workers should be done by way of grass roots level awareness programmes, rather than by advertisements in newspapers or TV channels. The Guidelines also stipulate that the State Labour Department/Welfare Board may issue directions to workers' registration authorities (Board), to hold regular camps or create facilitation centres at prominent labour *chowks/addas* for enabling registration of workers. Videos broadcast on smart phones, regular SMS to inform and update registered/potential workers, painting awareness messages in rural areas, involving Urban Local Bodies/Grama Panchayats/Grama Sabhas in conducting awareness camps, etc., may also contribute to strengthening awareness regarding welfare activities.

Audit surveyed 210 beneficiaries²⁶ registered with the Board, of which 195 beneficiaries (92.86 *per cent*) stated that they did not attend any awareness campaigns conducted by the Board. Of these, 134 beneficiaries (63.81 *per cent*) stated that they were not aware of the welfare schemes provided by the Board. During the course of the survey of building and other construction workers who were not registered with the Board as beneficiaries, Audit noticed that none of the 45 unregistered construction workers was aware of the various welfare schemes offered by the Board.

Joint site verification of 26 establishments conducted (September 2023) by Audit in the selected districts revealed that, out of a total of 1,306 workers

²⁴ Section 12 of the BOCW (RECS) Act, 1996

²⁵ As per the decision of the Board taken during the meeting held on 19 December 2017. This decision is yet to be ratified by GoK

²⁶ 70 beneficiaries each from the three selected districts

engaged in work, only 27 workers (2.07 per cent) were registered with the Board.

Though the registration was to be done by a worker voluntarily, lack of awareness of the welfare schemes of the Board could be the reason for the shortfall in registration. The Board replied (August 2023) that it had taken steps for conducting campaigns, distribution of pamphlets, etc., among the workers. However, interaction with the workers during joint verification of the work sites along with officials of the Board/ the Labour Department revealed that, none of the 45 unregistered workers was aware of the Board and its welfare schemes, which was indicative of the fact that the campaigns conducted till date were not effective enough to enhance the level of awareness among the workers.

Government assured in reply (August 2024) that the Board would take necessary steps to conduct campaigning through various modes so as to ensure that the members are aware of the benefits eligible to them.

4.5.2. Deprivation of benefits under BOCW(RECS) Act to migrant workers

According to the information furnished by the Board, the number of registered workers in the State was 20.67 lakh as on 31 March 2023. Audit observed that this figure did not include the migrant workers engaged in construction activities in the State. These workers could register under another scheme constituting the Migrant Workers' Welfare Fund, as mentioned in paragraph 5.4 of this report. Government contributed ₹10 crore as corpus fund under the above scheme, for meeting expenses of migrant workers in the State. Despite the BOCW(RECS) Act not contemplating any form of discrimination among the workers, Government, through constitution of a separate fund, had sidelined the migrant labourers from being registered under the Act, thereby denying them the whole gamut of welfare benefits covered under the Act.

On this being pointed out, the Government replied that provisions regarding registration of migrant workers were not included under the ambit of the Act. The reply is not acceptable as the Act does not distinguish between an inland and migrant worker and all those who satisfy the conditions mentioned under Section 12 are eligible to be members under the Act. As such, it was irregular on the part of Government to offer differential treatment to the migrant workers and not permit them to register under the BOCW(RECS) Act.

4.5.3. Shortcomings in the process of registration as a member under the BOCW(RECS) Act

Rule 283 of the Kerala Rules provides for conditions of eligibility to be a member of the Board. Accordingly, certificate in proof of age and the fact that the applicant was a bonafide construction worker, obtained from the employer or contractor was to be submitted to the Board in Form No. XXVI. In the absence of such a certificate, the certificate issued by the registered Construction

Workers' Trade Union/ Assistant Labour Officer of the area/ Executive Officer of the Panchayat could be considered.

In the Expert Committee meeting of the Board held in July 2023, it was opined that a large number of bogus members were seen claiming membership on the basis of certificates obtained from Trade Unions declaring them as construction workers. During a test-check of applications for registration, Audit confirmed that in almost 100 *per cent* of instances, membership was given on the basis of the certificate from registered Construction Workers' Unions as shown in **Table 4.12** below.

Table 4.12: Details of number of registrations made with the certificates provided by the Trade Unions

District	No. of members registered during 2018-2023	No. of records test - checked by Audit	Number of registrations made based on the certificates provided by the Trade Unions	Percentage of registrations made based on the certificates issued by the Trade Unions
Kozhikode	8,885	489	489	100.00
Ernakulam	4,281	225	223	99.11
Malappuram	7,238	354	354	100.00
Total	20,404	1,068	1,066	99.81

(Source: Data obtained from District Executive Offices)

Audit observed that, during 2023, 532 applications for membership (Form XXVI) enclosing certificates from the registered Construction Workers' Unions were rejected, following an enquiry conducted by the District Executive Officers (DEOs) on the genuineness of these certificates. The enquiry revealed that these applicants were not Building and other Construction Workers. This confirms that the Trade Unions were issuing fake certificates without ascertaining the job status of the applicant.

Government stated (August 2024) that on receipt of the application for registration, if the DEO, after scrutiny of the same, feels satisfied that the documents furnished are in proper order, grants registration to the workers. It was also stated that defective applications would be summarily rejected and that district-wise squads verify the genuineness of the members.

However, instances as cited in the paragraph raise concerns regarding the efficacy of the current registration process and underscore the need for a more rigorous verification mechanism to ensure that only genuine Building and other Construction Workers obtain membership in the Board.

Recommendation 7: The Government should ensure that the Board incorporates multiple verification levels to ensure genuineness of membership forms issued by Trade Unions so as to safeguard the transparency of registration process.

Recommendation 8: The Government should ensure that the Board conducts adequate campaigns and advertisements to increase awareness amongst workers about procedures of registration, and its benefits in the form of various welfare schemes.

4.6. Conclusion

In the absence of a centralized data system at its State office, the Board relied on information collected from District Offices to determine fund requirements for implementing district-level welfare schemes. Applications for various welfare benefits including pensions, marriage assistance, support for illness and fatal diseases, maternity benefits, death benefits, scholarships and cash awards were pending due to paucity of funds. Limited awareness among construction workers led to short registration under the scheme. Migrant workers in the State were not registered under the BOCW (RECS) Act, depriving them of its benefits.

CHAPTER – V

FUNCTIONING OF KERALA BUILDING AND OTHER CONSTRUCTION WORKERS' WELFARE BOARD



CHAPTER V

FUNCTIONING OF KERALA BUILDING AND OTHER CONSTRUCTION WORKERS' WELFARE BOARD

District Labour Offices lacked a system to monitor the receipt of Form IV from employers or to enforce fines as required by regulations. The Board's cash balance steadily declined from ₹910.06 crore in March 2019 to ₹135.16 crore in March 2023. The disbursement of welfare benefits also showed a decreasing trend since 2020-21. This consistent drop in cash reserves over the five-year audit period indicated that annual expenditures had been funded from the Board's cash reserves, leading to significant depletion and necessitating additional loans.

There were delays ranging from 11 to 24 months in submitting the Board's accounts to the Accountant General for audit. Out of the ₹10 crore corpus fund allocated for the Migrant Workers' Welfare Fund, only ₹1.69 crore was spent on workers' welfare between 2018-19 and 2022-23. In the districts test-checked, the Labour Officers did not conduct the prescribed number of monthly inspections as mandated by the Labour Commissioner. Safety norms were not seen adhered to in test-checked construction sites. The grievance redressal mechanism did not function effectively as envisaged.

The Kerala Building and Construction Workers' Welfare Board was formed in 1990, to provide assistance to the construction workers in the State of Kerala. With the enactment of the Cess Rules, the Kerala Building and Other Construction Workers' Welfare Board (Board) was constituted as per Section 18 of the BOCW (RECS) Act. Section 24 (1) of BOCW (RECS) Act and Rule 281 of the Kerala Rules required the Board to constitute the Building and Other Construction Workers' Welfare Fund. All grants, loans or advances made by Government, contribution paid by the beneficiaries and all sums received by the Board from other sources shall be credited to this fund. Further, Rule 5 of the Cess Rules states that the proceeds of cess collected from Government offices, Public Sector Undertakings, local authority or cess collector shall be transferred to the Board. Accordingly, the Board constituted (August 1998) the Kerala Building and Other Construction Workers' Welfare Fund (Fund). The Fund was parked in savings bank and fixed deposit accounts maintained in nationalised banks, treasuries and District Co-operative banks.

As per Section 24 (2) of the BOCW (RECS) Act, the fund shall be utilised for (a) meeting expenses of the Board in discharge of its functions including payment of pension to beneficiaries, maternity benefit to female beneficiaries, sanction of loans and advances to beneficiaries, etc. (b) payment of salaries, allowances and other remuneration of the members, officers and other employees of the Board and (c) incurring expenses on objects and for purposes authorised by this Act. The pension and other welfare benefits sanctioned by the Board are transferred to the respective bank accounts of the beneficiaries through Direct Benefit Transfer.

5.1. Receipts and Payments of the Board

Details of receipts and payment relating to the Fund managed by the Board during the period 2018-19 to 2022-23 are given in **Table 5.1**.

Table 5.1: Details of Receipts and Payments of the Board for the period 2018-19 to 2022-23

(₹ in crore)

Year	Receipts				Payments					Closing balance
	Opening Balance	Cess Collection	Interest	Total Receipts*	Capital expenditure	Welfare Benefits	Administrative Expenses	Miscellaneous	Total Payments**	
2018-19	1069.62	242.23	77.83	1473.34	0.19	435.24	14.55	112.85	563.29	910.05
2019-20	910.05	232.82	67.58	1263.25	0.13	511.60	15.19	5.72	533.35	729.90
2020-21	729.90	247.97	57.59	1087.85	0.12	724.21	13.59	15.22	753.33	334.52
2021-22	334.52	285.11	8.34	837.52	0.39	594.19	18.54	28.80	643.52	194.00
2022-23	194.00	378.18	6.00	639.64	0.29	460.99	15.65	27.55	504.48	135.16

(Source: Annual Accounts of the Board)

*includes workers' contribution and other receipts

** includes refund of workers' contribution

Though the income of the Board remained more or less steady, the expenditure showed an increasing trend till 2020-21. This upward trend in expenditure could be attributed to increased rate of monthly pension²⁷ from ₹1,100 in April 2018 to ₹1,600 in April 2021. The number of pensioners also increased from 2.62 lakh in 2018-19 to 3.24 lakh in 2022-23. It was observed that the increase in pension expenditure in 2020-21 was due to the payment of the backlog for the last quarter of 2019-20²⁸ in April 2020. Audit also noticed that pension due for payment for four months in 2021-22 was paid in 2022-23 only, due to shortage of funds. Pension payments were made only for four months in the year 2022-23 due to which there was a decline in the total expenditure, compared to previous years.

Audit observed that the cess collected recorded a gradual increase over the five year period from 2018-23. However, the interest received by the Board declined sharply from ₹77.83 crore in 2018-19 to ₹six crore in 2022-23, which is commensurate with the reduction in the cash balance of the Board. The

²⁷ From April 2017: ₹1,100, from April 2019: ₹1,200, from April 2020: ₹1,300, from September 2020: ₹1,400, from January 2021: ₹1,500 and from April 2021: ₹1,600.

²⁸ Three months pension viz January 2020, February 2020 and March 2020.

increasing trend in expenditure, in the absence of proportionate uptick in cess collection has forced the Board to take recourse to loan worth ₹150 crore from Kerala Motor Transport Welfare Fund Board during 2021-22. The Administrative expenses on staff salary and postage expenses in excess of one *per cent* limit (as pointed out in paragraph 3.3), construction of multi-storeyed office complex by utilising cess amount (as pointed out in paragraph 5.6) are all in violation to the provisions of the Act, which coupled with short-assessment, short-collection, non-collection of cess etc., had led to dearth in the cash revenue thereby depriving full extension of benefits to the beneficiaries.

Further, as is evident from **Table 5.1**, the Government had a closing cash balance of ₹135.16 crore at the end of 2022-23 and the pending payments against the major welfare schemes was ₹180.42 crore (as already discussed in paragraph 4.1 and Table 4.1) at the end of March 2023. In view of the unspent balance lying with the Board, the pendency in payments could have been reduced to a large extent. Moreover, Audit also noticed that pending pension payment upto April 2023 was made only in April 2024, on availing further loan amounting to ₹100 crore from Kerala Headload Workers' Welfare Board. It is thus, evident that the Board is heading towards a precarious situation of acute shortage of funds to meet its financial obligations.

Given the constraints in available financial resources to cater to the rising demand in welfare benefits, unless total collection of cess improves, the State will not be in a position to augment resources to fund various welfare assistance schemes for the construction workers. The Government did not furnish any reply till September 2024.

Recommendation 9: The Government should ensure that as the funds for annual expenditure of the Board were being sourced out of its cash reserves, the Board should step up the rate of cess collection on war foot basis so that recourse to borrowings can be avoided.

5.2. Budget of the Board

The Board prepares budget every year. During the audit period, the revenue receipts under the head 'Employers' share (Cess)' varied from 69.15 *per cent* (2018-19) to 56.94 *per cent* (2022-23) of the budgeted figures. The Board's actual revenue during the audit period was always below 70 *per cent* of the budget projections in case of cess collection, which was the largest source of income to the Board. The actual receipts under the head 'Workers' contribution of the Board' varied from 76.77 *per cent* (2018-19) to 46.15 *per cent* (2021-22) of the budgeted figures as shown in **Table 5.2**.

Table 5.2: Budget and Actual figures of the Revenue Receipts*(₹ in crore)*

Year	Employers' share (Cess)			Workers' Contribution		
	Budget	Actual	per cent	Budget	Actual	per cent
2018-19	360	248.95	69.15	80	61.42	76.77
2019-20	410	235.26	57.38	90	55.50	61.67
2020-21	415	248.25	59.82	91	58.82	64.63
2021-22	415	285.60	68.82	90	41.53	46.15
2022-23	650	370.10	56.94	90	46.65	51.83

(Source: Budget documents of the Board)

Scrutiny of records further revealed that in respect of workers' contribution, the budget provision was fixed arbitrarily between ₹80 crore and ₹91 crore during the last five years. As per information furnished by the Board, the number of workers registered during the five-year period ranged between 18.11 lakh and 20.68 lakh²⁹. Considering the monthly subscription of ₹50 (₹600 annually), the workers' contribution required to be budgeted as ₹124.05 crore, whereas the provision was made for just ₹90 crore, which is indicative of the fact that the budget provisions were not formulated on a realistic basis. The Government did not furnish any reply till date.

5.3. Delay in submission of statutory reports

According to Rule 277 (1) of the Kerala Rules, the Board shall be responsible for submission of annual report on its activities to Government and for annual audit of the accounts of the Board in accordance with the provisions of the Act. Rule 311 stipulates that a report on the functioning of the Board during every financial year shall be approved by the Board before the 15th day of June next year and submitted to Government before the 31st day of July in that year.

However, Audit observed that annual reports of the Board pertaining to the period 2018-19 to 2022-23 were yet to be submitted to Government. The last annual report for 2017-18 was submitted only in May 2022, i.e., after a lapse of four years.

Further, Section 27 of BOCW(RECS) Act stipulates that the Board shall maintain proper accounts and other relevant records to be audited by the CAG of India annually and the Board shall furnish to the State Government, its audited copy of accounts together with the auditor's report. The State Government shall cause the annual report and auditor's report to be laid before the State Legislature.

The details of audit of accounts of the Board presented in **Appendix 5.1** indicated delay ranging from 11 to 24 months in the submission of accounts to the Accountant General for audit. Consequently, the duly approved Separate Audit Reports on these accounts were sent to the State Legislature only after two to three years from the close of the financial year.

²⁹ In 2022-23

Government did not furnish reply in this regard.

5.4. Migrant Workers' Welfare Fund

Government of Kerala issued (March 2010) guidelines for constitution of Migrant Workers' Welfare Fund exclusively for the welfare of migrant workers. The fund was to be managed as a separate fund by the Board and utilised for meeting the expenses related to the death of a beneficiary, transportation of bodily remains to native place, accident relief, medical assistance, terminal benefit and education grant of a migrant worker and his dependants.

As per the scheme guidelines, quantum of funds towards the Migrant Workers' Welfare Fund accrues from three sources (a) contribution from the worker at the rate of ₹30 per year (b) three times the contribution per worker from the Government and (c) three times the contribution per worker from the Board. GoK allocated ₹10 crore to the fund during 2010 as corpus fund.

The Board did not have a comprehensive database on the details of construction workers migrating into the State. The Board stated that 1.65 lakh migrant workers were registered under the corpus fund of the scheme. During the period 2018-19 to 2022-23, the Board had incurred ₹1.69 crore from the Migrant Workers' Welfare Fund towards welfare related expenditure as given in **Table 5.3**.

Table 5.3: Expenses incurred from Migrant Workers' Welfare Fund for welfare activities

Financial Year	Amount (₹ in lakh)
2018-19	15.63
2019-20	31.15
2020-21	41.08
2021-22	33.03
2022-23	48.35
Total	169.24

(Source: Data furnished by the Board)

The Government did not make any further allocation to the fund since 2010 and expenditure on the welfare activities, administrative expenses, etc. were met from the accumulated interest of the initial corpus fund of ₹10 crore.

The guidelines also stipulate that the Annual Accounts of the above fund should be finalised by 30 September of the subsequent year. However, Audit scrutiny revealed that the accounts were prepared only upto the financial year 2018-19. Non-preparation of accounts of Migrant Workers' Welfare Fund for the last five years is indicative of the low priority assigned by Government towards efficient implementation of welfare activities for migrant workers.

Further, the accounts were also not seen examined by an officer of the Labour Department not below the rank of Joint Secretary, which was contrary to that

stipulated in paragraph 21 of the guidelines. The Government did not furnish any reply till September 2024.

5.5. Cheques/ DDs pending for revalidation

According to Rule 5 of the Cess rules, the proceeds of the cess collected shall be transferred by Government offices, Public Sector Undertakings, local authority, or cess collector, to the Board within 30 days of its collection. The Assistant Labour Officer (Grade I)/Deputy Labour Officer assesses the cess amount and the employer submits cheques/DDs collected for the cess amount, to the DLOs. The DLOs forward these cheques/DDs to the Board by post, which in turn submits them to banks for realisation.

Audit noticed that cheques/DDs worth ₹6.72 crore were not received in the Board within one month as mandated, but only after the end of their validity period. Hence, these cheques/DDs were returned to the DLOs who in turn forwarded them to the assessee for revalidation. Of these, cheques/DDs amounting to ₹1.31 crore (March 2023) were not seen revalidated and credited to the Board's account, details of which are as shown in **Table 5.4** below.

Table 5.4: Delay in revalidation of time-barred Demand Drafts and cheques and amount pending realisation

Year	Cheques/ DDs sent for revalidation		Cheques/ DDs revalidated		Cheques/ DDs pending revalidation	
	No. of DDs/ cheques	Amount (₹ in crore)	No. of DDs/ cheques	Amount (₹ in crore)	No. of DDs/ cheques	Amount (₹ in crore)
2018-19	312	2.16	233	2.14	79	0.11
2019-20	175	0.46	133	0.39	42	0.07
2020-21	380	1.23	263	0.71	117	0.52
2021-22	136	0.90	105	0.80	31	0.11
2022-23	289	1.97	182	1.47	107	0.50
Total	1,292	6.72	916	5.51	376	1.31

(Source: Data furnished by the Board)

Scrutiny of the register of cheques/DDs for revalidation maintained by the Board revealed that 1292 cheques/DDs received by the Board amounting to ₹6.72 crore were sent for revalidation during the audit period, due to various reasons as shown in **Table 5.5**.

Table 5.5: Details of cheques/DDs sent for revalidation due to various reasons

Year	Number of cheques/DDs sent for revalidation due to various reasons							Total
	Outdated cheques/ DDs	Variation in payee's name	Signature not matching	Treasury not accepting	Mutilated cheques/ DDs	Technical errors	Reasons not specified	
2018-19	136	0	12	16	0	0	148	312
2019-20	84	29	19	3	2	0	38	175
2020-21	249	1	7	2	0	42	79	380

Year	Number of cheques/DDs sent for revalidation due to various reasons							Total
	Outdated cheques/DDs	Variation in payee's name	Signature not matching	Treasury not accepting	Mutilated cheques/DDs	Technical errors	Reasons not specified	
2021-22	51	10	17	0	2	0	56	136
2022-23	113	49	35	0	5	0	87	289
Total	633	89	90	21	9	42	408	1292

(Source: Data furnished by the Board)

Audit also observed that the Board in its meeting held on 30 September 2014 had decided to implement online payment system of cess directly to the Bank account of the Board. However, the system had not commenced even after nine years. Switching over to online payment would have eliminated delay on the part of the DLOs in transmitting cheques/DDs to the Board, thereby facilitating timely deposit of cess amount in the Board's account.

Government stated (December 2022) that 347 cheques/DDs amounting to ₹71.51 lakh were still pending revalidation and that earnest efforts were being taken to sort out the issue at the earliest.

5.6. Non-utilisation of vacant space in the BOCWWB Ernakulam District office building

Section 22 of the BOCW(RECS) Act specifically mentions about the utilisation of cess fund for welfare measures. Further, Rule 309 read with Rule 310(2) of the Kerala Rules stipulates that the fund shall not be expended for any other purpose without the previous approval of Government and that amounts incurred by the Government for the administration of the fund shall be treated as a loan which shall be repaid from the administrative account of the fund.



Figure 5.1: Floor 2 of BOCWWB Ernakulam District Office building, Edappally not rented out and lying vacant. Photo taken by Audit Party on 11 October 2023



Figure 5.2: Floor 3 of BOCWWB Ernakulam District Office building, Edappally not rented out and lying vacant. Photo taken by Audit Party on 11 October 2023

Government accorded administrative sanction (December 2010) to the Board for construction of a multi-storied office complex, in 18.48 cents of land under its ownership at Edappally in Ernakulam district. Part of the building was proposed to be used for the functioning of the office of the Board and the remaining area to be let out to other Welfare Boards on rent, to earn revenue. The four storied building with a total area of 1,243.84 sq.m was completed at an estimate cost of ₹3.41 crore and inaugurated on 31 May 2014.

Audit observed that the amount spent on construction of the building was not treated as a loan and recouped from the administrative account in violation of Rules. Furthermore, the said building was not fully utilised even after passage of 10 years (July 2024). Only the ground floor and first floor of the building were being utilised³⁰ and the second and third floors of the building were lying vacant and unused, resulting in idle investment amounting to ₹61.92 lakh being the estimated cost of construction of the two floors. Audit also observed that even though the intention of the Board was to rent out the floors of the building to earn revenue, the Board had not obtained separate building numbers for individual floors till June 2022.

Audit further noticed that in April 2022, as per orders of the Secretary of the Board, District Executive Office, Ernakulam forwarded letters to 11 insurance companies/financial institutions and four Welfare Boards seeking their interest to occupy the vacant office space. Though response was received only from one institution³¹, the Board has not been able to rent out the vacant floors so as to earn rental income.

Government had informed (December 2022) Audit that the Board in its meeting held in November 2022, decided to rent out the additional floors to any institution belonging to the Government or Board/private institutions. However, this has not happened till date, as it was stated during the Exit Conference (July 2024) that necessary steps were being taken to hand over the vacant space to other Welfare Boards within a few months.

5.7. Blocking up of funds on land purchased for Kerala Construction Academy

Government of Kerala (GoK) accorded sanction (August 2009) for constructing an Academy under Kerala Building and Other Construction Workers' Welfare Board. The Academy was proposed to facilitate modern training in construction and other related fields to the construction workers, provide technical training as well as various work experience courses, conduct Degree/Master Degree/Diploma Courses in Building Technology, Facility Management and Construction Management etc. Out of the proposed amount of ₹100 crore for construction, 50 per cent was to be borne by Government of India as one time grant and 25 per cent each was to be met by the Board and GoK.

³⁰ Ground floor is being utilised as Reception area and the first floor as the district office of the Board at Ernakulam.

³¹ Kerala Tailoring Workers Welfare Fund Board.

The Board purchased (February 2011) 10 acres of Land³² in Meenad Village in Kollam District for ₹14.95 crore for establishing Kerala Construction Academy (Academy). The Academy was registered under the Travancore Kochi Literary Scientific and Charitable Societies' Act, 1955 and the foundation stone laid in March 2011. However, no progress was made in the construction of the Academy since then.

In January 2017, Government suggested that as the Kerala Academy for Skills Excellence has already come into existence, the Board may consider winding up the project to establish the Academy. However, in the Board meeting held in March 2017, it was decided to proceed with the construction of the proposed Academy in the land purchased. M/s Uralungal Labour Contract Co-operative Society was entrusted (December 2018) with the preparation of DPR of the project, which was submitted (March 2021) to Government for approval. Government approved (March 2022) the DPR, subject to inclusion of a new course, Certificate Programme in Carpentry in the DPR. However, in November 2022, Government directed to stop all activities related to the Academy temporarily, until the financial position of the Board improved.

Audit observed that the Board has not undertaken any activity in the land purchased till date (May 2024). In reply, Secretary (the Board) stated that the financial position of the Board was very strong at the time of mooted of the project which enabled it to purchase 10 acres of land. As the revenue of the Board has now dipped to a level at which it was difficult to disburse pension/other welfare benefits to workers, the Board was not in a position to proceed with the project.

The reply is not acceptable as the Board itself had reiterated its stand in 2017 to proceed with the project. Lack of initiative and timely action by the Government/Board had led to non-realisation of objectives of the project, besides leading to blocking up of amount worth ₹14.95 crore for the last 13 years. Further, an alternative arrangement for imparting training on skill development to construction workers has not yet been devised by the Government/Board till date.

5.8. Loss of ₹20.40 crore towards deduction of income tax due to non-availing of exemption

According to Section 10 (46) of the Income Tax Act, 1961, in computing the total income of a previous year of any person, any income falling within the clause "any specified income arising to a Body or Authority or Board or Trust or Commission, or a class thereof which (a) has been established or constituted by or under a Central, State or Provincial Act, or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public; (b) is not engaged in any commercial activity; and (c) is notified by the Central

³² 27.5 cents of land from this plot were subsequently acquired for the expansion of NH 66.

Government in the Official Gazette for the purposes of this clause” shall not be included.

As per the above clause, the income of the Board was to be exempted from income tax. However, Audit observed that the banks were deducting income tax on interest earned, since the Board had not submitted the application for exemption in time. The details of deduction of income tax during the audit period 2018-19 to 2022-23 are as shown in **Table 5.6**.

Table 5.6: Details of deduction of income tax during the period 2018-19 to 2022-23

Year	TDS on Interest (₹)
2018-19	7,89,94,917
2019-20	5,67,88,683
2020-21	5,46,15,109
2021-22	77,01,703
2022-23	59,15,529
Total	20,40,15,941

(Source: Annual Accounts of the Board)

Failure on the part of the Board in availing exemption under relevant provisions of the Income Tax Act in time resulted in loss of ₹20.40 crore and subsequent increase in financial deficit of the Board.

Government replied (December 2022) that appeals against all demands were pending disposal before the Commissioner of Income Tax (Appeals) for the assessment year, from 2013-18. It was also stated that application for exemption under Section 10(46) had been moved in December 2015 and the same was pending approval and that the Board was unable to take any further step in this regard in the absence of written response from Income Tax (IT) Department.

Audit noticed that even after lapse of nine years of moving an application for exemption, no serious follow up action was taken by the Board to get approval from the IT Department and to obtain refund of the TDS deducted from the interest income of the Board, resulting in blocking up of ₹20.40 crore of the Board’s funds.

5.9. Functioning of State Advisory Committee and Expert Committee

According to Sections 4 and 5 of the BOCW(RECS) Act, the Government shall constitute the State Advisory Committee and Expert Committee to advise the State Government on such matters arising out of the administration of the Act as may be referred to it. The State Advisory Committee was to be comprised of a chairperson, two members of the State Legislature, a member to be nominated by Central Government, the Chief Inspector and members³³ nominated by State Government representing employers, building workers, accident insurance

³³ not less than seven and not exceeding 11.

institutions, etc. Audit observed that the State Advisory Committee was formed in the State only in November 2015. The members of the Committee included the Minister of Labour and Skills as Chairman, Members representing State Legislature, Central Government nominee, Labour Commissioner and representatives of employers and Building and other construction workers. However, Audit observed that since the expiry of the three-year tenure of the Committee on 09 November 2018, the Committee has not been re-constituted (August 2023).

The BOCW(RECS) Act further envisaged constitution of an Expert Committee comprising persons specially qualified in building or other construction works, for advising the Government in making rules under the Act. The Expert Committee was constituted in the State on 14 September 2011, with the Secretary, Labour and Rehabilitation Department as Chairman, Additional Secretary, Law Department, the Chief Engineer Building and Works, Labour Commissioner and Secretary, Kerala Building and other Construction Workers' Welfare Board as members.

Scrutiny of records by Audit revealed that the first meeting of the Expert Committee was held on 15 October 2011. The Committee next met, after a prolonged interval of 12 years on 05 July 2023, which was attended by the Labour Commissioner, Additional Law Secretary, Secretary (Board) and Joint Secretary, Labour Department. There was no participation from persons qualified in construction works as envisaged in the Act.

Failure to re-constitute statutory committees and periodically convene these committees as per the composition envisaged in Act/Rules would reflect adversely upon their stature and functioning as advisory bodies to Government. The Government did not furnish any reply till September 2024.

5.10. Lapses in monitoring

Provisions of the Rule 29 (1) of the Kerala Rules, require an employer to submit to the Inspectors³⁴ before 30 days of commencement of construction work, a notice in Form IV, intimating the proposed date of commencement of the work. Further, Section 48 of the BOCW(RECS) Act stipulates imprisonment or fine amounting ₹2,000 or both, in case of non-filing of Form IV. Section 50 (3) of the Act enjoins issue of notice to the employers before imposing penalty.

Audit noticed that there was no system in place to monitor the receipt of Form IV from employers or imposing of fine as stipulated in the rule provisions. As a result, neither the Labour Department nor the Board was aware of the number of constructions proposed to be commenced as well as the quantum of cess leviable on the constructions. The Government did not furnish any reply till September 2024.

³⁴ Regional Joint Labour Commissioners in Ernakulam and Kozhikode and District Labour Officer (Enforcement) in Malappuram

5.11. Shortcomings in inspection of establishments

According to Sections 42(2) and (3) of the BOCW(RECS) Act, the State Government may, by notification, appoint a Gazetted Officer to be the Chief Inspector of Inspection of Building and other Construction and other officers as Inspectors, who shall be responsible for effectively carrying out the provisions of this Act in the State and local limits respectively. Section 43 (a) authorises an inspector to enter any premises or place where building and other construction work was carried on, for the purpose of examining any register, record or notices required to be maintained under this Act and produced for inspection.

A Circular issued (May 2015) by the Labour Commissioner directed that in six districts³⁵ the District Labour Officers must conduct at least 10 inspections per month and in other districts the District Labour Officers must conduct at least five inspections per month and the same was to be reported to Labour Commissioner periodically.

Table 5.7 gives the number of registered establishments, number of inspections to be conducted and actually conducted and number of cases in which penalty was imposed.

Table 5.7: Year-wise details of number of registered establishments, number of inspections to be conducted and actually conducted and penalty imposed in the selected districts

Year	Ernakulam				Kozhikode				Malappuram			
	No. of registered establishments	No. of inspections to be conducted	Actual number of inspections conducted	No. of cases in which penalty was imposed	No. of registered establishments	No. of inspections to be conducted	Actual number of inspections conducted	No. of cases in which penalty was imposed	No. of registered establishments	No. of inspections to be conducted	Actual number of inspections conducted	No. of cases in which penalty was imposed
2018	80	120	50	Nil	48	120	15	Nil	17	60	19	Nil
2019	59	120	39	Nil	244	120	40	Nil	202	60	100	Nil
2020	30	120	6	Nil	89	120	Nil	Nil	20	60	Nil	Nil
2021	48	120	4	Nil	20	120	8	Nil	18	60	Nil	Nil
2022	59	120	1	Nil	21	120	1	Nil	17	60	1	Nil
Total	276	600	100	Nil	422	600	64	Nil	274	300	120	Nil

(Source: Data obtained from Labour and Skills Department)

It was seen that the DLOs in test-checked districts did not comply with the circular issued by Labour Commissioner and failed to conduct the prescribed number of monthly inspections.

Out of the 26 files relating to establishments test-checked by audit in Malappuram district, reply to notices issued after inspection was received only

³⁵ Thiruvananthapuram, Kollam, Ernakulam, Thrissur, Kozhikode and Kannur

from one establishment. In respect of two notices issued after inspection, the notices were returned by the Postal Department as the address given by the Labour Department was incomplete. Audit observed that, in none of the instances a follow up was conducted by DLO to ensure that violations noticed during inspections were rectified, ensuring the safety of workers employed.

In Ernakulam District, out of 27 files test-checked, 25 establishments had complied with the direction given in the notices. In Kozhikode District, out of the 29 files test-checked, it was seen that no notices were issued to two establishments despite noticing violations. Further, 21 establishments had not complied with the instructions of DLO regarding safety norms.

Audit observed that no penalty was imposed in cases where safety norms were found to have been violated.

Government stated during the Exit Conference (July 2024) that the number of inspections had been increased and strengthened in the last three months to improve the monitoring system of the Labour Department.

Recommendation 10: The Government should ensure that required number of inspections of establishments are conducted as prescribed in the Act and Rules and that deficiencies in grievance redressal system are rectified.

5.12. Failure to ensure safety at workplaces

The BOCW (RECS) Act has been enacted to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith or incidental thereto. Section 40 of the Act re-iterated the power of appropriate Government to make Rules for the safety and health of building workers and listed the provisions which ensured safety of employees under a variety of working conditions³⁶.

Audit conducted joint verification of 12 registered and 12 unregistered establishments in three selected districts. In addition, Audit also visited two incident/accident sites in a selected district, where work was in progress. The extent of compliance of these establishments, to the safety norms envisaged by the Act and Rules is presented in **Appendix 5.2**.

It was seen that barricades/ sign boards were not provided in 20 cases and in 21 cases warning signboards for electrical hazards were not provided. In 18 cases safety nets were not provided and in 14 cases no protection from electric lines was provided. Non-providing of safety helmets in 11 cases and waterproof boots

³⁶ Provision of suitable and sufficient scaffolding at various stages when work cannot be safely done from the ground or from any part of a building or from a ladder or such other means of support; demolition of the whole or any substantial part of a building or other structure under the supervision of a competent person and the avoidance of danger from collapse of any building or other structure while removing any part of the framed building or other structure by shoring or otherwise, the handling or use of explosive under the control of competent persons to avoid exposure to the risk of injury from explosion or from flying material, the erection, installation, use and maintenance of transporting equipment such as locomotives, trucks, wagons, other vehicles and trailers, etc.

in 13 cases also came to notice. In addition to these, non-providing of hand gloves and waterproof coats in 11 cases and equipment against hazards of falling in 13 cases were also seen.

Out of the 26 selected establishments, construction works were executed for Government institutions in eight establishments. Audit noticed that protection from electric lines, safety nets, safety helmets and waterproof boots were not provided in five of these establishments. Four establishments did not provide hand gloves, waterproof coats and equipment against hazards of falling.

The District Labour Officers were responsible for ensuring the safety norms at worksites under their jurisdiction, through inspections. Non-adherence to safety norms in registered establishments as well as in those unregistered establishments where work was in progress needed to be addressed on priority.

Audit also conducted joint verification at the following work sites where accidents of death/injury of workers while on site were reported:

5.12.1. Commercial building for M/s Kalyan Silks, Thodayad Junction, Kozhikode

On 26 September 2021, two migrant workers were crushed to death when concrete slabs crashed on them. Three migrant labourers were also severely injured in the mishap. Though two years had lapsed since the work had commenced, an inspection was conducted by the Labour Department only on the next day after the incident occurred. This was violative of the Government notification (May 2015) wherein 10 inspections were required to be conducted each month, as detailed in **Table 5.7**. Further, the inspection revealed 14 violations regarding adherence to safety measures as stipulated in the Act.

Audit conducted joint physical verification at the above site along with Labour Departmental officers two years later, on 20 September 2023 and observed that the four safety violations pointed out by the Labour Department in September 2021 consequent upon the accident, were not rectified by the establishment even after a lapse of two years.



Figure 5.3 M/s Kalyan Silks building, Thodayad Junction, Kozhikode. Failure to cover or guard suitably and properly every open side, into or through which a building worker, vehicle or lifting appliance may fall. Photo taken by Audit party on 20 September 2023.



Figure 5.4 M/s Kalyan Silks building, Thodayad Junction, Kozhikode. Failure to provide quality safety net to prevent accidents. Photo taken by Audit party on 20 September 2023.

This clearly points to the negligent approach of Government in the enforcement of safety norms by resorting to prompt action as laid down in Acts/Rules to prevent such occurrences in future.

The District Labour Officer, Kozhikode stated in reply (November 2023) that as M/s. Kalyan Silks, Kozhikode was a commercial building employing more

than 100 workers, permission³⁷ has been sought from Labour Commissioner for conducting inspections. The reply is not justifiable, as the DLO chose to seek permission only after the violations were pointed out by Audit. Timely inspections by authorities in accordance with the Rules would have enhanced the extent of adherence to safety norms. The Government did not furnish any reply till September 2024.

5.12.2. Hillsinai building, Markaz Knowledge City, Kaithappoyil, Kozhikode

As per Section 47 of the BOCW(RECS) Act, contravention of provisions of any Rules made under Section 40, shall be punishable with imprisonment for a term which may extend to three months, or with fine up to ₹2,000 or both, and in the case of a continuing contravention, with an additional fine up to ₹100 every day.



Figure 5.5: M/s Hillsinai building, Markaz Knowledge City, Kaithappoyil, Kozhikode. Work ongoing in the site even after issuance of stop memo. Photo taken by Audit party on 21 September 2023.

³⁷ As instructed in Circular issued by Labour Commissioner on 20 September 2023.



Figure 5.6: M/s Hillsinai building, Markaz Knowledge City, Kaithappoyil, Kozhikode. Failure to provide safety net of standard. Photo taken by Audit party on 21 September 2023.

On 18 January 2022, the third floor of the building collapsed during concreting, resulting in injury to 21 migrant and two native labourers.

After conducting an enquiry, the Labour Department issued stop memo to the builder on the next day. The Labour Department issued multiple reminders followed by show cause notice on 14 July 2022 for compliance, failing which prosecution formalities could be initiated under the provisions in the Act/Rules. The employer stated that he had rectified five of the eight violations pointed out by the Labour Department and requested that all further proceedings against him be dropped.

Audit conducted joint physical verification (September 2023) of the construction site and noticed that the construction activities were ongoing despite issuance of stop memo and that several violations³⁸ noticed earlier were still persisting at the site as detailed in **Appendix 5.3**.

Thus, the Labour Department could not ensure adherence to safety norms at worksites by the employers, even after accidents/incidents. The extent of inaction and follow-up by Labour Department in the instances mentioned above clearly bring out the lackadaisical attitude of authorities to curb threats to safety of workers at construction sites. The Government did not furnish any reply till September 2024.

³⁸ including three out of the five violations stated to have been rectified

Recommendation 11: The Government should ensure that utmost priority is given to the safety of workers in construction sites. Officials responsible for oversight in the adherence to safety norms by the establishments may be held accountable.

5.13. Lack of effective grievance redressal mechanism

The Labour Department has a system of monitoring complaints received on all labour related issues in the LCAS software. Complaints are received at the call centre set up with a toll-free number and the complaints are recorded by the call centre agent in LCAS module. The DLOs/ALOs were to act upon the complaints received and take steps to resolve them.

Analysis of the module for processing complaints received from workers³⁹ State-wide in the LCAS software as on 09 November 2023 revealed that as against 1180 complaints received, 124 complaints alone were shown as settled. The Board could not furnish the status of settlement of the remaining complaints to Audit.

Audit sought details of complaints received from building and other construction workers at the test-checked District Labour offices and observed that of the 12 complaints received, 10 were pending settlement at Kozhikode and Malappuram. Further, none of the complaints received were seen routed through LCAS. The details of complaints received, and status of action taken, as furnished by DLOs are presented in **Appendix 5.4**.

Lack of effective grievance redressal system would contribute to delay in timely settlement of complaints filed by workers and hence needs to be addressed in priority. The Government did not furnish any reply till September 2024.

5.14. Conclusion

The financial position of the Board presented a grim scenario with the cash balance of the Board declining steadily from ₹910.06 crore in March 2019 to ₹135.16 crore in March 2023. The disbursement of welfare benefits also showed a decreasing trend since 2020-21. The Board submitted its accounts to the Accountant General for audit after delays ranging from 11 to 24 months. Out of the ₹10 crore corpus fund allocated for the Migrant Workers' Welfare Fund, only ₹1.69 crore was spent on workers' welfare between 2018-19 and 2022-23. The Labour Officer did not conduct the prescribed number of monthly

³⁹ Data pertaining to all types of workers were displayed. Audit could not obtain segregated data pertaining to construction workers

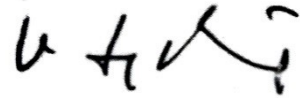
inspections in selected districts. Safety norms were not seen adhered to in test-checked construction sites, even after occurrence of accidents.



(PREETHI ABRAHAM)
Accountant General (Audit I),
Kerala

Thiruvananthapuram,
The 17 February 2025

Countersigned



(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi,
The 20 February 2025

APPENDICES



Appendix 5.1**Status of Separate Audit Reports (SAR) of the Board as on 31 March 2024***(Reference: Paragraph 5.3, Page No. 36)*

Stages	2018-19	2019-20	2020-21	2021-22	2022-23
Accounts submitted to Accountant General	06.07.2021	14.07.2021	04.04.2022	06.10.2023	Accounts not submitted for audit
Accounts re-submitted to Accountant General after revision	14.03.2022	14.03.2022	21.06.2022	Not yet submitted	
Approval of Comptroller and Auditor General of India	22.06.2022	12.07.2022	03.01.2023		
SAR issued	18.07.2022	29.07.2022	09.01.2023		
SAR sent to Legislature	13.01.2023	05.06.2023	03.08.2023		

(Source: Financial and Certification Audit section, Office of the Accountant General (Audit I) Kerala and the Board)

Appendix 5.2

Details of Joint Physical Verification

(Reference: Paragraph 5.12, Page No. 45)

(a) Details of employees and status of registration

District	Sl. No.	Name of Institution	Registered/ Unregistered/ Incident	Total workers	Kerala	Migrant	Kerala Registered	Kerala Unregistered	Migrant Registered	Migrant Unregistered	Form I submitted within period	
Ernakulam	1.	Super Speciality Hospital for Child Welfare, Kalamassery	Registered	160	27	133	0	27	0	133	Yes	
	2.	Veegaland Springbell, Ernakulam	Registered	50	10	40	0	10	0	40	Yes	
	3.	Construction of ITI Building, Maradu	Unregistered	14	14	0	0	14	0	0	No	
	4.	Mechanical Workshop Building, Model Engineering College, Thrikkakara	Unregistered	6	6	0	3	3	0	0	No	
	5.	New Block of Govt. Polytechnic Women's College, Kalamassery	Unregistered	12	3	9	0	3	0	9	No	
	6.	Construction of Quarters to Judicial Officers, Kadavanthara	Unregistered	15	5	10	0	5	0	10	No	
	7.	Noel Franganz, Thrikkakara	Registered	47	12	35	5	7	0	35	Yes	
	8.	Asset Luminance, Kollamkudimugal	Registered	20	5	15	2	3	0	15	Yes	
	9.	Cochin Municipal Corporation	Incident	Construction work completed								
	10.	Nest Hi-Tech Park, Kinfra, Kalamasseery	Incident	Abandoned								
Malappuram	11.	Baseline Projects and Constructions Ltd, Kottakkal	Registered	22	4	18	1	3	0	18	Yes	
	12.	Ghazal White Fort, Parambilangadi, Kottakkal Malappuram	Registered	50	0	50	0	0	0	50	Yes	
	13.	AAK Properties, Tirur	Registered	135	4	131	0	4	0	131	Yes	
	14.	Abida Apartments, Kottakkal	Registered	40	20	20	8	12	0	20	Yes	
	15.	Anar Constructions, Commercial Building, Malappuram	Unregistered	26	3	23	1	2	0	23	No	
	16.	Construction of Classroom at Rajas Higher Secondary School Kottakkal	Unregistered	16	8	8	4	4	0	8	No	

District	Sl. No.	Name of Institution	Registered/ Unregistered/ Incident	Total workers	Kerala	Migrant	Kerala Registered	Kerala Unregistered	Migrant Registered	Migrant Unregistered	Form I submitted within period
	17.	Commercial Complex of Moosa Haji, Kariparambu, Malappuram	Unregistered	22	2	20	1	1	0	20	No
	18.	Shopping Complex Construction, Chemmad	Unregistered	15	3	12	1	2	0	12	No
	19.	Construction of a residential house, Kottala	Incident	Construction work completed							
	20.	Snehalaya Agathi Mandiram, Vattappontha	Incident	Construction work completed							
Kozhikode	21.	Rest House PWD, Additional Block Construction	Unregistered	25	5	20	0	5	0	20	No
	22.	Construction of Building for Govt. Fisheries UP School, Vellayil, Kozhikode	Unregistered	50	35	15	0	35	0	15	No
	23.	Commercial Building, Vaidyarangadi, Ramanattukara Municipality	Unregistered	15	3	12	0	3	0	12	No
	24.	Municipal Office Construction, Ramanattukara	Unregistered	30	0	30	0	0	0	30	No
	25.	Confident Project Residential, Chevayur	Registered	50	0	50	0	0	0	50	Yes
	26.	HiLite Business Park Thodayad Bypass	Registered	150	12	138	0	12	0	138	Yes
	27.	Commercial Building, Kasaba Village, Jaffer Khan Colony Road, Mavoor Road	Registered	30	5	25	0	5	0	25	Yes
	28.	Landmark Trade Centre NH Bypass, Pantheerankavu	Registered	126	10	116	0	10	0	116	Yes
	29.	Hillsinai Education Institution Construction, Kaithapoyil, Thamarassery	Incident	30	1	29	1	0	0	29	No
	30.	Commercial Building for Kalyan Silks, Thodayad Junction	Incident	150	100	50	0	100	0	50	Yes
TOTAL				1306	297	1009	27	270	0	1009	

(b) Amenities provided by the employer

District	Name of Institution	Registered/ Unregistered/Incident	Canteen Facility (For more than 250)	First aid boxes	Crèches for children	Temporary accommodation	Urinal	latrine	Washing facilities
Ermakulam	Super Speciality Hospital for Child Welfare, Kalamassery	Registered	NA	No	NA	Yes	Yes	Yes	Yes
	Veegaland Springbell, Ernakulam	Registered	NA	Yes	NA	No	Yes	Yes	Yes
	Construction of ITI Building, Maradu	Unregistered	NA	No	NA	No	NA	NA	NA
	Mechanical Workshop Building, Model Engineering College, Thrikkakara	Unregistered	NA	No	NA	Yes	NA	NA	NA
	New Block of Govt. Polytechnic Women's College, Kalamassery	Unregistered	NA	No	NA	Yes	NA	NA	Yes
	Construction of Quarters to Judicial Officers, Kadavanthara	Unregistered	NA	Yes	NA	No	NA	No	NA
	Noel Fragraanz, Thrikkakara	Registered	NA	Yes	NA	No	Yes	No	Yes
	Asset Luminance, Kollamkudimugal	Registered	NA	Yes	NA	Yes	Yes	Yes	Yes
Malappuram	Baseline Projects and Constructions Ltd, Kottakkal	Registered	NA	No	NA	No	NA	Yes	No
	Ghazal White Fort, Parambilangadi, Kottakkal Malappuram	Registered	Yes	No	NA	Yes	Yes	Yes	NA
	AAK Properties, Tirur	Registered	NA	Yes	NA	No	Yes	Yes	NA
	Abida Apartments, Kottakkal	Registered	NA	Yes	NA	No	Yes	Yes	Yes
	Anar Constructions, Commercial Building, Malappuram	Unregistered	NA	Yes	NA	No	Yes	Yes	Yes
	Construction of Classroom at Rajas Higher Secondary School Kottakkal	Unregistered	NA	No	NA	No	No	No	Yes
	Commercial Complex of Moosa Haji, Kariparambu, Malappuram	Unregistered	NA	No	NA	No	NA	No	No
	Shopping complex construction, Chemmad	Unregistered	NA	No	NA	No	NA	No	No

District	Name of Institution	Registered/ Unregistered/Incident	Canteen Facility (For more than 250)	First aid boxes	Crèches for children	Temporary accommodation	Urinal	latrine	Washing facilities
Kozhikode	Rest House PWD, Additional Block Construction	Unregistered	NA	No	NA	No	No	No	No
	Construction of Building for Govt. Fisheries UP School, Vellayil, Kozhikode	Unregistered	Yes	Yes	NA	No	No	No	Yes
	Commercial Building, Vaidyarangadi, Ramanattukara Municipality	Unregistered	NA	No	NA	No	Yes	Yes	Yes
	Municipal Office Construction, Ramanattukara	Unregistered	NA	Yes	NA	Yes	Yes	Yes	Yes
	Confident Project Residential, Chevayur	Registered	NA	Yes	NA	Yes	Yes	Yes	Yes
	HiLite Business Park Thodayad Bypass	Registered	NA	Yes	NA	Yes	Yes	Yes	Yes
	Commercial Building, Kasaba Village, Jafferkhan Colony Road, Mavoor Road	Registered	NA	Yes	NA	No	Yes	Yes	Yes
	Landmark Trade Centre NH Bypass, Pantheerankavu	Registered	NA	Yes	NA	Yes	Yes	Yes	Yes
	Hillsinai Education Institution Construction, Kaithapoyil, Thamarassery	Incident	NA	Yes	NA	Yes	Yes	Yes	Yes
	Commercial Building for Kalyan Silks, Thodayad Junction	Incident	NA	Yes	NA	No	Yes	Yes	Yes

*NA – Not applicable

(c) Safety norms

District	Name of Institution	Fenced lifting appliance	Test certificate for cranes- hoists	Lifts are of sound construction, material and free from defects	Debris disposed	Barricades/sign boards for vehicular traffic	Warning signs for electrical hazards	Hand gloves	Waterproof coats	Personal protective equipment	Equipment against hazards of falling	Open side guarded	Overhead protection	Protection for electric lines	Working platform with guard rails	Proper scaffold ensured	Cement and other materials stacked properly	Safety helmet provided	Waterproof boots	Safety-net provided	
Ernakulam	Super Speciality Hospital for Child Welfare, Kalamassery	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	
	Veegaland Springbell, Ernakulam	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Construction of ITI Building, Maradu	NA	NA	NA	Yes	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No	
	Mechanical Workshop Building, Model Engineering College, Thrikkakara	NA	NA	NA	No	No	No	No	No	NA	No	NA	NA	NA	NA	NA	Yes	No	No	NA	
	New Block of Govt. Polytechnic Women's College, Kalamassery	NA	NA	NA	Yes	No	No	No	No	No	NA	NA	NA	NA	No	NA	Yes	No	No	No	NA
	Construction of Quarters to Judicial Officers, Kadavanthara	NA	NA	NA	Yes	No	No	No	No	Yes	Yes	NA	NA	No	Yes	NA	Yes	Yes	No	No	No
	Noel Fragnanz, Thrikkakara	No	No	No	Yes	No	No	No	No	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	No	No
Asset Luminance, Kollamkudimugal	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
Malappuram	Baseline Projects and Constructions Ltd, Kottakkal	NA	NA	NA	No	No	No	Yes	No	No	No	No	No	No	No	Yes	Yes	Yes	No	No	
	Ghazal White Fort, Parambilangadi, Kottakkal Malappuram	No	NA	NA	Yes	No	No	Yes	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No
	AAK Properties, Tirur	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No
	Abida Apartments, Kottakkal	No	NA	NA	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
	Anar Constructions, Commercial Building, Malappuram	NA	NA	NA	No	No	No	Yes	No	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No
	Construction of Classroom at Rajas Higher Secondary School Kottakkal	No	NA	NA	Yes	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No	No
	Commercial Complex of Moosa Haji, Kariparambu, Malappuram	No	NA	NA	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
	Shopping complex construction, Chemmad	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No

District	Name of Institution	Fenced lifting appliance	Test certificate for cranes- hoists	Lifts are of sound construction, material and free from defects	Debris disposed	Barricades/sign boards for vehicular traffic	Warning signs for electrical hazards	Hand gloves	Waterproof coats	Personal protective equipment	Equipment against hazards of falling	Open side guarded	Overhead protection	Protection for electric lines	Working platform with guard rails	Proper scaffold ensured	Cement and other materials stacked properly	Safety helmet provided	Waterproof boots	Safety-net provided	
Kozhikode	Rest House PWD, Additional Block Construction	NA	NA	NA	No	No	No	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No	Yes	No	
	Construction of Building for Govt. Fisheries UP School, Vellayil, Kozhikode	No	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
	Commercial Building, Vaidyarangadi, Ramanattukara Municipality	NA	NA	NA	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No	No
	Municipal Office Construction, Ramanattukara	NA	NA	NA	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No
	Confident Project Residential, Chevayur	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
	HiLite Business Park Thodayad Bypass	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Commercial Building, Kasaba Village, Jafferkhan Colony Road, Mavoor Road	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Landmark Trade Centre NH Bypass, Pantheerankavu	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Hillsinai Education Institution Construction, Kaithapoyil, Thamarassery	NA	NA	NA	No	No	No	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No
Commercial Building for Kalyan Silks, Thodayad Junction	Yes	No	Yes	Yes	No	No	No	No	No	No	No	No	No	Yes	No	Yes	Yes	No	No	No	

*NA – Not applicable

(d) Miscellaneous

District	Sl. No.	Name of Institution	Register of periodical tests	Notices	Safety committee in case of 500 or more workers	Abstracts of rules displayed	Written statement of policy for safety and health
Ernakulam	1.	Super Speciality Hospital for Child Welfare, Kalamassery	Yes	NA	No	No	No
	2.	Veegaland Springbell, Ernakulam	Yes	NA	Yes	Yes	Yes
	3.	Construction of ITI Building, Maradu	No	NA	No	No	No
	4.	Mechanical Workshop Building, Model Engineering College, Thrikkakara	No	NA	No	No	No
	5.	New Block of Govt. Polytechnic Women's College, Kalamassery	No	NA	No	No	No
	6.	Construction of Quarters to Judicial Officers, Kadavanthara	No	NA	No	No	No
	7.	Noel Fragranz, Thrikkakara	Yes	NA	No	Yes	No
	8.	Asset Luminance, Kollamkudimugal	Yes	NA	Yes	Yes	Yes
Malappuram	9.	Baseline Projects and Constructions Ltd, Kottakkal	No	NA	No	No	No
	10.	Ghazal White Fort, Parambilangadi, Kottakkal Malappuram	Yes	NA	No	No	No
	11.	AAK Properties, Tirur	Yes	NA	No	Yes	Yes
	12.	Abida Apartments, Kottakkal	No	NA	No	No	No
	13.	Anar Constructions, Commercial Building, Malappuram	No	NA	No	No	No
	14.	Construction of Classroom at Rajas Higher Secondary School Kottakkal	No	NA	No	No	No
	15.	Commercial Complex of Moosa Haji, Kariparambu, Malappuram	No	NA	No	No	No
	16.	Shopping Complex Construction, Chemmad	No	NA	No	No	No
Kozhikode	17.	Rest House PWD, Additional Block Construction, Kozhikode	No	NA	No	No	No
	18.	Construction of Building for Govt. Fisheries UP School, Vellayil, Kozhikode	No	NA	No	No	No
	19.	Commercial Building, Vaidyarangadi, Ramanattukara Municipality	No	NA	No	No	No
	20.	Municipal Office Construction, Ramanattukara	No	NA	No	No	No
	21.	Confident Project Residential, Chevayur	Yes	NA	No	Yes	No
	22.	HiLite Business Park, Thodayad Bypass, Kozhikode	Yes	NA	No	Yes	Yes
	23.	Commercial Building, Kasaba Village, Jaffer Khan Colony Road, Mavoor Road, Kozhikode	No	NA	No	No	No
	24.	Landmark Trade Centre NH Bypass, Pantheerankavu	Yes	NA	No	Yes	Yes
	25.	Hillsinai Education Institution Construction, Kaithapoyil, Thamarassery	No	NA	No	No	No
	26.	Commercial Building for Kalyan Silks, Thodayad Junction	No	NA	No	No	No

*NA – Not applicable

Appendix 5.3

Violations of safety norms noticed during joint physical verification at incident sites

(Reference: Paragraph 5.12, Page No. 49)

a) Commercial building for Kalyan Silks, Thondayad Junction, Kozhikode

Sl. No.	Section/Rule	Remarks
1	Section 34	Separate temporary accommodation with suitable cooking, bathing, washing place etc., were not provided
2	Section 30 (2)	Notices prescribed were not provided
3	Rule 54 R/w Rule 72 (2)	Certificate of initial and periodical test and (a) (ii) examinations of cranes or joists and their accessory gears in Form No. VI was not maintained
4	Rule 45	Suitable barricade/sign boards/lights for the vehicular traffic in the site were not provided
5	Rule 43 (5)	Approved hand gloves as per National Standards to those building workers engaged in handling sharp objects/materials which may cause hand injury were not provided
6	Rule 43 (3)	Waterproof coat with hat to those building workers who are required to work in rain or similar wet conditions were not provided
7	Rule 42	Suitable personal protective equipment for the protection of eyes of building workers engaged in operation like welding, cutting, chipping, grinding etc., were not provided
8	Rule 39 (6)	For the building workers who are exposed to the hazards of falling from height while employed, adequate equipment or means as per National Standards for saving the building workers from falling from height were not provided
9	Rule 39 (5)	Every open side or opening into or through, which a building worker, vehicle or lifting appliance, which may fall were not covered or guarded suitably and properly
10	Rule 38 (1)	Overhead protection along the property where construction of the building was going on was not erected
11	Rule 283 (4)	A register of periodical tests and examinations in Form No. XXVI was not maintained
12	Rule 248 (5)	An abstract of the Act and Rules in English and in language known to majority of the workers were not displayed
13	Rule 240 (1)	A written statement of policy in respect of safety and health of construction workers employed at the site was not displayed
14	Rule 192 R/w Rule 196	Suitable working platforms with guard rails were not provided
15	Rule 46	Safety helmets were not provided
16	Rule 46	Waterproof boots were not provided
17	Rule 179	Safety net of standards was not provided

b) Hillsinai building, Markaz Knowledge City, Kaithappoyil, Kozhikode

Sl. No.	Section/Rule	Remarks
1	Section 30 (2)	Notices prescribed were not provided
2	Rule 49	Debris as required were not disposed
3	Rule 45	Suitable barricade/sign boards/lights for the vehicular traffic in the site were not provided
4	Rule 44 (2)	Suitable warning signs of electrical hazards at conspicuous places in a language understood by majority of the building workers were not provided
5	Rule 39 (6)	For the building workers who are exposed to the hazards of falling from height while employed, adequate equipment or means as per National Standards for saving the building workers from falling from height were not provided
6	Rule 39 (5)	Every open side or opening into or through, which a building worker, vehicle or lifting appliance, which may fall were not covered or guarded suitably and properly
7	Rule 283 (4)	A register of periodical tests and examinations in Form No. XXVI was not maintained
8	Rule 248 (5)	An abstract of the Act and Rules in English and in language known to majority of the workers were not displayed
9	Rule 240 (1)	A written statement of policy in respect of safety and health of construction workers employed at the site was not displayed
10	Rule 198	Adequate protection against electric lines endangering safety was not provided
11	Rule 192 R/w Rule 196	Suitable working platforms with guard rails were not provided
12	Rule 179	Safety net of standards was not provided

Appendix 5.4

*List of complaints received in District Labour Offices during 2018-23**(Reference: Paragraph 5.13, Page No. 50)*

District	Year	Complaints	Remarks
Kozhikode	2019-20	Non-payment of wages ₹1.79 lakh	Letter sent by DLO to summon the contractor, but no further action taken.
	2020-21	Non-payment of wages ₹17,800	Contractor was directed to pay wages, but since the area was beyond the jurisdiction of the ALO no further report on the complaint was seen.
	2021-22	Non-payment of wages ₹1.78 lakh	The complaint was regarding a central government institution which has to be filed in Central Labour Department. It was not informed to the complainant and no further action taken.
	2022-23	Non-payment of wages ₹32,400	ALO reported that contractor was not willing to pay the wages, hence directed the complainant to file a claim under Payment of Wages Act and no further action taken.
	2022-23	Non-payment of wages ₹79,740 and non-return of machinery	DLO could not contact the contractor and no action taken
	2022-23	Non-payment of wages ₹65,000	Employer stated that wages were transferred to Bank account and if complaint persists can file a petition in Labour Court.
Malappuram	2021-22	Non-payment of wages	The employer reported that the complainant had not worked in his establishments. The complainant could not be contacted.
	2021-22	Non-payment of wages	Arrear of wages paid.
	2021-22	Non-payment of wages	DLO reported that the employer could not be contacted and asked the complainant to file a complaint in the Industries Tribunal.
	2021-22	Denial of labour and arrear of wages not paid	The complainant was not responding to the reminders and is presently working abroad.
	2022-23	Wage arrears pending	Arrears were paid
	2022-23	Delayed payment of wages	Adalat conducted in which employer intimated that arrear wages were paid. But complainant was not satisfied and filed a petition in the Labour Court.

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