

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

NINETY SIXTH REPORT

(Presented on 30th June, 2015)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2015

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
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NINETY SIXTH REPORT

On

**Paragraphs relating to Labour and Skills Department contained in the
Report of the Comptroller and Auditor General of India
for the year ended 31 March 2012
(General and Social Sector)**

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on its behalf present the 96th Report on paragraphs relating Labour and Skills Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 (General and Social Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 (General and Social Sector) was laid on the Table of the House on 8th June, 2013.

The Committee considered and finalised this Report at the meeting held on 3rd June, 2015.

The Committee place on record its appreciation of the assistance rendered to them by the Accountant General in the Examination of the Audit Report.

Thiruvananthapuram,
30th June, 2015.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

REPORT

LABOUR AND SKILLS DEPARTMENT

AUDIT PARAGRAPH

KERALA BUILDING AND OTHER CONSTRUCTION WORKERS WELFARE BOARD- COLLECTION OF BUILDING CESS, CONTRIBUTION AND DISBURSEMENT OF BENEFITS

Introduction

Collection of building cess is regulated by Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act), Building and Other Construction Workers Welfare Cess Act 1996 (Cess Act), Building and Other Construction Workers Welfare Cess Rules, 1998 (Cess Rules) and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Kerala Rules, 1998 (Kerala Rules). These Acts and Rules were framed to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. According to the instructions issued (January 2007) by the Labour Commissioner, the responsibility of levying and collection of cess in respect of private buildings were entrusted with the Assistant Labour Officers Grade I. As per Section 3(2) of the Cess Act, deduction of cess in respect of building and other construction work of a Government or Public Sector Undertaking have to be made at source from the contractors' work bills.

The Kerala Construction Workers Welfare Fund Board constituted in April, 1990 by the Government as per the provisions of the Kerala Construction Workers Welfare Fund Act, 1989 was renamed as Kerala Building and Other Construction Workers Welfare Board with effect from 1 November, 1998 in terms of Section 18 of the Act.

The audit was conducted during February to June 2012 to assess the collection of cess from the employers of the establishments, contributions from the members of the Board and disbursement of benefits to the beneficiaries. The records of Board's Headquarters and district offices of Labour Department and Board's offices at Thiruvananthapuram, Kollam and Thrissur districts* were test checked covering the period 2007-08 to 2011-12.

Financial resources

As per Section 24 of the Act, the Board constituted a fund, which includes grants and loans made by the Central Government, all contributions made by the beneficiaries and all sums received by the Board from such other sources.

* Though Thiruvananthapuram and Kollam are adjoining districts, these were selected to identify dual membership among the beneficiaries.

Annual Accounts of the Board have been certified up to 2008-09 and accounts for 2009-10 to 2011-12 are provisional.

Details of funds received and expenditure incurred for welfare benefits during 2007-08 to 2011-12 are shown in Table 3.5:

TABLE 3.5: DETAILS OF FUND RECEIVED AND PAYMENTS OF WELFARE BENEFITS

(₹ in crore)

Year	Receipt of funds		Welfare Benefits
	Cess Collection	Contribution	
2007-08	47.40	20.02	45.83
2008-09	60.78	21.06	53.92
2009-10	54.00	23.55	60.85
2010-11	69.05	25.61	89.49
2011-12	104.60	30.20	97.92
Total	335.83	120.44	348.01

Source: Annual Accounts of the Board up to 2008-09 and provisional accounts for 2009-10 to 2011-12.

The audit findings are discussed in the succeeding paragraphs.

Collection of Cess

As per Section 3 of the Cess Act, employer of building and other construction works is the assessee for levy and collection of cess. Cess is to be levied at one per cent of the total construction cost. In terms of Rule 4 of the Cess Rules, the cess levied shall be paid by an employer within thirty days of completion of the construction of project/the date on which assessment of cess payable is finalized, whichever is earlier.

Registration of Employer's Establishment

As per Section 7 of the Act, every employer, who employs building workers in any building or other construction work, shall register their establishment with the District Labour Officer (DLO) within a period of sixty days from the commencement of work.

It was seen that registrations were made only in 405 cases out of 28247 test checked cases requiring registration in the three Corporations of the districts test checked. This led to the loss of registration fee of ₹ 34.80 lakh to the Department (at the minimum rate of ₹ 100 plus penalty 25 per cent) in the remaining 27842 cases*.

The Labour Department has not taken any action to enforce the registration of establishments of the employers. No penal action was taken as

* Thiruvananthapuram-16373, Kollam-5246, Thrissur-6223.

stipulated in Rule 31 of the Kerala Rules against the non-registered employers. The department replied in March 2012 that due to meagre staff strength and lack of infrastructural facilities all the establishments could not be identified as potential employer for registration at the time of construction. However, the department has not made any attempt to enforce the registration of establishments with the utilization of available facilities.

Information about commencement of work by the employers

Provisions of the Rule 29(1) of Kerala Rules, requires employers to submit before thirty days of commencement of construction work, a notice in Form IV intimating the actual date of commencement of work. Further, Section 48 of the Act stipulates imprisonment/fine of ₹ 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.

The department had not received Form IV from any of the employers during 2006-07 to 2011-12 and no notices were issued to the employers for imposing penalties. Therefore, the penalties of three months' imprisonment/fine of ₹ 2,000 or both could not be imposed on these defaulters. This has resulted in non-identification of establishment/employer, location of the building, details of registration, nature of work involved and the facilities including plant and machinery provided, etc., and thereby the department could not identify all employers for assessment of cess. The department admitted the observation made by Audit.

Furnishing of information by the assessee

At present the DLO is identifying employers for the purpose of assessment of cess, from the register for property tax maintained by the local authorities. The cases taken from the local authorities are recorded in the assessment register maintained by the DLO. After that, notices along with Form I as required in Rule 6 of Cess Rules were sent to the identified assessees. On receipt of duly filled in Form I from the employer, assessment notices were served with the direction to remit the cess amount within 15 days, or to be present before the Assessing Officer for redressal of grievances if any, failing which the final assessment order will be served to the assessees. According to Section 10 of the Cess Act, any amount due from an employer is to be recovered as an arrear of land revenue. Deficiencies in the collection mechanism led to the following :

- There was failure to collect cess in 621 test checked cases* after serving Form I to the assessees in the three test checked Corporations. This showed that even the initial step of assessment had not been carried out in these cases.

* Thiruvananthapuram-521, Kollam-50, Thrissur-50.

- Even though assessment notices were served on the assessees in the test checked districts, 274 employers* failed to pay cess of ₹ 75.18 lakh during the audit period.
- There was failure to recover the dues amounting to ₹ 1.20 crore in 367 test checked cases† for which final assessments were made through Revenue Recovery Act in the three test checked districts.
- Even though the Assessing Officers had initiated RR proceedings against certain defaulters, an amount of ₹ 40.64 lakh in 143 test checked cases‡ is pending recovery due to lack of effective follow-up action.

The department replied (March 2012) that assessment could not be made in time due to lack of means of transport, vast territorial jurisdiction and shortage of staff. The department added that steps would be taken to collect the amount under Revenue Recovery proceedings. The fact remains that no follow-up action has been taken by the department to carry out the assessment and collect the dues.

Collection of cess from work bills

As per Section 3 (2) of the Cess Act, the cess levied shall be collected from every employer including deduction at source in relation to a building or other construction work of a Government or of a Public Sector Undertaking. However, no penalty clause has been envisaged in the Act/Rules for non deduction of cess from the work bills.

An amount of ₹ 17.72 lakh relating to the period 2007 to 2010 and ₹ 29.18 lakh for the period 2007-08 have not been recovered from the contractors' bill in respect of works carried out by the Kerala Health Research and Welfare Society, Thiruvananthapuram and Kerala State Rural Water Supply & Sanitation Agency, Thiruvananthapuram respectively. Both the institutions had confirmed (July 2012) that the amount had not been recovered so far.

The Board had not maintained the details of construction works undertaken by the Government Departments/Public Sector Undertakings and as such the Board was not in position to ensure that cess amount was being collected from these institutions from all the work bills.

* Thiruvananthapuram-174, Kollam-50, Thrissur-50.

† Thiruvananthapuram-267, Kollam-50, Thrissur-50.

‡ Thiruvananthapuram-81, Kollam-42, Thrissur-20.

Maintenance of database by employer

As per Section 15 of the Act and Rule 247 of Kerala Rules every employer shall maintain a register in form XV showing the details of workers employed in building or other construction work undertaken by him and the same was required to be inspected by the Board without any prior notice. The Board was not conducting inspection as stipulated in the Act. Inspection would have facilitated verification of bonafides of the workers registered with the Board. As the Board was not having any database of employers, registration of all employers could not be ensured.

It was noticed that relevant control measures/checks provided in the Act/ Rules have not been exercised by the Board, and hence it could not be ensured that all registered beneficiaries were bonafide building workers. The Board replied (April 2012) that Government had not notified the Board authorities so far for inspection of the register in form XV to be maintained by the employers. The reply is not acceptable as the Act clearly stipulates that inspection shall be done by the Secretary/authorized Officer of the Board.

Contribution from workers

Section 12 of the Act stipulates that every building worker who has completed eighteen years of age, but has not completed sixty years of age, and has been engaged in any building or other construction work for not less than 90 days during the immediate preceding year shall be eligible for membership. There were 1798611 workers registered with the Board as on 31st March, 2012.

Registration of Membership

As per Rule 283 (3) of the Kerala Rules, a certificate from the employer/ contractor shall be produced by the applicant along with the application for membership to prove that the applicant was a construction worker. In case such a certificate was not available, a certificate obtained from the Trade Unions, Assistant Labour Officer and Executive Officer of the Panchayat also was to be considered. On a scrutiny of records in the test checked districts, it was noticed that more than 99 per cent of the registrations were made on the basis of certificates provided by Trade Unions. But the certificates furnished by the Trade Unions did not reveal details of the employer or contractor. In the absence of details of establishment, employer and contractor etc., there is no assurance that all persons registered are bona fide construction workers.

Compliance of codal provisions

Section 13 of the Act stipulates that the Board shall give to every beneficiary an identity card with his photograph duly affixed thereon with enough space for entering the details of the building or other construction work

done by him. Further sub section (2) provides that every employer shall enter in the identity card, the details of the building or other construction work done by the beneficiary and authenticate the same and return it to the beneficiary.

However, it is noticed that Form XXXI prescribed for identity card as per Kerala Rule 283(8) does not provide any space to record the details of the construction work done by the beneficiary and hence not recorded any details. Without recording the above details, the Board failed to ensure that the beneficiary was a bonafide construction worker while disbursing the benefits. The Board stated (March 2012) that the matter would be placed before the board meeting.

Maintenance of database of members

As per Section 12 and Rule 283(4) of the Kerala Rules, every building worker eligible to become a beneficiary to the fund shall submit an application to the Secretary of the Board with prescribed fees. Rule 284 enjoins that a beneficiary of the fund shall contribute to the fund ₹ 20 per month and this contribution shall be remitted in advance once in three months in the specified banks.

During 2006-07 to 2011-12, an amount of ₹ 140.39 crore and ₹ 2.36 crore towards contribution and registration fee respectively were realized by the Board from the beneficiaries. No database containing details of workers was maintained. Contributions received from the workers were not posted in the individual ledger accounts to watch the promptness in payment.

DISBURSEMENT OF BENEFITS

Cessation as a beneficiary

Section 14 of the Act stipulates that a building worker who has been registered as a beneficiary shall cease to be as such as and when not engaged in building or other construction work for not less than 90 days in a year. Hence, a document evidencing that the beneficiary had engaged in construction work for not less than 90 days in a year was required for continuing membership in the subsequent years.

It was noticed in audit that an amount of ₹ 32.37 lakh in 1145 test checked cases* relating to marriage and maternity benefits was disbursed to the beneficiaries in the districts test checked during the audit period without verifying whether the beneficiary was engaged in construction work for stipulated period in a year.

* Thiruvananthapuram-957, Kollam-88, Thrissur-100.

The Board admitted that (March 2012) the above provision was not complied with at the time of disbursement of benefits. The Board also stated that, currently the practice of insisting the renewal of the membership of the applicant was being followed. Non-compliance of the above provision has led to irregular payments to the beneficiaries whose membership had ceased.

Granting benefits without ascertaining authenticity

As per Rule 284(2) of Kerala Rules, if a beneficiary defaults in the payment of contribution continuously for a period of one year, he shall cease to be a beneficiary.

The Board used to disburse benefits on the basis of the entries made in the pass book. Verification of the pass book revealed that in many cases the remittances were not authenticated by banks by affixing the bank seal or initials of the officers. The Board was not maintaining a ledger account in respect of each beneficiary, to record the remittances (contribution to the fund) made into bank. The Board was neither verifying the bank scrolls nor do the beneficiaries submit the bank chalans as to the proof of remittances at the time of applying for benefits. It was replied that no system exists in the Board for maintenance of ledger accounts of the beneficiaries.

Refund of contribution

As per Rule 303(1) of Kerala Rules, refund of contribution was to be allowed only in the case of deceased members. However, in violation of the above Rules an amount of ₹ 2.27 crore was refunded as contribution to all deceased and retired beneficiaries during 2006-07 to 2011-12. The Board replied that the refund of contribution to all retired beneficiaries was made on the basis of Board's decision. But the refund of contribution on retirement admissible in terms of Section 13 of the Kerala Construction Workers Welfare Fund Act, 1989 was superseded by the present Act and Rules in which there was no provision for refund of contribution to retired employees. Further, as per Rule 309 of Kerala Rules, fund shall not be expended for any purpose other than those mentioned in the Act and Rules without previous approval of the Government. As such, the Board was not competent to take such major decisions involving huge financial liability without obtaining approval of Government.

There was no proper mechanism to ensure registration of employers. The recovery of building cess from defaulting parties was poor. Deficiencies were noticed in registration of workers and collection of contributions from them. The intention of the Act has been diluted by accepting employment certificate given by the Trade Unions without exercising proper verification and adequate

documentation in support of the genuineness of employment. There was no database of workers.

The above issues were referred to Government in July 2012. Their reply had not been received (October 2012).

[Audit paragraph 3.4 contained in the Report of the Comptroller and Auditor General of India (General & Social Sector) for the financial year ended 31 March, 2012.]

Notes received from Government on the above audit paragraph included as Appendix II.

Regarding the audit paragraph, the witness, Principal Secretary, Labour and Skills Department agreed with the observation of Accountant General that registration of employer was meagre when compared to actual number of employers. He added that the department had shortage of staff to deploy for such work. The Committee opined that the enforcement team should visit all worksites to ensure proper registration. The Secretary explained to the Committee that the construction sites include individual house building site also and most of the employers were reluctant to register in the department, though they are bound to do so. He requested further time to streamline the whole procedure so that enforcement could be done more effectively.

2. The Committee suggested that the Labour and Skills Department would collect the details of the building permit from the local bodies so that it could issue notice to the employer. The Principal Secretary, Labour and Skills Department submitted that though the department took steps in this regard, the enforcement could be done effectively only in the case of major flat builders but individual house builders ignore such notices. When informed that only 15-20% was the present rate of registration, the Committee remarked that if the department could collect ₹ 100 crore with this scanty registration, it could collect 300-400 crores by registering all the workers in the construction field and urged the department to review the present pattern of registration. The witness, Principal Secretary, Labour and Skills Department apprised that they are conducting departmental review for enhancing the revenue in respect of Welfare Fund Board. Introduction of a single window system is under consideration to realise the cess at the time of issual of building permit. The Committee doubted the viability of realising cess at the time of issual of permit suggesting that all those obtaining building permit need not construct the building. So it opined that steps should be taken to realise the cess after the construction of the building rather than at the time of issual of permit. It decided to recommend that the enforcement wing of the Labour and Skills Department should be strengthened with adequate staff and necessary facilities.

3. When the Committee enquired about the measures taken to ensure the genuineness of the members of the Construction Labourers' Welfare Fund Board, the Principal Secretary, Labour and Skills Department apprised that the worker should produce a certificate from the employer for registration but certificates issued by unions would also be accepted. The Committee remarked that being casual labourers, the workers may not have permanent employers and hence certificates issued by unions were taken for granted. It opined that the workers certified as beneficiary by the union might be beneficiary of some other welfare fund, which would undermine the notion of "welfare". The Principal Secretary, Labour and Skills Department explained that steps had been taken to link the registration with AADHAR card and thereby avoiding duplication by introducing a unique identification number to the beneficiaries but it could not be implemented fruitfully as envisaged because AADHAR card is not mandatory at present. He continued that a new system to identify the duplication of beneficiaries by linking voters ID with Bank Account is under consideration. The Committee directed the Labour and Skills Department to check whether duplication of membership, if any, occurred in a particular panchayath as an experiment and thereby evolve a mechanism to avoid multiple memberships of worker in various welfare fund boards.

4. To a query of the Committee the Principal Secretary, Labour and Skills Department submitted that registration was made mandatory for getting any benefit from the Board. He supplemented that migrant workers were not covered under the prevailing laws. So the proposal for the formulation of a new Registration Act for the migrant workers is under consideration. The Committee commented that the proposed Act should invariably contain necessary provisions for the welfare measures like accommodation, medical allowance etc.

5. To a query of the Committee, the Principal Secretary, Labour and Skills Department apprised that about 2780 notices were issued for initiating Revenue Recovery proceedings. He added that an amount of ₹ 21.8 crore could be collected through this drive but so far only ₹ 4.2 crore has been collected. He solicited some more time to furnish the details of the inspections. The Committee urged the Labour and Skills Department to furnish a report on the steps taken to enforce the rules regarding the registration of construction works incorporating the details like number of inspections, number of notices issued and number of employers and employees registered, amount collected, etc. during 2012-13 and 2013-14 to it at the earliest.

6. Regarding the audit paragraph, collection of cess from work bills, the Principal Secretary, Labour and Skills Department deposed that an amount of ₹ 54 lakh was remitted by Kerala Health Research and Welfare Society and ₹ 4 lakh by Kerala State Rural Water Supply and Sanitation Agency.

7. The official from the Office of the Accountant General invited the attention of the Committee over the fact that there is no co-ordination between Government Departments, citing the example of Cochin Corporation where assessment was done by Revenue Department but the building permit was issued by Town Planning Department. Then the Committee suggested that with the co-ordination of Government Departments efficiency of the overall machinery could be improved and directed the Labour and Skills Department to take concerted efforts with Local Self Government bodies to prepare a comprehensive database of employers.

Conclusion/Recommendation

8. Taking into account of the AG's comments regarding lack of co-ordination between Government Departments, the Committee remarks that with the effective co-ordination between departments, the overall efficiency of the Government machinery can be improved and reiterates its earlier recommendation that Labour and Skills Department should take concerted effort to prepare a comprehensive database of employers.

9. The Committee recommends that steps should be taken to realise the cess after the construction of the building rather than at the time of issue of permit. It emphasizes that there should be co-ordination between Labour and Skills Department and LSGD so that it can collect the details of building permit issued by each local body and demand for cess.

10. The Committee also exhorts strengthening of the enforcement wing of the Labour and Skills Department with adequate staff and necessary facilities to perform their duties more effectively.

11. The Committee directs the Labour and Skills Department to implement a pilot project in a particular Panchayath to check whether duplication of membership, if any, occurred and based on the results, a mechanism should be evolved so as to avoid multiple membership of workers in various welfare fund boards.

12. The Committee recommends that the proposed Act regarding registration of migrant workers should invariably contain necessary provisions for their welfare measures like accommodation, medical allowance etc.

13. The Committee urges the Labour and Skills Department to furnish a report on the steps taken to enforce the rules regarding the registration of all construction works incorporating the details like number of inspections conducted, number of notices issued and number of employers and employees registered, amount collected, etc. during 2012-13 and 2013-14 to it at the earliest.

Thiruvananthapuram,
30th June, 2015.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	8	Labour and Skills	Taking into account of the AG's comments regarding lack of co-ordination between Government Departments, the Committee remarks that with the effective co-ordination between departments, the overall efficiency of the Government machinery can be improved and reiterates its earlier recommendation that Labour and Skills Department should take concerted effort to prepare a comprehensive database of employers.
2	9	"	The Committee recommends that steps should be taken to realise the cess after the construction of the building rather than at the time of issue of permit. It emphasizes that there should be co-ordination between Labour and Skills Department and LSGD so that it can collect the details of building permit issued by each local body and demand for cess.
3	10	"	The Committee also exhorts strengthening of the enforcement wing of the Labour and Skills Department with adequate staff and necessary facilities to perform their duties more effectively.
4	11	"	The Committee directs the Labour and Skills Department to implement a pilot project in a particular panchayath to check whether duplication of membership, if any, occurred and based on the results, a mechanism should be evolved so as to avoid multiple membership of workers in various welfare fund boards.
5	12	"	The Committee recommends that the proposed Act regarding registration of migrant workers should invariably contain necessary provisions for their welfare measures like accommodation, medical allowance etc.

(1)	(2)	(3)	(4)
6	13	Labour and Skills	The Committee urges the Labour and Skills Department to furnish a report on the steps taken to enforce the rules regarding the registration of all construction works incorporating the details like number of inspections conducted, number of notices issued and number of employers and employees registered, amount collected, etc. during 2012-13 and 2013-14 to it at the earliest.

APPENDIX II

NOTES RECEIVED FROM GOVERNMENT

ACTION TAKEN STATEMENT ON C & AG REPORT ON GENERAL AND SOCIAL
SECTOR FOR THE YEAR ENDED MARCH 2012

<i>Sl. Para No. No.</i>		<i>Recommendation</i>	<i>Action Taken Report</i>
(1)	(2)	(3)	(4)
1	3.4.3.1	Registration of Employer's Establishment	Since March 2012 Labour Department has taken stringent measures to enforce the registration of establishment of employers. As a result more than 1755 establishments were registered under the act in Thiruvananthapuram District. The revenue accrued on account of this comes to ₹ 1,87,750 in Thiruvananthapuram District. In Kollam a sum of ₹ 2,92,825 has been collected till May 2014 as registration fee. District Labour Officers (Enforcement) and Assistant Labour Officers Grade-I made inspections in various worksites and issued notices to those Employers/Establishments who were not registered under the Building and Other Construction Workers Act. Prosecution filed against the employers who failed to comply with the provisions and steps taken to impose penalties to those who failed to register under the Act, within the stipulated time. Needful steps will be taken in future to increase the inspection and to register more Establishment/Employers under this act and will not make any lapses in this regard in future.
2	3.4.3.2	Information about commencement of work by the Employer	The Department is watching closely all the new construction works, especially major works involving large scale labour engagement. Information regarding date of commencement of such works are being collected along with application for registration under section (7) of the Building & Other Construction Workers (R/E&C/S)

(1)	(2)	(3)	(4)
3	3.4.3.3	Furnishing information by the Assessee	<p>Act, 1996. In the light of Audit report in this regard, action is being taken to enforce the provisions of Rule 29(1) of Kerala Building and Other Construction Workers Rules and Section 48 of the Act, in its letter and spirit. Periodical inspections are being conducted to find out the owners who have not filed notices in Form IV.</p> <p>With the available infrastructural facilities all possible steps are being carried out:</p> <ul style="list-style-type: none"> (i) to curtail chances of failure to collect cess after serving Form I to the assessees. (ii) to avoid chances of failure to pay cess after service of assessment notice to the assessees. (iii) to minimize chances of failure to recover the due amounts for which final assessments were made through Revenue Recovery Act. (iv) to recover the due amounts from the defaulters through Revenue Recovery proceedings, without fail. <p>As per the assessment notices and assessment orders, approximately ₹ 26,00,000 was collected during the inspection period and an amount of ₹ 97,224 was collected through Revenue Recovery Proceedings in Thrissur District during this period.</p>
4	3.4.3.4	Collection of Cess from Work Bills	<p>An amendment to section 3 of the cess act, 1996 can be effected by inserting a sub-clause so as to envisage penal provision for non-deduction of cess from the work bills.</p> <p>In the light of the Audit Report action will be taken against Kerala Health Research and Welfare Society, Thiruvananthapuram and Kerala State Rural Water Supply and Sanitation Agency, Thiruvananthapuram for the non-observation of the provision contained in section 3(2) of the cess act.</p>

(1)	(2)	(3)	(4)
5	3.4.3.5	Maintenance of Database by employer	Section 15 of the Central Act and Rule 247 of Kerala Rules stipulated that inspection in the construction premises and verification the register in form XV shall be done by the Secretary/authorized officer of the board. The field verification in every construction premises in the entire state could not be done due to the scarcity of the staff.
6	3.4.4.1	Registration of Membership	<p>As per Section 283(3) of the Kerala Rules, a certificate from the employer or contractor that the applicant is a construction worker shall be produced along with the application for registration. In case such a certificate is not available a certificate issued by the registered construction workers union or a certificate issued by the Assistant Labour Officer of the concerned area or by the Executive Officer of the Panchayat may also be considered.</p> <p>Most of the membership registration having been done by the assistance of the registered construction workers' union which hold the affiliation of Central or State level trade unions. They almost prefer to produce their own certificate to prove that the applicant is a construction worker. In such cases the Registering authority could not insist for certificate from the employer or contractor for that purpose. In the absence of prime documents/non-furnishing of details of establishments, employer and contractors, the board is not in a position to ascertain whether all persons registered are bona fide construction workers. Since the applications received are in large number the staff strength of the board is insufficient to enquire individually each and every application.</p>

(1)	(2)	(3)	(4)
7	3.4.4.2	Compliance of codal provision	There were 1620410 workers registered with the board as on 31st March, 2013. It is a huge task to change the Identity cards of the entire workers registered in the board. Moreover most of the workers registered are not working the whole year under a single employer, hence the worker in the scattered sector are not in a position to authenticate their identity card from an employer.
8	3.4.4.3	Maintenance of Database of Members	<p>As per Rule 284(2) if a beneficiary commits default in the payment of contribution continuously for a period of one year, he shall cease to be a beneficiary of the fund. KELTRON had developed Software for data entry for the welfare boards. Data entry of the registered workers are already completed. Now the Government is also proposed to issue AADHAR enabled Uniform Identity Card to all members registered with different boards in order to pay the benefits through banks.</p> <p>Now every registered worker has a Bank pass book to show the details of remittance of contribution to the board. At the time of renewal of membership by the existing members every year, the Board has insisted to produce attested copy of duly paid Bank pass book of registered workers to watch the promptness in payment of contribution.</p>
9	3.4.5.1 & 3.4.5.2	Cessation as a beneficiary and Granting benefits without ascertaining authenticity	As per the building and Other Construction Workers (Regulation of Employment and Conditions of Service) Kerala Amendment Rules 2011, Sub Rules (9) Every building worker who has been registered as a beneficiary under the Act shall produce every year a certificate from any of the persons or authorities mentioned in sub-rule (3) that he has been engaged in any building or other construction work for not less than ninety

(1) (2)

(3)

(4)

days in the year immediately proceeding, so as to renew his membership as a beneficiary under the Act. Where a beneficiary fails to produce such certificate immediately after completion of each year of his registration as a beneficiary or within such extended period as the Board may decide, he shall cease to be a beneficiary under the Act as provided in sub-section (1) of section 14 of the Act.

Directions are issued to District Executive Officers for verify the Identity card and Bank pass book for proper yearly renewal and promptness in payment of contribution at the time of submitting application for benefits. Besides attested copies of Identity cards and Bank pass book are to be submitted along with the application for benefits.

10 3.4.5.3 Refund of
Contribution

Before the enactment of building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act and Kerala Rules, when a member retired or died contribution along with interest @ 5.25% and gratuity @ 25% of the contribution are being refunded to the member. The Accountant General in the Audit held during 2002-03 pointed out that there is not provision of refund of contribution along with the pension to those who registered after the enactment of Central Act 1996. Based on the observations of the Accountant General refund of contribution along with the pension to the worker who registered after the enactment of Central Act 1996 has been discontinued. On the basis of the decision taken in Agenda No. 173/2005 of the 66th Board meeting held on 10-5-2005, refund of the contribution along with the pension to the worker who registered after

(1)	(2)	(3)	(4)
			<p>the enactment of Central Act 1996 is continuing. More over as per Section 63 of Central Act 1996- "Nothing contained in this Act shall affect the operation of any corresponding law in a State providing Welfare Schemes which are more beneficial to the building and other construction workers than those provided for them by or under this Act". As such state continuing Welfare Schemes which are more beneficial to the members than those provide for them under the Central Act.</p>

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