



**GOVERNMENT OF KARNATAKA**

**Welfare Impact of Usage of Construction Workers Welfare  
Board Cess in Karnataka**



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## EXECUTIVE SUMMARY

In the forty-seventh year of the Republic of India, the Parliament passed a landmark Act whose overall objective was ‘to regulate the employment and condition of service of buildings and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith...’. It was called *the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996*, extending to the whole of India. Simultaneously, Government of India also enacted *the Building and Other Construction Workers’ Welfare Cess Act, 1996*, to provide for the levy and collection of a cess on the cost of construction incurred by employers with a view to augmenting the resources of the Building and Other Construction Workers’ Welfare Boards constituted under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The Government of Karnataka (GoK) framed the *Building and Other Construction Workers (Regulation of Employment and Conditions of Service), Karnataka Rules, 2006* to implement the Building and Other Construction Workers (BOCW) Act in the state. The Government of Karnataka then constituted the Karnataka Building and Other Construction Workers Welfare Board (KBOCWWB) on 18-01-2007 under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to implement the provisions and the schemes as per the Act, and to enforce the Karnataka Rules.

The scope of this study was to understand the welfare impact of the usage of the Construction Workers Welfare Board Cess in the state of Karnataka. The study thus included in its ambit schemes under the aegis of the 1996 Act and the 2006 Rules for which the Cess is collected and disbursed. The study created a logframe based on the evaluation questions framing the scope of the study and took into its ambit all the 30 districts of the state of Karnataka for secondary data analysis, and 10 districts as sample for primary survey.

For secondary data, KBOCWWB and the district offices of the Department of Labour provided data for 10 years on the number of beneficiaries who availed various schemes and cess amounts disbursed for each of these schemes. These were analysed at the district and Division level to assess temporal trends and spatial patterns both scheme-wise distribution of beneficiaries. The analytical tools used mainly included calculating averages, percentage distribution, proportions and data visualisation techniques.

Primary data was collected through field survey by carrying out interviews with various stakeholders including beneficiary construction workers, non-beneficiary construction workers, officials and representatives of the local administration involved in the registration processes, office bearers of workers’ unions, Builders and Real Estate Associations, other relevant institutions such as those of training and skill development using both structure questionnaires and semi-structured interview schedules.

**Selected major findings** from detailed secondary and primary data analysis in response to the Evaluation Questions are as follows –

1. **Varying sources of data to finding an estimate on the current number of construction workers in Karnataka** - The website of the Department of Labour, GoK, shows that between June 2007 and September 2015, there were 9,07,638 registered construction workers. Data collected from the KBOCWWB showed that there were 21,62,090 construction workers manually registered including both newly registered and renewals. Online registrations included 6,81,192 in Karmika 1, and 91,741 in Seva Sindhu portals; these could include those who have registered / renewed their names in the manual registers, thus increasing the chances of double counting. Data collected from Labour Offices of each district of Karnataka adds up to 5,02,891 registered construction workers. The number of registered establishments provided along with is 7112. These widely varying numbers has led to difficulties in arriving at the right estimate. This report has used the numbers provided by the District Labour Offices with regard to establishments, construction workers and cess amounts to further calculate proportions/percentages and deviations.
2. **Different processes being followed to register establishments and connecting cess to establishments** - Forms I, V, X of the BOCWWB are used to collect details of the establishment (construction site), cess levied, and construction workers at the establishment to be registered, respectively. However, they are not interlinked – Cess can be paid independently of the progress of the construction of the establishment and assessment by the District-level Labour Officers to check construction workers for registration and usage of schemes. Form I comprising of Cess and establishment details is not linked to final payment of Cess and to Form X and there is provision for inter-department transfer of cess without registration of establishments with the concerned Labour Officers at the district. Primary survey among department officials indicated that only those establishments registered at the district with the Labour Offices have records and are assessed to reach out to construction workers. Cess deposited at the District Labour Offices are sent to the Board via the Treasury, with government departments doing transfers to the Board through the Treasury as well. However, records maintained at the Board regarding number of locations where one or more works could be going on and cess collected, is not shared with the District Labour Offices, leading to wide disparity between records maintained by the latter and by the Board.
3. **Inconsistencies in cess utilization among construction workers through provision of schemes** - Only 6.25% of the Cess collected so far has been spent by the CWWB, with 5.45% going for benefit schemes and the remaining 0.80% going into salaries. Data collected from the District Labour Offices showed that the most availed schemes were those related to education assistance and marriage assistance, comprising 94% of the total amount disbursed and 98% of the total number of beneficiaries. The remaining schemes including those that are critical such as medical, death and disability assistance comprised the rest. The primary survey also revealed that nearly 70% of the beneficiaries had availed for education (especially primary) and marriage assistance.

4. **Complicated processes for registering and renewing of membership followed by construction workers** - Construction workers have to fill in a minimum of four forms each asking for various supporting documents as the first step in the registration process. The registration of establishment Form covers the number of construction workers in the site; however, there is no checklist on whether they have been informed about registration, renewal and benefits/schemes that they are entitled to. There is no IEC material for distribution to construction workers when they start working in an establishment. To start with, 92% of both beneficiary and non-beneficiary construction workers were aware of the eligibility criteria required to be a member. For all the 10 districts covered by the survey, it took about 45-46 days to complete the registration process for both the beneficiary and non-beneficiary respondents. More than 40% of the non-beneficiary and 34% of the beneficiary respondents found it difficult to complete the process without support from others, followed by those who mentioned not having adequate information (25% of beneficiaries) and time loss/wage loss incurred in travel (16% of non-beneficiaries). About one-fifth of the respondents did not go in for renewal as they had problems with their Aadhaar not being linked to their accounts (21% of beneficiary respondents), travel/wage loss (20% of beneficiary respondents), and the process being very cumbersome (16-17% of all respondents). In the case of inter-state migrant workers, 44% were not able to produce required documents for registration, with another 27% mentioning that did not understand the language to be able to carry out the registration process.
5. **Lack of formal grievance redress mechanisms to deal with problems faced by intra and interstate construction workers** - There is no specific mention of grievance redress mechanisms in the guideline on KBOCW. Both the BOCW Karnataka Rules 2006 and the Gazette of 2017 have not mentioned a grievance redress process to be made available for construction workers. This was confirmed during the primary survey when the issues that they faced could not be shared through a formal process in the system.

The study comes out with recommendations based on the system as is and what could be done to ensure better service delivery and efficient utilisation of the cess collected from establishments. The major ones include –

1. **Provide additional support through the Cess** – In addition to spending on schemes the corpus of cess can be used for occupational health and safety, establishment and operations of helplines and grievance redressal system, creating awareness drives for construction workers and distribution of sanitary pads to women workers. An amendment to the current Gazette should be able to achieve this objective.
2. **Increase enrolment and renewal of workers** - Allocate sufficient funds to conduct IEC campaign to improve registration and bring visibility among construction workers on welfare board schemes; develop short video films for advocacy; involve youth organisations and other local platforms for awareness generation at the district level to overcome registration roadblocks; facilitate the workers for on time renewal membership by sending SMS or voice-based reminders.

3. **Link seamlessly the process of registration of establishment, payment of cess, and registration of construction workers in the establishment** – all government and private establishments should register themselves with the District Labour Offices for further assessment of the site and provision of services to construction workers. The process of interlinking can be initiated from the time of approval of projects and the corresponding drawing plans and implementation documents.
4. **Involve other departments to provide services to all construction and other workers** – As per the Gazette of 2017, new type of works have been added to the scope of construction work that come under the jurisdiction of other departments such as the Rural Development and Panchayati Raj, Education, Health, SDEL and similar departments. Inter departmental coordination will help provision of benefits under the assistance schemes to those construction and other workers as well.
5. **Use of existing infrastructure to improve information on upskilling** – The CWWB and Department of Labour are initiating programmes such as the Shrama Samarthya Yojane and Recognition of Prior Learning to upskill construction and other workers. Information about these can be kept in District Employment Exchanges and YES Kendra offices and SDEL run skilling centres to reach out to as many potential registered workers and beneficiaries. CWWB can enrol staff to coordinate activities in these centres and facilitate inter-departmental coordination as well.