



## Underutilization of Funds Under the BOCW Act, 1996

**For Prelims:** [Right to Information](#), [International Labour Organisation](#), [Cess](#), [Chief Labour Commissioner](#), [Pradhan Mantri Shram Yogi Maan-dhan \(PM-SYM\)](#), [Pradhan Mantri Suraksha Bima Yojana \(PM-SBY\)](#), [Ayushman Bharat](#)

**For Mains:** Welfare of construction workers in India, Labor laws and their effectiveness, Social Security and Welfare Programs in India

[Source: TH](#)

### Why in News?

A [Right to Information \(RTI\)](#) query has revealed that welfare boards across various states have **failed to utilize Rs 70,744 crore of the total cess** collected under the [Building and Other Construction Workers \(Regulation of Employment and Conditions of Service\) \(BOCW\) Act, 1996](#).

### What is the BOCW Act, 1996?

- **About:** BOCW Act, 1996, is a legislative framework aimed at safeguarding the rights, welfare, and working conditions of **building and construction workers in India**.
  - It provides for their **safety, health, and welfare measures** and addresses employment regulations, ensuring better working conditions for one of the most vulnerable labor sectors.
  - The Act was framed in accordance with the principles of the [International Labour Organisation \(ILO\)](#), particularly aligning with **ILO Convention No. 167 on construction safety and health**.
- **Key Features:**
  - **Welfare Measures:** Empowers state governments to collect a **cess of 1% to 2% from employers** for the welfare of construction workers.
    - The collected funds are **intended to provide benefits such as health, education, and social security**, including temporary accommodation, drinking water, and latrines.
    - Encourages State/Union Territories (UT) Welfare Boards to implement welfare schemes using cess funds effectively.
  - **Safety Provisions:** The Act mandates the preparation of an emergency **action plan** for sites employing more than 500 workers.
  - **Applicability:** The Act applies to establishments employing **10 or more construction workers**, except for private residential construction projects costing less than **Rs 10 lakh**.
    - Employers are mandated to register their establishments under this Act within **60 days of its applicability**.
  - **Enforcement Mechanism:** The [Chief Labour Commissioner \(Central\)](#) and its field offices enforce the provisions of the Act, conducting regular inspections to ensure compliance with safety and welfare measures.

- Additionally, State and UT BOCW Welfare Boards implement welfare schemes and utilize cess funds collected under the Act.

**Note: ILO Convention No. 167** adopted in **1988 (India ratified)** aims to ensure the safety and health of workers in the **construction industry by establishing standards for improving working conditions in construction sites.**

## What are the Concerns Regarding the BOCW Act, 1996?

- **Underutilisation of Collected Cess:** A major concern is the underutilisation of Rs 70,744 crore in collected cess, highlighting a significant **gap between the funds raised and the benefits allocated to workers.**
  - Maharashtra, Karnataka, and Uttar Pradesh spent Rs 13,683.18 crore, Rs 7,921.42 crore, and Rs 7,826.66 crore from the cess, leaving balances of Rs 9,731.83 crore, Rs 7,547.23 crore, and Rs 6,506.04 crore.
    - The large cess balances in these states raise concerns about their commitment to utilizing the funds for workers' welfare.
  - Except for Kerala, most state governments and UT administrations are not enforcing the Building and Other Construction Workers Act.
- **Cess Evasion and Misreporting:** Concerns about large-scale **cess evasion by employers and builders persist**, with Maharashtra's reported cess collection seeming **inconsistent with its construction activity.**
  - Additionally, there is a **lack of transparency in details on the actual cost** of approved construction projects.
- **Delayed Welfare Measures:** The Act's provisions for workers' accommodation, **water, and sanitation were poorly enforced**, especially during the **Covid-19 lockdowns**, leaving workers without support.
  - Additionally, promised welfare benefits, including **financial aid during crises, remain unmet**, highlighting the Act's ineffectiveness..
- **Implementation Concerns:** Except Kerala, most states and UTs are not implementing the BOCW Act, 1996, limiting stipulated benefits.
  - Many states are also avoiding reconstituting welfare boards, and concerns exist that unspent welfare **funds could be diverted** to state exchequers.
- **Impact of the Code on Social Security:** The proposed **Code on Social Security (CSS), 2020** may dilute cess collection, as it allows **employers to self-assess the cess and reduces the cess rate and interest.**
  - It also reduces workers' entitlements, making essential benefits like accommodation optional rather than guaranteed.

## Other Schemes Related to Construction Workers

- [National Initiative for Promotion of Upskilling of Nirman workers \(NIPUN\)](#)
- [Pradhan Mantri Shram Yogi Maan-dhan \(PM-SYM\)](#)
- [Pradhan Mantri Suraksha Bima Yojana \(PM-SBY\)](#)
- [Ayushman Bharat](#)
- [Mahatma Gandhi National Rural Employment Guarantee Act, 2005.](#)
- [Pradhan Mantri Shram Yogi Maan-Dhan \(PM-SYM\)](#)
- [e-shram](#)

## Way Forward

- **Enhanced Monitoring:** Implement **independent audits and transparent reporting** mechanisms to track cess fund usage and ensure accountability.

- **Create real-time online platforms for workers through** initiatives like [e-shram](#) to track cess collection, allocation, and utilization.
- **State Government Accountability:** Hold states accountable for proper implementation of BOCW Act, 1996 and effective use of cess funds.
  - Introduce **performance-based incentives, prioritizing states that effectively utilize funds**, while withholding additional fund allocations for underperforming states.
  - **Reviewing CSS 2020:** The proposed **CSS, 2020** should be revised to maintain mandatory worker entitlements, such as health coverage.
- **Worker Education and Awareness:** Mandate corporates and construction companies to educate workers on their rights under the BOCW Act, promote skill development, and collaborate with [Non-governmental Organizations \(NGOs\)](#) for better safety and wages.

**Drishti Mains Question:**

Analyze the effectiveness of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, in ensuring workers' welfare.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### **Prelims**

**Q. With reference to the guilds (Shreni) of ancient India that played a very important role in the country's economy, which of the following statements is/are correct? (2012)**

1. Every guild was registered with the central authority of the State and the king was the chief administrative authority on them.
2. The wages, rules of work, standards and prices were fixed by the guild.
3. The guild had judicial powers over its own members.

**Select the correct answer using the codes given below:**

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

**Ans: (c)**

### **Mains**

**Q. Why indentured labour was taken by the British from India to other colonies? Have they been able to preserve their cultural identity over there? (2018)**

**Q. Discuss the changes in the trends of labour migration within and outside India in the last four decades. (2015)**