

# **PRESS BRIEF**

## **C&AG'S AUDIT REPORT ON PERFORMANCE AUDIT ON WELFARE OF BUILDING AND OTHER CONSTRUCTION WORKERS**

**GOVERNMENT OF  
TAMIL NADU**

**2021-22**



CAG's Audit Report on Performance Audit on 'Welfare of Building and Other Construction Workers' for the year ended 31 March 2022 – Government of Tamil Nadu, was placed in the Legislative Assembly on 29 June 2024.

Following are the major audit findings highlighted in the Report.

### **Performance Audit on 'Welfare of Building and Other Construction Workers'**

The Tamil Nadu Construction Workers Welfare Board (TNCWWB) did not maintain a database of Labour Cess assessed, collected and remitted and thus lacked a system to ascertain the quantum and timely assessment of Cess.

**(Paragraph 2.3; page 12)**

There was significant shortcoming in registering Establishments/Employers by the Directorate of Industrial Safety and Health (DISH), which adversely impacted the scope for data sharing with TNCWWB to ensure assessment of Labour Cess. Out of 18,587 construction works executed during 2017-22 in 57 test-checked Local Bodies, only 101 works (*one per cent*) in five Local Bodies were registered with DISH.

**(Paragraph 2.2; page 10)**

There was significant under-valuation of cost of constructions by applicants of building permits. The Local Bodies did not have a system to ensure correctness of the estimated value of the construction.

**(Paragraph 2.4; page 13)**

There is no system to estimate the amount of Cess collectable by TNCWWB. As a result, TNCWWB did not exercise any control over its sole source of revenue. Absence of a system to reconcile the collection of Labour Cess by Local Bodies with the actual receipt by TNCWWB resulted in various issues like misappropriation, short-remittance, delayed remittance, and wrong remittance of the collected amount.

**(Paragraphs 3.1 and 3,2 ; pages 17 and 18)**

Out of 117 Cess remitting Agencies test-checked, remittance of only one Agency tallied with the receipts of TNCWWB. In 83 cases, there were shortfalls in receipts reported by TNCWWB and in 33 cases, receipts accounted by TNCWWB were more than the actual remittances.

**(Paragraph 3.3; page 19)**

There was temporary misappropriation of Cess amount by Local Bodies that collected the Cess and retained it in their accounts instead of remitting it to TNCWWB. A sum of ₹221.81 crore was pending remittance by 99 out of 124 test-checked Local Bodies. Greater Chennai Corporation (GCC) alone had a pending remittance of ₹207.08 crore.

**(Paragraph 3.4; page 20)**

Short assessment of Cess at 0.3 *per cent*, instead of the revised rate of one *per cent* of estimated cost of construction, went unnoticed.

**(Paragraph 3.6; page 22)**

Detailed investigation of 90 suspected cases of fraudulent short remittance of Labour Cess in Kancheepuram District revealed misappropriation of ₹15.85 lakh in 68 cases.

**(Paragraph 3.7; page 23)**

Despite creation of TNCWWB in 1994, significant shortfalls continued in the registration process of unorganised construction workers. Inaccuracies in capturing vital data such as Aadhaar number, mobile number and bank account number of the registered workers compromised the quality of the registration database of TNCWWB.

**(Paragraphs 4.2 and 4.3; pages 27 and 29)**

Deficiency in identification of eligible construction workers had resulted in non-registration of significant number of workers. TNCWWB did not initiate effective action to bring the inter-State migrant workers under its fold. None of the estimated 1.45 lakh inter-State migrant construction workers were registered with the TNCWWB.

**(Paragraphs 4.4 and 4.6; pages 33 and 39)**

Implementation of welfare schemes for the benefit of registered workers suffered due to abnormal delays in processing of claims made by registered workers. The quantum of pension was lower than many other States and remained stagnant for over 11 years.

**(Paragraph 5.2; pages 42 and 43)**

The Marriage and Maternity Assistance schemes benefitted an insignificant number of beneficiaries due to lack of awareness of the scheme and/or existence of similar scheme applicable to all residents of equivalent economic status.

**(Paragraph 5.3; page 44)**

Lack of clarity on scheme implementation had resulted in extending benefits to potentially ineligible persons. A comparison of the TNeGA's electronic data on potentially ineligible beneficiaries with the electronic data of Pensioners of TNCWWB revealed that 7,459 claims amounting to ₹2.26 crore were paid to potentially ineligible persons. Similarly, 9,116 potentially ineligible persons were allowed to avail pension benefits by TNCWWB with an annual liability of ₹10.94 crore. Also, 27,943 potentially ineligible persons received ₹5.78 crore of COVID cash assistance

**(Paragraph 5.5; page 48)**

Lack of due diligence had led to non-extending benefits to large number of beneficiaries during COVID-19 pandemic as 1.64 lakh (14 *per cent*) eligible workers were not given the COVID cash assistance due to issues with the database. Simultaneously, 1,729 beneficiaries in test-checked districts had received excess payment of ₹33.31 lakh.

**(Paragraph 5.7; page 50)**

Only 3.88 *per cent* of the Government's contractors were found registered with DISH. Supervision by DISH was found inadequate owing to the limited field level presence only at Chennai and Madurai and poor strength of manpower.

**(Paragraph 5.9; page 52)**

Non-preparation of budget during 2017-22 impacted the financial management of TNCWWB. Imprudent investment strategy had resulted in short realisation of interest on the investment of surplus funds. Inadmissible expenditure by TNCWWB on administering schemes implemented by 17 other Welfare Board caused increase in the administrative expenditure, which exceeded the ceiling of five *per cent*.

**(Paragraphs 6.1.3, 6.1.5 and 6.1.6; pages 62 to 66)**