Chapter-II

Performance Audit

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Performance Audit

HEALTH AND FAMILY WELFARE DEPARTMENT

2.1 Information Technology Audit of e-Aushadhi

With a view to strengthening and streamlining the supply chain management system for storage and distribution of drugs and consumables in the State of Punjab and to eliminate the prevailing manual system of processes followed in the hospitals where the chances of human errors are significant, a customized Drugs and Vaccine Distribution Management System (DVDMS) named 'e-Aushadhi' was implemented (August 2014) in Health and Family Welfare Department (Department). An information technology audit of the 'e-Aushadhi' brought out shortcomings/deficiencies in its implementation that undermined the achievement of its objectives in the State. Some of the significant audit findings are summarised below:

Highlights

- **The Department had not prepared any time-bound roll-out plan for implementation of e-Aushadhi system for 360 health institutions still to be covered.**

  (Paragraph 2.1.6.1)

- **In the absence of a barcode system, users were not entering the data on real time basis resulting in critical data input errors.**

  (Paragraph 2.1.7.2 (ii & iii))

- **As many as 4,405 delivery challans were freezed after a delay of up to 531 days. In 1,424 instances, the drugs/consumables were accepted with shorter shelf-life by three Drug Warehouses. The users while verifying the supplies of drugs/consumables ignored the system alert with regard to shorter shelf-life in these cases.**

  (Paragraph 2.1.7.3 (i)(a) & (ii))

- **1,324 samples of drugs/consumables were sent for quality check to Central Quality Control Cell (CQCC) after a delay of up to 412 days.**

  (Paragraph 2.1.7.4 (iii))

- **Test reports of samples of drugs/consumables were received after a delay of up to 315 days (387 batches) from Government laboratory and up to 51 days (686 batches) from empanelled laboratories. Activation of drugs not of standard quality (NOSQ) and their distribution showed that the system was not robust and lack of internal control diluted the quality assurance for testing of drugs/consumables.**

  (Paragraph 2.1.7.5 (ii & iv to vii))

- **Inadequate logical access controls, application standards, audit trails and non-conducting of internal audit showed weak information system security of e-Aushadhi.**

(Paragraph 2.1.8)

2.1.1 Introduction

The Department of Health and Family Welfare, Punjab is providing preventive, promotive and curative healthcare through a network of various District Hospitals (DH), Sub Division Hospitals (SDH), Community Health Centres (CHC), Primary Health Centres (PHC) and Sub-Centres (SC). The State Government provides free generic medicines to all health institutions. In order to strengthen and streamline the supply chain management system for storage and distribution of drugs and consumables in the State of Punjab, a Memorandum of Understanding (MoU) was signed (July 2013) between the Punjab Health Systems Corporation[1] (PHSC) and Centre for Development of Advanced Computing (CDAC)[2], Noida for implementation of a customized Drugs and Vaccine Distribution Management System[3] (DVDMS) named 'e-Aushadhi'. The system was rolled out in August 2014.

e-Aushadhi is a web based Supply Chain Management system which deals with purchase, inventory management and distribution of various drugs and consumables to the health institutions of the State. Initially, the application (DVDMS) was in Oracle, but later on, it was converted to PostGRES (Open Source). The application was developed using programming language Java, with front-end as Red Hat JBoss 6.1 and Database in PostGRES 9.1 (EDB). It was hosted at CDAC, Noida and had five modules *viz.*-

- **Inventory Management**: It is the entry point for all the modules operated by Drug Warehouse (DWH) and all the health institutions. It includes sub-modules for raising demands, issuing stock, receiving stock, acknowledging of stock, issue to patient, challan process, receiving from third party and acknowledgement of stock transferred;

- **Order Management**: It is used for generation of Purchase order, replacement order and condemnation register and is operated by PHSC;

- **Supplier Interface Desk**: The suppliers enter the details of the stock dispatched;

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[1] The Punjab Health Systems Corporation was enacted through a special Act of Legislation to provide for the constitution of a Corporation for establishing, expanding, improving and administering medical care in the State of Punjab.

[2] CDAC is the premier Research and Development (R&D) organization of the Ministry of Electronics & Information Technology (MeitY), Government of India for carrying out R&D in IT, Electronics and associated areas.

[3] Already implemented in States of Rajasthan and Maharashtra.

- **Quality Control Desk**: The module is used for sending samples of drugs/consumables from DWHs to Central Quality Control Cell (CQCC) by DWH, allotting samples to Government/empanelled laboratories and entering laboratory results by CQCC; and

- **Financial Management**: All details related to payment such as material receipt report validation, passing of supplier bills, etc. are done in this module by PHSC.

The objectives of the e-Aushadhi application were to:

- streamline the purchase, supply and distribution of the drugs in the State in optimized and efficient manner;
- enhance the usage of technology as a cost-effective solution to support the Drug Warehouse administration;
- support the operational and strategic information needs of the drug stores; and
- provide an infrastructure for sharing of information throughout the State.

Chart 2.1: Work flow diagram of e-Aushadhi system

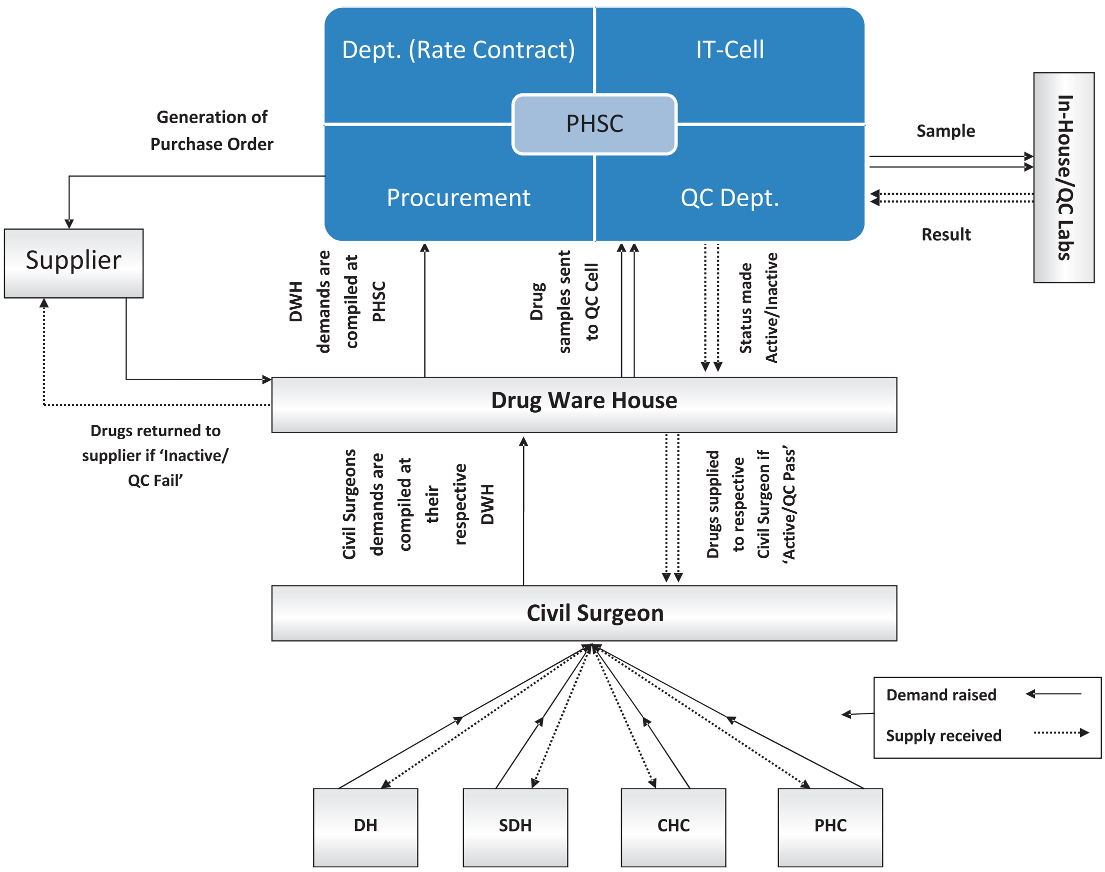
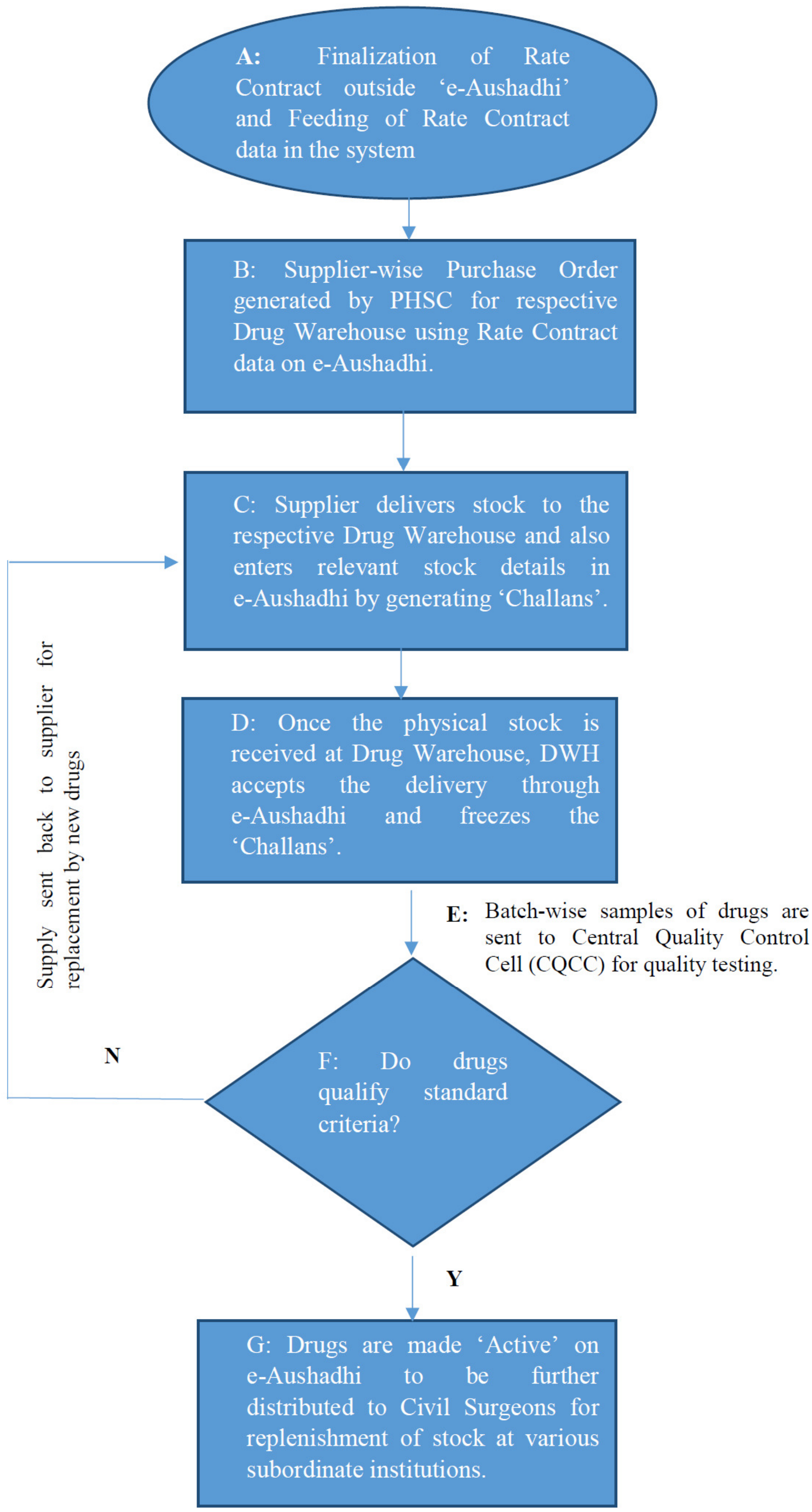


Chart 2.2: Process flow diagram of e-Aushadhi system



2.1.2 Organisational set-up

The Additional Chief Secretary, Department of Health and Family Welfare (DH&FW) is the administrative head and the Director, Health and Family Welfare is the departmental head for providing quality health services to public. The PHSC was declared (September 2013) a nodal agency (Implementing Agency) to do all kinds of procurement activities including rate contract of drugs/consumables, other purchases, etc., placement of purchase orders, receipt of supplies, testing of drugs, online management of inventory through IT based Drug Inventory Management System (e-Aushadhi).

2.1.3 Audit objectives

The audit objectives were to ascertain whether:

- planning and implementation of e-Aushadhi system was effective;
- input, processing and output controls were adequate to ensure integrity of the system and it complied with the rules and procedures; and
- reliable controls were in place to ensure security of information system.

2.1.4 Audit scope and methodology

The e-Aushadhi application was implemented in 103 institutions[4] in first phase. Though the application was rolled out in August 2014, it came into operation in March 2015. The Information Technology (IT) Audit covered the period 2015-18 and was conducted between January and August 2018 by test-check of records of PHSC, seven[5] out of 22 District Hospitals (DH), three[6] Regional Drug Warehouses (DWH) and Central Quality Control Cell (CQCC) at Kharar. The data analysis was done with the help of an analytical tool 'Interactive Data Extraction and Analysis' (IDEA).

An entry conference was held with the Principal Secretary, Health and Family Welfare Department in February 2018 wherein the audit objectives, scope & methodology and audit criteria were discussed. The findings of the information technology audit were discussed with the Additional Chief Secretary (ACS), Department of Health and Family Welfare in the exit conference held in January 2019. The replies furnished by the Government/Department in the exit conference and subsequently received in February 2019 have been suitably incorporated in the report.

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4 Drug Warehouse (3); District Hospitals (22); Sub Divisional Hospitals (41); Community Health Centres (36); and Primary Health Centres (1).

5 (i) Amritsar; (ii) Gurdaspur; (iii) Hoshiarpur; (iv) Jalandhar; (v) Patiala; (vi) Sangrur; and (vii) Sri Muktsar Sahib, by adopting Probability Proportional to Size Without Replacement (PPSWOR) method, taking expenditure incurred on procurement of drugs and consumables as the size measure.

6 (i) Bathinda; (ii) Kharar; and (iii) Verka.

2.1.5 Audit criteria

The audit criteria were derived from the following sources:

- Memorandum of Understanding between PHSC and CDAC;
- e-Aushadhi User Manual;
- e-SAFE guidelines issued by Department of IT, GoI and generally accepted good IT practices; and
- Drugs & Cosmetics Act, 1940, Drug Policy of the State Government (2012-13), Rate Contracts, other instructions issued by Department of Health and Family Welfare, Punjab.

Audit findings

2.1.6 Planning and management

2.1.6.1 No milestones set for roll out

There are 485[7] health institutions in the State. In the first phase, the implementing agency (IA) decided (October 2014) to implement e-Aushadhi in 100 (out of 485) institutions and three[8] Regional Drug Warehouses[9] (DWH). The application was implemented in these institutions up to March 2015 but no timelines were fixed for rolling out the system in the remaining health institutions.

Out of 100 health institutions, 80 were using the system, one[10] was not generating indents through the system and 19 were generating indents through the system but were not issuing the items in stock to different hospital wards through the system. Further, out of five modules of e-Aushadhi, one sub-module 'Issue to patient'[11] (end user) under the main module 'Inventory Management' was not functional in any of the health institutions as of March 2018.

In August 2017, it was decided that supply of medicines and consumables to DHs, SDHs, CHCs and PHCs of a district would be routed through the Civil Surgeon. Hence, it was crucial to ensure adequate storage capacity of stores operated by Civil Surgeons. However, this was not done as a result of which orders were revised (October 2017) allowing Senior Medical Officers of DHs, Ludhiana and four out of the sampled district hospitals (Amritsar, Hoshiarpur, Jalandhar and Mata Kaushalya Hospital, Patiala) to draw their medicines directly from respective DWHs. Due to this, 273 out of 3,501 stock items were issued manually to these DHs by the respective Civil Surgeons of four test-checked districts during the period from September 2017 to February 2018.

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[7] District Hospitals (22); Sub Divisional Hospitals (42); Community Health Centres (157); Primary Health Centres (239), Civil Surgeons (22) and Medical Colleges (03).

[8] (i) Bathinda (covering eight districts); (ii) Kharar (covering six districts); (iii) Verka (covering eight districts).

[9] A centralized store for receipt, storage and distribution of drugs/consumables to various health institutions.

[10] CHC Khemkaran.

[11] Drugs prescribed by the doctor of the institute are issued to the patient through this sub-module.

The Department stated (July 2019) that 22 Civil Surgeons and three medical colleges had been covered under e-Aushadhi system and attributed the reasons for not rolling out the system in the remaining (360) health institutions throughout the State to shortage of manpower.

2.1.6.2 Project cost

The work of implementation of e-Aushadhi was assigned (July 2013) to CDAC at a cost of ₹ 3.29 crore[12] to be completed in four stages within one and half years from the date of signing of MoU (15 July 2013) though it was valid up to July 2015.

It was observed that all stages of the project were completed by April 2016 although the MoU had expired in July 2015. However, CDAC continued to handle the project as of March 2018, on the basis of extensions given by IA for executing various activities, thereby enhancing the project cost to ₹ 5.04 crore (excluding taxes), of which an amount of ₹ 3.99 crore had been paid to CDAC as of March 2018. Further, out of the enhanced project cost of ₹ 1.75 crore (₹ 5.04 crore *less* ₹ 3.29 crore), an amount of ₹ 1.13 crore could have been avoided as detailed below:

(i) As per MoU, the data hosting charges and software support charges for e-Aushadhi application were fixed at ₹ 0.15 crore (excluding taxes) for a period of 18 months and 12 months respectively from the date of signing off User Acceptance Testing (UAT). In case of hosting beyond the said period, the cost of hosting and software support was to be charged with 15 *per cent* increase on yearly basis.

UAT of e-Aushadhi system was signed off on 24 July 2014 and the application was made functional on 1 August 2014. However, extensions were given to CDAC for data hosting and software support till March 2018 for which additional expenditure amounting to ₹ 0.79 crore[13] was incurred. IA did not take cognizance of taking over these activities, as no action was taken even after State Data Center (SDC)[14] being managed by the Department of Governance Reforms, Punjab was made operational with effect from October 2017. SDC was hosting several IT applications implemented in the State, free of cost. **The total avoidable expenditure on account of data hosting charges (₹ 0.07 crore) and software support charges (₹ 0.11 crore) worked out to ₹ 0.18 crore for the period from October 2017 to March 2018.**

(ii) IT Cell is responsible for assisting in data entry tasks related to generation of MIS reports and purchase orders, monitoring information flow in the system right from generation of indents to supply of drugs and consumables to the various health institutions. As per MoU, the IT Cell would be managed by CDAC for 17 months from the date of initiation of service i.e.

[12] Includes charges of ₹ 0.88 crore for Open Source Conversion of the application as per addendum to MoU (March 2014); project management cost of ₹ 0.13 crore; and cost of ₹ 0.17 crore in respect of third party softwares for the purpose.

[13] ₹ 0.27 crore for Data hosting and ₹ 0.52 crore for software support.

[14] The main purpose of SDC is to provide a physical facility for hosting various State level e-Government applications.

from 18.02.2014 to 15.07.2015 at a fixed cost of ₹ 0.43 crore. Thereafter, extension was given for 12 months from 17.07.2015 at a cost of ₹ 0.35 crore[15] per annum. As per MoU, requisite trainings were imparted to staff for the e-Aushadhi system at a cost of ₹ 0.15 crore[16]. However, the Department failed to develop in-house expertise for operating the IT Cell and IA kept giving (August 2017) extensions to IT Cell service till July 2018. **Thus, the total cost of project on account of IT Cell service worked out to ₹ 0.95 crore[17] for the period from 17.07.2015 to 31.03.2018.**

The Department attributed (February 2019) the reasons for providing extensions to above elements of the project to the system being in implementation stage and stated that customizations were being made in the application as per the requirements of IA and field staff. The reply of the Department was not in line with the project plan and deliverables of MoU.

2.1.7 Audit findings according to Process Flow covering application controls

2.1.7.1 Next step (B) is supplier-wise generation of Purchase Order by PHSC for concerned Drug Warehouse using Rate Contract data. Findings related to this are discussed below:

Drugs were not classified as Fast, Medium and Slow moving in the database in order to have better monitoring of consumption pattern of drugs/consumables. Besides, re-order levels in respect of quantity of drugs/consumables had not been defined in the system for generating alerts for issuing of purchase orders for stock replenishment. The IA stated (February 2019) that the MIS report was available in the dashboard.

The relevant provisions should have been mapped in the database for ensuring automatic triggers and minimizing human intervention.

2.1.7.2 Next step (C) is that supplier enters relevant stock details in the system using Supplier Interface Desk module against the Purchase Order by generating challans and delivers stock to the respective Drug Warehouse accordingly. Findings related to this are discussed below:

(i) In 3,358 out of 6,158 records, delivery challan date was greater than the delivery date. But the system did not restrict this discrepancy.

(ii) There were 952 out of 13,322 records in the system with same batch numbers but different expiry/manufacturing dates. Batch numbers in 68[18] cases were modified even after verification and freezing of delivery challans. This discrepancy could lead to depiction of expired drugs/consumables in the system, as discussed in paragraph 2.1.7.6 (vii). The Department stated (February 2019) that batch numbers were modified due to errors committed by the suppliers while entering the stock details in the system. **Thus, in-built validation checks were not available in the system which resulted in data**

15 Calculated on pro-rata basis.

16 As of January 2017, payment of ₹ 0.02 crore had been made.

17 ₹ 35.16 lakh per annum x 32 months and 15 days.

18 DWHs, Bathinda (26); Kharar (12) and Verka (30).

input errors. No unique identifier has been allotted to the batch of drugs for traceability of modified records. It was further noticed that IA had decided (April 2016) to introduce barcode[19] system in order to verify/capture details of supply on receipt from suppliers in the system for which nine bar code readers were also purchased. **Despite data input errors, the barcode system was not implemented as of March 2018.**

(iii) **System was allowing null entries for some crucial fields like manufacturing date, expiry date, quantity of samples issued to CQCC.** As many as 935 records were entered in the system with null manufacturing date. Further, in 969 records, null entries or dummy expiry date (01/01/2000) were found in the transaction tables used for issuing the stock items. The Department stated (February 2019) that the system did not allow null entries and identified records were entered for training purpose. The reply was not acceptable as all these identified cases were flagged as valid records in the system.

(iv) Units for quoting the rates are not uniform as in some cases it is quoted as 10 for tablets/capsules, in other case it is quoted as 10x10 for tablets/capsules and for an injection it is quoted as an ampoule. Therefore, in the system, a unique ID has been assigned for each unit. However, in five test-checked cases, these IDs were mapped improperly, as 'No.' unit instead of '10x10 tablet/capsule strip' were assigned to the items. **Thus, incorrect rates were mapped in the system as a result of which wrong valuation of drugs/consumables was being reflected in the output results.** The Department stated (February 2019) to have rectified the discrepancy after being pointed out (July 2018) by Audit.

2.1.7.3 Next step (D) is that Drug Warehouse accepts the delivery through the system and freezes the challans. Findings related to this are discussed below:

(i) Freezing of stock

The drugs and consumables procured centrally by PHSC are received directly in respective DWHs. As per Drug Policy (2012-13) and e-Aushadhi User Manual, the respective DWHs are required to acknowledge and freeze supply challans after verification of NABL[20] reports which are uploaded in the system by the respective suppliers in respect of each batch of drugs. Freezing is the process for validating and adding the stock in the inventory of the receiving store prior to quality check. The DWH after freezing the fresh stock of items provides the details to Central Quality Control Cell (CQCC), which after analyzing the details, collects drug samples through Drug Inspectors for onward transfer to Government/empanelled laboratories for testing. The testing laboratories are to provide sample reports within 10 or 21 days[21] depending upon the testing period of sample prescribed for various categories of drugs and consumables. The test reports are received in CQCC for further

[19] A barcode is a visual, machine-readable representation of data; the data describes something about the object that carries the barcode.

[20] National Accreditation Board for Testing and Calibration Laboratories.

[21] Time limit of reporting in respect of Government laboratories was not available.

process. The supplies are deemed to be completed only after receipt of quality certificates from the laboratories and till then the drugs are kept in "Quarantine" status (Not to be issued).

Freezing is the first stage of supply chain and any delay in freezing the stock will have a spill over effect on other stages of supply chain management. To ensure no delay in freezing, there should be a window in which DWH is required to complete the process within a reasonable timeframe. This will also ensure that the items supplied without necessary attachments like NABL report, invoice etc. are returned to the suppliers. Similarly, there should also be a window to complete the process of sending samples to CQCC for quality check within a reasonable timeframe. **The Department did not define any timelines for streamlining these processes.**

Analysis of e-Aushadhi database revealed that:

(a) In 4,405[22] out of 6,914 instances, for the period from April 2015 to March 2018, delivery challans were freezed after delays ranging from 3 to 531 days. Of these, in 4,139 cases (94 *per cent* of total cases of delay), the delay was in the range of 3 to 50 days. **Delay in freezing of challans results in reducing the shelf-life of drugs besides increasing the warehousing costs.** The delay in freezing of challans during 2015-16 and 2016-17 was mainly attributed to non-receipt of NABL reports. The Department stated (February 2019) that instructions had been given to all the suppliers to upload NABL reports at the time of entering the bills in the system. However, **the system has no provision to restrict acceptance of stock without NABL report.**

(b) NABL reports in 174 cases (DWHs, Bathinda: 54; Kharar: 67; and Verka: 53) were not uploaded by the suppliers in the system during August 2016[23]-March 2018 though the challans were acknowledged. Of these, 84 challans were freezed. **The system did not restrict freezing of challans in cases where NABL reports were not uploaded.** The Department stated (February 2019) that requisite instructions in this regard had been issued to the suppliers and DWHs.

The system should not allow suppliers to submit stock details without uploading NABL reports. However, under exigent circumstances, the supplier may be allowed to submit the stock details without NABL reports, samples of which in turn could be sent to CQCC for quality testing. But, there should be a provision in the system for raising red flags to the concerned head of organisation for all such cases.

(ii) Shelf-life of drugs

As per drug policy (2012-13) of the State Government and terms and conditions of rate contracts, the material supplied should have five-sixth (5/6th) shelf-life remaining at the time of delivery. Analysis of data, however, revealed that in 1,424 out of 13,322 instances, the drugs/consumables were accepted with shorter shelf-life by DWHs Bathinda (461) ranging between

22 DWHs Bathinda: 1,343 (3 to 304 days); Kharar: 1,625 (3 to 531 days); and Verka: 1,437 (3 to 430 days).

23 Supplier interface was introduced in August 2016.

37 to 83 *per cent*, Kharar (406) ranging between 18 to 83 *per cent* and Verka (557) ranging between 20 to 83 *per cent* at the time of delivery during 2015-18. Out of these, six[24] drugs got expired at three DWHs. **Though the system had the in-built feature for giving alerts regarding shorter shelf-life of drugs/consumables, it provided users the option to accept drugs with lesser shelf-life. This was an undue advantage to suppliers as they could supply drugs with lesser shelf-life by contravening terms and conditions of the rate contracts.**

2.1.7.4 Next step (E) is that batch-wise samples of drugs are sent to Central Quality Control Cell (CQCC) for quality testing. Findings related to this are discussed below:

Drawal of samples from DWHs for quality check

Prior to August 2017, samples from common batches of drugs received at the DWHs were being drawn for quality check randomly from only one DWH. Protocol for testing of medicines and consumables was changed in August 2017 which prescribed that samples from all batches would need to be drawn from all DWHs by the district level committee headed by the Deputy Medical Commissioner and sent to CQCC. It was further emphasized that the selection of empanelled laboratory should be done on random basis.

(i) **In 463[25] out of 6,049 cases, samples were issued by three DWHs in advance i.e. prior to freezing of challans, but there was no validation check in the system to restrict this.** In absence of this check, there is a possibility that a particular stock item for which the above sample was issued in advance could be rejected/returned on the basis of any shortcoming like non-availability of NABL report, shortfall in quantity received, and so on.

(ii) It was noticed that Form 17 (an intimation to a person from whom sample is taken), which is required to be used by Drug Regulatory Authorities while drawing samples as mandated under Section 23 of Drugs & Cosmetics Act, was not being generated through the system in respect of Government laboratories and intimation regarding sample collection in respect of empanelled laboratories was being sent by the DWHs to CQCC through e-mail.

(iii) As many as 1,324 out of 6,049 samples of drugs were sent to CQCC by three DWHs[26], during the period from April 2015 to March 2018 after a delay of up to 412 days. Of these, in 1,220 cases (92 *per cent* of total cases of delay), the delay was in the range of 4 to 50 days.

[24] DWHs (i) Bathinda: Two (Clotrimazole Vaginal Pessaries 100 mg with Applicator (Batch No.VZ-254), Diclofenac Sodium Tab 50 mg (Batch No.DRP-801)); (ii) Kharar: Three (Pentazocine Lactate Injection 30mg/ml (Batch No.PZ1522), Anti D-Immunoglobulin Inj 300 mg (Batch No.A10016001), Gentamycin Inj. 80 mg (Batch No.I-3917)); and (iii) Verka: One (PVC Ryles tube silicon sterilized disposable X-ray opaque line FG 14 (Batch No.DRT005)).

[25] DWHs Bathinda: 117; Kharar: 231; and Verka: 115.

[26] DWHs Bathinda: 419 (4 to 322 days); Kharar: 248 (4 to 158 days), Verka: 657 (4 to 412 days). Samples in respect of common batches were being collected from one DWH and testing of some of the items *viz.* chlorine pallets, disposal chest electrodes, urine container, etc. was not required.

The Department attributed (February 2019) the delay in sample collection to shortage of staff and assured that such delays would be curtailed during the course of time.

(iv) Analysis of data in respect of three DWHs revealed that samples of 539[27] out of 1,848[28] batches of items i.e. drugs/consumables were not drawn from the respective DWHs for quality check during the period from August 2017 to March 2018.

The CQCC stated (May 2018) that there was no MIS report available in the system to identify batches of items pending for testing from respective DWHs.

2.1.7.5 Next step (F) is that CQCC sends samples to the empanelled/Government laboratories for testing and enters the result of laboratory report in system. Standard quality drugs are made 'Active' for distribution and drugs those are not of standard quality (NOSQ) are made 'Inactive' and the respective stock of those drugs is returned to supplier by the respective Drug Warehouse for replacement. Findings related to this are discussed below:

Delay in quality check of drug samples and issue of sub-standard drugs

The supplies of drugs/consumables are deemed to be completed only after receipt of quality certificates from the laboratories and till then the drugs/consumables are kept in "Quarantine" status (Not to be issued). The quality certificates/reports are to be uploaded by the laboratories in the system. If the drugs/consumables pass the laboratory test, the CQCC updates the status thereof in the system as "Active". Where the drugs/consumables fail the laboratory test, the status is updated as "Rejected". Active status drugs/consumables are ready for issue while rejected drugs/consumables are returned to the suppliers. **There was no provision in the system for uploading the reports. The test reports were being sent to CQCC through e-mails and the relevant entries were captured manually in the system on their receipt.**

(i) **No provision was made in the system for random selection of empanelled laboratory and it was being done manually by CQCC.** Besides, list of empanelled laboratories was not updated as it was displaying names of those laboratories which were no longer empanelled.

(ii) During 2015-18, out of 5,894 batches of drugs/consumables, test reports of 387 samples were received with delay of up to 315 days[29] from Government laboratory[30]. Of these, in 85 *per cent* of cases, the reports were received with delays of up to 50 days and in 10 *per cent* cases, the reports were received with delay ranging from 51 to 101 days. Test reports for

[27] DWHs Bathinda (167); Kharar (193); and Verka (179).

[28] DWHs Bathinda (543); Kharar (646); and Verka (659).

[29] Delay has been calculated taking a benchmark of 30 days for reporting by Government laboratories, as per the guidelines issued by Ministry of Health and Family Welfare, GoI.

[30] There is only one Drug Testing Government laboratory situated at Kharar in the State.

686 batches (out of total 691 cases of delay) of drugs/consumables were received with a delay of up to 51 days from empanelled laboratories[31].

(iii) Penalty is leviable on the empanelled laboratories by PHSC at prescribed rates for different periods of delay. Master data related to testing fee for different drugs was not available in the system, in the absence of which penalty charges on account of delay in submission of reports were not being computed by the system. CQCC was computing the period of delay manually.

Thus, delay in streamlining the process for supply of drugs diluted the objective of distribution of the drugs in the State in optimized and efficient manner.

Analysis of database and test-check of manual records such as drug sample test reports, drug sample collection records in CQCC and three DWHs at Bathinda, Kharar and Verka revealed the following:

(iv) In six[32] cases checked randomly, **drugs declared as 'Not of Standard Quality' (NOSQ) as per the laboratory report were found activated in the system and these drugs were also issued (February 2015-March 2018) to the health institutions**.

The sample of Cetrizine Syrup IP (Batch No. 06036-BPB5) taken (April 2016) from DWH, Kharar was declared (May 2016) of standard quality by an empanelled laboratory. Subsequently, on repeat-testing the same batch of medicine after taking sample from DWH, Kharar, the Government laboratory declared (27 December 2016) the medicine as NOSQ. Similarly, sample of Lactulose 3.335 gm/5ml syrup (Batch No. STL-16468) drawn (April 2017) by Drug Inspector, Central Drugs Standard Control Organization, GoI under the provisions of Drugs and Cosmetics Act, 1940, was declared as NOSQ on 18 July 2017. However, DWH Kharar continued to issue these medicines even after they were declared as NOSQ, as no action had been taken by CQCC to change the status to "inactive" in e-Aushadhi system. Resultantly, 7,400 units of Cetrizine Syrup IP (Batch No. 06036-BPB5) and 1,200 units of Lactulose 3.335 gm/5ml syrup (Batch No. STL-16468) had been issued by DWH, Kharar to various Government hospitals during May 2017 and August-November 2017 respectively. It was further noticed that the data related to re-testing of batches of items had not been entered in the system. **Thus, non-availability of drug sample test reports in the system resulted in activation of NOSQ declared drugs.**

The ACS while assuring to look into the matter stated (January 2019) that responsibility in this case would be fixed.

[31] There were five testing laboratories as of March 2018 namely (i) Devansh Testing & Research Laboratory; (ii) Ozone Pharmaceuticals Ltd.; (iii) Standard Analytical Lab; (iv) Delhi Test House; and (v) Sophisticated Industrial Materials Analytic Labs Pvt. Ltd.

[32] (i) Isoxsuprine HCL Injection (Batch No.1412017); (ii) Phenytoin Sodium Injection (Batch No.BIO16702); (iii) Calcium (Vitamin D-3) 250 IU tablets (Batch No.OC-623); (iv) Cetrizine Syrup IP (Batch No. 06036-BPB5); (v) Lactulose 3.335 gm/5ml syrup (Batch No. STL-16468); and (vi) Amoxicillin and Potassium Clavulanate tablet (Batch No. YAP52135).

(v) As many as 2,02,454 number of tablets/injections of six[33] test-checked drugs were issued to various health institutions prior to receipt of quality test reports from respective laboratories, of which three[34] drugs were declared as NOSQ. **The system should debar issuance of drugs without uploading of quality test reports.**

Audit noticed in the test-checked districts that out of 1,80,689 Oxytocin injections issued to various health centres before receipt of its quality test report (NOSQ) from laboratory, 60,197 injections had been consumed.

The Department stated (January 2019) that due to urgent requirement, medicines were issued on the basis of test report submitted by the manufacturer. However, on receipt of test report from the laboratory declaring the medicines as sub-standard, the distribution of medicines was stopped.

Since, the system design should have restricted the issue of drugs which were marked as "Quarantine" or "Inactive", drugs issued prior to receipt of reports indicate failure of validation checks in the system.

(vi) In seven[35] test-checked cases, no record related to quality tests were available with the CQCC though these drugs were found activated in the system.

The CQCC stated (May 2018) that neither the samples of some of the drugs were received nor were activated by them, and a few were activated inadvertently and the IT Cell had been requested to deactivate the same. The reply of CQCC should be seen in the light of the fact that as per protocol, the status of drugs could be defined by CQCC only. This showed that **the system lacked robust checks for limiting privileges of actions to authorized users. Besides, the System was not capturing unique IP address for an individual user system in the user logs for traceability**, as discussed in paragraph 2.1.8.5. Database and application logs were not provided to Audit for further analysis.

For ensuring lack of bias in testing drugs and consumables, it is recommended that confidentiality be maintained regarding details of empanelled laboratories to which samples are sent for quality check. Similarly, details of suppliers should not be disclosed to the laboratories while sending samples. Further, it may be a good practice to have reports of empanelled laboratories cross validated by other accredited laboratories occasionally for having higher degree of quality assurance.

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33 (i) Ceftriaxone & Sulbactum Injection 5gm (Batch No. 315-45) quantity: 2,400; (ii) Phenytoin Sodium Injection (Batch No. BIO16702) quantity: 1,050; (iii) Calcium (Vitamin D-3) 250 IU tablets (Batch No. OC-623) quantity: 11,250; (iv) Ringer Lactate injection (Batch No. P16F096) quantity: 5,065; (v) Amlodipine tablet (Batch No. STN-170405) quantity: 2,000; and (vi) Oxytocin injection (Batch No. P6A058) quantity: 1,80,689.

34 (i) Oxytocin injection (Batch No. P6A058); (ii) Phenytoin Sodium Injection (Batch No. BIO16702); and (iii) Calcium (Vitamin D-3) 250 IU tablets (Batch No. OC-623).

35 (i) Trifluperazine 5 mg tablet (Batch No. HT150221); POP Bandage-4 Batch Nos. (ii) 7091; (iii) 7649; (iv) 7650; (v) 7651; (vi) Paracetamol injection 150 mg/ml (Batch No. PLI2510); and (vii) Amlodipine tablet 5 mg (Batch No. MNT-152913).

(vii) The DWH, Bathinda had received 1.97 lakh Calcium+ Vitamin D3 tablets (Batch No. OC-619) on 20 January 2017. However, test report of the sample received (16 May 2017) from Government laboratory declared this medicine 'not of standard quality' (NOSQ), as the contents of Vitamin D3 was found to be Zero I.U/UC[36] against the labelled claim of 250 I.U/UC. Subsequently, on repeat-testing of the sample of same batch taken (October 2017) from the same DWH, the medicine (Calcium+ Vitamin D3) was declared (8 December 2017) of standard quality by Government laboratory, without considering/analysing the contents of Vitamin D3. Audit noticed that the whole quantity (1.97 lakh tablets) had been issued (22 February–5 March 2018) to CSs of four[37] districts for onward supply to hospitals under their jurisdiction.

The DWH, Bathinda stated (August 2018) that the medicine was issued only after the same was made active by CQCC in e-Aushadhi system for issue to Government hospitals. On being enquired from CQCC, it was stated (August 2018) that they had not received any adverse test report of the medicine, instead a report issued by Government Analyst declaring the medicine of standard quality was received in CQCC and accordingly the medicine was made active in the system. The Director, Food and Drug Laboratory[38], Punjab stated (October 2018) that the concerned parameter (Vitamin D3) was not considered in the report (8 December 2017) due to technical error and software problem arising at that time. There was no provision in the Drugs and Cosmetics Act, 1940 for retesting the same sample of medicine once declared NOSQ by the same laboratory. However, reasons/ circumstances under which the same batch of medicine from same place was got re-tested were not provided to Audit. The ACS while assuring to look into the matter stated (January 2019) that responsibility in this case would be fixed.

The system should not allow re-testing of a drug declared as NOSQ. This showed that the system was not robust and lack of internal control diluted the quality assurance for testing of drugs/consumables.

2.1.7.6 Next step (G) is that Drugs made 'Active' are distributed to Civil Surgeons for replenishment of stock at various institutions. Findings related to this are discussed below:

Inadequacies in transactions relating to issue of drugs

As per instructions issued by IA from time to time (October 2014-October 2017), all 100 health institutions and three DWHs were to use online system for receipt and issue of drugs/consumables to the end user.

Analysis of data and test-check of manual records revealed that the system was not used by DH, Gurdaspur for a period of eight[39] months,

[36] International Unit/Unit conversion.

[37] (i) Barnala (16,640); (ii) Bathinda (90,000); (iii) Faridkot (40,000); and (iv) Moga (50,000).

[38] Government Laboratory.

[39] July 2017 to February 2018.

DH Hoshiarpur for six[40] months and DH Sangrur for more than one and a half years[41]. It was further noticed that:

(i) Medicines can be issued from one health institution to another by generating a drug transfer order on the system. If any item is in short supply in any health institution, then a drug transfer order can be created for the hospital store having excess quantity of the item. It was, however, noticed that this process was obviated and 170 items of drugs/consumables were received manually by the selected DHs[42] from CHCs/PHCs and were not recorded in the system afterwards. Further, 239 items of drugs/consumables were received by the selected DHs[43] from respective DWHs without raising any demand. Thus, detail of indenters and consumption of these drugs could not be traced through the system.

(ii) Stock details of 375 Hepatitis-C drugs received by the selected DHs were not entered in the system since procurement (May 2016) and these drugs were distributed manually by the respective DWHs and the Civil Surgeons during the period from June 2016 to February 2018. Test check of records at DH, Jalandhar revealed that two[44] of these drugs had expired. The online system for receipt and distribution of Hepatitis-C drugs was adopted from March 2018 onwards.

(iii) As many as 53 drugs/consumables with quantity ranging from 100 to 84,000 valuing ₹ 11.09 lakh though shown as issued on 31 August 2017 in the system were not found recorded as receipts in the stock register maintained in the OPD ward of the District hospital, Hoshiarpur. DH, Hoshiarpur did not give any reply.

(iv) The receiving store has to acknowledge receipt of items through 'Acknowledge' desk. After acknowledgement, the items are added in the receiving store and the same is deducted from the issuing store. However, in 129 out of 987 instances, return indents[45] were not acknowledged by DWHs, Bathinda (79), Kharar (34) and Verka (16) due to which veracity on the transfer of stock could not be ascertained.

(v) User creates an indent for receiving items from the issuing store i.e. DWH/Civil Surgeon/Sub-store. An indent can be for single drug/consumable or it can be a composite indent comprising more than one drug. In case of a composite indent, once the indent is generated, system clears the indent even if a single item is issued against the demand for multiple items. Thus, the

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40 February 2017 to May 2017 and September 2017 to October 2017.

41 April 2015, June 2015, January 2016, June 2016 to September 2016, November 2016 to April 2017, July 2017, August 2017 and October 2017 to January 2018.

42 DHs (i) Amritsar (0); (ii) Gurdaspur (7); (iii) Hoshiarpur (6); (iv) Jalandhar (18); (v) Patiala (14); (vi) Sri Muktsar Sahib (7); and (vii) Sangrur (118).

43 DHs (i) Amritsar (13); (ii) Gurdaspur (14); (iii) Hoshiarpur (53); (iv) Jalandhar (56); (v) Patiala (65); (vi) Sri Muktsar Sahib (21); and (vii) Sangrur (17).

44 Capsule Ribavirin-20 (Batch No.2HR4364 & 2HR4365); Tablet Ledipasvir 90 mg and Sofosbuvir 400 mg (Batch No.8052538).

45 Return request is initiated in case of excess stock or when issued stock is to be returned to DWH.

system does not give the correct status of pending indents. However, in case none of the item is issued, the indent remains as pending in the system.

Audit noticed that the system allowed generation of new indents for similar items for which earlier indents were pending. There was no provision in the system to clear the pending indents before generating new indents for similar items. Analysis of database and test-check of MIS reports revealed that as of March 2018, 183 indents[46] for 1,637 drugs, included repeat order for 385 drugs, in respect of seven test-checked DHs pertaining to the period April 2015 to February 2018 were pending for issue in the system**. System should not allow creation of repeat orders for those drugs where previous orders for the similar drugs were pending.**

Analysis of data and e-Aushadhi application for the period 2015-18 revealed the following:

(vi) The system did not have the provision for issuing drugs on the basis of 'First Expiry First Out' (FEFO). In 24,164 out of 6,74,253 instances, FEFO method was not followed while issuing the drugs/consumables. Users who issue the stock were able to select any batch irrespective of the expiry date. **The system was neither enforcing issue of drugs in seriatim of expiry dates nor it was generating any alert to select drug nearing expiry.** The user had to verify the same from MIS report. The Department stated (February 2019) that when drugs were issued to sub-stores, FEFO pattern was followed. It was added that the requisite system alerts for identification of drugs nearing expiry would be incorporated in the system. The reply of the Department was not convincing, as in 6,060 out of 24,164 instances, the drugs were issued to sub-stores by DWHs where FEFO was not applied.

(vii) During analysis of database and MIS reports in respect of seven test-checked DHs and three DWHs, 1,006[47] drugs/consumables were found expired during 2015-18. It was noticed that data related to 6,120 indents issued off-line (not in real time) were entered in the system after a delay of up to 947 days by using issue to sub-store off-line screen. In this delayed process, the system did not allow to enter those indents of drugs/consumables issued off-line which had already expired at the time of data entry at later stage.

The IA and DH, Amritsar stated (March and May 2018) that the institutes were not working online at that time and therefore the drugs were reflecting in their stock balances. All the drugs were consumed before expiry and system was showing them as expired because online posting of some transactions could not be completed. The fact, however, remains that **the system was not showing correct position of expired drugs thereby impairing effective inventory management through e-Aushadhi.**

[46] (i) Amritsar (80); (ii) Gurdaspur (12); (iii) Hoshiarpur (18); (iv) Jalandhar (46); (v) Patiala (19); (vi) Sangrur (1); and (vii) Sri Muktsar Sahib (7).

[47] DHs (i) Amritsar (11); (ii) Gurdaspur (409); (iii) Hoshiarpur (139); (iv) Jalandhar (5); (v) Patiala (10); (vi) Sri Muktsar Sahib (45); (vii) Sangrur (296); DWHs (viii) Bathinda (70); (ix) Kharar (10); and (x) Verka (11).

The above inadequacies indicated that the procedure for recording of inter-unit transfers was not properly followed and there was no effective control over inventory management.

2.1.7.7 Other system discrepancies

(i) No dashboard reflecting daily activities was accessible to users at DWHs and DHs though the same was available with IA. The Department stated (February 2019) that MIS reports were available. In case any requirement related to dashboard occurred, it would then be provided to the users. The reply of the Department was not acceptable as it was the responsibility of IA to determine the requirements for making an interactive system.

(ii) Drug Brand Master table defines a unique ID for all the stock items i.e. drugs, consumables or sutures. However, it was found that multiple IDs were allotted to the same items[48].

(iii) 'Third party issue' module is used to issue items to institutions such as Zila Parishads, Jails etc. who have been assigned a unique ID for identification in the system. Analysis of data in respect of three DWHs revealed that multiple master record entries were made for the same institutions whereas in some of the records name of the institution was left blank. Test-check of MIS report with the master table records revealed 20 such records. Stock items valuing ₹ 86.90 crore[49] were issued using 'third party issue' module (offline) during 2015-18. Due to the above discrepancy, MIS report was not reflecting correct status of stock issued to the respective institutes.

(iv) **System should not allow 'Zero' quantity for sample while issuing the stock items to CQCC for quality testing.** Whereas, 'Zero' sample quantity was accepted by the system in six cases.

2.1.8 Information system security

2.1.8.1 Logical access controls

In any computerized system, data access is required to be restricted to authorized users only. Audit observed that the logical access controls available in the application were inadequate due to the following reasons:

- Single user ID allotted was shared by multiple users in three DWHs. In three test-checked DHs viz. Amritsar, Jalandhar and Patiala, the user ID of Senior Medical Officer was shared with Pharmacists for performing the functions of approval of transactions related to demand/issue of drugs/consumables. In the absence of individual user IDs, the transactions made in the system could not be traced to an individual.

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[48] (a) 'Dextrose 25%' and 'Dextrose I.V 25%'; (b) 'Disposable syringe 10ml' and 'Syringe 10cc'; (c) 'IFA (Large)' and 'Iron and Folic Acid (Large)'; and (d) 'Povidone Oint 5%' and 'Povidine Ointment 5%'.

[49] DWHs, Bathinda (₹ 23.72 crore); Kharar (₹ 34.03 crore); and Verka (₹ 29.15 crore).

➢ Login access to first time users of a system is allowed using default passwords created by the system administrator. After this, as a best practice[50], the system should prompt the users to create new passwords. Further, users should not be allowed to reuse previously changed passwords. Analysis of data revealed that the passwords were not changed since allotment in respect of 47 users and 73 users reused previously used passwords. Further, 1,957 users were allotted common default passwords by the administrator. The Department stated (February 2019) that in spite of providing instructions, majority of the users were using default password.

Thus, in the absence of segregation of duties and weak access controls, the system was vulnerable to errors or manipulation.

2.1.8.2 Application standards

As a best practice, the e-SAFE GD210 guidelines[51] issued by Department of IT, GoI, refers that the application should display an approved system use notification message before granting access, informing the potential users. The system use notification message provides appropriate privacy and security notices and remains on the screen until the user logs on to the information system. The application notifies the user, upon successful login, of the date and time of the last login, and the number of unsuccessful login attempts since the last successful login. Interface of the web application, however, revealed that none of the provisions except for details of last login were incorporated.

2.1.8.3 IT Security Policy, Business Continuity Plan and Disaster Recovery Plan

IT Security policies, procedures, and their enforcement enables an organisation to protect its IT infrastructure from unauthorised users. IT security policy for an organisation lays out the requirements for the organisation and its employees to be followed in order to safeguard its critical assets. Further, the objective of having a Business Continuity and Disaster Recovery Plan and associated controls is to ensure that the organization can still accomplish its mission and it would not lose the capability to process, retrieve and protect information maintained in the event of an interruption or disaster leading to temporary or permanent loss of computer facilities. However, no such policy documents were provided by IA, stating (July 2018) that these were available with CDAC.

Further, as a best practice[52], the third party security audit of the system was required to be conducted from cert-in empanelled agencies prior to hosting of the system. However, the same was got conducted in July 2017 by CDAC after more than three years of implementation of the system (August 2014). **Though as per the certification, the application was OWASP[53] compliant but third party security audit was not conducted for the application.**

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50 As per password policy of National Informatics Centre.

51 Important aspects covering system/user authentication were seen.

52 As per guidelines for Indian Government Websites issued by Department of Information Technology, Ministry of Communication and Information Technology, GoI (Paragraph 7.7.1).

53 Open Web Application Security Project (OWASP) is a charitable organization focused on improving the security of software.

2.1.8.4 Internal audit

Effective internal audit satisfactorily reviews the computer systems and ensures that the controls are in place. Audit observed that:

- **There was no audit module in the e-Aushadhi system to generate customized reports for facilitating conduct of internal audit.** The Department stated (February 2019) that the staff of CDAC (IT Cell) operating from PHSC had conducted internal audit and verified the physical stock of all the three DWHs. The reply was not convincing as the internal audit was conducted once in March 2018 after being pointed out by Audit.

- The Food and Drugs Administration (FDA), DH&FW, Punjab directed (June 2016) the Zonal Licensing Authorities (ZLAs) from Sangrur, Amritsar and SAS Nagar to conduct monthly stock verification of drugs and consumables at three DWHs Bathinda, Amritsar (Verka) and Kharar respectively. Audit, however, noticed shortfalls ranging between 38 and 90 *per cent* in carrying out the monthly stock verification at DWHs between June 2016 and March 2018, even when discrepancies related to the quantity of stock and its distribution were being pointed out in the stock verification reports by ZLAs. The reasons for shortfall were attributed to multifarious duties assigned to ZLAs. The Department assured (January 2019) to conduct the stock verification of medicines and consumables in a time bound manner in future.

It was also noticed that the entries related to the physical stock verification were not captured in the system.

2.1.8.5 Audit trail

Audit trail depicts the flow of transactions necessary in a system in order to track the history of transactions, changes/modifications in data, system failures, erroneous transactions, etc. Analysis of the database revealed that:

- **User systems were not assigned unique IP address to keep track of unauthorized use of system**, as in some cases, the users denied to have created records, as discussed in paragraph 2.1.7.5(vi). It was observed that a common IP address was assigned to multiple user systems.

- Login IDs were not captured in 844 out of 13,459 records in case of unsuccessful login attempts.

- In five[54] tables, date/time stamp was not functional thereby creating doubt on the credibility of data.

The discrepancies mentioned above indicate inadequate audit trails in the system.

[54] (i) gblt_user_mst; (ii) hstt_return_req_dtl; (iii) hstt_issue_dtl; (iv) qc_issue_rec_dtl; and (v) qc_dtl.

2.1.9 Conclusion

The e-Aushadhi system had many gaps, due to which the objectives of its implementation in the State could not be achieved in full measure. The Department had not prepared any roll-out plan for implementation of the e-Aushadhi system in remaining health institutions of the State. Non-functioning of bar code system resulted in various inadequacies relating to issue of drugs and system discrepancies which impaired the quality assurance system and effective inventory management through e-Aushadhi. Instances of delay in freezing of stock of drugs/consumables and sending samples to CQCC, late receipt of quality test reports from empanelled/Government laboratories, issue of sub-standard drugs, acceptance of drugs/consumables with shorter shelf-life and availability of substantial number of expired drugs/consumables in the system were noticed. Besides, inadequate logical access controls, application standards, weak validation controls, inadequate audit trails and non-conducting of internal audit showed weak information system security.

2.1.10 Recommendations

In the light of audit findings, the State Government may consider:

(i) shifting of servers to State Data Centre for providing better network connectivity to the respective users;

(ii) developing in-house expertise to take over the activities performed by IT Cell (CDAC);

(iii) self generation of purchase orders by the system in case re-order level of a drug is reached. To allow human judgement, editable forms can be generated and sent to the approving authority which may edit or otherwise directly approve;

(iv) implementing bar coding system which is already present in e-Aushadhi system to avoid human errors and to enable real time data processing;

(v) framing timelines and its adherence to every functional stage in the system;

(vi) red flag alert generation for critical deadlines or incidents which should be made available to relevant supervisory level;

(vii) framing departmental policies on Business Continuity Process/Disaster Recovery, Information Technology Security, Human Resource and Segregation of duties;

(viii) reconciliation of physical stock annually *vis-a-vis* the system; and

(ix) reviewing user logs to rule out any security incident.

LABOUR DEPARTMENT

2.2 Working of Punjab Building and Other Construction Workers' Welfare Board

Punjab Building and Other Construction Workers' Welfare Board (Board) was constituted in April 2009 to implement the welfare schemes in the State. The performance audit on the working of the Board brought out various deficiencies in planning to identify/register workers as well as establishments, poor financial management, inefficient implementation of welfare schemes and disbursement of benefits to ineligible workers, besides inadequate manpower and monitoring system. Some of the significant audit findings are enumerated below:

Highlights

- **State Advisory Committee and Expert Committee were not holding meetings regularly to discuss the efficient implementation of welfare schemes as provided in the Act.**

  (Paragraph 2.2.6.1)

- **No mechanism existed to register the establishments under the Act and the Board failed to identify/encourage the workers for registration.**

  (Paragraphs 2.2.6.2(i) and 2.2.6.3(i))

- **Poor financial management of the Board was noticed as only ₹ 590.38 crore was spent on the welfare schemes despite availability of ₹ 1,471.08 crore during 2013-18, besides the Board failed to recover ₹ 23.97 crore from cess collecting authorities.**

  (Paragraphs 2.2.7 and 2.2.7.4)

- **Welfare schemes were not efficiently/effectively implemented. Irregular payments of ₹ 4.44 crore to 5,198 ineligible workers in nine schemes were noticed.**

  (Paragraphs 2.2.8 and 2.2.8.1)

- **Under Pension scheme, the Board failed to clear 3,274 pension cases and 1,456 family pension cases despite identification of beneficiaries. Non-funding to the LIC as per requirement of the scheme would result in denial of pensionary rights to 90,000 eligible workers.**

  (Paragraph 2.2.8.2)

- **Monitoring and internal control system was weak as no targets were fixed for regular inspections to assess the effectiveness of the welfare schemes.**

  (Paragraph 2.2.11)

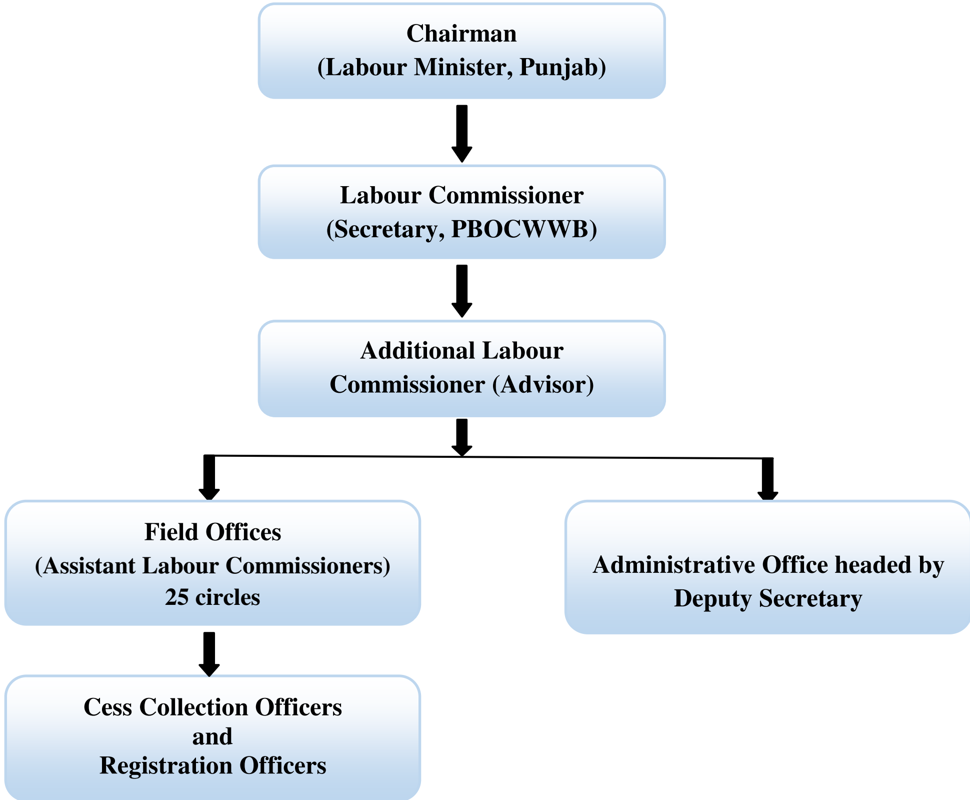
2.2.1 Introduction

The Government of India (GoI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act) and Building and Other Construction Workers Welfare Cess Act (Cess Act) in 1996 with the aim to provide safety, health and welfare measures for the benefit of building and other construction workers through levy/collection of cess. The GoI also framed (November 1998) the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998 (Rules) and Building and Other Construction Workers Welfare Cess Rules (Cess Rules) in 1998. The Act *inter alia* mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act.

Government of Punjab (GoP) notified the Punjab Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2008 (PBOCW Rules) after 12 years from the enactment of the Act and implemented (November 2008) the collection of labour cess at the rate of one *per cent* on the cost of construction incurred by employers. The provisions of the Act is applicable to "every establishment[55] which employs, or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work". Further, the Act provides that every building worker in the age group of 18 to 60 years who was not a member of any Welfare Fund established under any law and had completed a period of ninety days of service during the preceding twelve months as construction worker in the State could be registered as beneficiary. The Punjab Building and Other Construction Workers' Welfare Board (Board) was constituted (April 2009) for implementation of the welfare schemes as provided in *ibid* Act and Rules. The Board had registered 5,90,579 workers during 2013-18.

[55] Establishment means any establishment belonging to, or under the control of, Government, anybody 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 ₹ ten lakh.

2.2.2 Organisational set-up



State Labour Minister is the Chairman of the Board. The Board consists of Labour Commissioner who acts as the Secretary of the Board, Additional Labour Commissioner as Advisor, who is assisted by the Deputy Secretary to implement the welfare schemes and general administration. The State was divided in 25 circles[56] each headed by an Assistant Labour Commissioner (ALC) or Labour-cum-Conciliation Officer (LCO) who are assigned the work of collection of labour cess as well as registration of construction workers.

2.2.3 Audit objectives

The audit objectives were to ascertain whether:

- proper planning was done for registration of establishments/workers and schemes were effectively implemented;
- financial management was effective; collection and utilisation of labour cess was efficient;
- welfare schemes were effectively implemented and were adequate for sustainable development of the construction workers; and
- adequate monitoring and internal control mechanism was in place.

[56] (i) Amritsar-I; (ii) Amritsar-II; (iii) Amritsar-III; (iv) Batala; (v) Bathinda; (vi) Fazilka; (vii) Ferozepur; (viii) Gurdaspur; (ix) Hoshiarpur; (x) Jalandhar-I; (xi) Jalandhar-II; (xii) Jalandhar -III; (xiii) Kapurthala; (xiv) Ludhiana-I; (xv) Ludhiana-II; (xvi) Ludhiana- III; (xvii) Ludhiana-IV; (xviii) Ludhiana-V; (xix) Ludhiana-VI; (xx) Moga; (xxi) Pathankot; (xxii) Patiala; (xxiii) Rajpura; (xxiv) S.A.S. Nagar; and (xxv) Sangrur.

2.2.4 Audit scope and methodology

Audit covering the period 2013-18 was conducted between November 2017 and August 2018 by test checking the records of the Board, Labour Department and its seven circles[57] selected by Probability Proportional to Size Without Replacement method taking circle wise expenditure incurred on welfare schemes as the size measure, selected designated authorities[58] for collection of labour cess and Registering Authorities[59], besides physical verification of sampled beneficiaries. Entry and exit conferences were held on 22 November 2017 with Labour Commissioner and 9 October 2018 with Additional Labour Commissioner, respectively. The replies of the Department given in the exit conference have been suitably incorporated in the report.

Mention had been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3), on non-achievement of objectives due to non-utilisation of cess fund which included findings mainly on planning, receipts of the Board, registration of workers, collection of cess, implementation of welfare schemes and Human Resource Management. The Report was discussed in the Public Accounts Committee (PAC) in October 2015. Audit also examined the compliance of the recommendations of the PAC.

2.2.5 Audit criteria

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, 1996;
- Building and Other Construction Workers' Welfare Cess Act, 1996;
- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Central Rules, 1998;
- Building and Other Construction Workers Welfare Cess Rules, 1998;
- Punjab Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2008;
- Punjab Financial Rules (PFR); and
- Guidelines/instructions issued by Government of India and Government of Punjab from time to time.

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[57] (i) Amritsar-I; (ii) Gurdaspur; (iii) Jalandhar-I; (iv) Jalandhar-III; (v) Moga; (vi) Patiala; and (vii) Sangrur.

[58] Local Government Department, Development Authorities, Irrigation Department, Public Works Department, Water Supply and Sanitation Department and Rural Development Department.

[59] Local Government Department, Development Authorities, Irrigation Department, Public Works Department, Water Supply and Sanitation Department and Rural Development Department.

Audit findings

2.2.6 Planning

2.2.6.1 Formation of committees

(i) Section 4(1) of the Act provides that the State Government had to constitute a committee viz; State Advisory Committee (SAC) to advise the State Government on such matters arising out of the administration of the Act and the State Advisory Committee had to conduct meetings[60] at least once in six months.

Audit observed that the State Advisory Committee was constituted twice[61] after notification of PBOCW Rules in 2008. As per the conditions of notification of the formation of SAC, the term of the Committee was three years from the date of notification. As such, the Committee formed in 2010 was in existence till September 2013 and thereafter SAC was again re-constituted in October 2017. No committee was formed from November 2013 to September 2017. Further, up to 31 March 2018 only two meetings were held, one in September 2012 and another in December 2015 against the prescribed norms of meetings to be held once in every six months.

(ii) Further, Section 5(1) of the Act stipulates that the Government may constitute one or more expert committees consisting of persons specially qualified in building and other construction works for advising the Government to make rules under the Act. Though, an expert committee was constituted in August 2014 with the condition that the committee will meet at least once in a month or at such an interval as considered necessary by the Chairman, no expert committee meeting was held till date (September 2018). In the absence of such meetings, the schemes could not be implemented efficiently to provide due benefits to the workers (as referred in the paragraph 2.2.8).

While admitting the facts (October 2018), the Department assured compliance in future.

(iii) The Supreme Court of India directed (February 2012)[62] that every Welfare Board would hold its meeting at least once in every two months and submit the minutes to the Secretary (Labour) of the Government quarterly, so that the implementation of the schemes could be reviewed periodically.

Audit observed that the Board had conducted only 17 meetings against the required 30, during 2013-18. As such, implementation of all the schemes could not be discussed, and out of 20 schemes, two schemes[63] were not implemented at all by the Board and implementation of the remaining 18 schemes could not be reviewed periodically.

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[60] Under the provision of PBOCW Rule 219(1).
[61] (i) 29 October 2010; and (iii) 23 October 2017.
[62] Civil Writ Petition No. 318 of 2006.
[63] Tool kit scheme and Housing scheme.

The Department stated (October 2018) that as the Chief Minister/Minister is the Chairman of the Board, the meetings could only be conducted as per his availability. However, the point had been admitted for future compliance.

2.2.6.2 Registration of establishments

(i) Identification of unregistered establishments

Section 7 of the Act stipulates that every employer, undertaking construction work, would make an application to the registering officer for registration of the establishment within 60 days from the commencement of the work. Further, Rule 222(1) of PBOCW Rules specifies the manner of making application for registration of the establishments.

Audit observed that 493 establishments were registered in seven selected circles upto March 2018; however, the Board had not maintained any data about the registration of establishments. To ensure registration of all eligible establishments, a formal mechanism ensuring linkages with the Government and planning authorities including local bodies in the State undertaking and authorising construction activities was essential to identify prospective establishments to be covered under the Act. It was noticed that regular inspections of establishments were not done by the Department to identify the unregistered establishments. However, on the directions of Punjab and Haryana High Court, the Secretary, PBOCW Board had conducted only one inspection from 15 September 2015 to 15 November 2015 wherein it was noticed that 54 establishments (36 *per cent)* were not found registered out of 149 establishments inspected. Further, despite operation of 3,000 brick-kilns in the State and instructions (February 2018) of GoP, no effort was made by the Board to register these kilns. As such, adequate number of exercises to identify unregistered establishments was not carried out by the Department.

Mention had been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3.5.2 (a)). While discussing the matter (October 2015), the PAC recommended that registration of establishments should be done as per Cess Rules, 1998 and progress may be intimated to the PAC. In spite of this, no regular exercise to identify the unregistered establishments was carried out by the Department.

While admitting the facts, the Department stated (October 2018) that mechanism would be developed for mandatory registration of establishments undertaking building and other construction works.

(ii) Non-levy of fine for delay in registration

As per the Rule 226(1) of PBOCW Rules, fee[64] was to be charged along with the application for grant of a certificate of registration to the establishments.

[64]

Sr. No.	Number of workers	w.e.f. November 2008 (in ₹)	w.e.f. 27 June 2014 (in ₹)
1	0-100	500	1,000
2	101-500	2,000	4,000
3	501-1000	4,000	8,000
4	1001 onwards	5,000	10,000

If application is received beyond the prescribed period of 60 days, the registering officer may entertain an application for registration, with an additional fee at the rate of fifty *per cent* of the fee prescribed under the rule. Audit observed that in seven selected circles, out of 493 establishments registered (upto March 2018), 132 establishments (27 *per cent)* had submitted the application after 60 days of commencement of work. Despite the delay ranging between 4 and 1,768 days, fine of ₹ 0.86 lakh was not levied.

The Department admitted the facts (October 2018).

(iii) Non-assurance of safety norms

Section 43 of the Act (read with Section 44) empowers the inspectors to inspect the premises of any establishment where construction work was being carried on to check safety measures and facilities provided to the workers.

Audit observed that the Board had not conducted[65] any inspection during 2013-18 through its officials. In the absence of which, the emphasis to provide the welfare facilities as well as ensuring the safety norms could not be ensured.

The Department admitted (October 2018) the facts and attributed the reasons to shortage of manpower.

2.2.6.3 Registration of building workers

Rule 260 of PBOCW Rules provides that every building worker in the age group of 18 to 60 years who was not a member of any Welfare Fund established under any law and had completed a period of ninety days of service during the previous year as construction worker in the State could be registered as beneficiary. A certificate from the employer or the contractor certifying that the applicant was a building worker was required along with application for registration. A registration fee of ₹ 25 (October 2014) was to be deposited by the worker at the time of registration alongwith monthly contribution of ₹ 10 for minimum one year and maximum five years and thereafter he was required to get his registration renewed. If a beneficiary commits default in payment of contribution continuously for a period of one year, he would cease to be a beneficiary of the fund. The irregularities noticed in the process of registration of beneficiaries are discussed below:

(i) Failure to identify the workers for registration

Section 15 of the Act states that every employer would maintain a register in such form as may be prescribed showing the details of employment of beneficiaries employed in the building or other construction work and the Secretary of the Board or any other officer duly authorized by the Board could inspect the same without prior notice. Further, the Supreme Court directed (January 2009) the State Governments to ensure a proper mechanism to identify/register the beneficiaries.

[65] Except the inspection conducted by Secretary, Labour Department from 15 September to 15 November 2015 on the directions of Punjab and Haryana High Court.

Audit observed that the Board had registered 6,95,014 workers in the State upto March 2018. During this period, only 3,57,477 registered workers (51 *per cent*) had contributed to the fund regularly and continued their membership. The Board had estimated[66] (March 2017) that there were 15,33,000 construction workers in the State. Upto June 2017, the Board had 5,79,823 registered workers and it had fixed the target to register the remaining 9,53,177 unregistered workers during 2017-18 but only 1,15,191 (12.08 *per cent)* workers were registered during 2017-18 due to non-inspection/non-conduct of survey by the officers of the Board. Besides this, no record regarding live registered workers[67] and un-registered workers was maintained by any of the selected field offices as well as by the Board. Only a consolidated figure of live workers was provided to audit.

Mention had been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3.5.2 (b)). The matter was discussed in the PAC in October 2015. The PAC recommended that registration of beneficiaries should be increased as per PBOCW Rules and progress may be intimated to the Committee. The Department, however, did not intimate to PAC any new efforts taken to increase the registration of beneficiaries.

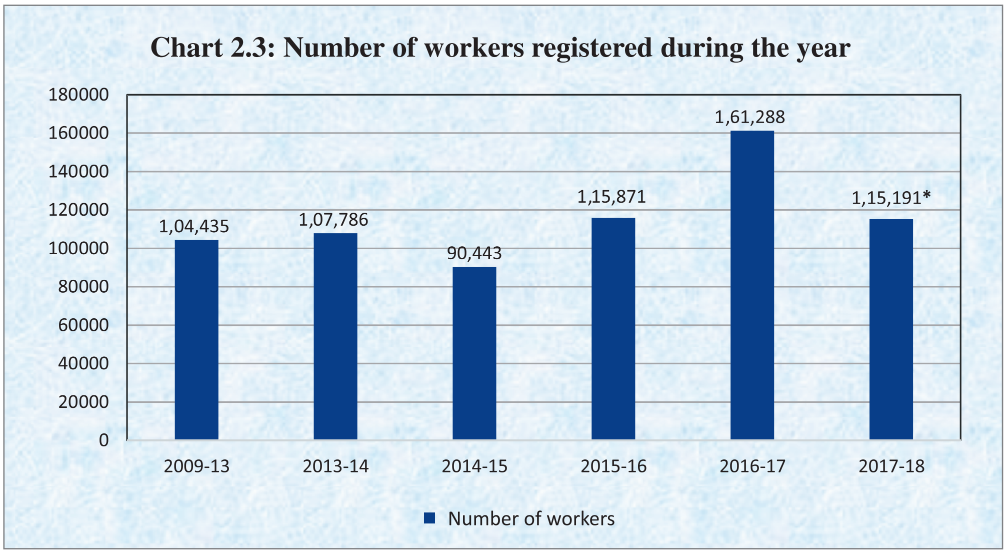
Thus, non-adoption of any mechanism by the Board as prescribed in the ibid rules as well as non-adherence to the directions of the Supreme Court to identify the unregistered workers had resulted into non-achievement of targets besides denial of welfare benefits to the construction workers due to non-registration.

(ii) Online registration system for workers

Audit observed that the system of online registration of workers was started in September 2017. All the manually registered workers up to September 2017 were also required to get their registration copies migrated to online registration system.

[66] Six *per cent* of the total population (2.55 crore approx.) of the State was considered as construction workers.

[67] Live workers are those who registered during the current year alongwith the previous members who got their registration renewed during the year.



Source: Departmental data

* ***Includes 88,835 workers registered through online system between September 2017 and March 2018.***

During the year 2017-18, the pace of online registration was slower than the manual registration system. On an average 13,441 workers per month were registered during 2016-17 which was reduced to 12,691 per month after online registration system (September 2017 to March 2018). The Board had set (July 2018) the target to register all the workers by the year 2022 through online system which would take about four years to achieve the target. The reasons for fixing such a long period to register the existing registered workers through online system were not found on records.

The Department stated (February 2019) that Aadhaar Card was made mandatory for the registration and renewal of workers to avoid double benefits. The reply was not relevant because the department did not furnish any justification for fixing the long period of four years to register the construction workers through online system which would delay the welfare benefits to the workers.

(iii) Allocation of Universal Access Number to worker

Secretary, Ministry of Labour and Employment, Government of India informed (September 2015) the Supreme Court that they were going to introduce Universal Access Number (UAN) to every registered worker so that if he or she migrates from one State to another, the benefit of registration does not get lost and the construction worker is not required to get himself/herself registered in another State.

Audit observed that no system of providing UAN to the construction worker was introduced by the Board till date.

The State Government may introduce Universal Access Number (UAN) to every registered worker, as was contemplated by the GoI (Ministry of Labour and Employment) during the year 2015 for the facility of migrant workers from one State to another besides taking the effective measures to register all the unregistered workers.

2.2.7 Financial management

The main source of income of the Board is cess levied and collected under Cess Act and the registration and contribution fee received from the registered construction workers.

Table 2.2.1: Details of receipts and expenditure of the Board for the period 2013-18

(₹in crore)

Year		Receipts				Expenditure		
	Opening Balance	Cess collected	Beneficiaries' contribution	Interest earned	Total funds available	Expenditure	*Per cent* of expenditure	Closing Balance
2013-14	408.43	120.52	1.60	43.47	574.02	81.78	14.25	492.24
2014-15	492.24	155.49	1.90	47.50	697.13	65.16	9.35	631.97
2015-16	631.97	145.97	3.13	55.95	837.02	126.79	15.15	710.23
2016-17	710.23	201.16	5.23	55.51	972.13	169.28	17.41	802.85
2017-18	802.85	163.82	4.76	56.64	1,028.07	166.81	16.23	861.26
Total		**786.96**	**16.62**	**259.07**		**609.82**		

Source: Departmental records

It is evident from the table that:

➢ **Out of available funds of ₹ 1,471.08 crore[68] with the Board, an expenditure of ₹ 609.82 crore (including ₹ 19.45 crore administrative expenses) was incurred on the welfare schemes for construction workers during 2013-18 which ranged between 9.35 and 17.41 *per cent* only**. This showed that the Board was not formulating sufficient schemes or not implementing the schemes effectively to provide maximum benefits to the workers**.**

➢ Due to short proposals or non/short implementation of the welfare schemes, there was huge accumulation of funds amounting ₹ 861.26 crore as on 31 March 2018, which was enhanced by ₹ 452.83 crore (i.e. more than 110 *per cent*) during the last five years.

The Department admitted the facts and stated (October 2018) that efforts would be made to speed up the utilisation of the collected cess on welfare schemes.

The Department may ensure implementation of schemes to provide maximum benefits to the eligible workers, thereby avoiding accumulation of funds.

2.2.7.1 Non-compliance of budgetary provisions

Section 25 of the Act provides that the Board would prepare budget for the next financial year showing the estimated receipts and expenditure and forward the same to the GoP and GoI for approval. During 2013-18, a budget provision of ₹ 902.31 crore was made by the Board against which expenditure of ₹ 609.82 crore was incurred as detailed in **Table 2.2.2** below:

68 Opening Balance (₹ 408.43 crore) + Cess collected (₹ 786.96 crore) + Beneficiary share (₹ 16.62 crore) + Interest earned (₹ 259.07 crore) = ₹ 1,471.08 crore.

Table 2.2.2: Details of budget provisions viz-a-viz expenditure incurred during 2013-18

(₹in crore)

Year	Budget provisions for Admn. expenses	Budget provisions for welfare schemes	Total budget provisions	Expenditure for Admn. expenses	Expenditure for welfare schemes	Total expenditure	Savings	*Percentage* of savings	Savings against budget provided for schemes (percentage)
1	**2**	**3**	**4=2+3**	**5**	**6**	**7=5+6**	**8**	**9**	**10=3-6**
2013-14	51.73	87.78	139.51	2.60	79.18	81.78	57.73	41	8.6 (10)
2014-15	7.96	135.30	143.26	3.43	61.73	65.16	78.10	54	73.57(54)
2015-16	9.36	197.70	207.06	4.01	122.79	126.80	80.26	39	74.91(38)
2016-17	5.19	197.02	202.21	4.89	164.39	169.28	32.93	16	32.63(17)
2017-18	5.44	204.83	210.27	4.52	162.29	166.81	43.46	21	42.54(21)
Total	**79.68**	**822.63**	**902.31**	**19.45**	**590.38**[69]	**609.83**	**292.48**		

Source: Departmental data

Analysis of the above table revealed that the budget estimates were prepared without any demand from the field offices. As a result of this, there were huge savings against the budget estimates ranging between 16 and 54 *per cent*. Whereas, in case of implementation of schemes, despite the fact that sufficient budget provisions were made but due to failure on the part of Board to implement the welfare schemes effectively, it was only able to utilize 10 to 54 *per cent* of the provided budget.

The Department admitted (October 2018) the facts and stated that efforts would be made to make the budget provision for the year approximately near to the actual expenditure.

2.2.7.2 Injudicious expenditure of ₹48.87 crore

(i) The Board had launched (May 2013) skill upgradation and vocational education scheme. Under the scheme, four skill development centres[70] were to be constructed so that training to the construction workers and their wards could be provided. For this purpose, the Board had released (between August 2015 and March 2017) ₹ 42.26 crore[71] to various executing/ development agencies from labour cess.

Further, the Board in a meeting (August 2014) decided to share ₹ 15 crore (i.e. 25 *per cent* of project cost) with Technical Education and Industrial Training Department for construction of four[72] Multi Skill Development Centres (MSDC). Consequently, the Board transferred (May 2016) ₹ 6.61 crore to Punjab Skill Development Mission.

[69] It includes expenditure of ₹ 4.06 crore on advertisement (₹ 3.11 crore) and on printing of Registration copies/forms (₹ 0.95 crore).

[70] (i) Amritsar; (ii) Jalandhar; (iii) Ludhiana; and (iv) Mohali.

[71] ₹ 30.88 crore during August 2015 to May 2016 and ₹ 11.38 crore during August 2015 to March 2017.

[72] (i) Amritsar; (ii) Ludhiana; (iii) Hoshiarpur; and (iv) Bathinda.

Audit observed that the Hon'ble Supreme Court ordered (September 2015) not to use the labour cess for construction of buildings of the schools, training centres etc. **In spite of that an expenditure of ₹ 39.70 crore was spent during September 2015 to March 2017.** The construction work was stopped (August 2016) on the orders of GoI (June 2016) and buildings were lying incomplete (February 2019) after spending of ₹ 48.87 crore.

Incomplete MSDC building at Amritsar, as on 24 May 2018

The Department admitted (October 2018) the facts and stated that the action would be taken as per directions issued by GoI.

Thus, injudicious decision of the Department to incur expenditure on construction of buildings in violation of Supreme Court orders tantamounts to contempt of Court. Appropriate action should be taken against delinquent officials.

(ii) Irregular expenditure on advertisements

Hon'ble Supreme Court ordered (September 2015) that expenditure incurred on advertisements out of the cess fund was not appropriate and any amount spent for this purpose should be recouped to the fund.

Audit observed that the Board had spent ₹ two crore on the advertisement of various schemes through print media and audio visual publicity[73] after September 2015 to March 2018 in contravention of *ibid* orders of the Supreme Court and not adhering to the GoP's instructions in this regard.

The Department stated (February 2019) that the expenditure was incurred on awareness campaigns, printing of leaflets, posters, forms, etc. on the directions (October 2010) of GoI. The reply was not acceptable because as per orders of the Supreme Court (September 2015), the expenditure incurred on advertisement was not appropriate.

2.2.7.3 Loss of interest ₹ 48.72 lakh

A Memorandum of Understanding (MoU) was signed (April 2015) with the Punjab Health Systems Corporation (PHSC) to provide health insurance to the construction workers registered with the Board under Rashtriya Sehat Bima Yojna (RSBY) scheme. The Board was to provide the funds to PHSC at the rate of ₹ 750 per family in the corpus in respect of live construction workers. Fifty *per cent* amount was to be provided in the corpus in advance and rest of the amount was to be deposited after utilization of 75 *per cent* of the earlier advance amount. PHSC was to create corpus to cover the construction workers. Any interest earned from the corpus was to be ploughed back in the corpus to provide support for the scheme. M/s. United India Insurance

[73] All India Radio, Doordarshan, FM radio, newspaper, flex banners and camps.

Company was engaged for this purpose. The insurance cover was limited to ₹ 50,000 per annum per family.

The Board had deposited (8 May 2015) an amount of ₹ 5.70 crore (50 *per cent* premium) for 1,52,016 live workers in the account of the PHSC and intimated (January 2016) the PHSC to invest the funds in fixed deposit account till the scheme came into force. But, PHSC did not invest the funds in fixed deposit account. The Insurance Company issued 16,429 health cards to the workers under the scheme. The scheme could not come into force because of introduction of a new health scheme [74] (March 2016) under which the beneficiaries were to be covered. The Board intimated the PHSC not to start the RSBY scheme and as such no benefit of the scheme was passed to any beneficiary. Thereafter, PHSC returned (16 June 2016) ₹ 5.70 crore on the request (March 2016) of the Board. The Board worked out an interest of ₹ 53.65 lakh at the rate of 8.5 *per cent* and administrative charges ₹ 4.93 lakh[75] and demanded remaining interest amounting to ₹ 48.72 lakh from the PHSC. However, PHSC declined to pay the interest as it had not invested the funds in any interest earning schemes. Thus, due to failure of the Board to insert investment clause in the MoU and ensure effective implementation of the scheme before investment of funds with PHSC had resulted into loss of interest of ₹ 48.72 lakh besides blockade of funds.

The Department stated (October 2018) that the matter would be taken up with the PHSC. Compliance is awaited in audit (July 2019).

2.2.7.4 Non-deposit of labour cess of ₹ 23.97 crore by the cess collecting authorities

GoP (Department of Labour) issued instructions (November 2008) for levy of labour cess at the rate of one *per cent* of the cost of construction. The cess collecting authorities would deposit the same with the Board on or before 10th of succeeding month. Section 8 of the Cess Act also provides that if any employer fails to pay any amount of cess within the time specified in the order of assessment, such employer shall be liable to pay interest on the amount to be paid at the rate of two *per cent* for every month. Section 9 of the Act provides that if any amount of cess is not paid within the date specified in the order of assessment, the authority may impose a penalty not exceeding the amount of cess.

Audit scrutiny of cess assessment files of 11 development authorities[76] (DAs) in seven selected circles revealed that though the DAs had collected ₹ 23.97 crore for the period between April 2013 and March 2018 as cess for

[74] Bhagat Puran Singh Sehat Bima Extended Yojna (BPSSBY) scheme.

[75] At the rate of ₹ 30 for 16,429 health cards issued by the Insurance Company to the beneficiaries.

[76] (i) Municipal Corporation (MC), Amritsar: ₹ 7.24 crore; (ii) Municipal Council (MCl.), Gurdaspur: ₹ 4.25 lakh; (iii) MC, Jalandhar: ₹ 10.36 crore; (iv) MC, Patiala: ₹ 4.22 crore; (v) MCl, Rajpura: ₹ 74.26 lakh; (vi) MCl, Sangrur: ₹ 71.80 lakh; (vii) Improvement Trust (IT), Amritsar: ₹ 13.73 lakh; (viii) IT, Gurdaspur: ₹ 11.86 lakh; (ix) Jalandhar Development Authority: ₹ 29.42 lakh; (x) Water Supply and Sanitation Division (WSS), Batala: ₹ 7.84 lakh; and (xi) WSS Division, Gurdaspur: ₹ 1.46 lakh.

various works executed but the same was not deposited with the Board. **Non-deposit of cess is an offence. Despite this, the Board had neither imposed any penalty against the DAs nor initiated any action to recover the arrears of cess.**

The Department while admitting (October 2018) the facts stated that an online system of deposit of cess would be developed to ensure the deposit of labour cess directly in the Board account. However, the reply was silent about the recovery of ₹ 23.97 crore.

The cases pointed out are based on the test-check conducted by Audit. The Department may examine similar cases and instruct the DAs to deposit the labour cess with the Board at the earliest. Responsibilities of the cess collecting authorities may be fixed for failing to collect the labour cess from the DAs.

2.2.7.5 Short-assessment and realisation of labour cess on Building Plans

The GoP issued (November 2013) instructions for collection of cess at the time of approval of building plans at ₹ 900 per square feet on the total covered area. Further, Rule 5(3) of the Cess Rules provides that the cess collected should be remitted to the Board within 30 days after deducting the collection charges at the rate not exceeding one *per cent* of the cess collected.

Audit observed that 12 DAs ***(Appendix 2.1)*** had approved 1,576 residential/ commercial building plans for an area of 61,10,490.54 sq. feet at a cost of ₹ 549.94 crore between November 2013 and March 2018. But, against the required collection of cess of ₹ 5.50 crore, only ₹ 3.23 crore were collected from them. Thus, due to short assessment/realisation of labour cess, the Board had suffered a loss of ₹ 2.27 crore.

Mention had been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3.5.2 (c) (i) and (ii)). While discussing the matter (October 2015), the Department apprised the PAC that a high power committee was constituted to look after the collection of cess.

Despite the constitution of committee (March 2015), the shortfall in deposit/collection of cess had increased from ₹ 48.52 lakh (April 2009 to March 2012) to ₹ 26.24 crore (as discussed in Paragraph 2.2.7.4 and 2.2.7.5) upto March 2018.

The Department admitted (October 2018) the facts and stated that instructions would be issued to collect the labour cess as per prescribed rates.

2.2.8 Implementation of welfare schemes

The cess collected by the Board was required to be spent on the welfare schemes run by the Board for registered workers under the Act. Twenty welfare schemes were launched upto March 2018.

During 2013-18, the Board incurred ₹ 590.38[77] crore on 18 welfare schemes and benefit was given in 4,00,608 cases. However, the Board failed to implement two schemes viz. tool kit scheme and housing scheme. Tool kit scheme was linked with Punjab Skill Development Mission under which skill development centres were still lying incomplete and housing scheme was yet to be implemented by the Board. In the seven test checked circles the Board had implemented 13[78] welfare schemes out of 18, details of which are given in **Table 2.2.3** below:

Table 2.2.3: Details showing monetary benefits disbursed under various welfare schemes in selected circles during 2013-18

(₹in crore)

Name of Circle	Amritsar		Gurdaspur		Jalandhar-I		Jalandhar-III		Moga		Patiala		Sangrur		Total	
Name of Scheme	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
Ex-gratia	86	2.19	96	1.97	187	3.52	124	1.68	297	6.90	236	4.48	232	4.57	1258	25.31
Shagun	538	1.54	649	1.80	631	1.71	528	1.32	1906	5.38	982	2.63	1223	3.28	6457	17.66
Funeral	155	0.24	447	0.64	250	0.34	159	0.20	538	0.84	336	0.64	288	0.52	2173	3.42
LTC	2388	0.48	31	0.01	171	0.03	422	0.08	3144	0.63	7591	1.52	3365	0.65	17112	3.40
Maternity	106	0.07	155	0.08	21	0.02	2	0	313	0.19	44	0.03	53	0.04	694	0.43
Stipend	7352	3.24	17028	10.19	8520	4.52	9519	4.57	24400	15.55	13503	8.88	10442	6.59	90764	53.54
Occupational Disease	0	0	0	0	2	0.02	0	0	59	0.40	0	0	1	0.01	62	0.43
General Surgery	0	0	150	0.18	37	0.11	12	0.02	254	0.41	0	0	37	0.04	490	0.76
Denture, Spectacles, etc.	0	0	62	0.01	3	0	2	0	1	0	0	0	7	0	75	0.01
Labour Shed*	0	0	0	0	0	0	1	0.05	2	0.40	0	0	2	0.13	5	0.58
Balri	0	0	0	0	3	0	0	0	0	0	2	0.01	0	0	5	0.03
Mentally Retarded	0	0	0	0	0	0	0	0	101	0.20	35	0.07	18	0.04	154	0.31
Cycle	188	0.05	800	0.20	1250	0.31	387	0.10	2967	0.74	6957	1.75	6192	1.55	18741	4.70
Total	10813	7.81	19418	15.08	11075	10.60	11156	8.02	33982	31.64	29686	20.01	21860	17.42	137990	110.58

Source: Departmental data

****Benefit of the labour shed was meant for workers as a whole. Therefore, individual beneficiary could not be ascertained.***

Irregularities noticed in the implementation of the welfare schemes are discussed below:

2.2.8.1 Irregular disbursement of monetary benefits under welfare schemes

(a) Section 14 of the Act provides that a registered worker would cease to be a beneficiary when he attains the age of 60 years or not engaged in building or other construction work for more than ninety days during the previous year. However, audit observed various irregularities in disbursement of welfare benefits in contravention of provisions of the Act, as detailed in **Table 2.2.4** below:

[77] It includes expenditure on advertisement (₹ 3.11 crore) and on printing of Registration copies/forms (₹ 0.95 crore).

[78] Details of implementation of five schemes circle-wise were not available with the Board.

Table 2.2.4: Irregularities in disbursement of benefits under welfare schemes

S. No.	Welfare scheme	Audit observations
1.	**<u>Ex gratia scheme</u>:** The scheme was launched on 11 March 2010. Under the scheme, immediate relief to the family [79] of the construction worker was provided in case of his/her accidental/natural death [80]. ₹ 25.31 crore were disbursed to 1258 beneficiaries of ex-gratia relief by the Board in seven selected circles during 2013-18.	The online registration system for registration and disbursement of benefits was started by the Board in September 2017 for all welfare schemes except ex-gratia. Therefore, the possibility of irregular/delayed payments could not be ruled out. ➢ In five circles [81], 24 cases of ex-gratia were approved due to the death of registered workers between April 2013 and May 2017. Scrutiny of assessment files revealed that the workers had already attained the age of 60 years at the time of their death. Therefore, they were not eligible for the benefits. In spite of that, payments amounting ₹ 47.50 lakh were made to families of these 24 workers against the spirit of the rules/scheme. ➢ In 28 cases of five circles [82], ₹ 73 lakh were disbursed to major sons and brothers of the workers. As major sons and brothers did not fall under the definition of family, the payment of ₹ 0.73 crore was unauthorised. ➢ Scrutiny of employer certificates provided for the registration of two beneficiaries revealed that they had started work in the establishment on 31.3.2014. However, both of them were registered on 3.2.2014 by the Board i.e. prior to the date of start of work. Ignoring this fact, ex-gratia payment of ₹ 2 lakh was made to their family members which was not as per instructions of the scheme. In respect of another, it was noticed that beneficiary was registered on 20.4.2015 without getting any employer certificate and a blank/unsigned certificate was found attached in the file. Hence, payment of ₹ 5 lakh[83] was disbursed to the ineligible workers. ➢ In Sangrur circle, ₹ 3 lakh were disbursed to the family of a worker who was found registered on 8.3.2016 but had died on 20.1.2016 i.e. was registered after his death. ➢ Six circles [84] irregularly disbursed ex-gratia payment of ₹ 1.24 crore to 55 beneficiaries without ensuring that the workers were engaged in construction work for 90 days in last year. It includes seven workers of Jalandhar-III circle who were paid ₹ 7 lakh despite the fact that they had not paid their contribution for the last two years.

[79] Family means the husband or wife, minor sons (including major sons who are insane or physically handicapped and unable to earn), unmarried daughters and the parents of the building worker who are solely dependent on him.

[80] ₹ One lakh (revised to ₹ 1.5 lakh w.e.f. August 2014 and w.e.f. October 2015 in case of accidental death: ₹ 4 lakh and natural death: ₹ 3 lakh).

[81] (i) Jalandhar-1: one case; (ii) Jalandhar-III: five cases; (iii) Moga : six cases; (iv) Patiala: five cases; and (v) Sangrur: seven cases.

[82] (i) Amrisar-1:six; (ii) Jalandhar-1:four; (iii) Moga: seven; (iv) Patiala: three; and (v) Sangrur: eight.

[83] One lakh each to two beneficiaries and ₹ 3 lakh to one beneficiary.

[84] (i) Amritsar-1: 10; (ii) Moga: 10; (iii) Jalandhar-1: 10; (iv) Jalandhar-III: 8; (v) Patiala: 7; and (vi) Sangrur: 10.

S. No.	Welfare scheme	Audit observations
		➢ Jalandhar-I circle disbursed ₹ 1.50 lakh to the family member of a deceased beneficiary who was not covered under the category of construction worker. ➢ Moga circle disbursed ₹ 4 lakh irregularly to a beneficiary who was covered under Bhagat Puran Singh Sehat BimaYojna (BPSSBY) scheme.
2.	**Funeral scheme**: The scheme was launched on 28.5.2013. Under the scheme, benefit of ₹ 20,000[85] was to be given for cremation and performance of last rites on the death of registered construction worker or to his family members.	➢ Five circles[86] disbursed ₹ 2.50 lakh to the families of 16 workers who were above the age of 60 years at the time of death. ➢ Two circles[87] disbursed ₹ 0.90 lakh to five major sons of the deceased workers. ➢ Jalandhar-I circle disbursed ₹ 0.10 lakh to a beneficiary who was not a construction worker. ➢ Sangrur circle disbursed ₹ 0.40 lakh to the family members of three deceased workers who were registered after their death. ➢ Five circles [88] disbursed ₹ 3.60 lakh to 23 beneficiaries without ensuring that the beneficiaries were engaged in construction work for 90 days during last year or not.
3.	**Shagun scheme**: Shagun scheme was launched in June 2011. Under the scheme, each registered construction worker was entitled to get ₹ 31,000[89] on the occasion of marriage of two daughters. During 2013-18, ₹ 17.66 crore were disbursed to 6,457 beneficiaries.	➢ Gurdaspur and Moga circles disbursed ₹ 0.93 lakh and ₹ 0.31 lakh to three and one beneficiaries, respectively for the marriages of their daughters despite the fact that the marriages were solemnised prior to the registration of beneficiaries. ➢ Four circles [90] disbursed ₹ 19.79 lakh to 69 beneficiaries who had already attained the age of 60 years at time of getting the benefit of the scheme. ➢ Three circles [91] disbursed ₹ 1.46 lakh to six beneficiaries on the marriage of their sisters. As sisters are not covered under the definition of the family, the payments were irregular. ➢ Three circles [92] disbursed ₹ 8.31 lakh to 31 beneficiaries without verification of work done for 90 days during the last year. ➢ Five circles [93] disbursed ₹ 8.06 lakh to 26 beneficiaries on the marriages of their under aged

85 Upto 22 December 2015: ₹ 10,000.

86 (i) Jalandhar-1: 2 cases; (ii) Jalandhar-III: 2 cases; (iii) Moga: 8 cases; (iv) Patiala: 2 cases; and (v) Sangrur: 2 cases.

87 (i) Amritsar-1:4 cases; and (ii) Sangrur: one case.

88 (i) Amritsar-1: eight cases, ₹ 1.50 lakh; (ii) Jalandhar-III: six cases, ₹ 0.60 lakh; (iii) Moga: four cases, ₹ 0.80 lakh; (iv) Patiala: one case, ₹ 0.20 lakh; and (v) Sangrur: four cases, ₹ 0.50 lakh.

89 Upto 29 March 2015: ₹ 21,000.

90 (i) Amritsar-I: 3 cases, ₹ 0.73 lakh; (ii) Moga:10 cases, ₹ 3.10 lakh; (iii) Patiala: 22 cases, ₹ 6.12 lakh; and (iv) Sangrur: 34 cases, ₹ 9.84 lakh.

91 (i) Jalandhar-III: 4 cases, ₹ 0.84 lakh, (ii) Moga: one case, ₹ 0.31 lakh and (iii) Sangrur: one case, ₹ 0.31 lakh.

92 (i) Jalandhar-I: 7 cases, ₹ 1.37 lakh; (ii) Patiala: 13 cases, ₹ 3.53 lakh; and (iii) Sangrur: 11 cases, ₹ 3.41 lakh.

93 (i) Amritsar-I: 2 cases, ₹ 0.62 lakh; (ii) Gurdaspur: 5 cases, ₹ 1.55 lakh; (iii) Moga: 8 cases, ₹ 2.48 lakh; (iv) Patiala: 7 cases, ₹ 2.17 lakh; and (v) Sangrur: 4 cases, ₹ 1.24 lakh.

S. No.	Welfare scheme	Audit observations
		(below 18 years) daughters in contravention of Section 2(a) of the Prohibition of Child Marriage Act, 2006.
4.	**Cycle scheme:** The scheme was launched on 18.2.2014 (for children of the construction workers) and on 16.2.2016 (for construction workers). Under the scheme, free cycles were to be provided to the children of registered workers once during the period they studied in 9th to 12th class. Further, registered construction worker was also entitled for a free cycle after at least one year of the registration and next entitlement was after every five years.	➢ The Board received applications from 57,647 workers and procured 32,424 cycles between April 2016 and August 2017. Out of these, 31,620 cycles were distributed among the beneficiaries. Remaining 804 cycles valuing ₹ 19.12 lakh were lying undistributed due to implementation of Election Code of Conduct in January 2017 in Punjab and non-tracing of applicants (June 2019). ➢ The cycle scheme for the wards of the workers was started in February 2014 but cycles were distributed among beneficiaries between April 2016 and August 2017 due to delay in procurement process, thereby denying the benefit to the wards for more than two years. ➢ In four circles[94], cycles were irregularly distributed to 67 beneficiaries who ceased to be construction workers at the time of sending demand of cycles to the Board. ➢ In Patiala and Sangrur circles, 10 and 20 cycles were irregularly distributed, respectively to 30 beneficiaries whose registration had expired by more than two years ago. ➢ In three circles[95], cycles were irregularly distributed to 51 beneficiaries who had not completed one year of registration at the time of sending demand for cycles to the Board. ➢ In all the seven circles, service entries of 90 days in the identity cards in the previous year was not verified before distribution of cycles in 4164 cases[96]. Thus, under the Cycle scheme ₹ 102.54 lakh was irregularly disbursed to 4,312 beneficiaries.
5.	**Leave Travel Concession Scheme**: The scheme was launched on 28.6.2011. Under the scheme, every registered construction worker would be eligible for Leave Travel Concession of ₹ 2,000 after every two years for journeys to religious/ historical places in India or visiting their home towns.	➢ Amritsar-I and Moga circle disbursed ₹ 0.14 lakh to seven workers who were registered after performing the journeys. ➢ Sangrur and Moga circle disbursed ₹ 0.24 lakh to 12 workers who were more than 60 years of age at the time of journey. ➢ Amritsar-I circle disbursed ₹ 0.18 lakh to nine workers without verification by the competent authority.

94 Gurdaspur-23, Moga-10, Patiala-10 and Sangrur-24.
95 Jalandhar I-1, Moga-3, and Sangrur-47.
96 Amritsar I-46, Gurdaspur-800, Jalandhar I-1025, Jalandhar III-173, Moga-1994, Patiala-36 and Sangrur-90.

S. No.	Welfare scheme	Audit observations
6.	**Stipend scheme:** The scheme was launched on 09.06.2009. Under the scheme, the benefit was to be given once in every class from Ist class to post-graduation level to the wards of registered construction workers. To get the benefit under the scheme, a certificate from the educational institute certifying that the applicant is/was a bonafide student of the educational institute, was also required.	➢ Out of 427 records test checked in schools where wards of construction workers were studying, it was seen that in case of 43 records, stipend of ₹ 1.84 lakh[97] was disbursed to non-construction workers. ➢ In six circles[98], an amount of ₹ 20.10 lakh was irregularly disbursed to 378 workers for their wards for the same class in different years against the instructions[99] of the scheme. ➢ In seven circles[100], an amount of ₹ 6.10 lakh was irregularly disbursed to 75 workers without ensuring that the workers were engaged in construction work for 90 days during last year or not. ➢ Jalandhar-III and Sangrur circle had disbursed ₹ 0.13 lakh to two workers without certification from the concerned school.

(b) Miscellaneous irregularities in other schemes

(i) Maternity Scheme:

The scheme provides that female and male construction workers would be entitled for ₹ 21,000 and ₹ 5,000 respectively on birth of each child upto a maximum of two children. The gap between date of registration and date of birth of child should be more than six months.

It was noticed that four circles[101] disbursed ₹ 3.23 lakh to 39 workers despite the fact that:

- ➢ The gap between the birth of their children and date of registration of workers was less than six months;
- ➢ Benefit was given on the birth of the third child, in contravention of instructions of the scheme.

(ii) General Surgery Scheme:

Under the scheme, financial benefit upto ₹ 50,000 or the actual expenses, whichever is less, could be paid to the registered beneficiary and their family members for general surgery.

97 (i) Amritsar-I: 6 cases, ₹ 0.39 lakh, (ii) Gurdaspur: 10 cases, ₹ 0.43 lakh; (iii) Jalandhar-I: 8 cases, ₹ 0.34 lakh; (iv) Jalandhar-III: 3 cases, ₹ 0.07 lakh; (v) Sangrur: 9 cases, ₹ 0.36 lakh; and (vi) Patiala: 7 cases, ₹ 0.25 lakh.

98 (i) Amritsar-1: 40 cases; (ii) Gurdaspur: 51 cases; (iii) Jalandhar-I: one case; (iv) Moga: 135 cases; (v) Patiala: 48 cases; and (vi) Sangrur: 103 cases.

99 Stipend, uniform and education allowance shall not be granted in case wards have failed in last class.

100 (i) Amritsar-1: 13 cases; (ii) Gurdaspur: 11 cases; (iii) Jalandhar-I: 10 cases; (iv) Jalandhar-III: 11 cases; (v) Moga: 9 cases; (vi) Patiala: 6 cases; and (vii) Sangrur: 15 cases.

101 (i) Amritsar-1: eight cases, ₹ 0.56 lakh; (ii) Moga: 19 cases, ₹ 1.59 lakh; (iii) Sangrur: 10 cases, ₹ 0.98 lakh; and (iv) Jalandhar-I: two cases, ₹ 0.10 lakh.

It was noticed that three circles[102] irregularly disbursed ₹ 3.69 lakh to 23 workers who were above the age of 60 years and without verification of prescribed criteria[103].

(iii) Occupational disease scheme:

Under the scheme, every registered worker or his family members were entitled to maximum of ₹ one lakh for the treatment of 16 types of dangerous diseases.

In Moga circle, ₹ one lakh was disbursed to one worker who was above the age of 60 years in contravention of scheme instructions.

The Department while admitting the audit observations stated (February 2019) that field offices had been instructed to ensure compliance of the guidelines while sanctioning the cases for payments in future.

Thus, failure of the department to ensure compliance with the guidelines of the schemes prior to release of benefits had resulted in irregular disbursement of ₹ 4.44 crore to the 5,198 ineligible workers *(Appendix 2.2)*.

The cases pointed out are based on the test-check conducted by Audit. The Government may examine similar cases in all the welfare schemes so that the eligibility as well as genuineness of the beneficiaries/cases could be ensured prior to the release of benefits under the welfare schemes.

2.2.8.2 Poor implementation of pension scheme

The GoP started (December 2013) a pension scheme for the welfare of construction workers. Under the scheme, a registered worker having three years of membership and who had completed 60 years of age was entitled for a pension of ₹ 2,000 per month and a family pension of ₹ 1,000 per month to the family member(s) of the beneficiary if he/she dies after completion of one year of registration.

The Board entered (February 2014) into an MoU with the Life Insurance Corporation (LIC) of India to launch the scheme which provided that the LIC would maintain database of eligible beneficiaries, manage funds of the Board for Pension scheme and provide annuity to the eligible beneficiaries as per rules of the scheme. As per MoU, the Board had to send quarterly data of eligible registered construction workers to LIC for issue of membership certificates[104]. Field offices would collect applications from the eligible beneficiaries and submit to the Board. After verification of requisite documents, the Board would submit the cases to LIC for issuance of Pension certificate.

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[102] (i) Sangrur: nine cases, ₹ 1.85 lakh (ii) Gurdaspur: 12 cases, ₹ 1.59 lakh; and (iii) Moga: two cases, ₹ 0.25 lakh.

[103] Beneficiary was not a member of Employee State Insurance and had exhausted the limit of ₹ 50,000 under Bhagat Puran Singh Sehat Bima Yojna.

[104] Membership certificate is issued to the eligible registered worker as per the availability of corpus fund with LIC.

Audit observed that the Board transferred (between February 2014 and January 2017) ₹ 235 crore to LIC for implementation of the scheme. Despite 3,57,477 live registered workers in the State, the Board had sent information of only 2,25,090[105] (as on 31 March 2018) registered workers to LIC. Out of which, LIC issued membership certificates to 1,35,090[106] workers up to March 2018. **It was further observed that the Board had identified 1,588 (upto January 2018) and 3,307 (upto March 2018) eligible registered workers for family pension and pension cases, respectively. But, only 165 cases (132 family pension and 33 pension cases) were approved upto January 2019 for issue of pension benefits**. Despite lapse of one year from the date of identification of beneficiaries, the field offices failed to submit 1,456 family pension and 3,274 pension cases along with requisite documents to the Board for onward submission to LIC.

Failure of field offices/Board to finalise pension/family pension cases of the eligible workers had deprived the pension/family pension to eligible workers; besides, non-funding to the corpus as per demand raised by LIC would deny the future pensionary benefits to 90,000 eligible workers.

The Department admitted the facts (February 2019) and stated that the field offices generally send incomplete data/information about the eligible construction workers.

The Government must ensure the clearance/finalisation of pension/family pension cases at the earliest so that the benefits of the scheme could be timely provided to the beneficiaries.

2.2.8.3 Implementation of National Health Mission scheme without survey

The Board decided (January 2016) to support 21 urban health kiosks[107] (UHKs) in seven[108] cities at the rate of ₹ 20,000 per month per kiosk under Urban Health Mission scheme[109]. For this purpose, a MoU for ten years was executed with State Health Society Punjab (SHSP) without having any feasibility study about the scheme. The kiosks were providing health facilities to all nearby slum area dwellers besides registered construction workers. The Board was to release ₹ 50.40 lakh to the account of SHSP for the operation and maintenance cost of 21 UHKs for the year 2016-17 in four instalments.

The Board released ₹ 37.80 lakh[110] to SHSP for the first three quarters of 2016-17. But, no data about the medical check-up of workers was provided to

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105 Information about remaining registered workers was not sent to LIC as these workers had not completed three years of membership with the Board.

106 The Board was periodically releasing the funds to LIC for corpus, created for the scheme. But, due to non-funding by the Board to the corpus during the last two years, membership certificates to 90,000 eligible workers were not issued by LIC.

107 A pre-fabricated structure equipped to provide basic health care services.

108 (i) Amritsar; (ii) Bathinda; (iii) Jalandhar; (iv) Ludhiana: (v) Malerkotla; (vi) Patiala; and (vii) SAS Nagar.

109 A scheme being in operation by the State Health Department.

110 ₹ 12.60 lakh on 22 March 2016 and ₹ 25.20 lakh on 2 February 2017.

audit by SHSP/Board. After analysis (November 2017) of data relating to medical check-up of construction workers in UHKs, the Board noticed that during March 2017 to September 2017, only 297 construction workers visited (out of total 660 patients) the UHKs for medical check-up. Keeping in view the high operating cost[111] of UHKs, the Board decided (March 2018) to stop funding the UHKs.

Audit observed that the scheme was started without any feasibility study or survey of the area. Therefore, it was withdrawn within two years due to high cost of expenditure per worker. **Thus, failure of the department to fund a scheme without proper survey had resulted into withdrawal of scheme without obtaining significant benefits for the workers besides having incurred huge expenditure**.

The Department admitted (October 2018) the facts and assured to rationalise the scheme on cost and benefit basis.

2.2.8.4 Non-maintenance of diary register

The Supreme Court issued directions (January 2010) that each State Government shall appoint Registering Officers and set up centres in each district to receive and register the applications and issue receipts for the same.

Audit observed that no diary register was maintained by the field offices to enter the applications received in support of claims and applications for registration. In its absence, date of receipt of application and delay in processing of application could not be verified in audit. The department did not furnish the reasons for non-maintenance of diary register.

The Government may ensure the maintenance of diary register at the Registering Officers level.

2.2.9 Human resource management

Availability of sufficient manpower is required for the successful implementation of any project/scheme. The Supreme Court also issued directions (January 2010) to all the States for the formation of Welfare Boards with adequate full time staff within three months.

Audit observed that the Board had not set up regional offices for the implementation of the Act and the work of registration of construction workers was entrusted to the regional offices of the Labour Commissionerate. In the circle offices, the officers of the Labour Commissionerate and Assistant Computer Operators (appointed by the Board) carried out the work of the Board.

It was further observed that there was shortage of staff in the Board as well as in circle offices, as detailed in **Table 2.2.5** below:

111 ₹ 20,000 x 21 x 7 months = ₹ 29.40 lakh to be paid by the Board for 297 workers in seven months i.e. ₹ 9,900 per worker.

Table 2.2.5: Details showing vacant posts in the Labour Department and the Board

Detail of vacant posts in the Labour department				Detail of vacant posts in the Board			
Post	**Sanctioned posts as on 25 February 2005**	**Person in position**	**Vacant as on 31 March 2018**	**Post**	**Sanctioned posts as on 30 April 2009**	**Person in position**	**Vacant as on 31 March 2018**
ALC/LCO	26	19	7	Project Director	1	0	1
Inspector grade-I	41	28	13	Assistant	4	1	3
Inspector grade-II	35	16	19	Public Relation Officer	1	0	1
-	-	-	-	Asstt. Computer Operator	91	78	13
Total	**102**	**63**	**39**		**97**	**79**	**18**

Source: Departmental data

Out of 199 posts, 57 (29 *per cent*) posts were vacant as on 31 March 2018. **Inadequate manpower had adversely affected the registration of establishments (as discussed in Paragraph 2.2.6.2), registration of construction workers (as discussed in Paragraph 2.2.6.3) and implementation of the schemes (as discussed in Paragraph 2.2.8).** But the department had not made any effort after July 2015 to fill the vacant posts.

Mention about this had been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3.7). While discussing the matter (October 2015), the PAC recommended to fill the vacant posts. However, the posts are still lying vacant.

The Department stated (October 2018) that the matter would be taken up with the State Government to fill the vacant posts. The reply was not acceptable because no effort was made by the department after July 2015 to fill the vacant posts; besides, **the Board had not ensured compliance to the *ibid* recommendations of PAC.**

2.2.10 Impact Assessment

2.2.10.1 Beneficiary survey

Audit visited (April 2018 to September 2018) 11 construction sites[112] along with the concerned labour inspectors and 214 workers were enquired about the schemes. The findings are discussed below:

- Only 20 (nine *per cent*) workers were found registered.
- 19 (nine *per cent*) were found aware about the welfare schemes.
- 6 (three *per cent*) workers had applied for the welfare scheme. However, workers were unable to show the receipt of deposit of applications for

[112] (i) P. K. Verma M/s Brahmputra Infrastructure Pvt. Ltd., Amritsar; (ii) Mukat Pipes, Rajpura; (iii) Showroom at Rajpura; (iv) Yadvendra Dreams Hotel, Sangrur; (v) Hotel Chef, Sangrur; (vi) Jalandhar Heights, Jalandhar; (vii) Bridge on main road at Banga; (viii) AGI Infra Ltd., Jalandhar; (ix) DC complex, Amritsar; (x) Hotel Lemon Tree, Amritsar; and (xi) Patel Infrastructure and Construction Ltd., Moga.

benefit. In the absence of which, authenticity of deposit of application could not be verified.

- 4 (two *per cent*) workers had availed the benefit of the welfare schemes.
- 4 (two *per cent*) workers had attended the camps organised for registration and awareness about the welfare schemes.
- 134 (63 *per cent*) workers were found migrant from other states.
- No worker was found aware about seven[113] out of 20 schemes at construction sites.

The Department admitted (October 2018) the facts.

2.2.10.2 Awareness campaigns

The Supreme Court directed (January 2010) that awareness should be built up about the registration of building workers and about the benefits available under the Act. There should be effective use of media, AIR and Doordarshan, for creating awareness.

Audit observed that the Board had organised following awareness campaigns in seven selected circles during 2013-18:

- Only 405 camps were organised. 24,588 workers were registered out of 30,768 persons who visited the camps;
- displayed 526 banners for welfare schemes;
- eight public meetings were held;
- Broadcast 2083 spots (May 2015 to July 2017) through All India Radio and FM radio;
- telecast welfare schemes for 1,61,865 seconds on Doordarshan from May 2015 to November 2016;
- Publicised welfare schemes 28 times in Newspapers.

It is evident from the above that more efforts are required to make the workers aware about the welfare schemes. Further, only 19 (nine per cent) workers were found aware of the schemes, out of 214 construction workers surveyed at 11 construction sites (as depicted in Paragraph 2.2.10.1). Thus, intensified efforts for aggressive campaign are needed to spread awareness about the schemes.

[113] (i) Labour Shed scheme; (ii) Mentally Retarded Children Benefit scheme; (iii) Urban Health Kiosk; (iv) Occupational Disease scheme; (v) Mobile Lab scheme; (vi) Tool Kit scheme; and (vii) Skill Development Centres scheme.

2.2.10.3 Sustainable Development Goals

The Board achieved the following Sustainable Development Goals:

- Good Health and Well-being Standards (SDG 3): The Board had started/implemented six health oriented schemes for the upliftment of the health standard of the workers and incurred ₹ 8.62 crore for 1,61,876 workers.

- Quality Education (SDG 4): The Board had also disbursed stipend to 1,40,947 workers to provide educational and learning opportunities to the wards of the workers in the State.

Decent Work and Economic Growth (SDG 8): The Board had incurred ₹590.38 crore on the implementation of 18 welfare schemes for the upliftment of construction workers and benefits were given to 4,00,608 workers during 2013-18. But, the Board failed to achieve the goal of providing technical education to the construction workers due to non-completion of Skill Development Centres. Besides, 8,37,986 workers were deprived of the benefits of the welfare schemes due to non-registration during 2017-18.

The Board stated (October 2018) that powers have been given to the inspectors to speed-up registration of the workers under online system. So far as incomplete Skill Development Centres are concerned, the Board stated that the action would be taken as per directions issued by the GoI. However, compliance was still awaited (July 2019).

The State Government should ensure the availability of sufficient funds at the earliest to complete the Skill Development Centres so that skilled labour could be developed.

2.2.11 Monitoring and internal control mechanism

(i) Section 15 of the Act provides that every employer would maintain a register in such form as may be prescribed showing the details of employment of beneficiaries employed in the building or other construction work. Section 43 read with Section 44 of the Act empowers the inspectors to inspect the premises of any establishment where construction work was in progress and ensure the safety measures taken by the establishments for safety of the workers. Such inspections would help in identifying the unregistered employers. Section 47 to 50 of the Act provide that imprisonment for a term up to three months or fine up to ₹ two thousand or both could be imposed for violations of the provisions of the Act.

➢ Inspection reports did not contain any information about the maintenance of register at site and submission of returns of employed labour.

➢ The Board had neither fixed any targets nor maintained any data of inspections carried out by ALCs in circle offices.

- No action was taken against 74 establishments found deficient of safety measures, 43 establishments found deficient of toilet facilities and 49 establishments who had not provided information about commencement of work as provided in the Act.

- State Advisory Committee decided (December 2015) to set up Internal Audit System for the Board. But no such system had been adopted as yet (February 2019). In the absence of which, effectiveness of the welfare schemes could not be assessed.

The Department stated (October 2018) that shortage of manpower was the major constraint in monitoring and internal control of the Board and in respect of non-setting up of Internal Audit System, it was stated that no such system was set up as yet and the matter would be discussed in the next meeting. However, compliance was still awaited (July 2019).

(ii) Loss of ₹ 25.24 lakh due to non-revalidation of cheques/demand drafts

Audit observed that 80 cheques of labour cess amounting ₹ 25.24 lakh received from the different departments/organisations were dishonoured during 2013-18 due to difference in titles, insufficient funds, outdated and stale instruments and signature mismatch. The Board had neither taken any action to re-validate the dishonoured cheques from the concerned quarters nor initiated any action to collect the new cheques which led to loss of ₹ 25.24 lakh to the Board.

Mention had also been made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.3.8), but the irregularity still persists.

The Department stated (October 2018) that mechanism would be devised for 100 *per cent* online deposit of cess into Board account. However, compliance is awaited in audit.

2.2.12 Conclusion

The functioning of the Board and implementation of the schemes were affected due to shortfall in regular meetings of State Advisory Committee and Expert Committees. Non existence of effective mechanism to register the establishments under the Act was noticed and workers were not identified or encouraged for registration; besides online registration system was very slow. Only ₹ 590.38 crore was spent during 2013-18 against the availability of ₹ 1,471.08 crore resulting in huge accumulation of cess fund with the Board. Thus, labour was being impoverished, as despite collecting a part of the workers' money, only meagre benefits were being provided to them through various schemes. Cases of short-collection and non-deposit of labour cess by cess collecting authorities were noticed. Various deficiencies in the implementation of schemes were noticed due to which irregular payments of ₹ 4.44 crore to 5,198 ineligible workers were made. Lack of intensified efforts for aggressive campaigning to spread awareness about the welfare schemes was also noticed. Shortage of staff, inadequate monitoring at Board level and lack of internal control had also contributed to ineffective implementation of welfare schemes.

2.2.13 Recommendations

In the light of audit findings, the State Government/Board must ensure:

(i) conduct of proper survey to enrol more establishments as well as encourage workers for registration and pursue with registered workers to continue their membership so as to avail benefits as envisaged in the Act;

(ii) to evolve proper mechanism to ensure that the cess was being collected and deposited regularly by the deductors;

(iii) to prepare efficient annual budget, keeping in view the available resources so that maximum benefits could be provided to the beneficiaries by proper implementation of welfare schemes; and

(iv) to strengthen the monitoring and internal control mechanism for proper implementation of Act and follow up of welfare schemes to access the economic growth of the workers.

The matter was referred to Government in September 2018; reply was awaited (August 2019).