

# Use of Direct Benefit Transfer (DBT) for financial assistance to the Building and Other Construction (BOC) Workers and Restriction on distribution of benefits in-kind by the State Welfare Boards

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In a recently issued order, the Ministry of Labour and Employment has directed the State Welfare Boards (SWBs) not to distribute articles and household items to the BOC workers and instead provide monetary assistance through Direct Benefit Transfer (DBT) into the workers' bank accounts. The order was circulated on 22nd March, 2021 to the Chief Secretaries, Principal Secretaries (Labour), Labour Commissioners and the Secretaries of the State BOCW Welfare Boards by the Ministry under the powers given to it by Section 60 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The Act aims at regulating the safety, health, welfare and other conditions of service of the construction workers through the State Welfare Boards (SWBs) in every State/UT.

It had come to the notice of the Ministry of Labour and Employment that some State Welfare Boards were issuing tenders or incurring expenditure on distribution of household items such as lanterns, blankets, umbrellas, tool-kits, utensils, cycles and similar other articles instead of on tangible welfare measures such as life insurance, health insurance, disability cover, maternity benefits and old-age pensions for the workers. Since the procurement process adds layers to the entire process, with apprehension of leakages both at the procurement stage and at the distribution end, hence this decision was prompted.

Transfer of money in the form of cash has been completely stopped by the instant order and any monetary assistance has to be necessarily given through DBT. The order also puts a ban on the distribution of articles in kind. It mentions that no benefit can be provided in-kind except in extra-ordinary circumstances such as natural calamities, epidemics, fire, accidents caused due to occupational hazard or similar other crisis and only with the prior approval of the State Government. This is done with the intent that the welfare of the construction workers is not compromised during exceptional situations.

Section 22(1) of the Act comprehensively stipulates the functions of the State Welfare Boards. Sub-sections (a) to (g) mandate the State Welfare Boards to spend the Cess fund on payment of premium for pension, group insurance scheme, scholarships to workers' children, medical expenses, maternity benefits and loans for house construction. As an exception, sub-section (h) allows the boards to spend on such other welfare measures and facilities as may be prescribed. It was observed that some State Welfare Boards had taken recourse to this sub-section of the Act and resorted to arbitrary use of cess funds for construction of buildings and distribution of articles and utensils instead of using it for the welfare of construction workers.

The order emphasizes that the social security coverage stipulated under Section 22(1) (a) to (g) will hold precedence over any other benefit being provided to the registered construction workers under Section 22 (1) (h) of the Act. After meeting these priority expenses as mentioned in Section 22(1)(a) to (g) of the Act, any balance of the cess fund can be utilized by the Boards for giving additional benefits as per the mandate given under Section 22 (1)(h) of the Act. To keep a vigilant eye on the nature of expenditure, the Ministry has asked the State Boards to furnish an Annual Return on the details of items on which the expenditure has been incurred under Section 22(1) (a) to (g) and Section 22(1) (h) separately.

The Cess fund is collected by the States at a uniform rate of 1% on the construction costs of the public and private construction works and utilised by the State Welfare Boards for the welfare of construction workers as per law. It was effectively utilised in 2020 during COVID lockdown to mitigate the adverse pecuniary impact

on the migrant construction workers. An advisory was issued by the Labour Ministry on March 24, 2020 to all states to provide financial assistance to the affected BOC workers via DBT from the welfare fund maintained by them. Most State Welfare Boards gave out grants ranging between Rs 1000 to Rs 6000 to the registered workers. As per the latest figures, Rs 5618 crores were disbursed by the State Welfare Boards to about 1.83 crore construction workers directly into their bank accounts through DBT.

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