



Cess Fund for Welfare of Construction Workers

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Why in News

Recently, the Ministry of Labour & Employment has Issued an advisory to all States/UTs to use the Cess Fund for Welfare of Construction Workers.

Key Points

- The advisory comes under Section 60 of the **Building and Other Construction Workers (BOCW) Act, 1996**.
 - The Act regulates the employment and conditions of service of building and other construction workers.
 - It provides for their safety, health and welfare measures and for other matters connected therewith or incidental thereto.
- All State Governments/UTs have been advised to transfer funds from the Cess Fund to the account of construction workers through **Direct Benefit Transfer (DBT) mode**.
- The amount to be granted to construction workers may be decided by the respective state governments and Union territories.
- The financial assistance at this point in time would help to mitigate the financial crisis of construction workers to some extent and boost their morale to deal with COVID-19.
- **About the Cess Fund**
 - The BOCW Cess Act, 1996, provides for the levy and collection of cess at 1-2 % of the cost of construction, as the Central government may notify.
 - The cess has been levied at the rate of 1% of the cost of construction, as notified by the Central government in its official gazette.
 - The cess is **collected by the State governments and UTs**.
 - It is utilised for the welfare of building and other construction workers by the respective State Building and Other Construction Workers Welfare Boards.

Cess

- Cess is a **form of tax** levied over and above the base tax liability of a taxpayer.

- Cess is resorted to only when there is a need to meet the **particular expenditure for public welfare**.
- Cess is not a permanent source of revenue for the government, and it is **discontinued** when the purpose of levying it is fulfilled.
- It can be levied on **both indirect and direct taxes**.
- **Examples :**
 - **Swachh Bharat Cess:** Introduced in 2015, a 0.5% Swachh Bharat cess was imposed to fund a national campaign for clearing the roads, streets and the infrastructure of India.
 - **Infrastructure Cess:** Announced in Union Budget 2016, this cess was charged on the production of vehicles.

Source: PIB