STATUTORY COMPLIANCE · 14

Labour Welfare Fund

Labour Welfare Fund support enquiries for contribution records and state-specific administrative requirements.

Labour Welfare Fund

Labour welfare fund is a statutory contribution managed by individual state authorities. The state labour welfare board determines the amount and frequency of the contribution. The contribution and periodicity of remittance differs with every state. In some states the periodicity is annual (Andhra Pradesh, Haryana, Karnataka, Tamil Nadu etc) and in some states it is to be contributed during the month of June & December (Gujarat, Madhya Pradesh, Maharashtra etc).

What is Labour Welfare Fund?

Labour welfare is an aid in the form of money or necessities for those in need. It provides facilities to labourers in order to improve their working conditions, provide social security, and raise their standard of living.

To justify the above statement, various state legislatures have enacted an Act exclusively focusing on welfare of the workers, known as the Labour Welfare Fund Act. The Labour Welfare Fund Act incorporates various services, benefits and facilities offered to the employee by the employer. Such facilities are offered by the means of contribution from the employer and the employee. However, the rate of contribution may differ from one state to another.

Scope of Labour Welfare Fund Act

The scope of this Act is extended to housing, family care & worker's health service by providing medical examination, clinic for general treatment, infant welfare, women’s general education, workers activity facilities, marriage, education, funeral etc. State-specific Labour Welfare Funds are funded by contributions from the employer, employee, and in a few states, the government also.

Applicability of the Act

In order to provide social security to workers, the government has introduced the Labour Welfare Fund Act. This act has been implemented only in 16 states out of 37 states including union territories.

The below table depicts the states in which the Act has been implemented and not implemented:

Applicable states

- Andhra Pradesh
- Chandigarh
- Chhattisgarh
- Delhi
- Goa
- Gujarat
- Haryana
- Karnataka
- Kerala
- Madhya Pradesh
- Maharashtra
- Odisha
- Punjab
- Tamil Nadu
- Telangana
- West Bengal

Not applicable

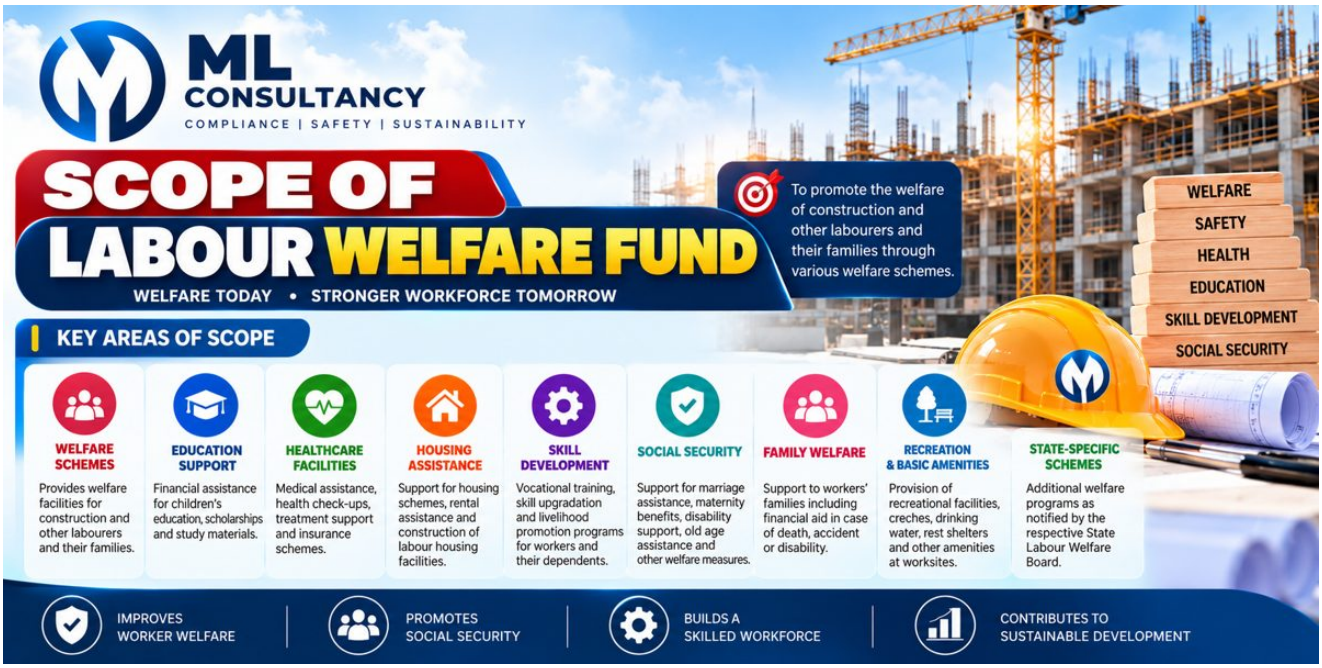
- Central
- Andaman and Nicobar Islands

- Arunachal Pradesh
- Assam
- Bihar
- Dadra and Nagar Haveli
- Daman and Diu
- Himachal Pradesh
- Jammu and Kashmir
- Jharkhand
- Ladakh
- Lakshadweep
- Manipur
- Meghalaya
- Mizoram
- Nagaland
- Puducherry
- Rajasthan
- Sikkim
- Tripura

Applicable States	Not Applicable States
Andhra Pradesh	Central
Chandigarh	Andaman and Nicobar Islands
Chhattisgarh	Arunachal Pradesh
Delhi	Assam
Goa	Bihar
Gujarat	Dadra and Nagar Haveli
Haryana	Daman and Diu
Karnataka	Himachal Pradesh
Kerala	Jammu and Kashmir
Madhya Pradesh	Jharkhand
Maharashtra	Ladakh
Odisha	Lakshadweep
Punjab	Manipur
Tamil Nadu	Meghalaya
Telangana	Mizoram
West Bengal	Nagaland
	Puducherry
	Rajasthan

Applicable States	Not Applicable States
	Sikkim
	Tripura

How Does the Process Work?



The contribution in the Labour Welfare Fund may be made annually, half yearly or monthly. The frequency may differ depending upon the state-specific Act. If the frequency is half yearly, the period of deduction shall be divided into two consecutive periods as per the date mentioned in the state-specific Act. The employer needs to make the deduction from the salary of the employee and submit the same to the Labour Welfare Fund board in the prescribed form before the due date.

Labour Welfare Fund Expenditure

The money in the Fund may be utilized by the Board to defray expenditure on the following:

- Educational facilities for the children of the workers.
- Transport facilities to the workers for commuting to work.
- Medical facilities for both private and public-sector employers to efficiently provide comprehensive medical facilities for their workers and their families.
- Recreational facilities in form of music, dance, drama, games, sports, paintings, etc. are usually offered to the employees to build a wholesome working environment.
- Housing facilities under this scheme offer loans to industrial workers for constructing houses at concessional rates.
- Home industries and subsidiary occupations for women and unemployed persons.
- Excursions, tours and holiday homes.
- Reading rooms and libraries.
- Vocational training.

- Nutritious food to children of employees.

FAQ

Q. What is the Labour Welfare Fund?

It is a statutory contribution managed by state labour welfare boards, funded by employers and employees (and in a few states the government), to provide welfare facilities for workers.

Q. Which states have a Labour Welfare Fund?

The Act has been implemented in 16 states and union territories, including Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Telangana and West Bengal. The full list is shown on this page.

Q. How often is the contribution paid?

It depends on the state. Some states collect it annually (for example Andhra Pradesh, Haryana, Karnataka and Tamil Nadu), while others collect it in June and December (for example Gujarat, Madhya Pradesh and Maharashtra).

Q. How is the contribution made?

The employer deducts the employee's share from salary and submits it, with the employer's share, to the Labour Welfare Fund board in the prescribed form before the due date.

Q. What is the fund used for?

Boards use it for workers' welfare, such as education for workers' children, transport, medical facilities, recreation, housing loans, vocational training, libraries and holiday homes.

Useful details to share when you enquire

- Business activity, site location and ownership details
- Existing applications, permissions and supporting records
- The registration or approval you need to discuss

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