**LABOUR WELFARE FUND ACT, 1965**

Labour Welfare Fund focuses on the welfare of the workers and provides services and facilities to the labourers by the employer to improve their standard of living, working conditions and give social security.

These facilities are offered by the contribution from the employers and the employee. The contribution rate differs from state to state.

The Labour Welfare Fund Act extends to housing, family care & worker's health service by providing medical examination, A 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 few states, the government also.

This act has been implemented in only 15 states. The act is applicable only to a selected category of employees, and it depends on the wages earned and the employee designation. And this also depends on each state.

This Welfare Fund contribution can be made monthly, half-yearly or annually. The frequency depends upon each State.  
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.

## **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 the 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, a 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 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 15 states out of 34 states including union territories.

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

## Andhra Pradesh

## Chandigarh

## Chhattisgarh

## Delhi

## Goa

## Gujarat

## Haryana

## Karnataka

## Kerala

## Madhya Pradesh

## Maharashtra

## Odisha

## Punjab

## Tamil Nadu

## Telangana

## West Bengal

## **Not Applicable States**

## Central

## Andaman and Nicobar Islands

## Arunachal Pradesh

## Assam

## Bihar

## Dadra and Nagar Haveli

## Daman and Diu

## Himachal Pradesh

## Jammu and Kashmir

## Jharkhand

## Lakshadweep

## Manipur

## Meghalaya

## Mizoram

## Nagaland

## Pondicherry

## Rajasthan

## Sikkim

## Tripura

## Uttar Pradesh

## Uttarakhand

The Labour Welfare Fund Act is not applicable to all categories of employees working in the establishment. It depends upon the wages earned and designation of the employee. Also, one needs to check the total number of employees working before extending this Act to their establishment. The applicability of the Act based on the number of employees may differ depending upon the state-specific Act.

**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. Further, 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**

In general, 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.
* Medical facilities for both private and public-sector employers to facilitate medical facilities for their workers and their families.
* Transport facilities to the workers for commuting to work.
* Recreational facilities in the 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.
* Excursions, tours and holiday homes.
* Home industries and subsidiary occupations for women and unemployed persons.
* Reading rooms and libraries.
* Vocational training.
* Nutritious food to children of employees.