

**'THE  
KARNATAKA  
LABOUR WELFARE FUND RULES, 1968**

(As amended by GSR 440, dated 11-11-1969, SO 2438, dated 23-9-1980; GSR 195, dated 27-8-1981; Notification Nos. LD 105 LET 2003, dated 19-7-2004 and LD 427 LET 2008, dated 25-9-2009)

**GSR 271.**—In exercise of the powers conferred by Section 19 of the Karnataka Labour Welfare Fund Act, 1965 (Karnataka Act 15 of 1965), the Government of Karnataka hereby makes the following rules, the draft of the same having been published in the Karnataka Gazette, dated 8th September, 1966 in Notification No. LMA 274 LLE 65, dated 23rd August, 1966, as required by sub-section (1) of the said section, namely:—

**1. Title and commencement.**—(1) These Rules may be called the Karnataka Labour Welfare Fund Rules, 1968.

(2) They shall come into force at once.

**2. Definitions.**—In these rules, unless the context otherwise requires,—

(1) "Act" means the Karnataka Labour Welfare Fund Act, 1965;

(2) "Form" means a form appended to these rules;

(3) "Section" means a section of the Act.

**3. Payment of fines and of unpaid accumulations by employers.**—(1) Every employer in any area in which the Act has come into force shall, **within fifteen days from the date of such coming into force**, pay to the Welfare Commissioner, by cheque, money order or cash all fines realised from the employees before the said date and in like manner transfer all unpaid accumulations held by such employer on the said date.

(2) The employer shall along with the payment or transfer under sub-rule (1) submit a statement to the Welfare Commissioner furnishing full particulars of the payments made.

(3) All fines realised from the employees and all unpaid accumulations accruing after the coming into force of the Act shall be paid by the employer in the manner specified in sub-rules (1) and (2) to the Welfare Commissioner once in every quarter on or before 15th of April, 15th of July, 15th of October and 15th of January.

**3-A. Submission of statement of payment of contribution by the employer.**—(1) Every employer shall submit to the Welfare Commissioner on or before 15th of January, of every year a statement in Form 'D' of the contributions by the employers and the employees paid during the preceding year.

(2) The Welfare Commissioner shall submit to the State Government on or before 15th of February of every year a statement in Form 'E' of the contributions by the employers and the employees received by him during the preceding year.]

**4. Notices for payment of fines and unpaid accumulation by Welfare Commissioner.**—(1) The Welfare Commissioner, may, after making such enquiries as he may deem fit, and after calling for a report from the Inspector, if necessary, serve a notice on any employer to pay all or any portion of the fines realised from the employees or unpaid accumulations held by him which the employer has not paid as required by Rule 3.

(2) The employer shall comply with the notice within fourteen days of the receipt thereof.

(3) The particulars of notice inviting claims for unpaid accumulations shall be in Form C.

**5. Maintenance and Audit of Accounts.**—(1) The accounts of the Fund shall be prepared and maintained by the Accounts Officer of the Board and shall be audited by the Controller, State Accounts Department, once a year. The Welfare Commissioner shall be responsible for the disposal of the Audit Note.

(2) The Board shall maintain complete and accurate accounts and the procedure in this regard shall be as specified in the Karnataka Financial Code, 1958. The accounts shall be balanced on the 31st March of each year:

Provided that on the application of the Board, the State Government may extend the said date by a period not exceeding thirty days.

(3) The annual accounts shall be set out and produced before the Controller of State Accounts or before any officer authorised by the Controller of State Accounts for scrutiny on or before 15th June each following the close of the financial year to which they relate:

Provided that on the application of the Board, the State Government may extend the said date by a period not exceeding thirty days.

(4) The annual accounts shall be authenticated by affixing the common seal of the Board together with the Auditor's report and four copies thereof shall be submitted to the State Government not later than the 1st November next following the year to which it relates.

(5) The annual audit of the accounts of the Board shall be conducted by the Controller of State Accounts. The auditor or auditors appointed in accordance with these rules shall be given access to all the books maintained by the Board relating to accounts and vouchers thereto and shall thereafter sign the auditor's declaration indicating separately on that form, under his signature or their signatures, a statement showing in what respect he or they find the accounts to be incorrect, unvouched or not in accordance with the rules. The particulars given in this statement shall indicate:—

- (a) every payment which appears to be unauthorised or contrary to the provisions of the Act;
- (b) the amount of any deficiency or loss which appears to have been incurred by the negligence or misconduct of any person; and
- (c) the amount of any sum which ought to have been but not brought to account by any person.

**6. Procedure for defraying expenditure.**—(1) The budget estimates for every financial year shall be prepared and laid before the Board on or before the 1st day of December of the previous financial year and after it is approved by the Board, the same shall be forwarded to the State Government for approval on or before the 15th December. The State Government shall approve the budget before the 15th January, after making such amendments and alterations as it considers necessary.

(2) The budget, amended or altered and approved shall constitute the budget of the Board for the financial year and shall be issued under the seal of the Board and signed by the officer or officers of the Board duly authorised in this behalf.

(3) An authenticated copy of the approved budget shall be forwarded to the State Government before the 28th February.

**7. Additional expenditure.**—(1) If during the course of the financial year it becomes necessary to incur expenditure over and above the provision made in the Budget, the Board shall immediately submit to the State Government, the details of the proposed expenditure and specify the manner in which it is proposed to meet the additional expenditure. The State Government may either approve the proposed expenditure after making such modifications, as it considers necessary, or reject it.

(2) A copy of the order passed by the State Government under sub-rule (1) shall be communicated to the Board and the auditor, if any, appointed by the State Government.

(3) The expenditure shall be incurred subject to the approval of the Board.

**8. Application for grant from Fund.**—(1) Any employer, local authority or any other body, may make an application to the Welfare Commissioner for a grant under sub-section (3) of Section 8.

(2) The Welfare Commissioner shall place every such application before the Board within a month of its receipt along with his remarks.

(3) The Welfare Commissioner shall forward the recommendations of the Board to the State Government for approval.

**9. Mode of payment.**—All payments from the fund amounting to:

- (a) less than rupees fifty, may be made in cash;
- (b) rupees fifty or more, shall be made by cheque issued by the Welfare Commissioner:

Provided that the Board may in any particular case, for special reasons, authorise such payments also in cash.

**10. Constitution of Board.**—(1) The Board shall consist of fourteen members, out of whom four shall be the representatives of employers and four of employees; four shall be persons of independent calling and two shall be representatives of women.

(2) The representatives each of employer and employee shall be appointed in consultation with such organisations of employers and employees as may be recommended for the purpose by the State Government.

**11. Reconstitution of the Board.**—The procedure to reconstitute the Board shall be the same as that prescribed for the Constitution of the Board under Rule 10.

**12. Allowances payable to Chairman and other members.**—(1) There shall be paid to the Chairman:—

- (a) If he is a non-official—
  - (i) an allowance of Rs. 500 per month; and
  - (ii) Travelling allowance at the rates admissible to an officer of the highest class under Part VIII of the Karnataka Civil Services Rules.
- (b) If he is a Government servant, his grade, pay and other allowances admissible to him under the Karnataka Civil Services Rules.

(2) The other members of the Board who are not ordinarily residing at the place where they are required to be present in connection with the business of the Board shall be entitled to travelling and daily allowance at the rates specified in List 'A' of the Annexure to the Karnataka Civil Services Rules and members who are ordinarily residing at such places shall be entitled to a sitting <sup>1</sup>[fee of rupees twenty] only per day of sitting.

1. Substituted for the words "fee of rupees ten" by SO 2438, dated 23-9-1980, w.e.f. 23-9-1980.

**13. Meetings of Board.**—(1) The Board shall meet at least once in every quarter and as often as may be necessary.

(2) Seven clear days' notice of a meeting specifying the date, time and place of the meeting and business to be transacted thereat shall be given to all members:

Provided that no such notice shall be necessary where, in the opinion of the Chairman, business of an emergent nature has to be transacted and the members have been informed accordingly.

**14. Quorum.**—The number of members necessary to constitute a quorum at a meeting of the Board shall be seven including the Chairman.

**15. Chairman to preside.**—Every meeting of the Board shall be presided over by the Chairman or, if the Chairman is for any reason unable to attend it, by such member as the members present may choose at the meeting.

**16. Adjournment of meeting.**—Where there is no quorum, the Chairman shall after waiting for thirty minutes after the expiration of the appointed hour adjourn the meeting to such hour on some other future day as he may reasonably fix. A notice of such adjourned meeting shall be sent to every member of the Board and the business which would have been brought before the original meeting, had there been a quorum thereat, shall be brought before the adjourned meeting and may be disposed of at such meeting, whether there be a quorum or not.

**17. All questions to be decided by majority.**—All questions at a meeting of the Board shall be decided by a majority of the members present and voting, the Chairman having a second or casting vote in case of equality of votes.

**18. Mode of exercising votes.**—Votes shall be taken by show of hands and the names of persons voting in favour and against any proposition shall be recorded only if any member requests the Chairman to do so.

**19. Minutes of the meeting.**—The Board shall keep minutes of the proceedings of each meeting of the Board and shall include therein the names of the members present. A copy of such minutes shall be submitted by the Board to the State Government as soon as they are confirmed by the Board.

**20. Limit of expenditure on the Staff, etc.**—The Board shall not spend towards the expenses of the Staff appointed by it and other administrative expenses any sum exceeding twenty per cent of the average annual income of the fund.

**21. Conditions of service of the staff of the Board.**—The conditions of service of the staff of the Board shall be the same as are applicable to the staff of the State Government governed by the Karnataka Civil Services Rules except to the extent specifically provided for in these rules.

22. **Welfare Commissioner.**—The Welfare Commissioner shall be appointed from among officers of the Department of Labour not below the rank of an Assistant Commissioner of Labour, on deputation, <sup>1</sup>[or on part-time basis].

<sup>2</sup>[23. **Delegation of Powers to the Welfare Commissioner.**—The Welfare Commissioner may exercise the following powers in addition to the powers conferred under Section 12, namely.—

- (1) to sanction promotion permanent of officiating or otherwise arrangements involving alternation in the pay of the rank of employees of the rank of non-gazetted Government servants not sanctioned to them within one year from the earliest date on which they could be sanctioned (*vide* Article 20(d) of KFC and Rule 20 of KCSRs) subject to economy orders issued from time to time by the State Government;
- (2) to sanction payment of arrear claims of account of contingent charges (including supplies and services) T.A. to non-officials for attending meetings and monthly recurring grant-in-aid not exceeding rupees three thousand in each case preferred one year after their becoming due (*vide* Article 21, Note 1 of KFC);
- (3) to sanction refunds of revenue claim on account of contingent including fees, fines *etc.*, admissible under Rules (*vide* Articles 142 to 144 of KFC);
- (4) to declare stores as obsolete surplus or unserviceable and dispose them subject to fixing responsibility for the loss where they have become obsolete, surplus or unserviceable owing to negligence or fraud, *etc.*, on the part of the individual employees (*vide* Article 168 of the KFC);
- (5) to sanction House Building, House Purchase or House Repair advance to subordinate employees of the rank of non-gazetted Government servants (*vide* Article 216 of the KFC);
- (6) to sanction Bicycle purchase advances to subordinate employees of the rank of non-gazetted Government servants (*vide* Article 233 of the KFC);
- (7) to sanction advances to subordinate employees of the rank of non-gazetted Government servants for purchase of Motor Cycle/Scooter/Moped/Cycle fitted with power packs (*vide* Article 225(a) of KFC);
- (8) to sanction write off of the following subject to quarterly statement of such write off being submitted to State Government

1. Added by GSR 400, dated 11-11-1969, w.e.f. 11-11-1969, KGD 27-11-1969.

2. Rule 23 substituted by Notification No. LD 105 LET 2003, dated 19-7-2004, w.e.f. 15-9-2004

in the case of Heads of Departments and to the Heads of Departments in other cases for review, namely. —

- (i) Values of store or Government/Board money lost other than by fraud or negligence of individual employees upto rupees ten thousand in each individual case subject to maximum of rupees two lakhs per annum;
  - (ii) Irrecoverable items of Board revenues upto rupees ten thousand in each individual case subject to maximum of rupees two lakhs per annum;
  - (iii) Irrecoverable amount of loans and advances upto rupees ten thousand in each individual case subject to maximum of rupees of two lakhs per annum (*vide* Article 306 of the KFC);
- (9) to specify in the case of subordinate staff security for the custody of Government/Board cash or stores and fix the amount in cases not covered by specific provision in the rules or Government orders- (*vide* Article 353 of KFC);
  - (10) to sanction expenditure on publication of official advertisements in newspapers upto rupees thirty thousand in each case (*vide* Rule 55(1) of MCE);
  - (11) to sanction the employment of unskilled part-time menials payable out of contingencies in subordinate offices for a total period not exceeding three years upto rupees six hundred-per month of each employee (*vide* Note 2 below Rule 7 and Rule 55(2)(b) of MCE);
  - (12) to sanction charges for repairs to office Bicycles-powers (*vide* Rule 55(7) of MCE);
  - (13) to sanction the purchase of books of reference relating to the special work of particular departments including periodicals like magazines and journals and books for their departmental libraries and for granting prizes and to sanction the free supply of purchases of Government, Publications required for reference in offices under their control from the Government Book Depot (*vide* Rules 45 and 55(9) of MCE);
  - (14) to purchase, if absolutely necessary for official purposes, Government of India publication and copies of administrative reports and the like issued by corresponding Departments of other States Government if they are not supplied free or on exchange basis (*vide* Rule 55(9)(d) of MCE);
  - (15) to sanction the purchase of Furniture upto rupees twenty thousand each time and rupees two lakhs per annum (*vide* Rules 28 and 55(11) of MCE);

- (16) to sanction the purchase of equipments upto rupees twenty thousand each time and rupees one lakh per annum;
- (17) to sanction for conveyance of office records in excess of eleven paise per Kilometre in maidan tracts and sixteen paise per kilometre in maidan tracts according to local circumstances (*vide* Rule 55(17) of MCE);
- (18) to sanction charges for section writing *i.e.*, copying manuscript by piece work (*vide* Rule 55(18) of Manual of Contingent Expenditure);
- (19) to sanction repairs of calculators, Duplicators, Furniture and other articles of office equipment (*vide* Rule 55(28) of Manual of Contingent Expenditure);
- (20) to sanction charges for insurance on special goods of Government/Board such as mathematical and scientific instruments, articles made of glass and other fragile articles when such insurance is a condition of transport (*vide* Rule 55(32) of MCE);
- (21) to sanction to purchase of topo-sheets and maps for use in offices (*vide* Rule 55(37) of MCE);
- (22) to sanction the hiring of private building including lands for Departmental/Board use in consultation with the House Rent Controller (if there is one) or the Executive Engineer of the Division upto rupees ten thousand each case per month (*vide* Rule 55(46) of Manual of Contingent Expenditure);
- (23) to sanction local purchase of stationery articles in offices upto rupees ten thousand each time and rupees two lakhs per annum (*vide* Rule 55(48) of Manual of Contingent Expenditure);
- (24) to sanction charges for shifting telephones from one office building to another (*vide* Rule 55(53) of Manual of Contingent Expenditure);
- (25) to sanction repairs to typewriters, including duplicators of offices (*vide* Rule 55(56) of Manual of Contingent Expenditure);
- (26) to sanction expenditure for participating in Dasara Exhibition or other similar important State exhibitions within the State upto rupees twenty-five thousand per annum;
- (27) to sanction expenditure for participating in District and other exhibitions within State, upto rupees twenty-five thousand per annum;
- (28) to sanction charges in connection with the publication of handbooks and leaflets;



- (29) to sanction refund of wrong or excess credits provided (*vide* Article 142 of the KFC);
- (i) Each claim is supported by treasury certificate or original credit and its non-payments;
  - (ii) The claim is preferred within three years of original credits;
  - (iii) It is clearly established that it was a case of wrong or excess credits.
- (30) to authorize subordinate employees to proceed on duty beyond the limits of their charges but within the State (*vide* Rule 16(a) of KCSRs);
- (31) to sanction in-charge arrangements in posts which are vacant or the incumbents of which are absentees and the filling up of which requires the sanction of a higher authority (*vide* Rules 32, 68, 192 and 196 of the KCSRs) employees who are in the scale of pay of:
- (i) Rs. 7400-13120 and above 4 months
  - (ii) Rs. 5575-10620 and above but below Rs. 7400-13120 6 months
  - (iii) Rs. 2500-3850 and above but below Rs. 5575-10620 Full Powers
- (32) to sanction the extension of joining time to subordinate employees of the rank of non-gazetted Government servants upto fifteen days (*vide* Rule 82 of Karnataka Civil Services Rules);
- (33) to sanction maternity leave to married female employees of the Board (*vide* Rule 135 of KCSRs);
- (34) Sanction of leave other than special disability leave to subordinate staff (*vide* Rules 192 and 196 of KCSRs);

Board employees who are in the scale of pay of.—

- (i) Rs. 7400-13120 and above - 4 months
- (ii) Rs. 5575-10620 and above but below Rs. 7400-13210 - 6 months
- (iii) Rs. 2500-3850 and above but below Rs. 5575-10620 - Full Powers

**Note.**—The powers to sanction leave as above includes the powers to sanction leave preparatory to retirement but does not include the powers to refuse earned leave applied for as leave preparatory to retirement.

- (35) to sanction of encashment of earned leave once in block period of two years in accordance with Rule 118 of the Karnataka Civil Services Rules;

- (36) encashment of earned leave at the time of retirement or death while in service in accordance with Rule 118-A of the Karnataka Civil Services Rules;
- (37) to sanction disbursement to subordinate employees of the rank of non-gazetted Government servants of arrears of leave salary arising as a result of the sanction or communication of leave more than one year from the date of relief (*vide* Rule 198 of the KCSRs);
- (38) to sanction in exceptional cases, road metrage both ways for road journeys made by subordinate servants between places connected by rail (*vide* Rule 462(h) of KCSRs);
- (39) to sanction daily allowance for halts on tour exceeding ten days at a place to subordinate servants (*vide* Rule 516 of KCSRs):
  - (i) thirty days in the case of employees of the rank of Gazetted Officers;
  - (ii) ninety days in the case of employees of the rank of non-gazetted officers.
- (40) to allow subordinate servants on transfer, the actual cost of transport by rail or other craft or their conveyance at owner's risk (*vide* Rule 532(3)(A)(1), (2) and (4) of the Karnataka Civil Services Rules);
- (41) to accord administrative approval to works to be executed by the Public Works Department against funds provided in the Budget, upto rupees twenty lakhs each work.

**Note.**—In the case of major works estimated to cost rupees one lakh and above, the powers approved to only works for which there is specific provision in the Budget.

- (42) to order the casual and emergent purchase of stores which should normally be purchased through the Stores Purchase Department without reference to the Stores Purchase Department, upto rupees twenty thousand each time subject to rupees one lakh per annum;
- (43) empowered to subscribe two newspapers/periodicals to his office;
- (44) Appointment of temporary staff of Group 'C' and Group 'D' grade in leave vacancies upto a period of six months;
- (45) Sanction of Medical Charges to non-gazetted staff-Full powers;
- (46) Sanction of expenditure for community necessities not exceeding rupees ten thousand at a time;
- (47) Sanction of expenditure for Games and Sports at a cost not exceeding rupees twenty-five thousand at a time;

- (48) Sanction of expenditure for entertainments and other forms of recreation at a cost not exceeding rupees five thousand at a time.]

**[23-A. Approval of expenditure incurred by the Welfare Commissioner.**—Any expenditure incurred by the Welfare Commissioner shall be placed in the immediate next meeting of the Board for the information and its approval.]

**24. Duties of Inspectors.**—An Inspector shall make such examination as may appear to him to be necessary for the purpose of satisfying himself that the provisions of the Act and of the rules and any order passed by the Government under the Act are duly observed. In particular, he shall satisfy himself and make,—

- (i) such examination of the premises and of any prescribed registers, records and notices and take on the spot or otherwise, evidence of any person as he may deem necessary, for carrying out the purposes of this Act; and
- (ii) exercise such other powers as may be necessary for carrying out the purposes of this Act:

Provided that no person shall be required to answer any question or give any evidence tending to incriminate himself.

**25. Expenses of the staff and other administrative expenses of the Board.**—The expenses of the clerical and executive staff appointed by the Board and other administrative expenses shall not exceed twenty per cent of the annual income of the fund:

Provided that the Board may with the previous sanction of the State Government incur such expenses in excess of the percentage specified above.

**26. Disposal of property.**—The Board may—

- (a) dispose of by sale or exchange, any moveable property belonging to the Board, the value of which does not exceed ten thousand rupees in each case, or grant for any term not exceeding 12 months a lease of any immoveable property belonging to the Board;
- (b) with the sanction of the State Government, lease, sell or otherwise dispose of other moveable or immoveable property belonging to the Board.

**27. Procedure for execution of contracts.**—(1) The Board may enter into and perform all such contracts as it may consider necessary or expedient for carrying into effect the provisions of the Act.

(2) Every contract made under or for any purpose of the Act shall be made on behalf of the Board,—

- (i) by the Welfare Commissioner; or

- (ii) subject to such conditions as it may specify by such member or officer of the Board as it may authorise:

Provided that the prior sanction of the State Government shall be obtained in respect of any contract involving an expenditure exceeding ten thousand rupees.

(3) Every contract entered into by any person referred to in sub-rule (2) shall be entered into in such manner and form as would bind him if it were made on his own behalf and any other in like manner and form be varied or discharged:

Provided that the common or official seal, as the case may be, of the Board shall be fixed into every contract for amounts exceeding one thousand rupees.

**28. Publication of annual report of Board.**—The Board shall within three months of the date of the closing of each financial year, submit to the State Government for approval an audited statement of receipts and expenditure together with an annual report giving its activities during the year. After the statement and report are approved by the State Government, the Board shall cause the same to be published in such manner as it may deem fit. Every such statement and report shall be laid before each House of the State Legislature as soon as may be after they are published.

**29. Maintenance of Registers by certain employers.**—(1) Every employer of an establishment to which the Payment of Wages Act, 1936, does not apply shall maintain—

- (a) a register of wages in Form 'A'; and  
(b) a consolidated register of unclaimed wages and fines in Form 'B'.

(2) Such employer shall, by the 31st January every year, forward to the Welfare Commissioner, a copy of the extract from the Register in Form 'B' pertaining to the previous year.

#### FORM A

[See Rule 29]

#### Register of Wages

Sl. No.	Name of the employe	Ticket and Badge No.	Occupation
1	2	3	4



- |   |
|---|
| (i) Basic Wage .....                                      |
| (ii) Overtime .....                                       |
| (iii) Dearness Allowance<br>and other<br>allowances ..... |

Total of (1) and (2) .....

\*See definition of "unpaid accumulations" under Section 2(1) of the Karnataka Labour Welfare Fund Act, 1965. For example in the column for the quarter ending June 1953 should be shown the payments which become due to the employees during the quarter January-March 1950 and which have since remained unpaid.

### FORM C

**Particulars to be furnished in the notice to be published by the Board under Section 7(3) of the Karnataka Labour Welfare Fund Act, 1965**

1. Name of the employer .....
2. Name of the worker with Token  
No. and Address           Man  
                                      Woman  
                                      Child.
3. Section in which he/she was working .....
4. The period to which the unpaid  
accumulation relates .....
5. Details of wages earned by the worker:
  - (a) Actual wages (Basic) .....
  - (b) Over-time wages .....
  - (c) D.A. ....
  - (d) Other allowances .....
  - (e) Deductions, if any .....
  - (f) Balance due to the worker .....

**FORM D***[See Rule 3-A]*

Statement of employers and employees contribution to be sent by the employer by 15th of January.

1. Name and Address of the establishment.
2. Name of the employer.
3. Total number of workers whose names stand in the establishment registers as on 31st December.
4. Employees' contribution at the rate of Re. 1 per employee.
5. Employers' contribution at the rate of Rs. 2 per employee.
6. Total of items 4 and 5.
7. Whether the contribution is sent by Cheque, Bank Draft, Money Order or Cash and details thereof.

.....  
Signature of the employer.

**FORM E***[See Rule 3-A]*

Statement of employers contribution received by the Welfare Commissioner for the year ending 31st December.

<i>Name of the establishment</i>	<i>Amount of employers and employees contribution received by the Welfare Commissioner</i>

.....  
Total: Rs.

.....  
Signature of the Welfare Commissioner.

ABSTRACT:

Employees' contribution Rs.

Employers' contribution Rs

.....  
Total Rs.

Government contribution to be received Rs. ....

.....  
Welfare Commissioner.]