

HUMAN RESOURCE DEVELOPMENT' - A CASE STUDY  
ON COMPENSATION PLANNING IN  
FEW SELECT ORGANISATIONS



A

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## **Certificate of Origin**

This is to certify that Shri Jyotish Goswami, M.Com Lecturer , Dispur College has completed his research work entitled "**Human Resource Development-A Case Study on Compensation Planning in few Select Organisations**" under my guidance. He has fulfilled all the requirements of Ph.D regulation of Gauhati University. The thesis is a genuine record of research based on primary and secondary data. It is further certified that the work has not been submitted in part or full to any other university or institutions for the award of any Degree or Diploma.

The thesis is of high standard expected of a candidate for Ph.D degree and I recommend that it may be sent for evaluation

**Place- Guwahati.**

**Date.** 20.12.2016

*(H.K Baruah)*

## DECLARATION

I declare that this thesis entitled "**Human Resource Development- A Case Study on Compensation Planning in few Select Organisations**" submitted by me for the award of Doctor of Philosophy in the Faculty of Commerce, Gauhati University, is original and it has not been submitted previously in part or full to this or to any other University for any Degree / Diploma or other similar titles.

Place: Maligaon, Guwahati-33

Date: 31<sup>st</sup> Dec, 05



Jyotish Goswami

## **PREFACE**

An entity is formed for the fulfillment of certain objectives like earning a desired rate of return on its investment, exploitation of natural resources, development of a given backward area and supplying to the public some essential goods and services. All the physical and financial resources are the tools used by human being to achieve the desired goals. Labour is an important input in all the activities, labour has been discussed and analysed in economics since the time of classical economists. The objectives of all the entities can be achieved by managing men. Again development of human resource is the cause of economic or overall development of a country. Low growth and unemployment are the main concern of our economy. Unemployment means wastage of labour because labour cannot be stored up. Unused labour is loss of resource for the country. Thus the human resource management receives the attention of economists and social thinkers to make proper use of this resource for the overall development of the economy. The ministry of human resource development in India has considered the multifaceted aspects to develop these resources during the recent years.

Human resource development is concerned with the optimum use of human resource; it can contribute great benefit at both the national level and organizational level. At national level it would be concerned with such factors as the population and economic development, provision for education facilities and geographical mobility. For an individual, it is important because it helps him to improve his skills and utilize his capabilities and potentiality to the utmost. For an organization it is important because it improves its efficiency and productivity. Thus the objective of human resource planning is to maintain and improve the organizations ability to achieve its goal by developing strategies that will result optimum contribution of human resource.

Employee compensation is a vital part of human resource management. Wage, Salaries and other forms of employee compensation constitute a very



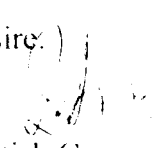
large component of operating costs. One of the biggest factor affecting industrial relations is the salary of the worker. Majority of union management dispute relate to remuneration .No Organisation can expect to attract and retain qualified and motivated employees unless it pay them fair compensation. Employee compensation therefore influences vitally the growth and profitability of the organisation .For employees pay is more than a means of satisfying their physical needs. It provides them a sense of recognition and determines their social status. Remuneration is directly or indirectly one of the main springs of motivation in our society. Wages and salaries have significant influence on distribution of income, consumption, saving, employment, and prices.

The various steps involved in determining the compensation package. They are job analysis, wages or salary surveys, analysis of relevant organizational problem, forming or designing wage and salary structure, framing rules of wages or salary administration, explain these to employees, assigning grades and price to each job and paying the guaranteed wages or salary.

This study is an attempt to examine the Compensation Planning of the few select organisations as a mechanism for the human resource development. It is an attempt to examine the method of wage fixation. The study has shown human resource development through Compensation Planning because a good Compensation Package is a mechanism to induce working force to do hard work for achieving organizational goals as well as to improve industrial relation and social development

In view of the above, as an employee of an organisation. I have a keen desire to study compensation package as a subsystem of human resource development. This study is the result of my long standing desire. )

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I express my sincere gratitude to all the staff of Accounts Branch of G.U specially Pension & P.F Section for the valuable suggestion and encouragement given to me. I acknowledge a sense of gratitude to all the officers and staffs of the select organisation, employees of the K.K Handique Library, Gauhati University, teaching staff and Principal of Dispur College, Guwahati and all the concerned whose invaluable help, suggestion,encouragement and Co-operation have made my research a successful one.

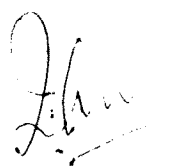
I am deeply appreciative to my wife “Rupali”, my parents ,brothers , sisters, brother in law, Sister in law, my Uncles, Aunts and my cousins,

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# **CHAPTER I**

## **Introduction**

## 1.1 Introduction :

An entity is formed for the fulfillment of certain objectives like earning a desired rate of return on its investment, exploitation of natural resources, development of a given backward area and supplying to the public some essential goods and services. All the physical and financial resources are the tools used by human being to achieve the desired goals. Labour is an important input in all the activities, labour has been discussed and analysed in economics since the time of classical economists. Labour is the most important input in each and every organisation. The objectives of all the entities can be achieved by managing men. Again development of human resource is the cause of economic or overall development of a country. Low growth and unemployment are the main concern of our economy. Unemployment means shortage labour because labour cannot be stored up. Unused labour is loss of resource for the country. Thus the human resource management receives the attention of economists and social thinkers to make proper use of this resource for the overall development of the economy. The ministry of human resource development in India has considered the multifaceted aspects to develop these resources during the recent years.

The quality and calibre of the people working in an organisation is the real asset of the organisation. Human beings are the most precious part of an organisation. An organisation with incompetent people will fail sooner or later but on the other hand competent persons can take the organisation ahead even in the adverse environment. The success or failure of an organisation largely depends on the people who are managing the affairs of the organisation. When Henry Fayal, a French management scientist, took over the charge of his company, it was on the verge of bankruptcy. His managerial ability made the company successful in a short span of time.

Human resource is of paramount important in the success of any organisation because most of the problems in organisational setting are human



and social rather than Physical, technical or economic. Failure to reorganise human resource cause immense loss to the nation. In the word of Alfred Marshall “the most valuable of all capital is that invested in human beings.” From Social point of view, an enterprise combines two sorts of resources, a group of human beings and a group of Physicals assets. The later in isolation of the former is useless. The concept of “Human value” is derived from general economical value theory. Like all resources, people posses value because they are capable of rendering future services. Therefore, the value of human resources like other resources can be defined as the present worth of their future expected services.

The valuation of human resource is the basic of human resource accounting which would help to treat human resource of an organisation as an important asset. The quality and competency of human resource helps the entity to grow in the changing environment.

[As a factor of production labour i.e. human resource of an organisation should be adequately compensated for services rendered by the employees. The payment of wages and salary is termed as compensation. In the changing environment, compensation planning has primary objective of creating a system of remuneration which is equitable from the view point of both employer and employee.] The determination of a rational wage policy is entirely based on not only the internal issues of equity and job worth but also on the larger issues of economy and society.

(Formulation of rational wage policy has always been one of the most significant social demands. Earlier wage fixation was the concern of the employer. But with the industrial development and progress of education wage fixation has become a matter for the three parties, employer, employee and the state. Wages and salaries for securing food, clothing, shelter, transportation, insurance, pension plans, education and other physical, maintenance and security factor are available through the purchasing power provided by the

money income of wages and salary. The high cost of living condition of the people demand for higher wages and better working condition creates price, market and production. There are conflict between employers and the employees in the settlement of wage policy. The conflict creates various problems on the society. The final burden of finding a solution to these problems of wage policy ultimately falls on the Government.

Economic development can be effected by maximising gross national product of the country. An important objective of our national policy is the achievement of maximum economic welfare. To maximise economic welfare, national income should be divided equally among all the members of the society. In order to secure economic welfare, some conditions are to be fulfilled. These are — (i) The full employment and optimum allocation of all resources. (ii) Highest degree of economic stability along with economic development. (iii) Maximum income security for all sections of the society. The main objectives of wage policy must be achieving these conditions.

Human Resource Development is “the process by which a management determines how an organisation should move from its current man power position to its desired manpower position. Through planning, a management strives to have the right number and the right kinds of people at right places at the right time to do things which result in both the organisation and individual receiving long range benefits”<sup>1</sup> Human being differ from one another in their basic mental abilities, personality, interests, skill, intelligence, attitudes, aspirations, experience and behaviour. The performance of human beings and their behaviour on a particular job is influenced by intangible psychological and social factors such as family culture, education, personal likes and dislikes, emotions, job conditions, the welfare facilities and privileges available to them while at work, the wages and salaries they receive and above all, job

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1. Velter, Evic W, *Man Power Planning for High Talent Personnel*, 1967, P15

satisfaction and the material rewards or punishment they receive.

“Manpower” or “Human Resource” may be thought of as “the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's work force, as well as the values, attitudes and benefits of an individual involved. It is the sum total of inherent abilities, acquired knowledge and skills represented by the talents and attitudes of the employed persons.”<sup>2</sup> A human being is capable of producing new ideas, developing and improving capital goods and modifying the available physical and financial resources in order to achieve greater productivity, satisfaction and the goals set by an organisation.

Sophocles said, “The wonder of wonders is man, who has infinite capacity to think, to develop, to create, to invent, to feel, to love, to give, to kill, to respect and to hate, analyse or destroy” Human beings are complex in their behaviour and in their psychological make-up. Human behaviour is directed towards the fulfillment of some aspirations, needs, drives, wants etc. Every individual can and is able to work; but he may or may not be willing to work at all for wants of certain incentives, motivation or a particular work situation or out of mere indolence and lethargy. His willingness to work is based on largely on a management's ability to integrate the interests and needs of its employee with the objectives of the organisation. As Human Resource Development is concerned with the optimum use of human resources, it can bring great benefit at both the national and the organisational levels. At the national level, it would be concerned with factors such as the population and economic development. Provision for education and geographical mobility would be the government's responsibility. For an organisation, it is important because it improves its efficiency and productivity. For an individual it is important because it helps him to improve his skills and utilize his capabilities and potential to the utmost.

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2. Megginson, Leon C., *Personnel and Human Resource Administration*, 1977, P.4 /

For an organisation, it is important because it improves its efficiency and productivity. For an individual it is important because it helps him to improve his skills and utilize his capabilities and potential to the utmost. Manpower Planning can even be undertaken at the trade association's level for a particular industry.

Human Resource Development is a neglected area in the Indian context only a handful of companies uses a few mechanisms in this practice. Such companies however report that human resource development helps them in many ways. Firstly, forecasting of long-term manpower requirements helped them to forecast the compensation cost involved. Besides, by anticipating manpower needs, they have an opportunity for developing existing manpower to fill the future operation through promotion. They report that this attitude of encouraging existing employees creates a very favourable psychological climate for their motivation. Manpower planning also enables through performance appraisals in the manpower management cycle, determination of the weakness of the existing manpower so that corrective training could be imparted. Thus their training programmes become more effective. Developed manpower results in a relative reduction in the manpower costs. Particularly in the area of management succession, manpower planning makes a very useful contribution. Although there is unemployment in India, persons with the requisite skills and particularly managerial skill are still in short supplies.

Human resource planning leads to the maximum utilization of human resources reduce excessive labour turnover and high absenteeism; improves productivity and aids in achieving the objectives of an organisation. Faultily used, it leads to disruption in the flow of work, lower production, less job satisfaction, high cost of production and constant headaches for the management personnel. Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own peril. Human resource planning is the responsibility of both the line and the staff

manger. The line manger is responsible for existing man power requirements. The staff manager provides the supplementary information in the form of records and estimates. The staff manager is expected to: i) report about man power utilization in the present and the past, ii) Provide help and advice mangers on the assessment of manpower utilization and to develop sources of information and techniques for purpose of comparison ; (iii) administer the procedure of forecasting or objective setting;(iv) present the overall

An organisation, whether formal and informal, large and small, is composed of people — the human resources who come from different walk of life and who are different from one another in their psychological make-up. The quantity and quality of human resources are modified by such environment factors as education, training and development. With the help of acquired knowledge of producing new ideas, developing and improving capital goods and modifying the available physical and financial resources in order to achieve greater productivity, satisfaction and the goals set by an organisation. Capital, national resources, foreign aids and international aid play an important role in economic growth, but none of these factors is more important than an efficient pool or well educated well trained and highly developed personnel, through whose creative efforts the goals of an organisation may be achieved. The handling of physical material and financial resources is quite different from that of human beings because the latter are not standardised, interchangeable or passive like the resources of the materials or of in animate objects.

Modern management has been increasingly aware of the fact that 'human factor' is the most important of all the factors of production. As Douglas McGregor put it as. "Many managers would agree that the effectiveness of their organisations would be at least doubles if they could discover how to tap the unrealised potential present in their human resources."<sup>3</sup>

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3. Mc Greger Danglas, *The Human Side of Enterprise*. Tata McGraw Hill Publishing Co New Delhi, 1960. P4.

Human relations theory, that was developed through the researches of the Elton Mayo Carl Rogers, Kurt Lewin, Danial Bell and C. Wright Mills and Chester I. Barnard, concentrated on the social environment surrounding the job. It was about 1920s that human relation brought the attention of management the important role played by individuals in determining the success or failure of an organisation.

The human relations programme began when a group of researchers, from Harvard University, was invited to conduct studies at the Chicago Hawthorne Plant of Western Electric. These researches laid down the foundation of the relationship between productivity and physical working conditions. The general progression of the research at Hawthorne can be grouped in four phases. four phase. <sup>4</sup>

1. Experiments to determine the effects of changes in illumination on productivity.
2. Experiments to determine the effects of changes in hours and other working conditions (such as rest periods, refreshment) on productivity the Relay Assembly Test Room Experiment.
3. Conducting a plant wide interview programme to determine worker attitudes and sentiments.
4. Determinations and analysis of social organisation at work.

(The Bank wiring observation Room Experiment).

The Hawthorne studies conclusively showed by quantitative measurements that

- i) Normal interactions of workers at work always create a social network called the “informal organisation,” which

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4. Lawrence , Paul , R and John A .Seilre, *Organisational Behaviour and Administration* Richard D. Lrwin Home Wood , Illinois ,1965, P-165.

exerts tremendous influence over workers behaviour pattern.

- ii) The informal organisation frequently countermanded official orders passed down through the formal organisation and consequently played a determining role in setting productions rates.
- iii) The workers are not to be viewed as mere a 'economic tools' or as 'isolated units' in the production process; but they had to be seen as "Complex human beings" whose normal human interactions were bound to affect total production out put, no matter how Sophisticated the technological process employed were.

## **1. 2 Concept of Compensation:**

Employee compensation is a vital part of human resource management. Wage, Salaries and other forms of employee compensation constitute a very large component of operating costs. "One of the biggest factor affecting industrial relations is the salary of the worker." Majority of union management dispute relate to remuneration. No Organisation can expect to attract and retain qualified and motivated employees unless it pay them fair compensation. Employee compensation therefore influences vitally the growth and profitability of the organisation. For employees pay is more than a means of satisfying their physical needs. It provides them a sense of recognition and determines their social status. Remuneration is directly or indirectly one of the main springs of motivation in our society. Wages and salaries have significant influence on distribution of income, consumption, saving, employment, and prices. This is all the more significant in an underdeveloped country like India suffering from problems of concentration of income, inflation and unemployment and the nation as a whole.

Employee compensation can divide into two categories:-

- a) Base Compensation.

### b) Supplementary Compensation.

Base Compensation refers to basic pay in the form of wages and salaries. It is a fixed and non-incentive payment on the basis of time expended on the job. Supplementary compensation consists of incentive and variable payment based on either individual output or the group as a whole.

Administration of employee compensation is called compensation management or wage and salary administration. It involves formulation and implementation of policies and programmes relation to wage, salaries, and survey, development and maintenance of wage structure rules for administration of wages, profit of wage and salary

***“Compensation which includes directly cash payments, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity is a critical component of the employee’s relationship. Compensation affected by force as diverse as labour market factor, collective bargaining, government legislation and top management philosophy regarding pay and benefits.” (Wayne F Cascio)***

Employee compensation is an important issue for the management of an organisation. A properly planned and administered salary system is one of the most important aspects of modern management. Deciding how and what people should be paid is the basis salary of policies and procedures. A well developed salary system which enables the organisation to attract, retain and motivate people of the required caliber and qualification. Such a systemic salary structure should also be able to control payroll costs.

The starting point of salary administration is the determination of salary levels by the process of job evaluation. Job evaluation is a systematic method of assessing the value of each job in relation to other job in an organisation. This is done by identifying the key tasks and the various dimensions of the jobs and thereby easy to find out hierarchy of grading.



The term compensation is used to mean employees gross earnings in the form of financial rewards and benefits as part of employment. Compensation may also be viewed as (a) a system of rewards that motivates employees to perform their duties in work place. (b) a tool used by organisations to foster the values, culture and the behaviour they require in work place, and (c) an instrument that enables organisations to achieve their business objectives.

Compensation is typically divided into direct and indirect components. 'Money' is included under direct compensation (popularly known as wages i.e., gross pay), while benefits come under indirect compensation may consist of life accident and health insurance, the employer's contribution to retirement, pay for vacation or illness and employer's payment for employee welfare as social security.

The term direct compensation is used to describe financial remuneration usually cash and includes such elements as basic pay, dearness allowance, overtime pay, shift allowance, incentive bonus, profit sharing bonus and commissions etc. Indirect compensation or wage supplements or fringe benefits refers to such benefits as provident funds, pension scheme, medical and health insurance and sick leave and various other benefits and perks.

Wage supplements, indirect compensation and fringe benefits are used interchangeably. These can be described as general category of employee benefits which may include statutory, non-statutory, social security and welfare-oriented benefits. The statutory benefits, for example, will include, pension, provident fund, gratuity, medical insurance, etc. Voluntary benefits may include such elements as employee care benefits including medical reimbursement, educational allowances, vacation, family leave, tuition reimbursement, child family care, housing and re-location services, etc.

Wages supplements roughly contribute 20 to 25 per cent or more of the total wage in industry. The question arises as to why an employer spends so

much money on wage supplements or fringe benefits as they are sometimes called. The answer is that there are considerations other than legal obligations. Some of these are (a) to attract and retain labour, (b) to induce a sense of commitment to the organisation, (c) to promote more harmonious employer-employee relations, (d) to generate good morale in the employees, (e) to provide a satisfying healthy and safe work environment, (f) to promote employee welfare, (g) to help in the image building of the organisation, (h) to meet the statutory and legal requirements for protection of the employees against old age, sickness and contingencies such as accident and (j) to avail of the tax benefits applicable to expenditure on various employers welfare programmes and activities.

“Wage supplements or fringe benefits, as they are sometimes called, vary as a consequence of the organisation's compensation policy and human resource philosophy, its location, the type of business and the type of job that an individual holds. The strategy of employee benefits programmes is determined also by specific business objectives, cost factors, organisation compensation policy, employee preferences, collective bargaining issues, benefit programmes of competitive employers, taxation, legal and regulatory implications, the human resource management philosophy of the organisation and other organisational considerations such as job hazards and risk factors.”<sup>5</sup> Economic compensation constitutes a segment of total rewards system in an organisation. Despite that money still plays a major, more persistent and more trouble some role in the overall satisfaction of the employees. Compensation or paying employees for work and developing structures of compensation-packages thus becomes one of the major responsibilities of human resource management. A goods pay packet not only helps in attracting the most talented employees but also helps in retaining them for a long time in the organisation. Financial compensation with accompanying economic security is certainly an important

*5. Indira Gandhi National Open University School of Management studies.*

input in the organisation's goal of maximising returns. However, a large number of problems in industry in India are also attributable to compensation. They may range from production to work stoppage, from frustration to satisfaction and from cooperation to conflict. Most managers believe that using economic incentive can get the employees to respond to the demand of the job and overall expectation of the organisation.

### **1.3 Compensation functions and responsibilities:**

There is a need to define and develop the compensation function in an organisation and determine its location. The functions and responsibilities of a compensation programme will be as follows :

- To formulate compensation plans;
- To establish criteria for wage and salary determination;
- To establish job evaluation systems, i.e., rating of jobs, job differentials and job standards;
- To ascertain on going rates for jobs in industry/community;
- To analyse government wage regulations, company wage policies, and agreements with unions to maintain up-to-date wage-rates;
- To make policy recommendation;
- To establish fringe benefits and other supplementary compensations;
- To recommend and administer plans for wage incentive systems;
- To supervise and maintain records pertaining to all matters of compensation;
- To help the management in framing a compensation policy suitable to business goals and objectives;
- To promote and foster the desired values and organisational culture through compensation policy; and

- To promote team effort and unit performance through compensation policy.

The function should be manned by some one who has specialised knowledge and skill in compensation programmes. In addition to specialised skill, such a functionary should have an adequate exposure to and appreciation in the principles and practices of general management, organization and employee relations. The functions should be preferably located in the personnel division at a senior level. To ensure the effectiveness of the functionary, a coordinating committee should be constituted. Represented on the committee should be divisional heads from personnel, industrial, engineering, and finance department.

#### **1.4 Role of Compensation:**

Compensation has an important role to play in an organisation. Typically, it has the following characteristics :

- a) It enables an organisation to attract and retain the manpower it requires;
- b) It motivates employees and provides directions to their efforts;
- c) It induces employees to develop skills and competencies which the organisation requires or may require in future; and
- d) It is used to foster values and culture of the organisation.

Traditionally, the focus of compensation management has been primarily on enabling an organisation to recruit and retain employees while complying with legal and statutory requirements. Pay was primarily related to status and hierarchical position. It is now being viewed increasingly as the key to acquire a competitive advantage. Innovations in compensation are considered necessary to do more with less by reducing labour cost per unit of output, motivating employees to higher performance, providing an impetus to skill development and higher quality and so on.

Payroll costs have necessarily to be seen in the context of corporate strategy and performance and its ability to attract and retain adequate manpower. Payroll cost considerations have impelled many multinationals to increasingly hire host country managers, in preference to assigning its employees for overseas duties. Unions can also influence compensation level and practices; collective bargaining agreement induces rigidity in wage rates. With the emergence of the new employee with a higher level of education and skill as well as the flat structure of the organisation, the union influence on pay determination and compensation management is decreasing and its role as a management tool is getting strengthened. Compensation policy and practices are being considered as an important factor in an organisation's survival, profitability, long-term growth and competitiveness in the context of global situation

Organisations are concerned with pay because of its importance for finding the manpower to do business; it motivates important decisions or employees about taking a job, leaving a job and working on the job.

While designing direct compensation plans, it is important that an organisation chooses an approach that is in alignment with its organizational philosophy, values and culture and is supportive of organisation and business goals. Due to the basic changes in an organisation today in the form of strategic business units (SBUs) and the new challenges and opportunities, there is a growing search for innovative direct compensation strategy. Such approaches compel them to focus on motivating employees to achieve organisational goals through broad-banding, skill-based pay and team pay plans. However, so far, there is no conclusive evidence on the effectiveness of these approaches.

Direct and indirect compensation programmes must be assessed for the extent to which they attract, retain and motivate the workforce required relative to major competitors. The cost of labour is critical to corporate performance; it

must be constantly reviewed and analysed to examine where cost can be reduced without prejudice to productivity and fulfillment of business goals.

When skills for competitive advantages are in greater demand, companies that do not respond with competitive pay packages will phase out, they will have less labour cost at the expense of organisational capability. Dynamic organisations make sure that while reducing and controlling labour cost their compensation packages attract and retain the persons required for maintaining a competitive edge.

Organizations also need to ensure that individual and group results are measured and performance is reflected in pay. An effective pay for performance programme can be a powerful tool with which to attract, retain and motivate a competent work force. Many high-tech and knowledge-based organizations are moving towards compensation system with relatively more pay in the form of stock options for its key employees. This, for instance, is true of software development organizations. In these organisations, employee stock option plans are becoming increasingly popular.

### **1.5 Economic issues in Compensation Policy:**

#### **a) Subsistence Theory:**

David Ricardo in his famous book on 'Principles of Political Economy and Taxation' propounded the subsistence theory of wages : Ricardo states that the price of labour depends on the subsistence of labour. This price equals the amount of commodities necessary to feed and cloth a worker and his family, which represented the cost to society of "enabling the labourers to subsist and to perpetuate their race".

The subsistence wage theory is based on the assumption that labour, like any other commodity, is purchased and sold in the market. In the long run the value of labour tends to be equal to the cost of production (of that labour). This

labour cost is equal to the amount necessary for the maintenance of the worker and his family at the subsistence level.

This theory relied on the Malthusian Law of Population. According to Ricardo, if the supply of labour falls short of the demand for it, the workers will be paid higher than the subsistence level, which would induce the workers to have more children. This will increase the labour supply and as a consequence the wage rate would inevitably fall to the subsistence level. Conversely, if the wages fall below the subsistence level, children would die off or some workers may decide to have fewer children, which would eventually bring down the birth rate. This will result in decreased labour supply, which will ultimately be equal to the demand for it. Ricardo viewed that the market price of labour could not vary from the subsistence level for a long time. For this reason, the subsistence wage theory was also known as the "Iron Law of Wages".

**b) The Surplus Value Theory:**

The surplus value theory of wages associated with Karl Marx. Marx was in many ways closer to Ricardo in his approach to the question of value for labour power. However, he did not subscribe to the Malthusian Theory of Population for the explanation of wages. Marx accepted Ricardo's view that the market price of labour power could not for long depart from the value of the subsistence which is required for the maintenance of that labour power. He, however, viewed that it was not the tendency of population, which brought wages to the subsistence level, but it was the tendency in the capitalist system to chronic unemployment and the existence of industrial reserve army, which drove wages to the subsistence level. The supply of labour always tended to be kept in excess of the demand for it by a special feature of capitalist wage system. The capitalist was in a position to force the worker to spend more time of his job than what was necessary to earn his subsistence wage. According to Marx, the worker did not get full compensation for the time he spent on the job. The rate of surplus value, which is the ratio of surplus labour to necessary

labour, is also called the 'rate of exploitation' under the capitalist form of production. Marx, however, held the view that the introduction of trade union bargaining and similar interferences could stop the tendency of wages falling to their minimum level and even reverse it.

**c) The Wages Fund Theory:**

Adam Smith assumed that there existed a pre-determined fund for the payment of wages. It was the size of the fund, which determined the demand for labour and the wages paid to them.

Later John Stuart Mill tried to explain the movement of wages in a changing world. He observed that there was a changing 'natural rate' defined by the changing ratio of capital to population. Mill further added that population must here be taken to mean only of the labouring class or those who work for wages and capital to mean only that part of capital which is spent in the direct purchase of labour. Thus, according to wages fund theory, wages are determined by : (a) the wage fund or part of working capital which has been expended for obtaining the services of labour; and (b) the number of workers seeking employment. The wage fund was assumed to be fixed and it does not change. Any change in wage, rate, therefore, would be due to change in the number of workers seeking employment.

**d) The Marginal Productivity Theory:**

J. B. Clark first developed the Marginal Productivity Theory of Distribution. Later on many others including Marshall refined this theory further. According to J. B. Clark, reward for a factor of production for its services was determined by the marginal revenue productivity of that factor. According to Marshall, both demand and supply together determine the factor price, which in a perfectly competitive market is equal to the marginal revenue productivity of the factor.



**e) The Bargaining Theory:**

John Davidson, the earliest exponent of the bargaining theory of wages, argued that the wages and hours of work were ultimately determined by the relative bargaining strength of the employers and the workers.

According to this theory, there is an upper limit and a lower limit of wage rates and the actual rates between these limits are determined by the bargaining power of the employers and the workers. The upper limit could be the highest wages that the employers would be willing to pay beyond which they will incur losses resulting from high labour costs. The lower limit could be either the minimum wages prescribed under the statute or the strength of resistance of the workers at the subsistence wages below which they will not be available for work.

**f) Demand and Supply:**

According to Marshall, the determination of wages is affected by the whole set of factors which govern demand for and supply of labour. It is therefore necessary to understand the various factors, which influence the demand for and supply of labour.

The employers' demand for labour is dependent on a number of factors such as the demand for his/her product, availability of other factors of productions (the most important being the supply of capital), the level of technological progress, etc. The demand price of labour is determined by the marginal productivity of individual worker.

The term supply of labour can be expressed in a number of senses. First, it may refer to the number of workers seeking employment. Maurice Dobbs has stated that this number will vary not only with the total population, but also with the proportion of the population, which is proletarianised. These are the workers with no alternative livelihood join the labour market seeking employment for wages. Secondly, it may be the number of hours for which each

worker is available for work. The supply of labour in this sense is being increased by an increase in the number of working hours. Finally, the supply of labour varies with the intensity of work. The supply of labour tends to increase if the workers work harder than before.

As regards the relationship between wages and supply of labour it appears that higher the wages, greater will be the inducement to work and therefore the greater the supply of labour would be and vice versa. However, it may not always be true. Generally, supply of labour tends to increase with an increase in the wage rate. However, once the wage rate has reached a certain level, any further increase may not induce workers to work more. This is because with a rise in wages, workers may prefer leisure in work.

Thus, Wage rates are influenced by a number of factors governing the demand for and supply of labour. The marginal productivity of labour, which determines its demand price. It is the standard of living of workers that plays an important role in the determination of supply price of labour. The actual wage rate is determined at that level where the demand for and supply of labour are equal.

#### **g) Purchasing Power Theory**

The classical economists, especially Pigou argued that a cut in wages during unemployment and depression would help restoring full employment in the economy. Lord Keynes in his 'General Theory of Employment, Interest and Money' has criticized this classical viewpoint. Keynes looked at the problem of wage rates from a macro viewpoint. According to him, wage is not only the cost of production to the employer but also an income for the wage earners who constitute a majority in the total working population. The same workers and their families consume a major part of the products of the industry. Hence, if the wage rates are high they will have more purchasing power, which would increase the aggregate demand for goods and also a high level of output.

Conversely, if the wage rates were low, their purchasing power would be less, which would bring about a fall in the aggregate demand. This will have an adverse effect on the levels of employment and output. Therefore, a cut in wage rate, according to Keynes, instead of removing unemployment and depression (as envisaged by the non-classical economists) will further add to the problem.

According to the Keynesian Theory, full employment is a function of national income; the higher the level of national income the greater the volume of employment and both income and employment are determined by effective demand. Hence, if the national income falls, it would have an adverse effect on employment. In order to ensure incomes to wage earners and to restore full employment, Keynes recommended state intervention by adopting economic policies such as monetary and fiscal policies. The other mechanisms, according to Keynes, could be direct controls over prices, wages, investment and production.

#### **h) Comparative Advantage Theory:**

Economists specializing in international trade argued about countries, industries and companies competing on the basis of comparative advantage of cheap labour. Employers are known to move to areas where labour is cheap, be it within a country or across countries. Subject to internal and external constraints, labour also tends to show a tendency to move to areas, which pay higher value for their skills and effort. Besides land-labour nexus and other social, cultural, religious, linguistic, politico-legal barriers restricts labour mobility. Even the World Trade Organisation agreement provides more for mobility of capital and products, but not labours.

In recent years, however, there is pressure on countries and companies competing on the basis of cheap labour to ensure compliance with minimum core labour standards concerning minimum age, freedom of association, right to collective bargaining, forced labour and non-discrimination. Efforts to link

international trade with international labour standards at the international level and consumer boycotts and social libeling at the major level through campaigns and other initiatives at the sectoral level make it increasingly difficult to compete on the basis of cheap labour it in violates core labour standards mentioned earlier.

**i) Behavioural Theories and Relevant Issues in Compensation Policy:**

Every reward or element or compensation/remuneration has a behavioural objective and seek to fulfill a need (physiological or psychological) and achieve a goal. Luthans argues that 'motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal.

Reward systems are aimed at compensating people for their skill, effort, responsibility and working conditions and motivating them for higher performance. Behavioural science theories are classified into three categories, content, process, and contemporary theories. These are discussed here very briefly.

**j) Content Theories:**

The content theories look at what motivates people at work. Maslow, Hergberg and Alderfer contributed significantly to content theories.

**k) Hierarchi of Needs :**

Abraham Maslow proposed a hierarchy of five needs : physiological (food, shelter, clothing—which wages can buy), safety (emotional and physical safety—health insurance, pension), love (affection and affiliation—belongingness, social), esteem (power, achievement, status, etc.) and self-actualisation (personal growth, realization of potential). Individuals may seek fulfillment of higher order needs before their lower order needs are fulfilled. Maslow suggests that a satisfied need is not a motivator. The exception, however, is the self-

actualisation need whose gratification increases in growth-motivated individuals.

### **l) Two Factor Theory of Motivation :**

Two-factor theory of motivation by Friedrich Herzberg classifies rewards into two categories : intrinsic and extrinsic. These are also called as motivators (satisfies) and hygiene factors (dissatisfies). Intrinsic rewards are motivators and satisfies related to job content. They include achievement, recognition, work itself, responsibility, job enrichment, and job enlargement. Extrinsic rewards are hygiene factors and job dissatisfies. These include company policies and administration, supervision, salary, interpersonal relations, working conditions. Herzberg's theory oversimplifies the complexity of motivation. Pay can be dissatisfying if it is very low, but it can also be satisfying : A poster in an executive's cabin reads thus : I like the pay, not the job!

### **m) Erg Theory :**

Clayton Alderfer formulated his theory based on three groups of needs : existence (survival or physical well-being), relatedness (interpersonal) and growth (personal development) (ERG) theory. These needs are a continuum, not necessarily in the same order, rather than hierarchical or compartmentalized categories. Based on a person's background and cultural environment, one set of needs may precede over others.

The works of Maslow, Herzberg and Alderfer are referred to as content theories. They are useful, but have limited implications for policy and practice. Herzberg's theory, however, provides insight for job design.

### **n) Process Theories:**

Process theories look at the cognitive antecedents that go into motivation or effort, particularly the way they relate to one another. We examine very briefly the work of Vroom (on valence and expectancy) and Porter and Lawer (performance-satisfaction linkage).

**o) Expectancy Theory:**

Victor Vroom proposed expectancy theory based on the concepts of valence, expectancy and instrumentality. Valence refers to an individual's preference for a particular outcome. For instance, older workers might value retrieval benefits against fewer, if any, younger workers in today's knowledge industry. Younger, single (unmarried) workers with fewer family obligations have less or no need for benefits like children's education, health benefits, leave travel concession, etc. than older, married people with one or more children. A related phenomenon is salience which refers to whether the outcome (in this case it could be reward or compensation) is considered significant or not. For instance, if management offers something as an incentive to its employees, it may not produce the desired behaviour or impact if the latter consider it as insignificant or devoid of worth commensurate with the effort required.

Instrumentality could mean that an individual would be motivated to give superior performance (first-level outcome) in anticipation (expectation) of promotion (second-level outcome).

Expectancies are mental and cognitive. Although the concept of expectancy seems to be the same as that of instrumentality, expectancy relates efforts to first-level outcomes while instrumentality relates first-level outcomes and second-level outcomes. In other words, expectancy is the degree of probability that a particular action or effort will lead to particular first-level outcomes. Instrumentality refers to the degree of probability that first-level outcomes will lead to a desired second-level outcome. Put simply, Motivation is a function of valence and expectancy.

Vroom's concept can be interpreted thus : Individual gives company what it values, superior performance and expects, in return, promotion. Promotion is the instrumentality that management uses to obtain superior performance.

Vroom provides insight into the conceptual determinants of motivation. Though he does not offer specific suggestions on what motivates, and his theory is based on the assumption that people are rational and logically calculating, real life situations may not be so idealistic. But, then, it could well be seen that in companies where promotions are not based on superior performance, promotion policy and its administration could well become the demotivating factors.

#### **p) Equity and Attribution Theories**

##### **Equity:**

J. Stacy Adams, who proposed equity theory, argues that a major input into job performance and satisfaction is the degree of equity (or inequity) that people perceive in their work situation. Inequity occurs when a person perceives that the ratio of his or her outcomes to inputs and the ratio of a relevant other's outcomes to inputs are unequal.

People feel unhappy not only when they receive less than what they consider they deserve, but also when they receive more than what they consider they begin to wonder whether others too are receiving more than what they deserve. If it is indeed the case the next question that comes to their mind is compared to what they are getting, whether others are receiving much more than what they deserve.

##### **Related Issues:**

Equity can be internal or external. Internal equity refers to the pay differential between and among the various skills and levels of responsibility. For instance, a skilled worker could get more than the unskilled worker. Whether a blue-collar worker should get less or more than the white collar depends not only on relative skill differentials and difficulties in working conditions, etc., but also on the demand and supply of those skills and the dominant occupational preferences of people in the society. When in one engineering fabrication industry gas cutters (welders) were getting less than

grass cutters (gardeners) it was perceived by the technical staff that it was a glaring instance of a lack of internal equity because in that industry welding is considered to be a highly rated technical trade and should command higher wage rate. Internal equity is established through job evaluation. Pay satisfaction surveys also provide insights into it. Job evaluation can be done not only for manual jobs, but also for managerial jobs. Collective bargaining pressures have, however, substantially eroded pay differentials based on skill differentials. In many industries, dearness allowance and other employee benefits constitute bulk of the pay packet and basic pay, which is supposed to be based on job, evaluation constitutes only a small portion of the total pay packet.

External equity refers to concerns how wage/pay levels for similar skill levels in one firm compare with those in other firms in similar or same industry and location/region. For instance, if welders in one firm get the same as welders in the other firms in the industry/region there is perceived external equity. External equity is assessed usually through pay surveys and pay satisfaction surveys. Companies, which pay significantly less than the market rates, would find it difficult to attract, retain and motivate people to perform better. Therefore, it is possible that low wage rates may not always be associated with low wage costs.

### **1.6 Attribution:**

Fritz Heider and Lewin and Festinger contributed significantly to the attribution theory. It assumes that people are rational and logical in their behaviour and that both internal and external forces combine additively to determine behaviour. People will behave differently if they realize that their outcomes are controlled more internally than externally. This theory has great potential for understanding organisational behaviour and provides deep insights on goal setting, leadership behaviour and diagnosing causal factors of employee performance.



At present, all the concerned parties are considering all these classical and recent theories in formulating compensation package

### **1.7 Objectives of the Study**

This study is an attempt to examine the compensation planning of the few select organisations as a mechanism for the human resource development. The following are the objectives to achieve through this study.

1. To examine the methods of wage fixation of the select organisation.
2. To evaluate the economic background of employee compensation.
3. To identify the objectives and merits of labour welfare measures and social securities benefits.
4. To study the compensation and Salary administration of the select organisations.
5. To study the effect of compensation planning on human resource development in different organisations.
6. To suggest ways and means for human resources development.

### **1.8 Importance of the study:**

- 1) To determine equitable wage for different jobs in an organisation.
- 2) To ensure that like wages and salaries are paid to all qualified employees according to their qualities.
- 3) To provide a standard procedures for determining the relative worth of each job.
- 4) To serve as a useful reference for setting individual grievances regarding wage rates.
- 5) To provide a benchmark for making career planning for the employees in the organisation
- 6) To meet the organisation need for right type of people in right number at right times

- 7) To avoid shortfalls and surpluses of employees to a large extent
- 8) To increase skill, knowledge, potentialities, productivity and job satisfaction.
- 9) To improve the co-ordination of worker's efforts for which duplication of efforts and conflict among efforts can be avoided.

### **1.9 Research Questions:**

- The following research questions were formulated to study compensation planning in state and central level organisations.
  - 1) Whether compensation package has been able to contribute towards the development of human resource in an organisation?
  - 2) Is it a mechanism to induce working force to do hard work for achieving organizational goals?
  - 3) Whether well structured compensation package can help to achieve total satisfaction of the employees?
  - 4) Whether wage and salary structure is ~~instrumental~~ instrumental to improve industrial relation and social development?

### **1.10 Methodology:**

The study is based on both primary and secondary data collection. Six organisations have been selected out of the whole universe randomly: two from Government, one from Autonomous body, one from Commercial Bank, one from Oil sector and one from Transport Sector. They are Irrigation Department, Govt. of Assam, Central Public Work Department, Govt. of India, Guwahati University, State Bank of India, Guwahati Refinery and Airport Authority of India. The research was conducted to examine the Compensation Planning of the Six organisations as a mechanism for the H.R.D.

### **1.11 Primary Methods**

The primary information for investigation of compensation planning and salary administration have been collected after conducting an enquiry from different levels of employers and employees of six select organisations. The respondents of each organisation have been categorised as officers and non-officer, supervisors, upper division clerks, lower division assistants and fourth grade employees and grass root level workers. Atleast Five senior officer of each organisation ,five middle management officer of each organisation , five UDA, five LDA and two fourth grade employees of each of the organisation were randomly selected to carry out the investigation. A Common questionnaire (Annexure I) both Officer and Non officer were designed together for the select organisations to know the Compensation planning and also to know the awareness about the human resource management through Compensation Package prevailing in the said organisations. The questionnaire method of survey was undertaken due to its main advantage of versatility, speed and cost. The questionnaire was by and large structured and designed in such a way so that all aspect of compensation package could be obtained for which the research work was being undertaken.

### **1.12 Tools of Data Collection:**

All the information regarding wage fixation ,job specification and job analysis and evaluation ,employee's satisfaction, quality of worklife, employer ability to pay were collected with the help of a questionnaire and personal interview with the different levels of employees. The questionnaire consists five parts-

- i) Personal data
- ii) Response to 49 questions in four scales and in some cases only two scales.
- iii) Causes of dissatisfaction.

- iv) Complaints if any.
- v) Suggestion for improvement.

While collecting primary data from the field, it was observed that most of the employees were not aware about the fixation of wages and salary. A few Trade Union leaders could understand the Principles of Wage fixation. An attempt was made to find out the procedure of wage fixation from pay Commission reports of different organisations.

These methods include the statistical survey for collection data regarding compensation planning of the select organisations. Questionnaires for getting information regarding the compensation structure of the above mentioned concerns were sent to the personnel managers, officials and executives and workers of the personal department. Personal visits to the select organisations and certain field areas of the said concerns were also made. Many a questionnaires were returned by partial answering and in case of certain questionnaires no answers could be received even after personal contact.

### **1.13 Secondary Data:**

As regards secondary sources of data the wage policy of the Government of India & State; Factory Act, Trade Union Act, Wage Boards, 5<sup>th</sup> Pay Commission Report (Central & State) collective bargain guide lines, minimum wages Act, 1948; living wage, Fair wage, Need-based minimum wage, Payment of Bonus Act, 1965, Boothalingam Committee Report on Fair wage, Payment of wages Act, 1936, Regulatory Bodies of Industrial relation, labour laws and chairman report of Corporate entities, Magazine, Government Reports, Industrial Disputes Act, 1947; Economic Survey 2002-03, Annual Report, Common Pay Commission Report of University employee, UGC Pay Revised Rules, Revised Pay Structure of State Bank of India, Airport Authority and Guwahati Refinery and all other wage policies were covered to collect facts

were collected for secondary information to get relevant information for this study.

#### **1.14 Data Analysis**

A number of statistical techniques have been used to analyse the data. These include- Analysis of variance (F-test), Bar diagrams, Pie Chart, etc. By considering primary and secondary information a critical analysis has been carried out to arrive at our conclusion.

#### **1.15 Review of Literature:**

There are a number of research works on Human Resource Development. But so far no body has covered the compensation aspect of Human Resource Development. A comprehensive study on salary administration was conducted in UK industries by Armstrong. M and Helen Murlis during 1980 and they have ascertained the role of Salary Payment in motivating industrial worker.

Dr. C.B. Mamoria has been discussed in his studies job evaluation techniques to determine what job is worth, determinants and administration of direct and indirect rewards to motivate employees. Dr. C.B. Mamoria has conducted that wages and salary are the basis for H.R. Development.

The veteran civil servant L.K.Jha , who argued in his studied that it is important to compensate managerial employees adequately enough to keep them out of temptation as well as developing potentialities of employees to give their best efforts to the organisation.

Dr. C. Gopalan and Dr. B.S. Narasinga Rao , published in January, 1971, the “ Special Report Series No.60 of the Indian Council of Medical Research and Directory of Allowance for Indians” worked out a chart of locally adjusted improved diet for the purpose of determining minimum wage. According to this study he workout a balance diet for an adult sedentary workers in terms of calories i.e. 2400 calories

✓ Mirza S. Saiyadain has discussed in his studies suggest ways and means to effectively manage human resources. His area of interest are human

resources management, structures and designs, conceptual and theoretical framework of H.R.D and also their relevance are applied in the Indian context.

Dr. Bhaskarjyoti Borah in his research study has discussed human resource accounting in oil sector for the human resource development. He has also studied how human resource accounting helps the management to take decision on employees of the organisation. He has analysed the potentials of H.R.A and its usefulness and applicability in the organizational context.

Mehta, P indicated in his analysis mainly on objectives and subjective factors in employee satisfaction in life. He has also discussed work along with condition of work and problems of work organisation in textile industry.

Ramaswamy discussed in his studies some factors influencing productivity of Indian Worker. He has discussed formulation of wages structures on the basis of changes in cost of living the supply and demand of labour , job requirement and prevailing rates of wages and ability to pay is accorded a secondary importance.

Rao , G.V.S in his comprehenship studies interpreted determinants of job satisfaction in managerial personnel – A test of Herzberg's two factor theory. He has also studies perceived need satisfaction and importance of highly skilled and skilled personnel.

Prof. S.S. Khanka has discussed some of the emerging and contemporary issue like employee empowerment, potential appraisal, strategic human resource management and human resource management in a changing environment to know about human resource management.

Thus the present study on compensation planning could fillup the gap in human resource development

#### **1.16 Periodicity:**

This study is carried out for a period of eight years from 1996-97 to 2004-05. This period is one of the most important periods for our economy due

to the globalisation and free market economy where competency requirements of employees were emphasized.

#### **1.17 Limitation of studies:**

The research work faced the following problems during the course of study.

- 1) It has already been discussed in this chapter that awareness is lacking about the compensation planning by most of the employees. People participation is necessary to ascertain equity principle on debatable issue . This seems to be the most important limitation of this study
- 2) Unwillingness of the employees to respond the questionnaire is also another drawback. Many respondents did ‘not want to respond as they felt that their time will be wasted in fill up the questionnaire and also most of the employees were found very busy with their personal problem as well as work load due to shortfall of employees.
- 3) The answer to the questions are based on the perception of the particular respondent answering their view but lack of proper knowledge about the subject matter many respondent partially answer the question and a few employees no respond is given till now.
- 4) Many employees especially in the non-officer level did not know what a compensation package actually meant. So many were reluctant to answer relating to the various component of pay.
- 5) The entire research work and the finding are to be primarily used for education purpose viz. Degree of Doctor of Philosophy (Ph. D) Course. However, adoption of any recommendation of the study by the Govt. & other organisation is a matter of the respective organisation.

## **CHAPTER II**

**Economic Background of Compensation Policy**

**and**

**Rules and Regulations**



## **Economic Background of Compensation Policy and Rules and Regulations**

The primary objective of Compensation Planning is the creation of a system of remuneration which is equitable from the view point of both the employer and the employee. The determination of a rational wage policy is dependent upon not only the internal issues of equity and job worth, but also on the larger issue of economy and society. Formulation of rational 'wage policy has always been one of the most significant social demands. Initially as an economic issue it was mainly the concern of the employer. But with the social development and subsequent industrial development employer and employees, wage bargain has become a matter for three fold concern of the employer, employee and the Government. "A rational wage policy has to woven into the socio-economic texture reflecting the objectives and aspirations of the people of a particular country. It can not be dealt with on purely economic considerations in isolation from social policy and political culture factors of that particular community". Therefore, problems of wage policy should be of great concern to employees, management and the Government. The pressures of rising price encroach on the living standards of employees; the demand for higher wages and better working conditions creates price, market and production problem for management; and the final burden of finding a solution to the problems of wage policy ultimately falls on the Government. In modern society employees are forming union in every organisation. Political parties are also backing the worker's unions to materialize their political interest. All the organized sectors of primary, secondary and tertiary are now negotiating with their employers to settle the compensation package. The human resource development system advocates meaningful salary structure to achieve wealth maximising objectives through the hard work of satisfying employees. In a welfare state, development of human resource is the primary concern of the government.

## **2.1 Economic objectives of Compensation Policy:**

An important objective of any society is the achievement of maximum economic welfare. This requires the national income shall be maximised, secondly the national income should be divided equally among all the members of the society, and thirdly there should be a fair amount of stability in the national income.

In general, economic welfare will be maximised if the highest and most stable standard of living possible for each section of the community is attained. In order to secure this, it is necessary to achieve: (1) the full employment and optimum allocation of all resources; (2) the highest degree of economic stability consistent with an optimum rate of economic progress; and (3) maximum income security for all sections of the community. The income generation capabilities of Primary, Secondary and tertiary segment must be highest. The wage earners will receive higher wages and thereby the purchasing power would increase. Such situation may help to grow national income. The major objectives of wage policy must be aimed at attaining these conditions. About 30 to 40 percent people are directly or indirectly wage earners. If this section of the society is working hard and their purchasing power would increase and their expenditure would be the income of the other section of the society. As a result the national income of the community will increase. This is the most important objective of wage policy of the welfare state.

## **2.2 The social objectives of Compensation policy:**

A wage policy must be instrumental in achieving:

- i) the elimination of exceptionally low wages
- ii) the establishment of “fair” labour standards,
- iii) the protection of wage earners from the effects of rising prices,
- iv) the incentives for workers to improve their productive performance and development of human resource.

The social and economic objectives, no doubt, are closely inter-related. Measures inspired by social consideration inevitably have economic effects, and those designed to achieve specific economic results have social implications. For example, the raising of wages through fixing a statutory minimum wage will normally effect production and employment and if measures are taken to keep costs of production at a competitive level it may frustrate the aspirations of the employees.

Keeping the above facts in mind, it is essential that wage policy should be necessarily inter-related with broader economic decisions on the one hand, and with the goals set for social policy on the other. Wages, being a price for labour, have to be in harmony with other prices in the system. Hence it become necessary to maintain a balance between the objectives of economic development and the principles of democratic system in the formulation of wage policy

### **2.3 Employer's Ability to Pay:**

An important issue of dispute between labour, management, industrial tribunals has been whether the employer's ability is relevant to the payment of D.A. Industrial tribunals have consistently held the view that the employer's paying ability is a Major factor in the payment of D.A and thus the Indian adjudicators of the D.A settlement have favoured the position of the employer. Thus scientific analysis of employer financial position is essential to arrive at a DA payment decision.

### **2.4 The Problem of Neutralisation:**

How much of the price should be neutralised has been a matter of controversy in India since the Second World War Industrial tribunals have supported full neutralisation in principle for low-wage; but for high wage the range of neutralisation has been 50-90 percent of the price increase. The tribunals have been governed by the following considerations;

1. The recognition that the industry's paying capacity does not

permit full neutralisation.

2. Full neutralisation is feared to lead more inflation.

3. The economic condition of other group in the society to be considered.

## **2.5 Compensation structure**

For pay packet to be rational the basic wage should be the major item and viewed as the price for 'normal' output on a job; it should be protected against inflation and adjusted against productivity or profitability improvement. In practice, however, basic wage typically constituted a small element which is rarely related to output or the outcome of a job. Further, the wage rate is usually not adjusted against inflation and the trend in productivity or profitability; instead, we have two adjuncts, viz., DA and statutory bonus. These two elements are unique in this country and have few parallels abroad.

DA is determined and influenced by numerous factors. These include union and management policies, wage board awards, labour court decisions, government policy and movements in the consumer price index (CPI). The influence of these factors is not uniform across regions and grades. Further, the rate of growth of CPI in different stations and centres is uneven. As a result of these, disparities in DA between centres and stations are created, posing industrial relations problems. This is especially true when DA constitutes a major element in the pay packet. A company the identical basic wage for a job in different stations in effect implies highly disparate wage levels because of (a) predominance of DA in the pay packet, and (b) acute disparity in DA across stations. So the conflict was not over levels; it was rather over disparities and inequities as perceived by employees. In fact, it implies a violation of the principle of equal pay for equal work. The situation is typical of the Indian scene and calls for merger of most if not all of DA with the basic wage and the adoption of rational DA system.

The other adjunct in the pay-package, namely, statutory bonus has been perceived by unions and workers as a deferred wage. The quantum has often been determined in the past through bargaining over the statutory minimum, in practice, it has become a major irritant in industrial relations and constitutes a major source of conflict. There has been a trend to replace it by productivity-linked bonus. This was also possible under Section 32(vii)–(a) and (b) of the Payment of Bonus Act, 1965. However, only a few companies took advantage of this provision.

Incentive bonus in the pay packet should be viewed differently from statutory or productivity bonus. In the latter, the focus is on the economic or productivity performance of an organization, whereas under an incentive bonus scheme, differences in performance among individuals are recognised and rewarded. Thus, the nature, purpose and operational details of these two types of bonus are quite different from each other.

## **2.6 Basic Pay/Wages:**

The basic pay, dearness allowance and annual bonus make up the bulk of average worker compensation. It is also essential to consider the statutory and non-statutory provisions influence the determination of basic wage, dearness allowance and annual bonus. Further, industrial tribunals, labour courts and national tribunal have also influenced the pay structure. Basic pay is fixed according to the provisions of statutory minimum wage, the awards of industrial tribunals and directive of the pay commission at the national and state levels and by collective bargaining. This minimum wage, according to the recommendations of the 1949 Report of the Fair Wages Committee appointed by the Government of India should provide not merely for the base substance of life but for the preservation of the efficiency of the worker by providing some measures of education, medical requirement and amenities. Basic pay of the industrial workers is based on a standard budget concept for a family of four which include food, clothing, housing and fuel. The assumption of basic wage

legislation is that the industry does not have the right to exist unless the minimum needs of the worker are met.

## **2.7 Wages vs. Salary:**

A 'wage' (or pay) is the remuneration paid for the service of labour in production, periodically to an employee/worker. 'Wages' usually refer to the hourly rate paid to such groups as production and maintenance employees ("blue-collar worker"). On the other hand "Salary" normally refers to the weekly or monthly rates paid to clerical, administrative and professional employees. Wage is usually referred to as the worth of a job, while salary is the worth of an individual, thereby suggesting that wages are fixed while salary is negotiable. In popular terms, wage refers to hourly payment while salaries are paid by month. Though wages can be paid by the end of the week or month, their calculation is done by hours. On the other hand, salaries can be yearly, monthly or bi-monthly. Since wages are paid on an hourly basis, they imply no long-term guarantee for employment, while the implicit assumption in salary is that the job can last for a long time. Wages have provision for overtime, whereas no such provision may exist for salaried employees though they may be compensated in other ways (e.g. paid leave in addition to regular leave). In Indian context, wages may also connote a bargainable proposition taken up by unions on behalf of workers and hence collective efforts are involved. On the other hand, the agreed salary may be the result of the bargaining capacity of an individual. However, these distinctions in theory are not absolute distinctions in practice. Organisations have been found to pay salaries to all levels of employees according to the scientifically structured compensation package.

## **2.8 Dearness Allowance:**

The dearness allowance is to protect the wage earner's real income by neutralising the increased cost of living. It tries to relieve the worker during the inflationary situation by trying to offset the cost of living with an additional

allowance. There are wide variations in the fixation of dearness allowance by Govt. and Non Govt. organisations.

There are two systems of D.A. Payment; one is a flat rate system of neutralisation, and the other linking the payment of D.A. to the consumer price index. The flat rate system provides a lump-sum payment to the employees over a period of time to adjust high cost of living.

The consumer price linked system, attempts to neutralise the actual rise in the cost of living. This method is more realistic because it regulates movement of price in a given region. There are two variations of D.A. tied to the consumer price index. First, a specific rate of D.A. is fixed for every point rise in the price index, regardless of the income groups. In this system all employees receive the same amount of allowance, but the lower paid would then get a higher proportion of their basic as D.A.

The second form is based on income groups and cost of living brackets or "Slabs". In this method, the absolute amount of allowance increases with each higher income group related to changes in the brackets of price index as opposed to each point; at the same time the magnitude of relief as a proportion of basic pay is steadily reduced with each higher income group. The advantage of the D.A. income slabs is that it introduces an element of stability, because the allowance does not change with every point in the cost of living index.

## **2.9 Profit-Sharing Bonus:**

Payment of bonus is an annual issue which every employee eagerly looks forward to. The payment of annual bonus is a constant source of friction every year in India. It has some unique features. There are statutory minimum and maximum limits on the amount of bonus to be paid to the employees.

The Bonus Commission appointed by the Government of India in 1961 recommended that a minimum 4% of basic plus D.A and a maximum of 20% to be paid as bonus. Based on the recommendations of the Bonus Commission, the payment of Bonus Act, 1965 was promulgated for the payment of Bonus to the

employees with a salary upto Rs.1600 p.m. This limit has been raised to Rs.2500 through an Ordinance in 1985. The objectives of the payment of Bonus Act, 1965 ,was to introduce a new formula for calculating bonus with the limits of minimum and maximum and principle of “set-on and set -off” to smoothen the inequalities of payments over a number of years . According to the principles of “set -on and set-off” the deficit of one year could be set off against the surplus of the subsequent years and the surplus over the maximum amount payable , i.e. 20% of the wages, would be carried over the next year. This process could continue for a cycle of four years.

The outstanding feature of the Bonus Act, 1965 is that the payment of minimum bonus was made obligatory on the part of employer, whether his organisation made a profit or not. In the same process, bonus became a matter of right for the employees. The Act applies to factories, and all other private and public sectors establishments which employ more than 20 persons.

The Payments of Bonus Act, 1965 was amended in 1969,1972,1975,1977 an 1980. According to the 1969 amendment the tax relief in respect of the bonus paid or payable in an accounting year, this would be shared between the employer and employees. The 1972 amendment raised the minimum bonus to 8.33% regardless of profits or losses. The 1975 amendments introduced a new character to the concept of Bonus. Bonus was no longer to be considered as a deferred wage but was to link to profits. Bonus payment was to be based on productivity. Among the other important features of this amendment included:

- 1 Minimum bonus was reduced to 4%. If the company made no profit, it had no compulsion to pay the minimum bonus.
2. Negotiations to get the bonus in excess of 20% were sought to be positively discouraged.
3. Employees, in the Banks, LIC, Ports and Docks, and Non - competitive public sector undertakings could receive an ex-gratia payment up to a maximum of 10% in lieu of bonus.



The 1977 amendment once again declare bonus as deferred wage, although at the same time it put emphasis on promoting bonus agreements based on increases in productivity. It has fixed the minimum bonus at 8.33% of salary earned during the relevant year at the maximum at 20%. Employees of Banks L.I.C, Ports and Docks and non-competitive public establishments were to be paid ex-gratia amount not restricted to 10 % but between 8.33% and 20% based on bargaining..

The 1980 amendment sought to make 8.33% bonus as a permanent feature and made the banking companies and Industrial Reconstruction Corporation of India bound to pay bonus. In March 1980, a national seminar deliberated on linking bonus to productivity. The Major reason behind this view is the fact that productivity depends on many factors other than worker's contribution. However, many industries, both in the private and public sector, have been attempting to work out bonus schemes based on productivity/production.

## **2.10 Other Allowances:**

Apart from the basic, wages Dearness allowance, many other allowances are paid to employees to compensate them adequately so that the total package of remuneration provides them suitable compensation package.

The various allowances given to the employees are:-

i) **House Rent Allowance (HRA):** Organisations are set up in various locations such as urban centers, rural areas industrial belt etc, where houses are not available at a reasonable rent.

If the employees are required to pay house rent as per the prevailing market rates, a substantial portion of their wages will go as house rent and the employees will not be left with sufficient money to meet their other requirements.

Hence HRA is paid to the employees enabling them to pay house rent for a suitable accommodation. It varies according to the cost of living in different cities and places.

Employees are paid HRA as per slab in their wages and salaries. This allowance is not considered as wages. The HRA shall not be reckoned for any direct payment like gratuity, over time, provident fund etc.

ii) **Leave Travel Allowance (LTA):** Employees while working, seldom get opportunity to visit places where they can go and spend sometime along with the members of their families to get relaxed and reenergized for the work to be continued with zeal and enthusiasm. For such purpose employees are also willing to visit their native places.

Many organisations have introduced scheme commonly called Leave Travel Assistance (LTA) / Leave Travel Concession (LTC) etc. and these facility facilitates the employees to go to their home town or places for relaxation and reenergizing .

Organisation has different types of practices for various categories of employees for payment of LTC. Normally employees who have completed a few years of service satisfactorily are entitled to LTA/LTC.

iii) **Washing Allowance:** While employees are working in various industrial processes, various kind of dirt gets accumulated on their body and uniform. If the employee do not keep themselves clean, they are likely to get different types of diseases.

A particular amount is paid as washing allowances to certain categories of employees and they are expected to keep themselves clean.

In some organisation duty uniform are provided to front line employees who directly come in touch with customers, these employees are given washing allowance and are expected to keep their uniforms clean, and make better presentation before the customer.

Once washing allowance is provided, the employers are in a position to enforce a standard of cleanliness on the workforce which will ultimately force the employees to keep themselves clean and in due course of time, the organisation will have its own standard of cleanliness.

iv) **Conveyance Allowance:** For smooth and efficient functioning of any organisation, employees are required to come to work place in time. Employees who either have got a residence in the housing colony or at any nearby places, commutes everyday distance by various means while coming to work place. While commuting employee's lose lot of time, energy reaching work place they find themselves exhausted.

In order to facilitate employees to come to the work place comfortably and in time, employers provide conveyance allowance to the employees for availing better transport service, or maintaining and using own vehicle. The conveyances allowance is paid to employees for the days in which he receives normal wages. This however is not paid for days on which he is on leave without pay.

v) **Shift Allowance (SA):** Some organisations are required to work continuously under shift system because of the nature of production or service they have. Normally there are three shifts, 6 A.M .to 2P.M, 2P.M to 10P.M and 10PM to 6A.M. In order to establish balance among employees, so far shift duty is concerned; the employees are rotated among these three shifts. It implies that all employees will get by rotation duties at night shift equally.

However there are organisations where a few employees are required to work more in night shifts and rotations are not possible. They are paid an additional allowance called night shift allowance because they do jobs frequently during night hours which is strenuous. The rate of SA varies from organisation to organisation. Most of the time a fixed amount is paid as SA.

vi) **Cash Handling Allowance:** There are organisations where one particular category of employees handles lot of cash (currencies and coins) of

various denominations. Their job is to receive / pay / transfer cash amount. While doing so, they are required to count cash correctly. Sometimes by way of genuine error, they receive less money, pay more money and also receive bad currencies and coins.

In such situation they are required to compensate the loss caused to the employees due to such error. Thus as an element, these employees receive this allowance on regular basis.

vii) **Lunch Allowance and Dinner Allowance:** those employees, who required to do the organisation's work away from the usual place of duty during the lunch or dinner period, are paid lunch & dinner allowance.

viii) **Educational Allowance:** The education allowance is paid to the employees to make the package more attractive and facilitate greater spirit to educate their children.

ix) **Underground Allowance:** All employees working in underground operations are entitled to this allowance because the underground job is more strenuous and risky.

x) **Outstation Allowance:** This allowance is paid to all employees on outstation duty.

xi) **Servant Allowance:** In order to enable the executives to work in a relax mind and free from household duties, they are provided servants or allowance enabling them to keep servants.

xii) **Social Security Allowance:** This allowance is paid to employees to help them to protect themselves and their families in an unforeseen situation in life. Employers get their employees insured under various of social security schemes. The amount for the insurance schemes is paid by the employers.

xiii) **City Compensatory Allowance:** In cities due to high prices of living remains higher. Employees posted in these cities are paid city compensatory allowance by way of compensating them against loss of real income caused to them due to higher consumer price index prevailing there.

This allowance varies in rates according to consumer price index prevailing in various categories of cities.

xiv) **Overtime Allowance:** Daily working hours for workers are prescribed under various acts. Workers working for more than the prescribed hours are entitled overtime payments, which is normally double the ordinary rates of wages.

All these allowances are the component of compensation package to insure healthy atmosphere in worked place and to get desired performance from the employees. The satisfaction of the works is the root cause to develop their inner potentiality for the overall development of the organisation.

### **2.11 The Wage/ Salary Determination Process:**

Usually, the steps involved in determining wage rates are: performing job analysis, wage surveys, analysis of relevant organisational problems, forming wage structure, framing rules of wage administration, explains these to employees, assigning grades and price to each job and paying the guaranteed wage.

### **2.12 The Process of job analysis:**

The Process of job analysis results in jobs descriptions which lead to job specifications. A job analysis describes the duties, responsibility, working conditions inter-relations between the job as it is and the other jobs with which it is associated. It attempts to record and analyse details concerning the training, skills, required efforts, qualifications, abilities, experience and responsibility expected of an employee. After determining the job specifications, the actual process of grading, rating or evaluation the job occurs. A job is rated in order to determine its value relative to all the other jobs in the organisation which are subject to evaluation. The next step is that of providing the job with a price. This involves converting the relative job values into specific monetary values or translating the job classes into rate ranges.

### 2.13 Job Evaluation:

Job evaluation is a technique to establish the relationship between contribution of an employees and compensation for this contribution. Although in reality it is very difficult to get a precise value of the contribution of an employee because of the large number of factors involves in the performance of an employee of a job. Job Evaluation is perhaps the most suitable mechanism to do just the same to find out the contribution of an employee. Straus and Sayles (1976) identified six circumstances under which job evaluation has a good chance to succeed. These are:

1. When it does not disturb the existing promotion paths or the traditional wage pattern.
2. When the organisation is paying relatively high wage and job evaluation exercise does not require too many adjustments in existing structures.
3. When the organisation is relatively independent of comparison because of geographic isolation or job requirements.
4. When relations with unions are good.
5. When a large number of people likely to be affected by job evaluation exercise are involved in the process itself.
6. When the organisation is in a position to add a little extra beyond the levels worked out on the basis of job evaluation exercise

Job evaluation examines the effect of skills, capabilities, responsibility and work environment on the performance of the job. It does not price the job but provides basis for it. It is also a starting base for developing job description and specification, necessary for recruitment and subsequent appraisal of performance. It also provides bases for placing job with similar values in grades and job classification.

There are four major methods of job evaluation:

- a) Ranking Method
- b) Job Classification

c) Point System.

d) Factor Comparison System.

**a) Ranking Method:**

This is perhaps the simplest method of job evaluation. Here the total or “Whole”, “job” is ranked against other jobs on the basis of “difficulty level”. No measurable points or score values are assigned. It is simply arranging the job in an hierarchy. Since the job as whole is taken in consideration no attempts are made to break each job into its composite segments. First the ranking is done by the functional areas, and then they are combined for developing an organisational level system. This method is useful in small organisations with relatively flat structures. However, one of the major drawbacks of any ranking is the relative position and distance of one job compared to others. In other words, when jobs are ranked on all overall difficulty level, it tells which job is more difficult than the other. It does not indicate the degree of difficulty which often creates a basis for disagreeing on the pricing of jobs.

**b) Job Classification:**

Mostly used by government agencies and departments, job classification consists of first identifying classes, categories or grades. After this their level of difficulty is identified by defining its specification and then individual jobs are classified in these categories /grade. The individual jobs may come from various functional areas with common responsibilities and work. Compensation levels for each grade /category are allocated and employees working in various departments and sections may end up getting the same compensation level as long as they belong to the same grade / category. Like the ranking method, in this system job as a whole is taken into consideration with little or no attention to its component parts. This system is most appropriate for small organisations with relatively flat structures.

### c) Point System:

This method of job evaluation consists of first developing key compensable factors on which each job must be evaluated. The collection of these key factors is called manual or yardsticks. These manuals can be developed on the basic organisation's own experience or those developed by industry wide organisation. Each of these key compensable factors has a scale value which defines the degree of presence of that factor. Each job is rated on these key factors and a value is assigned. At the end of this exercise the values at each factor are added to get a total score which is then converted into a compensation level (Salary / Wage).

Varma (1986) developed a modified method of job evaluation in his case study of Jagat Mills. The method consisted of three key factors-know-how (sum total of the technical experience, and practical skills for acceptable job performance), problem solving (amount of original, self starting thinking for analyzing, evaluating and making decisions) and accountability (measured effect of the job end results). Each one of these factors is further broken down into sub-components. Thus know-how consisted of academic background, relevant work experience and human relations skills. Problem solving had three sub-components - approach to problem solving, nature of control or guidance from superiors and coordinative functions. Finally, accountability comprised of decision making and contribution. To organisational objectives. All the sub-components were evaluated on a seven point scale. Each of the 15 executives was interviewed extensively and their jobs were rated on the eight sub-components of three key factors. These ratings were then added to get a total score for each of the 125 jobs which later were converted to monetary value.

Point system is a useful method of job evaluation. However, care must be taken to ensure that the manual is as all inclusive so as to avoid possibilities of leaving out important factors or their sub-components. It provides flexibility, and forms the basis of comparing jobs on the same factors. Once the manual is



developed, job evaluation becomes simple and easy. However, same cluster of factors cannot be used for all classes of jobs in the organisation. For example, the key factors of administrative people may be different from production or research and development departments.

**d) Factor Comparison System:**

This method is complicated and expensive. It required the consultation of expert and specialists for comparison and appraisal of jobs. Unlike point system a few compensable factors are chosen based on job analysis. These factors are those that are found to some degree in all the jobs. The weightages of these factors are pooled judgments of a group of expert on key jobs and not as arbitrary as in point system. The current rate of pay is used as a basis for developing weightages for each of the elements of compensable factors for all key jobs. When all the key jobs are thus analyzed, weightages for the elements are developed by taking an average on the key jobs. Thus the money value of one factor in one job is compared to the money value of the same factor in other job. This is what makes this method more acceptable because it is based on the established compensation structure.

Methods of job evaluations are based on judgments of those evaluating the jobs. This may lead to some degree of hesitation in accepting job evaluation exercise. However, in the absence of more scientific techniques, they provide the best approach available. In fact with sophisticated software now available the methodology can be find out to provide more objective results

**2.14 Wage/ Salary Surveys:**

Once the relative worth of jobs has been determined by job evaluation, the actual amounts to be paid must be determined. This is done by making wage or salary survey in the area concerned. Such surveys seek to answer questions like what are other firms paying? What are they doing by way social insurance? What is the level of pay offered by other firms for similar occupations? etc,

gathering information about “ benchmark jobs”, which are usually known as good indicators.

There are various ways to make such a survey. Most firms either use the results of “packaged surveys” available from the research bodies, employers associations, Government Labour bureaus, etc, or they conduct their own. These surveys may be carried out by mailed questionnaire, telephone, or personnel interviews with other managers and personal agencies.

A wage survey to be useful, must satisfy these points:

a) Frequency- affected by rapidity of changes, current, and contemplated. Once per year is common. b) Scope (number of firms) -influenced by the geographic area from which people are drawn, the number of units completing for this labour accuracy requirements, and willingness of organisation to share information. c) Accuracy- the diversity in job titles and specific duties is staggering. The greater the accuracy and detail needed, the greater the requirements for careful description and specification and surveyor’s reliance on person-to - person interviewing rather than mailed questionnaires.

Such wage surveys provide many kinds of useful information about differences in wage levels for particular kinds of occupations. This can have a great influence on an organisation’s compensation policy.

### **2.15 Salary Surveys**

Perhaps a quick and less expensive way to determine compensation could be to conduct a survey of what is being paid in similar industries for similar positions. This could be done at two levels-organisational and professional consultant levels. As far as organisational level is concerned, the HRM department itself can undertake a study to find out comparable compensation package advertised in newspapers and other print and electronic media including website for similar jobs. in similar industries. Information can also be collected from professional association, e.g. Association of Engineers, All India Management Association, National Institute of Training and Development etc.

These associations have access to compensation package of member organisations and can provide the information at literally no cost to the organisation.

Human resource management department can also undertake a research study by formally doing a salary survey. However, such an attempt requires formal knowledge of research methods understanding and training in epistemology (philosophy of Science) on the part of human resource management manager entrusted to carry out this study. In the absence of such knowledge, the results may be interpreted to provide misleading conclusions. Research is complicated process. It requires willingness to accept results that may be unfavourable to one's position and stand. Objectivity and lack of bias are guarantees of truth in research. Unfortunately, not many people are willing to accept the truth. A second factor is time and cost in conducting research. If an organisation is looking for quick answers, research may not be ideal approach. For Example, to conduct a salary survey, first a questionnaire has to be developed, it has to be preceded and mailed to a sample of representative organisations. Experience has shown that the return rate of mailed questionnaire has been attached. Having received some of the completed questionnaire, they have to be analysed, and conclusion and their implications have to be highlighted. This requires time and money despite the fact the questionnaire research is the cheapest, both in terms of time and money and much more objectives than such techniques as interview, participative observation or collecting data from secondary sources.

To avoid some of these problems and to ensure that results of formal surveys are perceived as objective by those who are going to be affected by the results, some organisations take the help of professional consultants. They are outsiders and are not perceived to have stakes in organisational decision making. Their relationship with the organisation is also short lived only to the extent of the time taken in completing the assignment. Consultants may use a

variety of techniques to give recommendations and suggestions for developing compensation package.

### **2.16 Relevant Organisational Problems:**

In addition to the results of job analysis and wage surveys, several other variables have to give due consideration in establishing and well -accepted relationships among certain jobs which can upset job evaluation, whether the organisation would recruit new employees after revised wage structure; are the prevailing rates in industry or community inconsistent with the results of job evaluation? What will be the result of playing lower on higher compensation; and what should be the relationship between the wage structure and the fringe benefit structure? Belcher has listed 108 variables which can affect levels of compensation and wage structure.<sup>1</sup>

**2.17 Preparation of Wage/Salary Structure:** The next step is to determine the wage structure. For this several decisions need be taken, such as: a) whether the organisation wishes, or is able, to pay amounts above, below or equal to the averages in the community or industry: b) whether wage ranges should provide for merit increases, or whether there should be single rates: c) the number and width of “pay grades” and the extent of overlap: d) which jobs are to be placed in each of the pay grades: f) differentials between pay plans; and g) what to do with salaries that are out of line once these decisions have been made?

The quantity and quality of employees an organisation needs to employ also determines the levels of wages and salary fixed. For example, wage /salary rates will be fixed at a higher level if organisation needs quality people to be employed and retained. If the availability of jobs is scare, the wages and salary levels will be low. Wage levels may also be low even lower than the prevailing wage rate if the firm’s economic situation is such that it cannot afford to pay the prevailing wage rate in the industry or region.

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1. Belcher, David W., *Wage and Salary Administration* , Printice-Hall, New Jersey, 1962,P.P.18, 22-23,75-76

According to Monappa<sup>2</sup>, the following factors determine the level of wage/ salary in the organized sectors of the Indian industry.

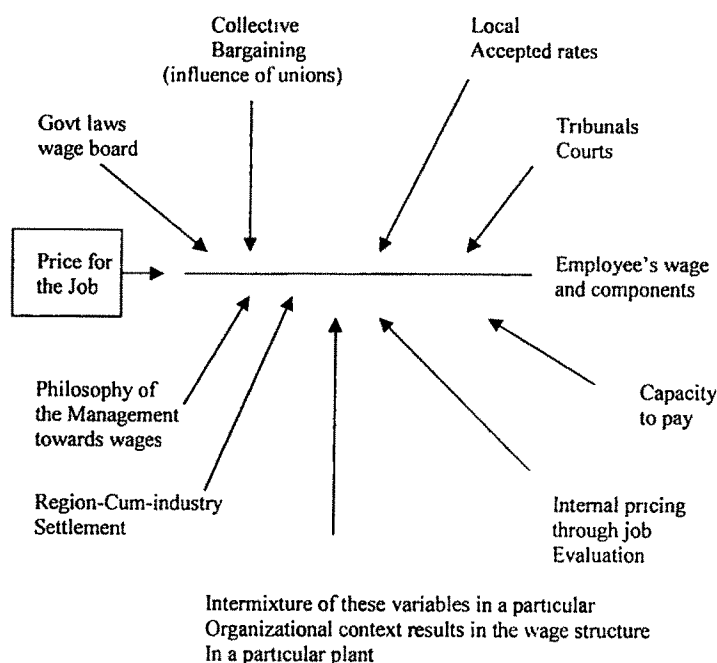
### Stage 1

Individual Workman

Mutually decide  
on the wage  
to the job

Employer

### Stage 2



Note: Stage 1. Self-contained model where external influence is marginal: and  
Stage 2 : Depicting the interplay of external and internal influence.

“Jobs offered by an organisation vary in term of their values. Job value is ascertained by job evaluation. Job evaluation is a systematic method of appraising the value of each job in relation to other jobs in an organisation. Once all job are assigned values, than these are placed in a grade, or say, a rate per job. These grades are arranged in a hierarchical order starting with lower to higher jobs. Thus, wage/ structure consist of the various salary grades and their different levels of single jobs or group of jobs. This will be more clear from the following salary /pay structure of teachers at present in a University:”<sup>3</sup>

Professor	:	Rs. 16,400-450-20,900-500-22,400
Reader	:	Rs. 12,000-420-18,300
Lecturer	:	Rs. 8,000-275-13,500

2. Arun Monappa: *Industtrial Relations* , Tata Mc Graw Hill, New Delhi, 1985, p 69.

3. S.S Khanka: *Human Resources Development*, S.Chand & Com.Ltd. New Delhi, 2005.p 166.

## 2.18 How to devise a salary structure? :

“Like wage and salary fixation discussed earlier, there might be so many ways to devise a salary structure. However, the simplest way to devise a salary structure is outlined here as follows:

1. Ascertain and establish, on the basis of market rate surveys and studies of existing salary structure, the most senior and most junior jobs to be covered by the salary structure.
2. Based on above , draw up salary grade structure ranging from the lowest limit to the highest limit along with the width of salary gaps between jobs and size of overlap between different grades.
3. Make a job evaluation exercise. This can be done by any method of job evaluation. However job evaluation by means of a simple ranking scheme is preferable.
4. Procure market rate data keeping in mind that there is likely to be a range of market rates in existence in the labour market.
5. Finally, based on the results of job evaluation and market rate surveys and studies, arrange all jobs in the grades in an hierarchical order. Infact, it is the stage where a good judgment is required.”<sup>4</sup>

There are two more elements involved in a salary structure:

1. Salary Progression
2. Boadbanding / Graded Salary Structures.

### **Salary Progression:**

“As the term itself implies, it refers to a sequence of progress in salary. In other words, salary progression relates to increases in salary to merit. It relates compensation/salary to performance on a consistent and equitable manner. The procedure of salary progression is characterized by the following key features:

- i) The salary grades are divided into define areas or zones. An employee will pass through these stage or zones as he/she progress in experience. For

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4. S.S Khanka: *Human Resources Development*, S.Chand & Com.Ltd. New Delhi, 2005.p 166-167.

example, a Professor in a University starts with a basic pay of Rs. 16,400 and touches Rs 20,900 after 10 years' experience and Rs 22,400 after 13 years' experience.

ii) There is an incremental rate at which an employee progresses along with the salary grade. In the above example, the incremental system consists of a rate of Rs.450 per year during the first 10 years' period and Rs. 500 per year during the last 03 years' period of experience"<sup>5</sup>

### **Broadbanding / Graded Salary Structures:**

"Broadbanding means a process reducing salary grades to a limited one. In other words, broadbanding means collapsing salary grades and ranges into a few broad and wide levels or 'bands' each consisting of a relatively wide range of jobs and salary levels. As mentioned earlier, in a University, for example, all teaching jobs are reduced to three broad grades, namely Professor, Reader and Lecturer. This broadbanding of grades is more popular in industrial organisations employing huge number of employees. For example, Toyota has broadbanding its all jobs into just five grades or bands. Similarly, General Electricals has been able to restructure its all jobs into three job classifications, viz., *Division I*: Production Members, *Division II*: General. Maintenance Team Managers; and *Division III* : All Tie and Dye Members.

The main advantage of broadbanding is that it injects greater flexibilities into employee compensation. It is especially sensible where firms flatten their hierarchies and organize around self-managing teams."<sup>6</sup>

### **2.19 Job Pricing:**

Job evaluation exercise, irrespective of method used, is only the beginning. It provides the relative value of each job by assigning a numerical value. Job pricing refers to converting the numerical value in actual rupees and paisa .Keeping in mind the market rupees value of jobs, two approaches are

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5. S.S Khanka: *Human Resources Development*, S.Chand & Com.Ltd. New Delhi,2005.p 167.

6. S.S Khanka: *Human Resources Development*, S.Chand & Com.Ltd. New Delhi,2005.p 167

used to price the jobs.

In the first approach the total allocated budget for wages and salary becomes the basis for pricing. However, these cannot be fixed values. They may be changed from time to time by managerial decision by negotiation, by changes in government laws or by changes in market. After all salary budgets are sensitive to these situations.

The second approach is based on the difference between the compensation of the highest and lowest paid jobs in the organisations. Here either the lowest paid job becomes a basis for stepping up the compensation value for compensable factors or stepping down in case the highest paid job is used as a bench mark.

In both cases three situations may happen. As a result of the new compensation structure, the employees may get higher salary/wages than before which is a welcome changes. The employees may get the same or lower salary/wages. Since the whole idea of job evaluation exercise is to motivate employees to perform better any lowering of wage may have adverse effect. Hence, the same revised salary/wage must be upgraded by using increments. In case where the revised salary/wage must be upgraded by using increments. In case where the revised value is less than the existing value protection of existing rates has to be provided.

## **2.20 Factors Influencing Compensation Structure of an Organisation:**

The wage policies of different organisations may vary in real situation. . Marginal units pay the minimum necessary to attract the required number and kind of labour. Often, these units pay only the minimum wage rates required by labour legislation, and recruit marginal labour. At the other extreme, some units pay well above the going rates in the labour market. They do so to attract and retain the higher caliber of the labour force. Some manager believes in the economy of higher wages. They feel that, by paying higher wages, they would attract better workers who will produce more than the average worker in the



industry. The greatest production per employee means greater output per man hour. Hence, labour costs may turn out to be lower than those existing in firms using marginal labour. Some units pay higher wages because of a combination of favorable product market demand, higher ability to pay and the bargaining power of trade union. But a large number of them seek to be competitive in their wage programme .i.e., they aim at paying somewhere near going rate in the labour market for the various classes of labour they employ. Most unit's gives greater weight to two wage criteria, viz, job requirements and the prevailing rates of wages in the labour market. Other factors, such as changes in the cost of living, the supply and demand of labour, and the ability to pay are accorded a secondary importance.

A sound compensation policies to adopt a job evaluation programme in order to established fair differentials in wages based upon differences in job contents. Besides the basic factors provided by a job description and job evaluation, those that are, usually taken into consideration for wage and salary administration are:

- i) The organisations ability to pay;
- ii) Supply and demand of labour;
- iii) The prevailing market rate;
- iv) The cost of living;
- v) Living wage;
- vi) Productivity;
- vii) Trade Union's bargaining power;
- viii) Job requirements;
- ix) Managerial attitudes and
- x) Psychological and Sociological factors.

#### **i) The Organisations Ability to Pay:**

Companies that have good sales and higher profits tend to pay higher wages than those which running at a loss or earning low profits because of the

high cost of production or low sales. All employers, irrespective of their profits or losses, must pay no less than their competitors and need pay no more if they wish to attract and keep workers. During time of prosperity, employers pay high wages to carry on profitable operations and because of their increased ability to pay. But during a period of depression, wages are cut because funds are not available. Marginal firms and non-profit organisations (like hospitals and educational institutions) pay relatively low wages because of low or no profits.

## **ii) Supply and Demand of Labour:**

The labour market conditions or supply and demand forces operate at the national, regional and local levels, and determine organisational wage structure and level. If the demand for certain skills is high and the supply is low, the result is a rise in the price to be paid for these skills. When prolonged and acute, these labour market pressures probably force most organisations to “reclassify hard -to-fill jobs at a higher levels” than that suggested by the job evaluation. The other alternative is to pay higher wages if the labour supply is scarce: and lower wages when it is excessive. Similarly, if there is great demand for labour expertise, wages rise; but if the demand for manpower skill is minimal, the wages will be relatively low. Mescon Say: “The supply and demand compensation criterion is very closely related to the prevailing pay, comparable wage and on-going wage concepts since, in essence, all of these remuneration standards are determined by immediate market forces and factors.”<sup>7</sup>

## **iii) Prevailing Market Rates:**

This is also known as the “comparable wage” or “going wage rate”, and is the most widely used criterion. An organisation’s compensation policies generally trend to conform to the wage-rates payable by the industry and the community. This is done for several reasons. First, competition demands that competitors adhere to the same relative wage level. Second, various government laws and

*7. Mescon, Michel H., “Education, Compensation and Human Utilisation” Atlanta Economic Review, Vol 20, No II, 1970. P. P30-31*

judicial decisions make the adoption of uniform wage rates an attractive proposition. Third, trade unions encourage this practice so that their members can have equal pay equal work and geographical differences may be eliminated. Fourth, functionally related firms in the same industry require essentially the same quality of employees, with the same skills and experience. This results in a considerable uniformity in wage and salary rates. Finally, if the same or about the same general rates of wages are not paid to the employees as are paid by organisation's competitors, it will not be able to attract and maintain a sufficient quantity and quality of man power. Belcher and Atchison observed; "Some companies pay on the higher side of the market in order to obtain good will or to insure an adequate supply of labour, while other organisations pay lower wages because economically they have to, or because by lowering hiring requirements they can keep jobs adequately manned."<sup>8</sup>

#### iv) **The Cost of Living:**

The cost of living pay criterion is usually regarded as an automatic minimum equity pay criterion. This criterion calls for pay adjustments based on increases or decreases in an acceptable cost of living index. In recognition of the influence of the cost of living "escalator clauses" are written into labour contracts. When the cost of living increases, workers and trade unions demand adjusted wages to offset the erosion of real wages.

#### v) **The Living Wage:**

The living wage criterion means that wages paid should be adequate to enable an employee to maintain himself and his family at a reasonable level of existence. However, employers do not generally favour using the concept of a living wage as a guide to wage determination because they prefer to base the wage of an employee on his contribution rather than on his need. Also, they feel that the level of living prescribed in a worker's budget is open to argument since

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*8. Belcher, David. W and Atchison. T.J., "Equity Theory and Compensation Policy" Personal Administration, Vol 33 No3, 1970, P.P 22-23*

it is based on subjective opinion.

**vi) Productivity:**

Productivity is another criterion, and is measured in terms of output per man -hour. It is not due to labour efforts alone. Technological improvements, better organisation and management, the development of better methods of production by labour and management, greater ingenuity and skill by labour are all responsible for the increase in productivity. Actually, productivity measures the contribution of all the resource factors -men, machines, methods, materials and management.

**vii) Trade Union's Bargaining Power:**

A trade union's bargaining power is often measured in terms of its membership, its financial strength and the nature of its leadership. A strike or a threat of a strike is the most powerful weapon used by it. Sometimes trade unions force wages up faster than increases in productivity would allow and become responsible for unemployment or higher prices and inflation.

**viii) Job Requirements:**

Generally, the more difficult a job, the higher are the wages. Measures of job difficulty are frequently used when the relative value of one job to another in an organisation is to be ascertained. Job is graded according to the relative skill, effort, responsibility and job conditions required.

**ix) Managerial Attitudes:**

These have a decisive influence on the wage structure and wage level since judgment is exercised in many areas of wage and salary administration - including whether the firm should pay below average, or above average rates, what job factors should be used to reflect job worth, the weight to be given for performance or length of service, and so forth, both the structure and level of wages are bound to be effected accordingly. These matters require the approval of the top executives.

### **x) Psychological and Social Factors:**

Psychologically, persons perceive the level of wages as a measure of success in life; people may feel secure, have an inferiority complex, seem inadequate or feel the reverse of all these. They may or may not take pride in their work, or in the wage they get. Therefore, these things should not be overlooked by the management in establishing wage rates. Sociologically and ethically, people feel that “equal work should carry equal wages” that “wages should be commensurate with their efforts,” that “they are not exploited and that no distinctions is made on the basis of caste, colour, sex or religion.” To satisfy the conditions of fairness and justice, a management should take these factors into consideration.

### **2.21 Methods of Payment of Wage & Salary:**

#### **Time Rate System:**

Under this system the employees are simply paid a predetermined rate per week, or hour for the actual time they have worked. The basic rate for the job can be fixed by negotiation, by reference to local rates, or by job evaluation. This system is prevalent in the engineering and processing industries and among clerical, supervisory and managerial personnel where there is no rigged standardization of work and a certain amount of skill is involved. Within the time for, a minimum standard of performance is expected.

From the point of view of employees, the advantage of time rates are that earnings are predictable and steady. Moreover, they need not argue with supervision and rate- fixers about piece rate or time allowances.

#### **Payment by Result System**

Under this system the pay or part of the pay is related to the number of items a worker produces or the time he takes to do a certain amount of work. It is applicable to simple manual operations, where the effort of an individual can be measured in terms of quantity or quality. This may be through a straight piece- work or a differential piece- work system.

**a) Stright Piece –Work:**

Stright Piece –Work is payment of a uniform price per unit of production. This is most appropriate where production is repetitive in character and can easily be divided into similar units. In this system, you can pay him for the time allowed to complete a task (time piece -work). In the latter case, if the worker completes the job in less than allowed time he gains the advantages of time saved.

**b) Diffential Piece- Work System**

Diffential Piece- Work System Allow you to adjust wage cost per unit in relation to output. In this system the wages cost per unit of production falls as output increases. At the same time the hourly rate of worker's earnings still increases, although not in proportion to the increases output. This system is possible where it is easy to relate effort to production and work is standarised, respective and measurable, one should keep quality in mind while adopting the piece rate system.

**c) Measured Day Work**

In this system the pay of the employee is fixed on the understanding that the will maintain a specified level of performance. The pay does not fluctuate in the short-term with performance. . What distinguishes this system from the time rate system is the concept of an incentive level of performance. By this putting the employee under an obligation to perform at the effort required by the guaranteeing the incentive payment in advance.

**2.22 Minimum, Fair, Living Wage:**

Some new terms have gained currency in India after independence. These are:

**i) Statutory Minimum Wage:**

Statutory Minimum Wage is the wage determined according to the procedure prescribed by the relevant provisions of the Minimum Wages Act 1948. Once the rates of such wages are fixed, it is the obligation of the employer

to pay them, regardless of his ability to pay. Such wages are required to be fixed in certain employments where “sweated” LABOUR IS PREVELANT, OR WHERE THERE is a great chance of exploitation of labour.

**ii) Bare or basic Minimum Wage:**

Is the wage which is to be fixed in accordance with the awards and judicial pronouncements of Industrial Tribunals, National Tribunals and Labour courts. They are obligatory on the employers to pay.

Minimum wage, fair wage and living wage are the terms used by the Report of the Committee on Fair Wages, set up by the Government in 1948 to determine the principles on which fair wages should be applied. According to this Committee, the minimum wage should represent the lower limit of a fair wage. The next higher level is the fair wage, and highest level of the fair wage is the living wage.

**iii) Minimum Wage:**

A minimum wage has been defined by the committee as “the wage which must provide not only for the bare sustenance of life, but for the preservation of the efficiency of the worker. For the purpose, the minimum wage must provide for some measure of education, medical requirement and amenities.” In other words, a minimum wage should provide for the sustenance of the worker’s family, for his efficiency, for the education of his family, for their medical care and some amenities.

The question of determining the minimum wage is very difficult for more than one reason. Conditions vary from place to place, industry to industry and from worker to worker. The standard of living cannot be determined accurately. What then should be the quantum of the minimum wage? What is the size of the family it should support? Who should decide these Questions? These issues are very difficult to decide. Moreover, since the cost of living varies with the price level, it follows that the price index should be periodically reviewed and modified.

However, the principle for determining minimum wages were evolved by the Government and have incorporated in the Minimum Wages, Act 1948., the important principle being that minimum wages should provide not only for the bare sustenance of life but also for the preservation of the efficiency of the workers by way of education , medial care and other amenities.

iv) **Living wage:**

This wage was recommended by the Committee as a fair wage and as ultimate goal in a wage policy. It defined a Living Wage as “One which should enable to earner to provide for himself and his family not only the bare essentials of food, clothing and shelter but a measure of frugal comfort, including education for his children, protection against ill-health, requirements of essential social needs and a measure of insurance against the more important misfore tunes, including old age.” In other words, a living wage was to provide for a standard of living that would ensure good health for the worker, and his family as well as measure of decency, comfort, education for his children, and protection against misfortunes, This obviously implied a high level of living.

Such a wage was determined by keeping in view the national income and the capacity to pay of an industry. The committee was of the opinion and a capacity to pay of an industry. The committee was of the opinion that although the provision of a living wage should be the ultimate goal, the present level of national income did not permit of the payment of a living wage on the basis of the standards prevalent in more advanced countries.

The goal of a living wage was to be achieved in three stages. In the First stage the wage to be paid to the entire working class was to be established and stabilished. In the Second Stage, fair wages were to be established in the community -cum-industry. In the third Stage, The working class was to be paid the living wage. The living wage may be somewhere between the lowest level of minimum wage and the highest limit of the living wage, depending upon the bargaining power of labour, the capacity



of the wage rise on neighboring industries. The productivity of labour, the place of industry in the economy of the country, and the prevailing rates of wages in the same or similar occupations in neighboring localities.

**v) Fair Wage:**

According to the committee on “Fair Wages.” It is the wage which is above the minimum wage but below the living wage.” The lower limit is set by the “capacity of the industry to pay. Between these two limits, the actual wages should depend on consideration of such factors as(a) The productivity of labour;(b) The prevailing rates of wages in the same or neighboring localities;(c) The level of the national income and its distribution;(d) The place of industry in the economy of the country.

**vi) The Need -Based Minimum Wage;**

The Indian Labour Conference, at its 15th session held in July 1957, suggested that minimum wage fixation should be need-based, and should meet the minimum need of an industrial worker. For the calculation of the minimum wage, the Conference accepted the following norms and recommended that they should guide all wage-fixing authorities, including the minimum wage committee. Wage -Boards and adjudicators; etc.

- (a) The standard working class family should be taken to consist of 3 consumption units for the earner; the earnings of women, children and adults should be disregarded a total of four consumption units.
- (b) The minimum food requirements should be calculated on the basis of the net intake of 2,700 calories, as recommended by Dr Akroyd for an average Indian adult of moderate activity.

- (c) The clothing requirements should be estimated at a per capita consumption of 18 yards per annum, which would mean, for an average worker's family of 4, a total of 72 yards;
- (d) In respect of housing, the norms should be the minimum rent charged by the Government in any area for houses provided under the Subsidised Housing Scheme for low-income groups; and
- (e) Fuel, lighting and other miscellaneous items of expenditure should constitute 20 % of the total minimum wage.

Ever since, the I.L.C made its recommendations on the need-based minimum wage attempts were made by several government and private agencies and trade union organisation to work out its monetary equivalent. These estimates have varied considerably.

### **2.23 Public Policy and Legal Framework:**

Public policy and legislative framework provides the basic for wage determination. Within the framework of public policy and legislative framework, wages are determined through one or more of the following methods : (a) unilaterally by employers , (b) through collective bargaining between employer (or federation of unions in sector- cum - region ) and union (or federation of unions in a sector or sector-cum -region ), (c) Pay Commissions for civil service , (d) Wage boards for select industries ,and (e) adjudication by a third party where wage disputes remain unsolved through negotiation and conciliation.

The legal frame work for the payment of wages /salaries is governed mainly by four legislation beside the guidelines for managerial remuneration and relevant provision in the Indian Companies Act, The four legislation include: The payment of Wages Act 1936. The Minimum Wages Act 1948. The Equal Remuneration Act 1972 and the Payment of Bonus Act 1965. In addition, the Department of Public Enterprises issue from time to time detailed guidelines and set up Pay Review Committees with regard to public sector pay.

To enforce legislative provisions, tripartite regional minimum wage advisory committees exist in the centre and in various states. The labour machinery at the state and central level oversees the implementation of equal remuneration act, four voluntary organisation connected with women's welfare have been empowered to lodge complaints on behalf of the affected persons. A series of welfare legislations -employees' State Insurance Act, 1948 and Employment Provident Act, 1952 for instance - also deals with remuneration and related aspects. To oversee their functioning tripartite boards with representatives of Government, employer organisations and worker organisations have been established. In addition, there are Lok Adalats and Computerised Grievance Redressal Mechanism to deal with complaints relating to one or more of this legislation. Individual employees, trade union can also seek redressal through labour courts all the way upto the Supreme Court. Even uninvolved parties and non - governmental organisations also can proceed with public interest litigations to seek redressal of persons affected by violations of various legislations like for instance. Minimum Wages Act.

Government has also established machinery to collect data and information and disseminate the same. Labour Bureau, Simla, not only collects and compiles information about the cost of living index which provides the basis for compensating the workers for rise in cost of living under the existing applicable schemes of dearness allowance. Labour Bureau, Simla. Annual survey of Industries of the Central Statistical Organisation and National Sample Survey are among the other institutions which collect and compile information on wages and living conditions. Labour Bureau and the Central Industrial Relations Machinery in the Ministry of Labour also prepare reports on the implementation of the legislations mentioned above. Labour Bureau also conducts, from time to time, inquiries into wages and working conditions of workers in select industries (for instance, mines, beedi and cigar, etc) for which separate legislations are in force.

## **2.24 Unilateral Pay Fixation :**

In India 92 percent of the labour force is unorganized .Though a significant portion of the unorganized labour force is covered by minimum wage legislation ,given the high unemployment and underemployment there are little incentives for employers to comply with the legislation (for every person who does not work below minimum wage there could be many more who are willing to work for less than the minimum wage )and many practical difficulties in effective enforcement .It is not only anecdotal accounts by workers and trade union activists, but also field study reports by researchers, both Indian and foreign ,which confirm the problems with actual implementation of minimum wage legislation. Majority of the unorganized sector workforce is not unionized and hence the possibility for determining wages and working conditions through collective bargaining is virtually ruled out .In a few cases collective bargaining in the unorganized and sick industries in the private sector has actually led to agreeing for less than the benefits and protection afforded by legislation.

Given the above scenario, in respect of a vast majority of the workforce in the unorganized sector wages are unilaterally determined. This often results in not only workers getting less than the minimum wages and benefits stipulated under law, but also discrimination in wages and benefits between one (set of) workers and another, In a large number of private sector establishment, for the non-unionized supervisors and executives wages are unilaterally determined by their employers. In this case however, usually employers tend to base the salary levels at or around, if not above, the market rates in view of the difficulties in attracting, retaining and motivating skilled and experienced personnel lesser. Unilateral wage fixation by employer can be unfair to the individual employees because the latter will have lesser bargaining power vis-vis their employers, often tend to encourage arbitrariness and raise questions about fairness and equity.

### **2.25 Collective Bargaining:**

Collective bargaining is a process where by standards are created to govern labour relations-including particularly wages and working conditions. ILO conventions No 87 and 98 establish the right of workers to organize and bargain collectively, In Indian union density is about 6% of the labour force in the country. Of them nearly two thirds are in government and quasi-government organisations, including defence are not covered buy collective bargaining.

Union act does not provide for statutory recognition of collective bargaining though some state government legislation provides for it and legislation puts a minimum on adjudication rather than collective bargaining. Refusal to bargain collectively ,in good faith ,with recognized trade unions is, however, made an “unfair labour practice” under section 2(ra)/ Scheduled V of the industrial Disputes Act and is punishable under section 25(u) with imprisonment for the term which may extend to six months or with fine which may extend to Rs.1,000 or with both.

### **2.26 Levels of Bargaining:**

Sectoral bargaining at National level: Prior to 1970s wage boards appointed by government were given awards on wages and working conditions. The number of wage boards had declined from 19 in late 1960s to one (for journalists) in late 1990s. Since early 1970s sectoral bargaining is occurring at national mainly in industries where the government is a dominant player. These include banks and coal (approximately 800,000 workers each) steel and ports & docks (250,000 workers each). 58 PRIVATE/PUBLIC/MULTINATIONAL BANKS are members of the India federation of banks employees. Over 200 coking and non-coking mines were nationalized in early 1970s. They are spread all over the country, with some owned by the state governments and many by the central government. There is one national agreement for the entire coal industry. In steel there is a permanent bi-parties committee for the integrated steel mills in the public and the private sector.

Since 1969, this committee which is called the National Joint Conductive Committee for Steel Industry (NJCS) has signed six long term settlements. The 11 major ports in the country have formed the Indian Port's Association. They hold negotiations with the industrial federations of major national trade centers in the country.

A peculiar feature of sectoral bargaining at the national level is the presence of a single employer body and the involvement of concerned administrative ministry from employer's side. In many sectors, two to five major national centers of trade unions, which have a major presence through respective industry federations of worker's organisations, negotiate. In banks, coal, and port & docks invariably all agreements were preceded by strikes or strike threats. Only in the steel industry this did not happen during the past 29 years. Even though industry -wide bargaining is not extended to the oil sector, which was nationalized in the late 1970s, the Oil Coordination Committees accomplish a great deal of standardization in pay and service conditions even if collective bargaining occurs at firm and / or plant (for instance, Hindustan Petroleum Corporation Limited). The agreements in banking and coal covered 800,000 workers each while that in steel and ports and docks covered 250,000 workers each.

## **2.27 Pay Commission for Central Govt.:**

The pay structure of the Central Government employees is based on the recommendations of Pay Commissions set up by the Central Government. While some state Governments also broadly follow the recommendations of the Central pay Commissions for their employees and a few other state Governments set up their own Pay Commissions. During the past 50 years of India has set up five pay commissions. The recommendations of the Fifth pay Commissions, which submitted its report in 1997, as accepted by the Government are currently in force. Pay Commissions also covered a wide range of employees in the public sector.

There are significant differences between the methods of settlement of wage disputes available to workers in the private sector and those of concerned Government employees. The latter are at the disadvantages position as none of the wage settlement methods such as collective bargaining, conciliation, adjudication or arbitration is availed to these employees to settle wage claims and disputes.

A Joint Consultative Machinery was set up by the Central Government to discuss matters relating to welfare of the employees and improvement of efficiency and standards of work. The scheme provides for a limited extent of compulsory arbitration on the following subjects:

- 1) Pay and allowances.
- 2) Weekly hours of work,
- 3) Leave of a class or grade of employees.

The Government however becomes the final authority in deciding whether an issue can or cannot go for arbitration.

Despite these arrangements, the effective method available to Government employees is that of enquiry by the pay Commission. The Central Government has so far set up five Pay Commission which reported in 1947,1959,1973,1984, 1997 respectively. Most State Governments have also set up Commissions from time to time.

Pay Commissions which were set up to regular intervals functions non-statutorily, study the problems establishing their own procedures for the collection of data and information and make recommendations to the Government. Though these recommendations are given much weightage, the ultimate responsibility lies with the government whether to accept, or modify or reject some of them.

The First Central Pay Commission recognized that the influence of the law of demand and supply cannot be wholly ignored in fixing in the salaries of public servants. The fairness and adequacy of the salary proposed must be

judged balancing the interests of the employee, employer and public. The Commission stated that an employee must be paid a “living Wage”. However, with to Fair Wages Committee’s clarification of the concept of living wage it becomes clear that the living wage which was recommended by the Commission should actually be the minimum wage.

The Second Pay Commission also referred to the principles that as a matter of social policy, the lowest rate of remuneration should not be lower than a living wage and the highest salaries also should be kept down, consistent with the essential requirements of recruitment and efficiency. The Commission reached the conclusion that the minimum wage or salary should not be determined merely on economic consideration, but should satisfy also a social test- both because of its intrinsic validity and because of its bearing on efficiency. Even above the minimum level Government should remunerate their employees fairly; for these who serve the state, as well as others, are entitled to fair wages (Second Central Pay Commission Report).

The first two Central Pay Commission stressed that the minimum wage must satisfy a social test and that wages above the minimum should be ‘fair’. The major requirement of sound pay system quoted by the Third Pay Commission included inclusiveness, comprehensive and adequacy.

a) Inclusiveness- the pay structure and career pattern adopted for the civil service should broadly be adopted by autonomous quasi-government organizations also. Secondly, the large -scale appointment of casual, contingency and work -charged employees should be discouraged and kept to the minimum.

b) Comprehensibility - the pay scale proper should provide as true and comprehensible picture of the total remuneration given the Government employee.

c) Adequacy- the pay structure should be adequate both internally and externally. Individual attributes such as education, training and skill should be



taken into account for internal adequacy. For being externally, the pay structure should provide for some measure of protection of living standards.

None of the above pay commissions viewed that the Government should be assigned the role of “model employer” by paying higher wages and salaries. However, it was observed that the Government must be guided by the objectives and principles prescribe by the Pay Commission.

Though the feasibility of need-based minimum wage as examined by the two Pay Commissions, they differed in their views on the 15th session of the Indian Labour Conference specifications on the minimum wage. The third Pay Commission viewed that the minimum wage fixes should be realistic and should match the conditions prevailing in the economy. The Commissions concluded that “the adoption of the minimum remuneration based on the 15th ILC norms at this stage would be tantamount to a misdirection of resources “” (report of the Third Central Pay Commission (1973), vol 1 .p.58).

An important criteria in wage determination in industry is that of comparison. The First Pay Commission considered that a “fair relativity” should be maintained between government employees and outside rates. The second pay Commission felt that though fair comparison between rates of remuneration for comparable work could be adopted, it involves practical difficulties in the application of the principle. The third pay Commission paid considerable attention to fair comparison under the principle of equal pay for equal work”. However, there can be no fair comparison between establishment with a profit motive and a public service motive. The fourth Central Pay Commission deal with the criteria of comparability on how it is not satisfactory as an absolute factor for fixing the governmental pay structure by comparison with that prevailing in the private sector. A market price cannot be assigned to the value of work in the public services. The commission viewed that comparisons should be used in determining pay of government employees. As far as possible, the effort should be to provide comparable emoluments for comparable work.

Capacity to pay is another significant criterion applicable to the remuneration of Government employees but the method of assessment of Government's capacity is entirely different from that in the private sector. Since, the Government's capacity to pay cannot be measured precisely; the government could pay fair wages to its employees. The fourth Central Pay Commission observed that the capacity of the employer to pay its employee is a factor to reckon be given due consideration. The Commission said that the fairness of the payments has to satisfy a double test in the sense it has to be fair from the point of employees as well as the people they serve.

The fourth Central Pay Commission (1984; p84) disagreed with the First and Second Pay Commission which rejected the model employer principle". The Commission expressed that a model employer need not necessarily pay higher wages than other good employers. A "model is above the ordinary or above that which is the minimum, or higher than what are content with or what is enough to serve their propose.

Another important factor in wage determination is to cost of living. The approach of most Pay Commission has been a devise a salary structure with reference to a certain consumer price index at which the Commissions believes that prices may eventually get stabilished or, at any rate below which prices are unlikely to fall and to provide for neutralization of any rise in the cost of living thereafter through dearness allowance linked to, generally varying with, the consumer price index. The various Commissions expressed different views on the subject of dearness allowance payable to Government employees. The first Central Pay Commission observed that the dearness allowance is relevant not only to the needs of the most vulnerable section of the employees but some of the upper employees also require a measure of relief. The quantum of dearness allowances will be raised, lowered or discontinued for a rise or fall in the consumer price index. The same principles would apply to all classes of employees except that when the consumer price index fell considerably below

the existing level, DA was to be discontinued at different index levels for employees on different pay scales. The Commission recommended DA to all employees drawing a salary upto Rs 100.

The Second Central Pay Commission considered DA as a device to protect the real income of wage earners and salaried employer's from the effects of rise in prices. The Commission, however, limited payment of dearness allowance to those drawing a salary of less than Rs 300 per month. The Third pay Commission observed that dearness allowance should be treated as compensation to the wage earners and salaried employees against rise in prices over the index level to which the pay structure was related. After examining the consumption pattern of employees in the higher Pay range the commission recommended extending payment of dearness allowance to all employees getting pay not exceeding Rs 2250 per month.

The fourth Central Pay Commission also viewed that the compensation should provide full neutralisation of price to employees drawing basic pay upto Rs 3,500/-, 75 % to those getting basic pay between Rs 3,501 and Rs 6,000 and 65% to those getting basic pay above Rs.6000 subject to marginal adjustments. This compensation may continue to be shown as a direct element of remuneration.

Doubts expressed regarding the suitability of the Consumer Price Index for Industrial workers presently being used for purpose of grant of DA to Central Government employees. It has been argued that this index does not truly represent the consumption pattern of all Central Government employees and should be replaced by an index specially prepared for the purpose.

The fifth Central Pay Commission, which submitted its report in 1996, made some proposals linking pay revision with work organisation and manpower planning. It recommended 40% increase in pay and 30% reduction in manpower over three year period, new modes recruitment, including contract employment, and innovative suggestions on training, performance appraisal,

career progression, transfer policies and accountability. The Government accepted the first part of the recommendations and not the second part.

The problem with pay commission is two fold: they are not able to relate recommendations with the principles they enunciate. Secondly Governments usually tend to take economic decisions on political considerations.

### **2.28 Wage Boards:**

The wage boards have a long history in the Indian Industrial relations System. As early as 1931 the Royal Commission on Labour recommended the setting up of wage boards for determination of wages. It was envisaged in the First Five Year Plan that permanent Wage Boards with a tripartite composition should be set in each state and at the Center to deal comprehensively with all aspects of the question of wages. The above recommendation, however, did not receive adequate attention and the wage disputes continued to be settled through Industrial Tribunals. The Second Plan also considered the wage Board to be more acceptable machinery as it gives the parties a more responsible role in reaching decisions. The Fair wages Committee, the real authors of the wage Board Scheme, said that fair wages should be fixed on an industry-cum-region basic. But the Government has consistently set up a single industry -wide wage boards throughout the country.

The first Wage Board to be set by the Government was in 1957 in the cotton textile industry. Since then more and more industries have been brought with the scope of Wage boards. The wage board were set up: to provide better climate for industrial relations; to represent consumers/public interests; to standardize wage structure throughout the industry concerned and - to align the wage settlement with the social and economic policies of the Government.

### **Constitution of Wage Boards:**

Wage Board is tripartite in nature, which consists of a chairperson, an equal number of representatives of employers and employees (two members each) and two other independent members (an economist and a consumer's representative)

nominated to the board. The Chairman shall be appointed by the appropriate Government in consultation with the Chief Justice of the High Court concerned or Supreme Court of India, as the case may be any person who is or has been or is eligible to be appointees as a judge of the High Court shall be qualified for appointed as the Chairman. It has been the practice to nominate a member of parliament to represent the interest of the consumer/public.

The members representing the employers shall be appointed by the appropriate Government on the recommendation of the most representative organisations of the employers in the activity. The members representing the employees shall be appointed by the appropriate Government on the recommendation of the most representative organisations of the employees in the activity.

#### **Functions of Wage Board:**

The primary functions of the wage board shall be to determine to wages payable to the employees of the activity. The appropriate Government or the recognized organisation of employers and employees, by mutual agreement, may refer to the wage board any other matter for determination.

#### **Procedure of the Wage Board:**

The wage Board shall follow such procedure as may be prescribed; provided that where the appropriate government has not prescribed any procedure the wage board may evolve its own procedure.

#### **Criteria for Award of the Wage Board:**

In evolving a wage structure, a wage board is required to take into consideration the needs of the industry. the system of payment by results, prevalent rates of wages for comparable employments, the categories of workers to be covered, capacity to pay, level of employment and other relevant factors including public interest in making its award. Wage boards may have been assigned additional tasks such as consideration of the grant of bonus and framing of gratuity scheme.

### **Award of the Wage Board:**

The award of the wage board; a) shall be based on the majority opinion and shall be in writing and signed by the members including the chairman. b) Shall be final and shall not be called in question by the court in any manner whatsoever but an appeal may be filed against the award before the National labour relations Commission. c) shall come into force with effect from such date as may be specified there in and if no date is specified therein and if no date on which it is signed. d) shall be binding on all persons who subsequently become employed therein and all their employees including the heirs or successors and assigns of the employers. e) shall remain in operation for a period of three years and it may be extended for such further period as may be decided by mutual agreement between the parties.

### **Enforcement of the Award:**

After the award of the wage board has come into force every employee of the activity shall be entitled to be paid wages in terms of the award and every employer of the activity shall to be paid wages at rates which shall in no case be less than the rates of the ward, provided that if the wages of an employee are higher than wages due as per the award he shall be entitled to continue to draw higher wages .at his option.

The wage boards are non-statutory, except the one for working journalists, in some states; however, there are statutory wage boards for certain industries, As a rule the wage boards have been functioning with a flexible approach. Each board collects information by issuing a detailed questionnaire and holds sittings to record the views of the concerned interests. After an assessment of these the board makes its recommendations to the Government. The procedures adopted by the boards have evoked sharp criticism. The recommendations of the wage boards are examined by the government and the various recommendations are accepted by the parties. In a few cases the recommendations have been modified, leading to apprehensions about the

government adopting a partisan stand towards employer or employees as the case may be.

The major criticism leveled against the wage boards has been that;

a) single machinery for wage fixation in all types of industries will not be suitable and therefore depending upon the nature of the industries, wage boards, collective bargaining or adjudication could be utilized for wage determination;

b) Non-implement or even unanimous recommendations.

c) The question of linking wages with productivity has not been considered seriously by any of the wage boards;

d) Serious procedural delays Bipartite Committee was set up on the advice of the 27th session of the Standing Labour Committee to examine the problems of delays in the working of the wage boards and securing fuller implementation. One of the suggestions emerged was that after the constitution of a wage board for a particular industry disputes relating to matters before should not be referred to adjudication.

The National Commission of Labour (1969) also recommended there need be no independent persons on the wage board The Chairman should preferably be appointed by the common consent of both employers and employees The Wage Boards should be required to submit their recommendations within one year of their appointment, the recommendation of a wage board should remain in force for a period of five years unanimous recommendations of the wage boards should be made statutorily binding Central Wage Board Division should be set up on a permanent basis to service all the wage boards.

## **2.29 Adjudication:**

When Pay Commission and Wage Board submit the reports, the governments accept the recommendations with or without modifications. When collective bargaining and conciliation fail to accomplish resolution of dispute between labour and management, the cases may be decided through voluntary

arbitration or compulsory adjudication. During the 1970 and 1980 swages in the cement industry were decided through arbitration. Not any longer, when wage disputes persist government refers them of the adjudication.

Though the adjudicator's award is normally binding on labour and management. It is not uncommon for parties to move the courts over the award of the adjudicator. In such cases the Supreme Court is the final arbiter. There have been however, instances where even Supreme Court verdicts had problems in implementation, enforcement due to ground realities. In such instances either labour or management, usually the former, makes amends and agrees with the latter for something less than what the Supreme Court mandated. The dearness allowances dispute in Raptokas Bret (1992-93) is one such case. While Supreme Court ordered the company to pay double indexed dearness allowance the company found it difficult and instead wanted to sell the unit. The union then gave up its demand for double indexed dearness allowance and entered into agreement with the management.

In most industrialised countries, it is realised that interest issues (wages ,allowances, etc) can not be adjudicated ,but rights issues (right to unionise, right to bargain ,right to prior notice, right to consultation, etc) can be. In India, however no such distinction is made and both interest issues and rights issues are subject to bargaining and adjudication. This creates avoidable difficulties in the running of enterprises.

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The next chapter deals with the Law and Rules governing employee benefits.



## **CHAPTER III**

# **Laws and Rules Governing Employee Benefits and Labour Welfare Measures and Social Securities Benefits**

## **Laws and Rules Governing Employee Benefits and Labour Welfare Measures and Social Securities Benefits**

It is difficult to define what a fringe benefits is, for there is no agreement among the experts on its precise meaning, significance or connotation of Fringe benefits. The chief area of disagreement is between “wages” and “fringe” on the one hand and between “fringes” and “company personnel service” on the other. There are also differences on whether the benefits which have been legally provided for should be included among the “fringes”. The Oxford Dictionary defines labour welfare as “efforts to make life worth living for workman”. The ILO Regional Conference described welfare to means “such service ,facilities and amenities ,which may be established outside or in the vicinity of undertaking to enable the persons employed there in to work in healthy and congenial surroundings to and to provide them with amenities conducive to good health and high morale.”

The glossary of current industrial relations and wages terms has defined fringe benefits as “supplements to wages received by workers at the cost of employers. The term encompasses a number of benefits -paid vacation, pension, health and insurance plan, etc-which usually add upto something more than a “fringe” and is sometimes applied to a practice that may constitute a dubious benefit for workers”.<sup>1</sup>

The International Labour Organisation has defined “fringe benefits” as under:<sup>2</sup>

“Wages are often supplemented by specials cash benefit, by the provisions of medical and other services or by payment in kind that form part of the wage for expenditures on the goods and services. In addition, workers commonly receive such benefits as holidays with pay, low cost meals, low rent housing, etc. Such additions to the wage proper are sometimes referred to as

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1. U.S.A Department of Labour ,Glossary of Current Industrial Relations and Wages terms, Bulletin No.1438,1968,P.P 32-33

2. I.L.O, International Comparisons of Real Wages, Geneva, 1956, p.p 19-21

‘fringe benefits’. Benefits that have no relation to employment or wages should not be regarded as fringe benefits, even though they may constitute a significant part of the workers’ total income. This is fairly obvious in the case of public parks, sanitation services, public and fire protection.”

The United States Chamber of Commerce includes five categories of services and benefits under the term fringe benefits. These are: <sup>3</sup>

- i) Legally required payments - old age pension, survivor benefits, disability pension, health insurance, unemployment insurance, separation pay, and payments made under the Workmen’s Compensation Act;
- ii) Pension and group insurance; and welfare payments;
- iii) Paid rest periods, rest up time, lunch periods;
- iv) Payment for time not worked -Like vacations and holidays,
- v) Christmas bonus/Festival bonus

Belcher defines these benefits as “any wage cost not directly connected with the employees, productive effort, performance, service or sacrifice.”<sup>4</sup>

According to the Employees federation of India, “fringe benefits include payments for non-working time, profits and bonus, legally sanctioned payments on social security schemes, workmens compensation, welfare cess, and the contributions made by employers under such voluntary schemes as cater for the post-retirement, medical, educational cultural and recreational needs of workmen. The term also includes the monetary equivalent of free lighting, water, fuel, etc., which are provided for workers, and subsidised housing and related services.”<sup>5</sup>

Cockman views employee benefits as “those benefits which are supplied by an employer to or for the benefits of an employee, and which are not in the

3. *Chamber of Commerce of the United States of America, Employee Benefits, Washington, 1971*

4. Belcher .D, “Fringe Benefits - Do We Know Enough About Them?” , *Langsner and Lollitsch, Wage and Salary Administration, South-Western Publishing Company, Chnicinati, Oliso, P 488*

5. *Employers’ Federation of India, Fringe Benefits in Indian Industry, Bombay, 1968*

form of wages, salaries and time-rated payments.’<sup>6</sup>

We may define fringe benefits thus:

*Fringe benefit is primarily a means in the direction of ensuring, maintaining and increasing the income of the employee. It is a benefit which supplements to a worker's ordinary wages and which is of value to them and their families in so far as it materially increases their retirement benefits.*

Benefits differ from incentives in the sense that these are non-financial and membership-based. In other words, while incentives are paid to specific employees whose work (performance) is above standard, benefits are available to all employees based on their membership in the organisation. The catchwords “fringe benefits” initially used to denote the employee benefits are no longer merely ‘fringe’ as such. Now, these so called fringe benefits form a substantial part of the expenditure incurred on wage and salary administration. For example, according to an estimate, the money value of fringe benefits may usually account for 40%, if not more, of the employee remuneration in certain large organisations.

This is precisely the reason why ‘fringe benefits’ are nomenclature by some people as ‘employee benefits and service’. Here also, some thinkers have tried to draw a line of distinction between benefits and service. According to them, the word ‘benefits’ applies to those items for which direct monetary value to the employee can be ascertained. Holiday pay, pension, medical insurance etc., are examples of such benefits. The word ‘services’, on the other hand, refers to such items whose value in monetary term cannot be ascertained. The examples of such items are housing, examination, legal aid, athletics, etc. However, both terms, viz., benefits and services have been used as interchangeable or synonymous.

There are some important features of Fringe benefits, like-

Firstly, Fringe benefits are those Payments or benefits which a worker

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<sup>6</sup> Cockman, R. “Employee Benefits for Managers and Executives” in Favey, A M (Ed) *Handbook of salary and Wage*, Grower Press Epping, Sussex, 1975, P 73

enjoys in additions to the wage or salary he receives.

Secondly, these benefits are not given to workers for any specific job they have performed but are offered to them to stimulate their interest in their work and to make their job more attractive and productive for them. They boost the earnings of the employees.

Thirdly, Fringe benefits represent everything which a company spends over and above “straight time pay” should be considered.

Fourthly, a fringe is never a direct reward geared to the output, effort or merit of an employee. It is offered, not on the basis of the hard work or long hour of work put in by an employee but on the basis of length of service, his sickness, sex, the hazards of life he encounters in the course of his work, etc.

Fifthly, to be termed a “fringe benefits”, a labour cost should be intended by an employer as a benefit desired by his staff. It is a fringe benefit when it is enjoyed by all the employees.

Sixthly, a fringe must constitute a positive cost to the employer and should be incurred to finance an employee benefit. If the benefit increases a worker's efficiency, it is not a fringe; but it is given to supplement his wages.

Though these benefits are known as fringes they are not merely so but are a substantial part of the expenditure incurred on wage and salary administration. They are better known now as “Benefits and Services” rather than as ‘Fringe Benefits’. But since the terms are also used interchangeable, they are synonymous.

The word “Benefits” applies to those items for which a direct monetary value to the employee can be easily ascertained, as in the case of holiday pay, pension, medical insurance or separation pay. The word of “services” on the other hand, refers to such items as athletics, company purchasing service, workers medical examinations, legal aid, housing, etc.

### **3.1 Objectives of Fringe Benefit:**

The main objectives with which such fringe benefits are offered are-

1. To induce happier employer -employee relations;
2. To generate good morale in the employees;
3. To provide a psychologically satisfactory work environment;
4. To cater to health and the safety of the employees;
5. To promote employee welfare;
6. To induce loyalty to the company; and
7. To meet the legal requirements.

Fringe benefits may be classified as under

a) Employee Security Payment: These include:

- i) Employers Contribution stipulated in legal enactments i.e. old age, survivor, disability, health and employment insurance;
- ii) Payment under the workmen's compensation.
- iii) Supplemental unemployment benefits.
- iv) Accident insurance.
- v) Pensions.
- vi) Contributions to savings plans and health and welfare funds.

b) Payment for time not worked:

- i) Rest period , ii) Holiday, iii) Vacations,
- iv) Sick leave , v) Severance pay, vi) Leave of absence
- vii) Pension programmes, vii) Insurance.

c) Bonus and awards.

In addition to the above fringe benefits, organisations also provide some services to the employees. These services are provided at the discretion of the management. These services include:

- i) Service related to the type of work performed.
- ii) Eating facilities.
- iii) Transportation facilities
- iv) Child care facilities
- v) Housing services.

- vi) Financial and legal service.
- viii) Purchasing services
- ix) Educational services.
- x) Medical services.
- xi) Outplacement of services
- xii) Flextime.
- xiii) Cafeteria services.

### **3.2 Statutory Welfare Provisions:**

These are amenities that are necessarily being provided to the employees under different labour legislations. The important legislations which call for these welfare provisions include -The Factories Act, 1948, The Plantation Labour Act, 1951, Mines Act, 1952. Motor transport Workers Act, 1961, and Contract Labour (Regulation and Abolition) Act, 1970.

#### **The Factories Act, 1948**

The Act covers areas including health, welfare, safety, working hours, annual leave with wages and employment of women and children.

The Act is applicable to premises including precincts thereof where ten or more workers are employed with the aid of power, or where 20 or more workers are employed without power.

The welfare amenities provided under the act include:

1. Washing facilities.
2. Facilities for storing and dry clothing.
3. Sitting facilities for occasional rest for workers who are obliged to work standing
4. First-aid boxes for cup-boards- one for every 150 workers, and ambulance facilities if there are more than 500 workers.
5. Canteens if employing more than 250 workers
6. Shelters, rest rooms and lunchrooms, if employing over 150 workers
7. Creche, if employing more than 30 women

8. Welfare officer, if employing more than 500 workers.

The various benefits provided under the Act include: (i) No worker (adult) shall be required to work in a factory for more than 48 hours in any week (Section 51); (ii) The working hours shall be kept restricted to 9 hours on any day (Section 54) (iii) An adult worker shall have weekly paid holidays, preferably Sunday (iv) A worker deprived of weekly holidays, is eligible for compensatory holiday of the same number in the same month; (v) Provision for double salary to the workers working during holidays; and (vi) Provision for canteen employing more than 250 workers and creches where more than 30 women employees are working

**The Mines Act, 1952**

Apart from provision for canteen and creches, the Mines Act, (1952) specifies that there should be provision for first-aid boxes and first-aid rooms in mines employing more than 150 workers and appointment of a welfare officer in mines employing more than 500 workers.

The mine owners should make provisions for:

1. Maintenance of creches where 50 or more woman workers are employed.
2. Shelters for taking food and rest if 150 or more workers are employed
3. A canteen in mines employing 250 or more workers
4. Maintenance of first-aid boxes and first-aid rooms in mines employing more than 150 workers
5. (i) pit-head baths equipped with shower baths,  
(ii) sanitary latrines, and  
(iii) lockers, separately for men and women workers
6. Appointment of a welfare officer in mines employing more than 500 persons to look after the matters relating to the welfare of the workers.



### **The Plantation Labour Act, 1951**

The following welfare measures are to be provided to the plantation workers:

1. A canteen in plantations employing 150 or more workers
2. Creche in plantations employing 50 or more women workers
3. Recreational facilities for the workers and their children
4. Educational arrangements in the estate for the children of workers, where there are 25 workers' children between the age of 6 and 12.
5. Housing facilities for every workers and his family residing on the plantation. The standards and specifications of the accommodation, procedure for allotment and rent chargeable from workers etc. are to be prescribed in the rules by the State Government
6. Medical aid to workers and their families. The workers are also entitled, subject to any rules framed by the State Governments, to sickness allowance and maternity allowance.
7. The State Government may make rules requiring every plantation employer to provide the workers with such member and type of umbrellas, blankets, raincoats, or other such amenities for the protection of workers from rain or cold as may be prescribed
8. Appointment of a Welfare Officer in plantation employing 300 or more workers.
9. Workers who worked for 240 days during a calendar years are eligible for paid vacation at the rate of one day for every 20days worked in case of adult workers and the rate of one day for every 15days worked in case of child workers.

### **The Motor Transport Workers Act, 1961**

The motor transport undertakings are required to make following provisions in the areas of health and welfare;

1. Canteens of prescribed standard, if employing 100 or more workers.

2. Clean ventilated, well lighted and comfortable rest room at every place where motor transport workers are required to halt at night.
3. Uniforms, raincoats to drivers, conductors and line checkers for protections against rain and cold. A prescribed amount of washing allowance is to be given to the above -mentioned categories of staff.
4. Medical facilities are to be provided to the motor transport workers at the operating centers and at halting stations as may be prescribed by the State Governments.
5. First -aid facilities equipped with the prescribed contents are to be provided in every transport vehicle.

### **The Contract Labour (Regulation and Abolition) Act, 1970**

The contractor is required to provided the following welfare and health measures to the contract workers:

1. A canteen in every establishment employing 100 or more workers.
2. Rest rooms or other suitable alternative accommodation where the contract labour is required to halt at night in connection with work of an establishment
3. Provision for washing facilities.
4. Provision for first -aid box equipped with the prescribed contents.

The Act imposes liability on the principal employer to provide the above amenities to contract labour employed in his establishment, if he contractor fails to do so. The need for setting up creches in industrial establishments was stressed by the Royal Commission on Labour in its report way back in 1931. The Factories Act lays down that in any factory with more than 50 women workers a creche should be provided and maintained for children less than 6 years in clean and sanitary conditions. The creche should be under the care of women trained in child care. The creche should have adequate accommodation, should be properly lighted and ventilated. The State Government is empowered

to make rules in respect of standards, equipment and facilities. Mother should also be given time to feed their children at necessary intervals.

The Factories Act, 1948, provides for the statutory appointment of a welfare officer in a factory in which 500 or more workers are employed. The State Government may prescribe the duties, qualifications and conditions of service of officers employed. The functions of a welfare officer include the broad areas of (i) Labour welfare (welfare function), (ii) Labour administration (personal function) and (iii) Labour relations (conciliation function)

The labour welfare function includes advice and assistance in implementing legislative and non- legislative provisions relating to health, safety and welfare, hour of work, leave, formation of welfare committees, etc.

The labour administration covers organisational discipline , safety and medical administration, liaison, wage and salary administration, education of workers ,etc .The labour relation consists of settlement of disputes ,promotion of harmonious labour -management relations, etc.

### **Educational Facilities Provided by the Employers:**

Economic and social progress is correlated to the quality of work life. Education plays a crucial role in motivating and preparing the workers for constant change and development that should necessarily happen in industry. The need for imparting necessary education to workers in India had been emphasised by the Indian Industrial Commission (1918) and the Royal Commission on Labour (1931). The educated worker is naturally more receptive and responsible.

Educating the workers' family, especially his children, is essential. It is an investment in training the future workforce. The Central Workers Education Board conducts classes for industrial workers. The National Commission on Labour and the Committee on Labour Welfare recommended that trade unions should take an active interest in educating workers and running schools for

workers' children. However there is no statutory obligation on any industry to impart education to worker's children except in plantations.

**Housing Facilities:**

Both the Indian Industrial Commission (1918) and the Royal Commission realised the importance and necessity of improving housing conditions of industrial workers and suggested various measures. In 1948, the Government of India put forth the Industrial Housing Scheme. The Committee on Labour Welfare emphasised the importance of the role of the State Government in acquiring land near industrial areas and renting house in reasonable rates. The National Commission on Labour recommended that the Government should take the major responsibility for housing. The government should also use all the help that employers can provide and that fiscal and monetary incentives should be provided to make it a viable proposition for them.

**Transport Facilities**

Transport facilities for workers residing far from the workplace are essential to relieve strain and anxiety. Such facilities will, no doubt, also provide greater opportunity for relaxation and reduce the rate of absenteeism.

The Committee on Labour Welfare recommended the provision on adequate transport facilities to workers to enable them to reach their workplace without loss of much time and without fatigue. The Committee also recommended that in industrial undertakings where transport services are not provided, some conveyance allowance mutually agreed upon between employer and the employees should be paid to the employees. To encourage the employees to have their own conveyance the Committee recommended that the employer should advance loans for purchase of bicycles, scooters, etc.

**Recreational Facilities:**

Recreation in the form of music, art, theatre, sports, and games can play an important role in the mental and physical development of employees. The

importance of recreation in creating a healthy climate for industrial peace and progress has been empathized by several study, committees and commissions.

The ILO Recommendation on Welfare facilities adopted in 1956 urged upon the member countries to take appropriate measures to encourage the provision of recreational facilities for the workers in or near the undertaking in which they are employed. These measures should preferably, be taken in such a way as to stimulate and support action by the public authorities so that the community is able to meet the demand for recreational facilities.

In India, provision of recreational facilities has been made obligatory on employers in plantations. The Committee on Labour Welfare recommended that small units could be lent a helping hand by the state in organizing recreational facilities for its workers in industrial housing colonies. Trade unions could also take the initiative and different agencies could combine their efforts to provide a minimum number of sports and recreational activities to keep the labour force fit and healthy. Excursions can be organised, youth club can formed and holiday homes can be provided for your employees.

### **Consumer Cooperative Societies**

The importance of opening Consumer Cooperative Societies/Fair Price Shops for the workers was first realized during the Second World War during this period a large number of Consumer Cooperative Societies were organised by the Government for the distribution of controlled commodities. A Committee was set up in 1961 by the National Cooperative Development and Warehousing Board to suggest measures for the development of the cooperative movement.

The Committee felt that it should be made obligatory for employers and industrial undertakings to introduce consumer cooperative activities in their labour welfare programmes. The Indian Labour Conference in 1962 adopted a scheme for setting up consumer cooperatives stores in all industrial establishments including plantation and mines employing 300 or more workers. The employer was to give assistance in the form of share capital, working

capital, loan, free accommodation and other amenities. The Industrial Truce Resolution, 1962, aimed to keep prices of essential commodities low by opening a sufficient number of fair price shops and cooperatives stores so that workers were assured of a regular supply of essential items. For example Indian Railway provides facilities to the employees by stating Consumer Cooperations.

### **3.3 Social Security:**

In general sense, social security refers to protection provided by the to its members against providential mishaps over which a person has no control. The underlying philosophy of social security is that the State shall make itself responsible for ensuring a minimum standard of material welfare to all its citizens on a basis wide enough to cover all the main contingencies of life. In other sense, social security is primarily an instrument of social and economic justice.

According to the Social Security (Minimum Standards) Conventions (No 102) adopted by the ILO in 1952, the following are the nine components of social security that configure its scope.

- i) Medical Care
- ii) Sickness benefits
- iii) Unemployment benefit
- iv) Old age benefit
- v) Employment Injury benefit
- vi) Family benefit
- vii) Maternity Benefit
- viii) Invalidity Benefit ,and
- ix) Survivor's benefits.

The introduction of social security measures in India is expectedly a recent one. In fact, the making of climate for industrial security in India started from the 10th Session of the International Labour Conference held in 1927 in

which two Convention and Recommendations were adopted for social security in the country.

These were discussed thread bare in the Indian Legislative Assembly in 1928. However, the Assembly resolved that the introduction of any comprehensive scheme for social security on the lines proposed by the ILO was impracticable under the conditions then prevailing in the country. Later, the Preparatory Asian Regional Labour Conference, held in New Delhi in 1947 adopted a comprehensive resolution on social security implementation in various Asian Countries. Following this resolution, the Employees State Insurance Act, 1948 was enacted in India to inaugurate the social security measures in the country.

As stated earlier, India, as a 'Welfare State', is expected to take care of the citizens from the 'cradle to the grave'. It is this realisation, the constitution of India lays down that the State shall, within the limits of its resources and development, make effective provisions for securing public assistance in event of unemployment, old age, sickness, and disablement. This constitutional obligation has served as epochmaking in India's efforts in the field of social security provisions in the country. Since then, various social security schemes have been introduced in the country. Among the social assistance schemes, old-age assistance schemes are the most important ones. It was the Government of Uttar Pradesh who introduced old-age assistance scheme for the first time in 1957. The scheme was designed to pay a monthly benefit to needy individuals over the age of 70 years who had no one to support them. Later on, similar schemes were introduced in Andhra Pradesh in 1961, Tamil Nadu in 1962, Punjab and Haryana in 1963 and subsequently in many other states. Yes, the eligibility conditions to avail of these benefits and levels of benefits differ across the States. Subsequently, with increasing need for social security along with the increasing levels of national development, the Government made various legislative provisions to afford the needy people/workers protection against

uncertainties in their lives

### **Need for Social Security:**

One moot question to be answered is why there is a need for social security especially in India. As has already been mentioned, the underlying philosophy of social security is to ensure a minimum level of material living to the needy or helpless ones of the society by the State. Our accumulated experience reveals that in an industrial economy, the workers have been subjected to periodic unemployment due to cyclical fluctuations in business; sickness, industrial accidents and old age. In fact, there is nothing more disconcerting to worker and his/ her family than unemployment. Similarly, while sickness suspends earning capacity of a worker temporarily, industrial accidents may disable him/her partially or even permanently, and old age may put a stop to his/her ability to earn and support himself/herself and the family. The capitalist having sufficient resources, has no problem in facing the risks of life. But, the worker does not have resources required to face the risks caused by sickness, accidents, unemployment and old age. Nor has he/she alternative sources of livelihood or accumulated property to overcome the period of adversity. Such a situation underlines the need for social security to be provided to such needy workers/people. Naturally, the Government has, then, the obligation to help the needy and helpless workers and provide them security to pass through in period of adversity.

That the need for social security is realized not only to afford the needy workers' protection against the adversities of life, but also for the overall development of the State is well elucidated by a former veteran trade union leader, the President of India, Mr. V. V. Giri. He opines that, "Social security measures have two-fold significance for every developing country. They constitute an important step toward the goal of a Welfare State, by improving living and working, conditions and affording the people protection against the uncertainties of the future. These measures are also important for every



industrialisation programme, for not only to enable workers to become more efficient but they also reduce the wastage arising from industrial disputes. The man-days lost on account of sickness and disability also constitute a heavy drain on the slender resources of the worker and on the industrial output of the country. Lack of social security impedes production and prevents the formation of a stable and efficient labour force. Social security is therefore, not a burden, but a wise investment in the long run."

Thus, the need for a comprehensive programme of social security in India is strong that it needs no more proof or evidence. It is must to ensure a minimum level of living for those who are helpless on various counts.

Social security programmes are increasingly being accepted as useful and necessary instrument for the protection and stability of the labour force. It is primarily an instrument of social and economic justice. It is a dynamic concept. Its content changes with the social and economic system obtaining in a given time and space. Its contents changes with the social security as "the protection which society provides for its members through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment insurance, unemployment, invalidity, old age and death, the provision of medical care; and the provision of subsidies for families with children".

The term social security came into popularity after the US Government passed the Social Security Act in 1935, introducing the old age pension system. The formation of ILO in 1991 to promote social justice through (i) international standards; (ii) providing information; (iii) technical assistance and guidance; and (iv) cooperation with other international organisations, provided the impetus and direction needed by most countries.

### **The Women's Compensation Act, 1923:**

Indian's first social security legislation was passed 1923. The women's Compensation Act provided compensation to the industrial workers. The Act imposes obligation on the employer to pay compensation for accidents arising out of and in course of employment. The Act was amended in 1962 raising the wage limit to Rs. 400 per month, and in the 1976 amendment raised the wage limit to Rs. 1,000 per month, and later amendment raised it to Rs. 1,600 per month.

The compensation limits in case of death were raised from Rs. 10,000 to 30,000 and for permanent and total disablement from Rs. 14,000 to 40,000 by the same amendment. The term "Workmen" in the Act refers to those employed in factories, mines, plantations, construction work and other hazardous occupations, except those covered by Employee State Insurances Act, 1948 and clerical employees.

The compensation is related to the extent of the injury or circumstances of death. However, the employee cannot claim any compensation if he sustains injuries under the influence of drugs, alcohol, etc, The Act provides for half - monthly payment for temporary disablement, The Compensation cannot exceed half the monthly wages. The Act is administered by a Commissioner appointed by the Government. The employer is required to file annual return giving detail of the compensation paid, number of injuries and other particulars.

The compensation is paid depending upon the type of injury. In case of permanent total disablement, the rate of compensation varies between Rs.60, 000 to Rs.2.74 lakhs. In case of partial disablement, compensation at the rate of 50 per cent of wages is payable for a maximum period of 5 years. There is no wage limit to the coverage of the Act. In case of injuries causing death, the rate of compensation varies from Rs.50, 000 to Rs. 2.28 lakhs depending upon the salary and age of the worker at the time of his /her death.

If the workman contracts any occupational disease due to employment in that particular job; it would be deemed to be an injury by accident arising out of and in the course of his employment to purposes of the Act. In this case, the compensation will be payable only if the workman has been in service of the employer for more than six months.

If the employer does not pay the compensation within one month from the date it fell due, the Commissioner may order recovery of not only the amount of arrears but also a simple interest at the rate of 12% P.A. on the amount due. If there is no justification for the delay in the opinion of the Commissioner, an additional sum not exceeding 50% of such amount may be recovered from the employer by way of penalty.

#### **The Employees' State Insurance Act, 1948.**

This is a pioneering attempt to provide medical facilities and unemployment insurance during illness to industrial workers. The subject of health insurance for industrial workers was first discussed in 1927 by the Indian Legislature when the applicability of the convention adopted by the International Conference was considered by the Government of India. The Royal Commission on Labour in its Report (1931) stressed the need for health insurance for the workers in India.

The act covers smaller factories using power and employing 10 or more persons and those not using power but employing 20 or more people. The Act has also been extended to the new classes of establishments, shop, hotel, restaurants, cinemas theatres, motor transport, building construction and newspaper establishments employing 20 or more persons. It covers all employees, manual, clerical and supervisory and employees engaged by or through contractors; whose remuneration does not exceed Rs. 6500/- per month. The definition of "employee" includes administrative staff and persons engaged in connection with purchase of raw materials or sale or distribution of products

and related functions. The state Government is empowered to extend the Act to cover other establishments or class of establishments.

The scheme is administered by an autonomous corporation with the minister of Labour at the center as its Chairman, the Union Health Minister as the medical profession nominated by the Central Government.

The scheme is financed by contribution from employers and employees, with the State Governments sharing one-eighth of the cost of medical care. The employer pays 4.7% of the wage bill, a maximum of Rs.7.50 per week on the highest wage scale, and the insured person pays about 2.3% of his wage, around Rs.4 per week. The maximum corresponding daily benefit rate for the insured person is Rs.15. The state government which implements the scheme is reimbursed to the extent of 7/8 of the expenses incurred on workers families and 3/4 of the expenses incurred in the case of workers. In order to qualify for the benefit the worker should have contributed to the scheme for a minimum period of 12 weeks.

The benefits provided under the scheme include : (i) Sickness and extended sickness benefit; (ii) Maternity benefit; (iii) Disablement benefit; (iv) Dependent's benefit, (v) Funeral benefit; and (vi) Medical benefit.

Since its inauguration in October 1948, the ESI Corporation has 129 ESI hospitals with 23,690 beds, 43 ESI annexes and 1,450 dispensaries including mobile dispensaries and 66.13 lakhs employees had received benefits as on 31st December, 1998. During a single year 1997-98, the Corporation had distributed Rs.932 crores by way of sickness benefits, maternity benefits, temporary and permanent disablement benefits and dependents benefit.

#### **Sickness and extended sickness benefit:**

For sickness occurring during any benefit period, an insured person is entitled to receive sickness cash benefits at the standard benefit rate for a period of 91 days in any two consecutive benefit periods. Cash benefits are subject to contributory conditions. An insured person suffering from long term ailments

like tuberculosis, leprosy, mental disease, is eligible for extended sickness benefits at a rate of 25 per cent more than the sickness benefit rate rounded to the next higher multiple of 5 paise, for a period of 124/309 days. Contributions are calculated with reference to average daily wages, and wages have been classified into 9 groups for the purpose of fixing the contribution.

**Maternity benefit:**

An insured woman is entitled to maternity to benefit at double the standard benefit rate. This is practically equal to full wages for a period of 12 weeks.

**Disablement benefit:**

If a member of the scheme suffers an injury in the course of his employment, he will receive free medical treatment and temporary disablement benefit in cash. The temporary disablement benefit is about 70 percent of the wages as long as the temporary disablement lasts, provided that it lasted for not less than 3 days, excluding the day of accident. In case of permanent disablement, the insured person will be given life pension at full rate, i.e. about 70 percent of his wages.

**Dependants' benefit:**

This provides timely help to the eligible dependents of an insured person who dies as a result of an accident or an occupational disease arising out of and in the course of employment. Pension at the rate of 40 per cent more than the standard rate will be paid periodically to widows and children in accordance with the prescribed share. The benefit also accrues to parents and grandparents and any other dependent up to the age of 18 where the deceased has no surviving widow or child.

**Funeral benefit:**

This benefit was introduced in 1968. An amount of not exceeding Rs. 100 is payable as funeral benefit to the eldest surviving member of the family of the deceased insured person. If the insured person did not have a family or was not

living with his family at the time of death, it is payable to the person who actually incurs the expenditure on the funeral of the deceased person.

**Medical benefit:**

The major attraction of the ESI scheme is medical benefit. Medical benefit has been divided into three parts:

(a) **Restricted Medical Care:** It consists of out-patient medical care at dispensaries or panel clinics. Facilities of consultation with medical officers, supply of drugs, pre-natal and post-natal care, family planning and immunisation services are available in these institutions. The beneficiaries are also entitled to call a doctor to their house to see a serious case.

(b) **Expanded Medical care:** This consists of consultation with specialists and supply of special medicines and drugs as may be prescribed by them. Facilities for special laboratory tests and X-ray examinations are also available under this scheme.

(c) **Full Medical Care:** Hospitalisation facilities, services of specialists and drugs and diet as are required for in-patients are available under the scheme.

When a person is entitled to any of the benefits provided by the ESI Act, he shall not be entitled to receive any similar benefit under any other enactment.

An insured person will not be entitled to receive for the same period (a) both sickness benefit and maternity benefit; (b) both sickness benefit and disablement benefit for temporary disablement; or (c) both maternity benefit and disablement benefit for temporary disablement. When a person is entitled to more than one benefit, he has an option to select any one of them.

A dispute arising under the provisions of the ESI Act has to be settled by the Employees' Insurance Court, not by a civil court.

**The Employees Provident Fund and Miscellaneous Act, 1952**

The Act was passed in 1952 with the objective of making some provisions for the future of the industrial worker after he retires, for the

dependents in case of his early death, and to cultivate a spirit of saving among the workers.

The act applies to all factories and other establishments falling under any notified industry and employing 20 or more workers. Once the Act is applied, it does not cease to be applicable even if the number of employees falls below 20. The Act extends to the whole of India except Jammu and Kashmir and the Assam Tea Plantations both of which had a separate Act and Scheme.

**Effect of number of employees falling below twenty:**

Once the aforesaid conditions are fulfilled it applies and continues to be applicable even if the Act ceases to apply to the establishment. The ceasing of the applicability of the Act to the establishment will not automatically bring about the ceasing the applicability of the scheme because the applicability of the scheme depends upon its own contents and not upon the provisions of the Act.

**Non-applicability of the Act to certain establishments:**

Section 16 (1) provides that the Act shall not apply to certain establishments mentioned therein. Such establishments include:

(i) Establishments registered under the Co-operative Societies Act, 1912, or under any other law for the time being in force in any State relating to co-operative societies, employing less than 50 persons and working without the aid of power; or

(ii) To any other establishments belonging to or under the control of the Central Government of a State Government and whose employees are entitled to the benefit or contributory provident fund or old age pension in accordance with any scheme or rule framed by the Central Government or the State Government governing such benefits; or

(iii) To any other establishment set up under any Central. Provincial or State Act and whose employees are entitled to the benefits or contributory provident fund or old age pension in accordance with any scheme or rule framed under that Act governing such benefits; or

(iv) To any establishments newly set up. until the expiry of period of three years from the date on which such establishments is, or has been set up.

However, mere change of location does not make the establishments a newly set up one.

Under Section 16(2) if the Central Government may having regard to the financial position of any class of establishments or other circumstances of the case, it is necessary to expedient so to do, it may, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, exempt that class of establishments from the operation of this act for such period as may be specified in the notification.

#### **Employees' Provident Fund Scheme:**

Section 5 empowers the Central Government to frame Employees' Provident Fund Scheme for the establishment of Provident Fund under this Act. However, a notification in the Official Gazette must be issued before framing any such scheme. The scheme shall apply to employees or any class of employees of an establishment or class of establishments as specified in it.

The fund shall vest in the and be administered by the Central Board, constituted under Section 5-A.

#### **Contributions and matter, which may be provided for in the Scheme:**

Under Section 6 the contribution paid to the Fund by employer shall be ten per cent of the basic wages and dearness allowance and retaining allowance and the contribution payable by the employee shall be equal to the employer's contribution. If an employee so desires he may contribute an amount exceeding ten per cent of his basic wages, dearness allowance and retaining allowance (if any), subject to the condition that the employer shall not be under an obligation to pay contribution over and above his contribution payable under this section.

The Central Government is empowered to apply the provisions of the Act to any establishment employing less than 20 persons after giving not less than



two months' notice of its intention to do so by a notification in the Official Gazette. However, the Act does not apply to cooperative societies employing less than 50 persons and units working without the aid of power.

Workers in establishment employing to 20-50 persons pay 6.25 percent of their earning and those with a larger strength pay 8 per cent. Employers make an equal contribution. The Provident fund is refunded with interest in the event of death, permanent disability superannuation, retrenchment, migration or on leaving service. On retirement or after 15 years of service a worker receives his own share and the employers contribution. For shorter periods of membership, the proportion of employers contribution varies according to the length of service.

### **Employees' Pension Scheme [Section 6-A]**

I. The Central Government, may by notification in the Official Gazette, frame a scheme to be called the Employee's Pension Scheme for the purpose of providing for-

- a) Superannuation pension, retiring pension or permanent total disablement pension to the employees of any establishment or class of establishments to which this Act applies; and
- b) Widow or widower's pension, children pension or orphan pension payable to the beneficiaries of such employees.

II. Notwithstanding anything contained in Section 6, there shall be established, as soon as may be after framing of the Pension Scheme, a Pension Fund into which there shall be paid from time to time in respect of every employee who is a member of the Pension Scheme –

- a) Such sums form the employer's contribution under section 6, not exceeding eight and one-third per cent of the basic wages, dearness allowance and retaining allowance, if any, of the concerned employees, as may be specified in the Pension

Scheme;

- b) Such sums, as are payable by the employer of exempted establishments under sub-section (6) of Section 17
- c) The net assets of the Employees' Family Pension Fund as on the date of the establishments of the Pension Fund
- d) Such sums as the Central Government may, after the appropriation by Parliament by law in this behalf, specify.

III. On the establishment of the Pension Fund, the Family Pension Scheme (hereinafter, referred to as the ceased scheme) shall cease to operate and all assets of the ceased scheme shall vest in and shall stand transferred to, and all liabilities under the ceased scheme shall be enforceable against, the Pension Fund and the beneficiaries under the ceased scheme shall be entitled to draw the benefits, not less than the benefits they were entitled to under the ceased scheme, from the pension Fund.

IV. The pension Fund shall vest in and be administered by the Central Board in such manner as may be specified in the Pension Scheme.

V. Subject to the provisions of this Act, the Pension Scheme may provide for all or any of the matters specified in Schedule III

VI. The Pension Scheme may provide that all or any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in that behalf in that scheme.

VI. A Pension Scheme, framed under sub-Section (1), shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the scheme or both Houses agree that the scheme should not be made, the scheme shall

thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that scheme.

### **Employees' Family Pension Scheme, 1971**

A scheme of Family pension-cum-life Assurance was instituted in 1971 with the objective of providing long-term recurring financial benefit to the family of the member in the event of his premature death while in service. Under the Act, the word "family" means (i) wife in the case of a male member of the family pension fund; (ii) husband in the case of a female member of the family pension fund; (iii) Minor sons and unmarried daughter of a member of the family pension fund.

Under the scheme, a family pension fund is created by diverting 11/6 per cent of pay and an equal amount each from the employer and the State Government. The Central Government pays the administrative cost of the scheme.

### **The Employees' Deposit-linked Insurance Scheme, 1976:**

The Act is applicable to all factories/establishments to which the Employees' Provident Funds Act applies. Where the monthly pay of an employee exceeds Rs. 1600 per month the contribution payable in respect of him by the government make contribution to the scheme and not the employee himself. The employer is required to provide employees who are provident fund subscribers. The central government also contributes to the Insurance fund an amount representing one half of the amount contributed by the employers.

The above three schemes, namely, the Employees' provident Funds Scheme, the Employees Family Pension Scheme, and the Employees' deposit-linked Insurance Schemes are administered by the Employees' Provident Fund Organisation. The administration of these schemes is in the hands of the Central

Board of Trustees, a tripartite body consisting of a Chairman, nominees of the Central and State Governments and employers' and employees' organisations.

### **The Maternity Benefit Act, 1961**

The Act is applicable to all establishments not covered under the ESI Scheme. The Act was amended in 1976 to extend the benefits to all woman workers earning more than Rs. 1600 per month in establishments covered by the ESI Act.

Under the Act, a woman can get maternity leave upto 12 weeks. Of this 6 weeks must be taken period to the delivery of the child and 6 weeks immediately following that date. During the period of leave the employee is entitled to full wages/salary. The employee is also entitled to a medical bonus of Rs. 25 if no pre-natal confinement and post-natal care has been provided by the employer free of charge. To avail of the leave and benefits, the employee should have put in 160 working days of service in the 12 months immediately preceding the date of expected delivery.

### **The Payment of Gratuity Act, 1972**

The Payment of Gratuity Act 1972 was passed as Act No 30 of 1972 and received the assent of the President of India on August 21st, 1972. It was enforced w.e.f. 10th September, 1972.

Gratuity is an additional retirement benefit. The Act is applicable to all factories, mines, oil-fields, plantations, ports, railways, shops or establishments in which 10 or more workers are employed. The central Government can bring in any establishment by notification under the provisions of the Act.

According to the Act, an employee is entitled to 15 days wages for every year's continuance in service. Seasonal workers should be paid gratuity at the rate of 15 days wages per session. The total gratuity payable shall not exceed more than 20 months wages. The Act applies to workers who do not have any managerial or administrative capacity or are employed under the Government and do not draw wages of more than Rs. 3500 per month. Gratuity is payable on

termination of employment after the completion of at least five years of continuous service. This is relaxable in the case of death or disablement. It extends even Administrative and managerial staff subject to prescribed wage limit. The total amount of Gratuity Payable shall not exceed Rs 3,50,000 [Section 4(3)] w.e.f from September, 1997. The wage ceiling has been removed with effect from 24<sup>th</sup> May, 1994.

### **Forfeiture of Gratuity:**

The gratuity of an employee whose services have been terminated for any act of (i) wilful omission, or (ii) negligence causing any damage or loss to, or destruction of; property belonging to the employer, gratuity shall be forfeited to the extent of the damage or loss so caused,

Where the service of an employee have been terminated:

(a) For riotous and disorderly conduct or any other of violence on his part, or

(b) For any act which constitutes an offence involving moral turpitude provided that such offence is committed by him in the course of his employment. The gratuity payable to the employee may be wholly or partially forfeited [Section 4(6)].

### **Compulsory Insurance:**

Section 4-A provides for compulsory insurance for employer's for payment the gratuity under the Act from the Life Insurance Corporation established under the Life Insurance Corporation of India Act 1956 or any other prescribed insurer. However, employer of an establishment belonging to or under the control of the Central Government are exempted from the operations of these provisions, Further the appropriate Government may also exempt:

(i) Employers who have already established an approved gratuity fund in, respect of his employees and who desires to continue such arrangement; and

(ii) Employers employing 500 or more persons, who establishes an

approved gratuity fund in the manner prescribed.

**Nomination;**

Each employee, who has completed one year of service, shall make nomination within such time, in such form and in such manner as may be prescribed.

**Recovery of Gratuity:**

Under Section 8 if the amount of gratuity is payable under this Act is not paid by the employer, within the prescribed time, to the persons entitled there to the controlling authority shall on an application made to it in this behalf by the aggrieved person, issue a certificate for that amount to the Collector, who shall recover the same, together with compound interest thereon at such rate as the Central Government may, by notification. specify form the date of expiry of the prescribed time, as arrears of land revenue and pay the same to the person entitled thereto.

All these statutory and non-statutory welfare provisions are used to develop the human resources of the organisation concerned. These measures are designed to enhance the workers efficiency, moral and productivity. Worker welfare programmes are the important component of compensation package. These programmes ultimately supplement the salary of the employees.

These are the important provisions of employees benefits and welfare. As a welfare state these provisions are included in various Acts enacted over the last fifty years. It is also observed that these provisions are violated by most of the industrial establishment of the country due to the lack of strict supervision by the Government. It is observed that Government has played a significant role in enacting various Act for the welfare of working class during the last fifty years.

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In the next chapter, a critical discussion on compensation planning in select organisation is carried out.

## **CHAPTER IV**

# **Compensation and Salary Administration in Select Organisations and Analysis of Employee Perception**

#### **4.1.1 Compensation Planning of Irrigation Department, Govt. of Assam:**

Under the State Govt. of Assam, there are 48 nos. of Departments working in their respective areas. Among these departments, Water Resource, Irrigation, Public Works, Public Health, Transport Department etc. are major working Departments in which large scale of employees are engaged and State Govt. has invested Crores of rupees for the development works in different areas.

As regards to HRD prospects in Govt. departments, the prevailing HRD dimensions are more or less same. Therefore, for simplicity of analysing the HRD prospects in Govt. Departments, the department of Irrigation. Govt. of Assam is taken as a reference. In this research work, I will try to explain the Compensation Planning elements prevailing in Irrigation Department.

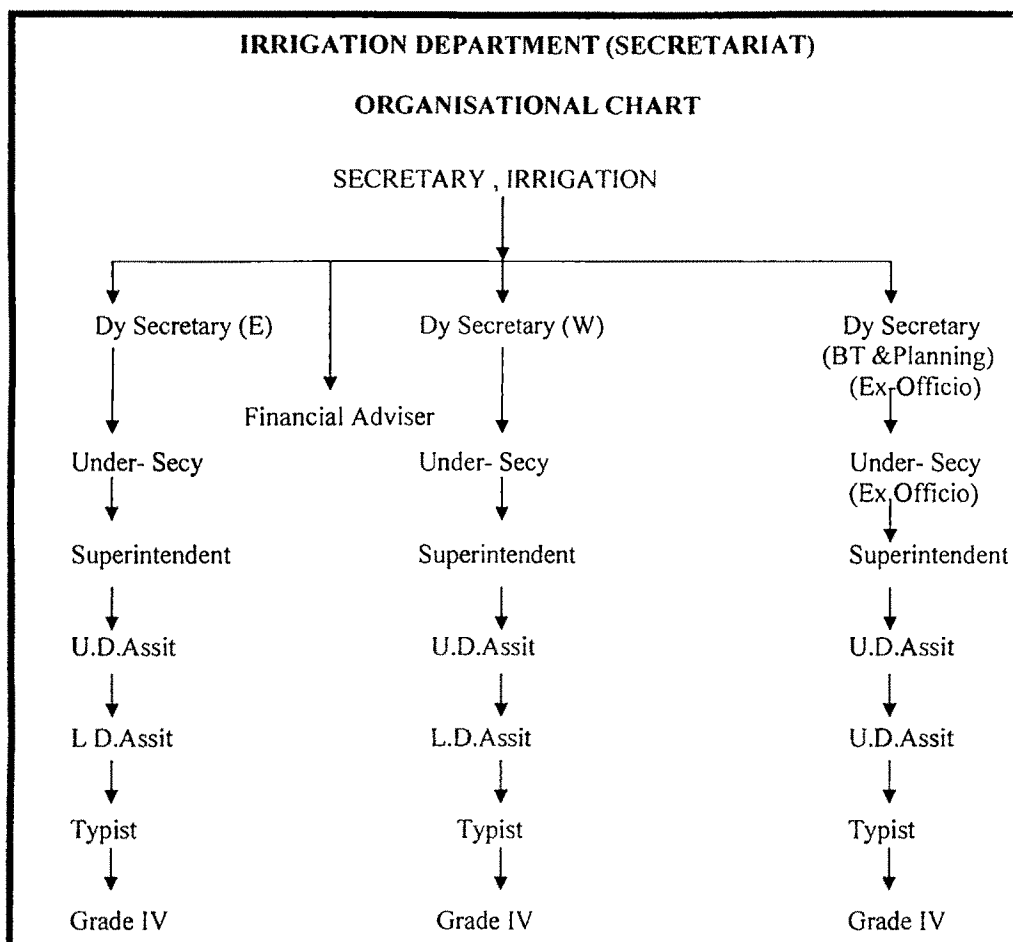
#### **4.1.2 Organizational Set-up of Irrigation Department:**

**Secretariat:** The Irrigation Department functions under the Secretary to the Government of Assam as administrative controlling authority who is from the Civil Engineering Cadre. The Department is headed by a Secretary and occasionally by Commissioner & Secretary. There are three Deputy Secretaries including one Ex-Officio Deputy Secretary who also holds the post of Chief Research Officer, five Under-Secretaries including one Ex-Officio Under-Secretary who also holds the post of Research Officer and one Under-Secretary from Secretariat Service for Establishment matter. Two Financial Advisers and other Secretariat Staff are also there to assist them.

Irrigation Department is a service organisation under the State Govt. of Assam. At present there are 12,857 employees of different grades (Grade I = 1028 nos., Grade II = 536 nos., Grade III = 7264 nos., Grade IV = 4029 nos.) working in different offices. Moreover, there is 566 nos. Work Charge (W/C) and 7787 nos. of Master Roll (M/R) as a casual employees presently working against different schemes and projects. Therefore, overall man in strength of Irrigation Department is more than 21,000.



Table 4.1.1



#### 4.1.3 Compensation Package of Irrigation Department, Govt. of Assam:

It is customary on the part of a Pay Commissions to work out additional financial implication flowing from various recommendations made by the Commission. It is a complex problem to work out a firm and accurate estimate of additional cost that will result from the improvement over the existing pay scales and allowance as recommended by as .As accurate estimate will require up-to-date and exact distribution of Government employees according to exact stages of pay. In the absence of such date, Pay Commission made an attempt to workout a broad estimate of the financial impact of the proposed pay and allowances.

On the basis of fixation formula, a detail calculation has been made according to which the additional liability on account of pay work out to Rs 52 crores during the period from 1<sup>st</sup> January, 1996 to 31<sup>st</sup> December, 1996.

Total implication in a year on account of fixation formula, allowances, pension and gratuity and other miscellaneous recommendations will be as below:

1)	Fixation benefit	Rs.	52.00 crores
2)	Dearness Allowance	Rs.	187.00 crores
3)	House Rent Allowance	Rs.	90.00 crores
4)	Medical Allowance	Rs	2.15 crores
5)	Pensionary benefits	Rs	9.00 crores.
6)	Other Miscellaneous		
	improvements	Rs	10.00 crores.
	Total =	Rs	350.15 crores
	Say	Rs	350.00 crores

The financial burden may be reduced to some extent, as there will be increased contribution in General Provident Fund, recovery of house rent and realization of Professional Tax etc.

#### **4.1.4 Principle of Pay Determination:**

In the terms of reference, the commission have been required, inter alia examine the principles, which should govern the structure of emoluments and conditions of service of the State Govt, Employees. During the last two decades three Pay Commissions were constituted by the State Govt, Such as 1973, 1979, 1988 Assam Pay Commissions and those Pay Commission were also required to examine the principles, which should govern the structure of emoluments and conditions of service of the State Govt. employees.

Broadly speaking, there are four principles of pay determination,

Viz. ,-

Equal pay for equal work,

Fair comparison

The principle of demand and supply of manpower, and

The principle of model employer.

After the detailed examination of the principles as mentioned above, the 1973 Assam Pay Commission observed – “Our view is that, in the present context of planned economic development, inflationary situation, high incidence of unemployment and the general problem of poverty of masses, it would be improper for the State to pay unduly high salaries to its own employees. There is today, a vicious circle of competition in attracting personnel with unduly high salaries. The Govt. with its responsibility to the public has a duty to break the vicious circle. It cannot do this duty better than by enforcing moderation in salaries in respect of its own employees. Such a step will impart greater moral force to the adoption of a much-needed incomes –policy for the country as a whole. An income –policy is paramount in the present condition of our economy, where there is a dangerous wage – price –wage spiral, which results in a stubborn inflation with serious consequences to the economy.”<sup>1</sup>

Thus ,it will be seen that it is difficult to apply ,in to any single principle. Pay Commission has to take into consideration the various factors in the determination of pay structure , including per capita income, financial position and general condition of economy as discussed above . Pay Commission recommendations in regard to pay structure have , therefore , been formulated taking into account all the various relevant factors.

After concluding the discussion of the principles of pay determination, the 1979 Assam Pay Commission observed – “It would ,thus ,appear that none of the principles as discussed above ,can be uniformly applied in determination of the pay structure of the Govt. employees in view of the limitations and

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*1. Report of the Assam Pay Commission ,1993 (5<sup>th</sup> Pay Commission)*

shortcomings involved therein. The Govt being the dominant employer should formulate their own principles of wage determination as suited to their needs, conforming, of course, to the social norms so as to ensure a reasonable standard of living. While ensuring a living wage at the lowest level, Pay Commission feels that for the intermediate and higher levels, the principle of “equal pay” for “equal work” can be broadly used having regard to the duties and responsibilities attached to the post, qualification prescribed for recruitment to the posts, the degree of supervision exercised, etc.”<sup>2</sup>

The 1988 Assam Pay Commission held the view – “it would be evident from foregoing discussions that a single formula is neither sufficient nor adequate to cover the pay structure for the State Government, Pay Commission has all along kept in view the determinants discussed so far. In addition, Commission considered the following factors in assessing the pay differentials of various posts and services”.<sup>3</sup>

Level of education and period of training or experience prescribed as enter qualification to a post. The time required for attaining standard of education or skill.

The procedure of recruitment are through the selections of the Assam Public Service Commission to ensures better quality than though other agencies. The degree of responsibility entrusted with the post:

The nature of the job its complexity and the risk or hazard to which the incumbent has to be exposed and the strain he has to undertake, while performing the job. The logicity of internal relativities, both vertical and lateral.

Unless rearrangement is called for due to change in importance or otherwise of a post or posts, the existing relatively should remain undisturbed.

*2. Report of the Assam Pay Commission, 1994*

*3. Report of Assam Pay Commission 1994*

The concept of equal pay for work may be applied to cases, where under the same employer different scales of pay exist for the discharge of identical works. The minimum wage should be fixed according to social norms so as to ensure a reasonable standard of living. The wage standard should be commensurate with the paying capacity of the State Government and should be fair from the stand –point of employees as well as the people they serve.”

From the views and observation of almost all the Pay Commissions, it is observed that none of the four principles, as indicated earlier can be squarely applied in the determination of the pay structure under the Government in view of limitations and shortcoming inherent therein; nevertheless these principles cannot altogether be ignored. The other considerations, which usually weigh in the determination of the structure of pay are -:

- 1) Educational qualifications and pre–service training prescribed for recruitment to a post.
- 2) The method of recruitment, i.e. whether direct or by promotion,
- 3) Duties and responsibilities attached to such posts.
- 4) The degree of supervision required to be exercised.
- 5) The risk or hazard involved in the service.
- 6) Necessity to keep the employees free from want and above temptation to the extent possible.
- 7) The need to attract suitable candidates.
- 8) The concept of equal pay for equal work to the extent feasible, where under the same employer different scales of pay exist for discharge of similar duties, and the last but not the least.
- 9) The capacity or affordability of the state to pay.

There should be conditions ensuring the stability and continuity of employment, adequate facility for the training and improvement and the high standard of integrity and impartiality. The employees should be made to feel secure in regard to their old age pension and other retirement benefits.

The commissions have been guided by an overall consideration of the principles mentioned above in making their recommendations for revising the pay structure of the state government employees.

#### **4.1.5 Minimum and maximum remuneration:**

In this State, the minimum remuneration is given to Class IV employees, viz. Peon, Mail, Chowkidar, Sweeper, etc. There is no prescribed minimum qualification for all such posts and no skill is also required to perform duties entrusted to them. There are several theories relating to determination of minimum wages in respect of industrial workers in reference to productivity but no such approach is applicable to determine the minimum wage for the Government employees. Presently, the determination of minimum wages with the help of standard of living has been found to be widely acceptable concept. This has been the approach of the previous State Pay Commissions. There are certain factors, which govern the standard of living in a country. The minimum pay of a particular group may effect the pay structure of other groups, as this minimum would be used to arrive at relative pay of others. Purchasing power limits the quantity and quality of satisfaction. Thus the individual's standard of living is limited by his income.

Usual method of knowing the standard of living is to find out the sources of income and items of expenditures. For this purpose, analysis of family budget is essential. On the basis of this analysis, commission can find out the amount spent on necessities, comforts and luxuries, etc. Consumption expenditure surveys, conducted by the National Sample Survey Organisation from time to time throw the comprehensive data, in respect of family budget. There are various items of expenditure, which can be grouped under the following: -

Food, Clothing, House rent, fuel and light, health, education, recreation, etc, It is to be noted that the minimum pay with the lowest category of employee is to be determined in such a way that it becomes a fair wage to ensure them against the price and cost structure vis-a-vis a reasonable standard of living. In

view of this ,a minimum calorie intake and other miscellaneous items like clothing , etc should be considered for arriving at a reasonable amount of minimum wage.

It is to be observed that analysis of family budget provides, as idea of amount spent on various items of expenditure and a scientific basis should be applied to arrive at the estimate of minimum pay for Government employees by suitably using this data.

The Assam Pay Commission, 1973 accepted the principle of working out the minimum pay on a scientific basis with an estimate of requirement of balanced diet in terms of calories. In this regard, the latest expert view is contined in the “Special report Series No60 of the Indian Council of Medical Research” and “Dietory Allowances for Indians” by Dr. C.Gopaln and Dr. B.S. Narasinga Rao, published in January ,1971. According to the study the calorie requirement for an adult sedentary worker is 2,400calories. Dr. Gopalan and Dr. Narasinga Rao have also worked out a balance diet for an adult sedentary worker.

The 1973 Assam Pay Commission ,on the basis of balanced diet as formulated by Dr. Gopalan and Dr. Narasingha Roa worked out a chart of locally adjusted improved diet for the purpose of determining the minimum wage . The 1979 pay Commission also adopted the same principle. Commission also feel that the same principle may be adopted by updating the prices prevailing in the current year to arrive at the figure of minimum wage for the Sate Government employees. On the basis of current prices, the cost of food items on balanced diet for a sedentary worker works out as shown in the Table below:-

Table 4.1.2

Item	Unit	Average Retail price For 1995(Rs)	Suggested Quantity for 2400 calories (Non-vegetarian) (in gram)	Value (Rs.)
1	2	3	4	5
Cereals (rice medium)	Kg	9.26	400	3.70
Pulses (Mosur)	Kg	18.17	55	1.00
Green leafy vegetables (cabbage ,etc.)	kg	6.00	100	.60
Other vegetables (Potato)	Kg	6.00	75	.45
Root and tubers (raddish)	Kg	6.70	75	.50
Fruits (banana) 1 doz	Kg	8.00	30	.24
Milk	Litre	10.00	100	1.00
Fats and Oils	kg	46.50	40	1.86
Meat and Fish	Kg	73.00	30	2.19
Eggs(hen) (6eggs monthly)	pair	4.65	30	0.93
Sugar & Jaggery	Kg	15.50	30	0.93
Total				Rs.12.94

## A. Food Group:

1. adult 1 day's money value = Rs.12.94

2. adult 1 day's money value = Rs.12.94 X 3 = Rs.38.82

3. adult 365 days' money value = Rs 38.82 X 365 = Rs 14,169.30

3. adults 1 months' money value = Rs 14,169.30 :- 12

= Rs 1180.78 i.e = Rs 1181.00

2. Clothing -3.05% of total expenditure Rs 51.38

3. Fuel & Light -6.84% of total expenditure Rs 115.22

4. Miscellaneous -20% of total expenditure Rs 336.90

Total Rs 1684.50



In this calculation, the component of housing has been excluded because housing allowance is separately provided for

Source of the data under Column No3 of the Table Directorate of Economics & Statistics, Government of Assam.

Data under column No4 of the Table is based on Report (Page 13) of Assam pay Commission, 1973.

Percentage distributions of expenditure under items "clothing" and "Fuel & Light" are based on NSS-46<sup>th</sup> Round (July, 1990-June 1991)

In reference to minimum monthly wage of Rs 125/- for three units in 1957 (CPI -111 with 1949 base year =100) and assuming CPI as on 31-12-95 to be 1400, the minimum monthly wage per unit as per Sodu Asom Karmachari Parishad (SAKP) come to Rs 530/- SAKP has suggested the fixation of minimum wage by taking five unit consideration and it comes to Rs 2650/- pm.

It is pertinent to mention that all throughout since the first pay Commission, the minimum monthly wage has been fixed by taking three units as the basis and the minimum monthly wage accordingly come to Rs 1590/- by proceeding along the SAKP's suggestion of minimum monthly wage per unit.

By assuming daily caloric intake of 2700 calories, a minimum monthly wage of Rs 2858.95 on an all India basis (which includes provision for House rent), 28% higher cost of living in Assam compared to all India average and deducting the element of House rent, clothing and miscellaneous expenditure, All Assam Heads of Department Ministerial Officers' Association has suggested a minimum monthly wage Rs 2439/- as on 1.1.94. In this connection, it is to be stated that daily caloric intake of 2700, assumption of higher cost of living of 28% in Assam compared to all India average, deduction of elements of clothing and miscellaneous expenditure are not tenable, while calculating the minimum monthly wage for an employee under the Government of Assam.

On the recommendation of 1988 Assam Pay Commission, the minimum pay was fixed at Rs.900.00 neutralising the price index (1960 = 100) upto 776

points, Since then, the State Government have granted D.A. from time to time, on the basis of rise in price index. At the end of December, 1995, the 12 monthly average price index for industrial workers of 1960 base rose to 1510 points, registering a rise of 734 points over the base index of 776 points. In terms of percentage, it works out to 95%, The Dearness Allowance admissible on 1.1.96, on the minimum pay of Rs. 900.00, works out to Rs. 855.00. Thus the pay with Dearness Allowance as on 1.1.96 comes to Rs.1755.00.

Having taken into account all relevant factors, Pay Commission feel that a minimum pay of Rs.1760.00 should be adequate and reasonable.

#### **4.1.6 Maximum Pay:**

In the last pay revision, the maximum pay was fixed at Rs. 6300.00. While fixing the, maximum pay, the 1988 Assam Pay Commission observed “Determination of maximum salary involve synthesis of various pertinent considerations. The non - I.A.S Commissioners and Secretaries to the State government, Head of major Government departments and their likes are generally the (recipients) of the top pay scales or the State Government, who command a, high degree of professional skill and ability in their respective fields, While it is essential that their salaries are adequate and proportionate to the responsibilities, assigned to them, so that they can discharge their important functions in an atmosphere of contentment and satisfaction, Commission also to keep in view the overall, national objective of narrowing down the inequalities of income. The lower percentage of protection against price rise by way of D.A. the salaries of the higher level Central scale officers serving in the State, the impact of adoption of the University Grants Commission's scale for aided college teachers, incidents of Income Tax on higher income brackets and salaries in comparable positions outside State government employment are some of the basic factors, taken into consideration for arriving at a decision in this regard.

The factors, taken into consideration our predecessor Commission with

regard to fixation of maximum pay are still relevant and commission has also taken into account all those factors in deciding the maximum pay.

The existing maximum pay of Rs.6300.00 is linked to the price index of 776 points. As on 1.1.96, there has been a rise of 734 points in price index. The State Government employees drawing basic pay above Rs.5000.00 are allowed neutralization against price rise @ 65% of basic pay. Accordingly on 1.1.96 the Dearness Allowance admissible on the maximum pay of Rs.6300.00 works out to Rs.3906.00. Thus, the pay with Dearness Allowance comes to Rs.10,206/-. In keeping with the national objective of reducing the disparity ratio, as far as practicable, Commission feel that a maximum pay of Rs.11,500.00 will be fair and reasonable.

#### 4.1.7 Disparity Ratio:

The disparity ratio that prevailed in the previous revisions is as stated below :

**Table 4.1.3**

<u>Pay Commission/ Pay Committee</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Disparity Ratio</u>
1956	28	1500	1:53.57
1964	80	1800	1:22.5
1973	190	2100	1:11.05
1981	370	2800	1:7.56
1989	900	6300	1:7
1996	1760	11500	1:6.53

The disparity ratio between the revised minimum and maximum, as recommended by us works out to 1: 6.53, which is an improvement over the previous ratio.

#### **4.1.8 Fixation of pay in Revised Pay Scales:**

The revised pay scales, recommended by the State Government being better than existing pay scales will benefit the new entrants in a substantial measure. The need, therefore, arises as to how to extend the measure of benefit to the existing employees. Generally, there are two principles, which are considered for allowing monetary benefit to the existing employees at the time of fixation of pay in the revised pay scales. According to one principle, the pay in the revised scale is fixed at the next higher stage and then, a few increments are added to the pay, depending on the number of years of service as may be prescribed. The other principle provides a monetary benefit on percentage basis over the basic pay. Most of the Pay Commissions have endorsed the, (adoption of the second principle. The State Govt. employees are appointed on time scales of pay. As an employee advances in service, his pay, rises gradually because of grant of annual increments. Therefore, higher the number of years of service; higher is the benefit on percentage basis.

On an examination of the reports of the previous State Pay Commissions, Pay commission find that the 1979 Assam Pay Commission allowed a fixation benefit @ 5% of existing pay, subject to a minimum of Rs. 20 and maximum of Rs. 50. During that period no interim relief was allowed to the employees and therefore, the maximum financial benefit admissible to an employee was limited to Rs.50 only over the pre-revised pay plus Dearness Allowance.

The 1988 Assam Pay Commission allowed a fixation benefit equal to 20% of basic pay subject to minimum of Rs. 80/-. During the tenure of this Commission, an interim relief of Rs. 80/- per month was sanctioned to the State Government employees. Thus, the actual financial benefit made available to the employees varied from Rs,160/- to Rs, 640/- over the pre-revised pay plus Dearness Allowance.

After the constitution of the present Pay Commission, the State Govt. employees have been allowed interim relief at the following rates ;

(1) Rs. 100 per month with effect from 1st June, 1994, vide Office Memorandum No, FPC.14/9417, dated 12th September, 1994.

(2) An amount equal to 10% of basic pay subject to , a minimum of Rs.100 and maximum of Rs. 250 per month, with effect from] .4.95. vide Office Memorandum No, FPc.14/94171, dated 15<sup>th</sup> December, 1995.

Thus, an additional financial benefit, varying from Rs.200 to Rs.350 per month is already available to the employees over the existing pay plus Dearness Allowance. Before considering further monetary benefit to the employees, we have to take into account the financial position of the State. At present, the State has been passing through a very critical period, owing to adverse financial condition and the circumstances compel us to formulate our recommendation in such a manner that does not generate an unbearable burden on the State exchequer, while at the same time considering giving maximum benefit to the employees. The installment of Dearness Allowance that has been due to the employees with effect from 1st January 1996 has not been released as yet. The financial impact of this installment of Dearness Allowance, when released, will burden the State exchequer to the extent of Rs 102 crores per annum.

On an over-all consideration of the matter. Commission suggest the following principles regarding fixation of pay in the revised scales :

(a) An amount representing 5% of existing basic pay may be added to the existing emoluments of the employees. If this results in a fraction of a rupee, the fraction of 0.50 paise and above should be rounded oil to the next higher rupee and those below 0.50 paise should be ignored;

(b) After addition of the aforesaid amount to the existing emoluments, the pay should be fixed in the revised scale at that stage, if there is such a stage; otherwise at the next stage above the amount, thus computed;

(c) If the minimum of the revised scale is more than the pay admissible under (b) above, the pay should be fixed at the minimum of the revised scale;

(d) If the amount, thus computed, is more than the maximum of the revised scale, the pay should be fixed at the maximum of the revised scale.

The term "existing emoluments" for the Purpose of fixation will include the following :

(i) Basic Pay.

(ii) Dearness Allowance as appropriate to the basic pay admissible at the index average of 1510 points (1960=100).

(iii) The Interim Relief of Rs.100/-per month sanctioned under Office Memorandum No.FPc.14/94/7, dated 11th September, 1994.

(iv) The Interim Relief as sanctioned by the Government under Office Memorandum No.FPc.14/94/71, dated 15th December, 1995.

The fixation benefit as per the above mentioned formula will result in the increase ranging from Rs. 245/- to Rs. 665/- on the basic pay of the employees.

All future recruits on or after the introduction of the new scale will draw pay in new scales. Every Govt. servant in service on the date immediately preceding the date of introduction of the new scale should be given an option under F.R. 23 to retain his existing scale of pay until the date on which he earns his next or any subsequent increment in the existing scale or until he vacates his post or ceases to draw pay in time scale. The relevant revised scale will apply to every Govt. employee, who does not exercise such option.

#### Schedule of Existing Pay Scales and Proposed Revised Pay Scales

**Table 4.1.4**

Sl.No	Existing Pay Scale	Span (yrs)	Sl. No	Revised Pay Scale	Span (Yrs)
1	2	3	4	5	6
1	900-1435	25	1	1760-30 <sup>7</sup> -1970-50 <sup>8</sup> - 2370-70 <sup>13</sup> -3280	28
2	915- 1595	28	2	1790-30 <sup>6</sup> - 1970-50 <sup>8</sup> - 2370- 70 <sup>13</sup> -3280-90 <sup>4</sup> 3640	31

3	930-1735	30	3	1820-30 <sup>5</sup> -1970-50 <sup>8</sup> - 2370- 70 <sup>13</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>4</sup> -4060	34
4	960-1835	31	4	1880-30 <sup>3</sup> -1970-50 <sup>8</sup> -2370- 70 <sup>13</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>4</sup> -4300	34
5	975-1935	31	5	1910-30 <sup>2</sup> -1970-50 <sup>8</sup> - 2370-70 <sup>13</sup> -3280-90 <sup>6</sup> - 3820-120 <sup>6</sup> -4540	35
6	1065-2095	29	6	2120-50 <sup>5</sup> -2370-70 <sup>13</sup> - 3280-90 <sup>6</sup> -3820-120 <sup>8</sup> - 4780	32
7	1125-2215	28	7	2220-50 <sup>3</sup> -2370-70 <sup>13</sup> - 3280-90 <sup>6</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>1</sup> -5050	32
8	1185-2395	28	8	2320-50 <sup>1</sup> -2370-70 <sup>13</sup> - 3280-90 <sup>6</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>4</sup> -5500	33
9	1255-2635	20	9	2510-70 <sup>11</sup> -3280-90 <sup>6</sup> - 3820-120 <sup>9</sup> -4900-150 <sup>6</sup> - 5800-200 <sup>1</sup> -6000	33
10	1515-2715	21	10	3000-70 <sup>4</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>9</sup> -4900-150 <sup>6</sup> -5800- 200 <sup>2</sup> -6200	27
11	1285-3075	32	11	2510-70 <sup>11</sup> -3280-90 <sup>6</sup> - 3820-1209-4900-150 <sup>6</sup> - 5800-200 <sup>5</sup> -6800	37
12	1595-3175	24	12	3140-70 <sup>2</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>9</sup> -4900-150 <sup>6</sup> -5800- 200 <sup>6</sup> -7000	29
13	1375-3375	32	13	2720-70 <sup>8</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>9</sup> -4900-150 <sup>6</sup> -5800- 200 <sup>7</sup> -7200	36
14	1475-3825	33	14	2930-70 <sup>5</sup> -3280-90 <sup>6</sup> -3820- 120 <sup>9</sup> -4900-150 <sup>6</sup> -5800- 200 <sup>10</sup> -7800	36
15	1785-3700	25	15	3550-90 <sup>3</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>6</sup> -5800-200 <sup>9</sup> - 7600	27
16	1635-3950	30	16	3210-70 <sup>1</sup> -3280-90 <sup>6</sup> - 3820-120 <sup>9</sup> -4900-150 <sup>6</sup> - 5800-200 <sup>10</sup> -7800	32

17	2095-3950	21	17	4180-120 <sup>6</sup> -4900-150 <sup>6</sup> - 5800-200 <sup>10</sup> -7800	22
18	1735-4075	29	18	3460-90 <sup>4</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>6</sup> -5800-200 <sup>10</sup> - 7800-250 <sup>1</sup> -8050	30
19	2215-4075	20	19	4420-120 <sup>4</sup> -4900-150 <sup>6</sup> - 5800-200 <sup>10</sup> -7800-250 <sup>2</sup> - 8300	21
20	1785-4200	29	20	3550-90 <sup>2</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>6</sup> -5800-200 <sup>10</sup> - 7800-250 <sup>3</sup> -8550	30
21	1835-4325	29	21	3640-90 <sup>2</sup> -3820-120 <sup>9</sup> - 4900-150 <sup>6</sup> -5800-200 <sup>10</sup> - 7800-250 <sup>3</sup> -8550	30
22	2275-4450	22	22	4540-120 <sup>3</sup> -4900-150 <sup>6</sup> - 5800-200 <sup>10</sup> -7800-250 <sup>4</sup> - 8800	23
23	2555-4600	19	23	5080-150 <sup>5</sup> -5800-200 <sup>10</sup> - 7800-250 <sup>5</sup> -9050	20
24	2975-4750	15	24	5650-150 <sup>1</sup> -5800-200 <sup>10</sup> - 7800-250 <sup>6</sup> -9300	17
25	3275-5050	14	25	6200-200 <sup>8</sup> -7800-250 <sup>8</sup> - 9800	16
26	3375-5200	14	26	6400-200 <sup>7</sup> -7800-250 <sup>10</sup> - 10,050	16
27	3575-5550	14	27	6600-200 <sup>6</sup> -7800-250 <sup>10</sup> - 10,300-300 <sup>2</sup> -10,900	16
28	3825-5900	14	28	6800-200 <sup>5</sup> -7800-250 <sup>10</sup> - 10,300-300 <sup>2</sup> -10,900	17
29	3950-6100	14	29	7000-200 <sup>4</sup> -7800-250 <sup>10</sup> - 10,300-300 <sup>3</sup> -11,200	17
30	4200-6300	13	30	7200-200 <sup>2</sup> -7800-250 <sup>10</sup> - 10,300-300 <sup>4</sup> -11,500	17

This structure of pay scale is according to Assam Govt Revised Pay Scale.



### Irrigation Department, Govt of Assam

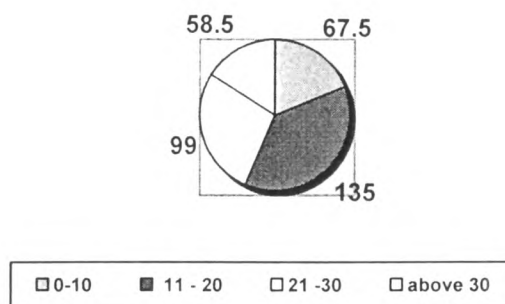
The diagrammatic representation of the finding from the questionnaires with the interpretation are giving below.

#### 1) Service Period of employees of the Irrigation Department, Govt. of Assam

**Table 4.1.5**

Period	No. Of Employers	Percentage	Degree
0-10 years	15	18.75	67.5°
11-20 years	30	37.50	135.0°
21-30 years	22	27.50	99.0°
Above 30 years	13	16.25	58.5°
Total	80	100	360.0°

**Diagram 4.1**



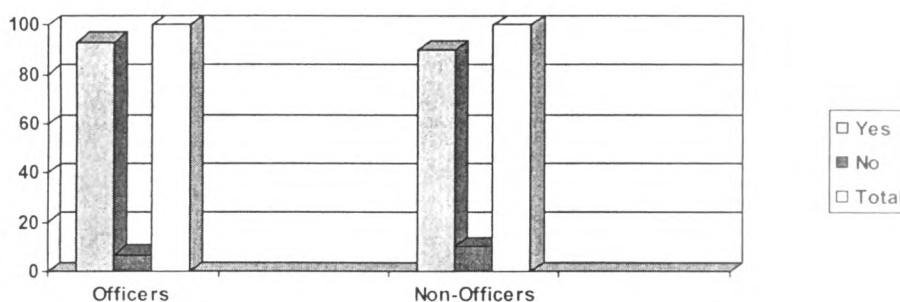
Interpretation – From the table, it is seen that most of the employees are in service between 11-20 years are 30 i.e. 37.50%, followed by service between 21-30 years are 22 i.e. 27.50%.

2) Measuring the awareness of the benefits and allowance of both officers and non-officers.

**Table 4.1.6**

<b>Parameter</b>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	28	93.33%	45	90%
NO	2	6.67%	5	10%
Total	30	100%	50	100%

**Diagram 4.2**



#### Interpretation

From the table it is seen that no. of officers were aware of the benefit are 28 i.e. 93.33 % and those not aware of the benefits are 2 i.e. 6.67%. No. of Non-officer, that were aware of the benefits are 45 i.e. 90% and those not aware of the benefits are 5 i.e. 10 %. Thus it is observed that both officers and non-officers are aware about the benefits and allowance

3) Satisfaction Level of both officers and non-officers availing the benefits and allowance.

**Table 4.1.7**

<b>Parameter</b>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	19	63.33%	17	34%
NO	11	36.67%	33	66%
Total	30	100.00%	50	100.00%

**Diagram 4.3**

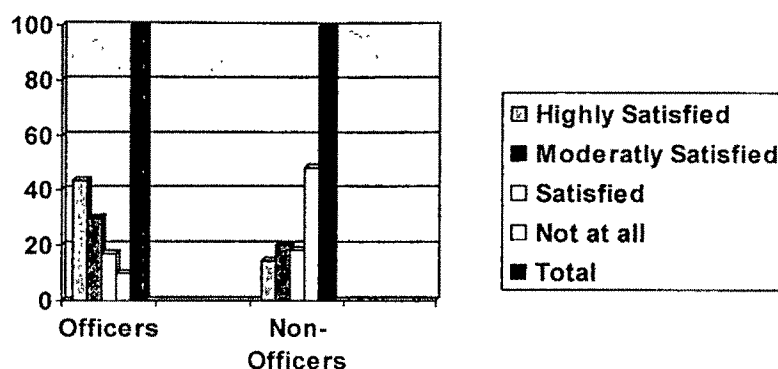
From the table, it is seen that the no. of officers that are satisfied with the benefits and allowance are 19 i.e. 63.33%. and those officers who are not satisfied are 11 i.e. 36.67% . The non-officers satisfied with the benefits and allowances are 17 i.e. 34% and those non-officers who are not satisfied are 33 i.e. 66%. It is observed that officers are satisfied with the benefits and allowance given by the Govt. of Assam in but about 66% of non-officer are not satisfied with this benefits.

4) To see the satisfaction level with the Salary Package of the employers both the officers and non-officers.

**Table 4.1.8**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	13	30%	7	14%
Moderately Satisfied	9	43.33%	10	20%
Satisfied	5	16.67%	9	18%
Not at All	3	10%	24	48%
Total	30	100.00%	50	100.00%

Diagram 4.4



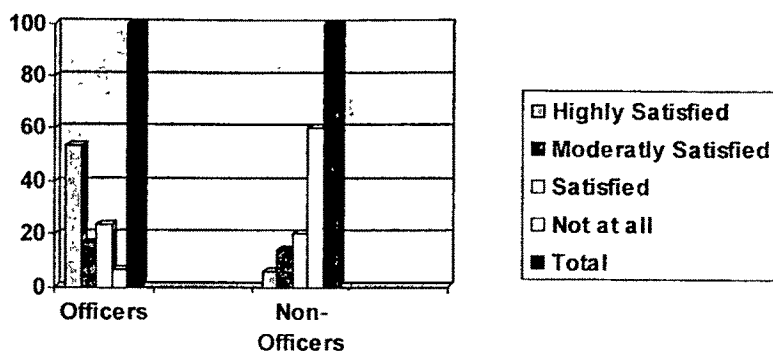
The analysis of this table shows that numbers of officers highly satisfied with the salary package are 13 i.e 43.33% , Moderately satisfied are 9 i.e. 30% ,satisfied 5 i.e. 16.67% and not at all satisfied is 3 i.e. 10% . The no. of non-officers highly satisfied are 7 i.e 14%, moderately satisfied are 10 i.e. 20%, Satisfied are 9 i.e. 18% and not at all are 24 i.e 48%.It is seen that officer are mostly moderately satisfied and non-officers are mostly not satisfied at all.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits .

Table 4.1.9

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	16	53.35%	3	6%
Moderately Satisfied	5	16.67%	7	14%
Satisfied	7	23.33%	10	20%
Not at All	2	6.67%	30	60%
Total	30	100.00%	50	100.00%

Diagram 4.5



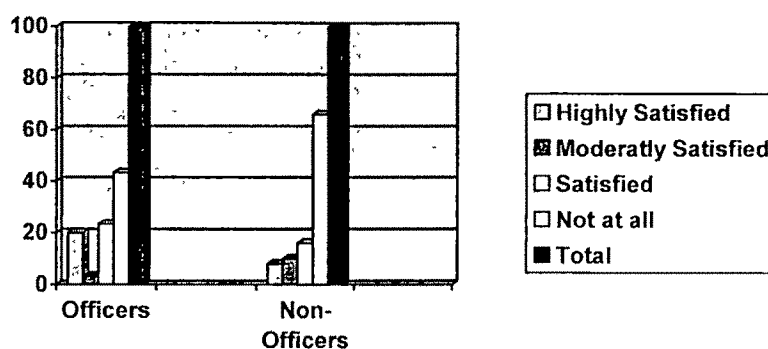
From the above table it is seen that no. of officer highly satisfied with the medical benefits are 16 i.e. 53.33%, moderately satisfied are 5 i.e. 16.67%, satisfied 7 i.e. 23.33% and not at all satisfied are 2 i.e. 6.67%. The no. of Non-officers highly satisfied are 3 i.e. 6%, moderately satisfied are 7 i.e. 14%, satisfied are 10 i.e. 20 % and not satisfied at all 30 i.e.60%.Here it is observed from respondent opinion that employees are mostly not satisfied at all with the medical benefits.

6) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

Table 4.1.10

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	6	20%	4	8%
Moderately Satisfied	4	3.33%	5	10%
Satisfied	7	23.33%	8	16%
Not at All	15	43.34%	33	66%
Total	30	100.00%	50	100.00%

Diagram 4.6



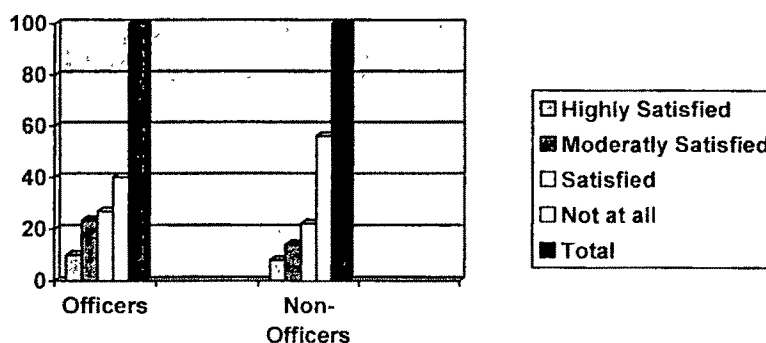
The analysis of this table is seen that the no. of officers highly satisfied with DA are 6 i.e. 20%, moderately satisfied 4 i.e. 3.33%, satisfied 7 i.e. 23.33% and not at all are 13 i.e. 43.34%. The no. of non-officers highly satisfied are 4 i.e. 8%, moderately satisfied 5 i.e. 10%, satisfied 8 i.e. 16% and not satisfied at all are 33 i.e. 66%. Thus it is observed that officers and non-officers are mostly not satisfied at all with the existing Dearness Allowances.

7) Satisfaction level of H.R.A. at both officers and non-officers.

Table 4.1.11

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	3	10%	4	8%
Moderately Satisfied	7	23.33%	7	14%
Satisfied	8	26.67%	11	22%
Not at All	12	40%	28	56%
Total	30	100.00%	50	100.00%

Diagram 4.7

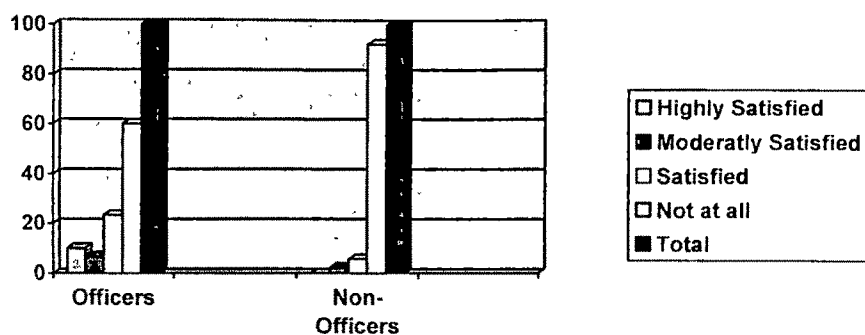


From the table it is seen that the no. of officers highly satisfied with H.R.A are 3 i.e. 10%, moderately satisfied 5 i.e. 16.67%, satisfied 8 i.e. 26.67% and not satisfied at all are 12 i.e. 40%. The no. of non-officers highly satisfied with H.R.A are 4 i.e. 8%, moderately satisfied 7 i.e. 14%, satisfied 11 i.e. 22% and not at all are 28 i.e. 56%. Here it is observed that officers and non-officers are mostly not satisfied with House Rent Allowance.

8) To examine the satisfaction Level of Conveyance Allowance

Table 4.1.12

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	3	10%	-	-
Moderately Satisfied	2	6.67%	2	2.22%
Satisfied	7	23.33%	5	5.56%
Not in All	18	60%	43	92.22%
Total	30	100.00%	50	100.00%

**Diagram 4.8**

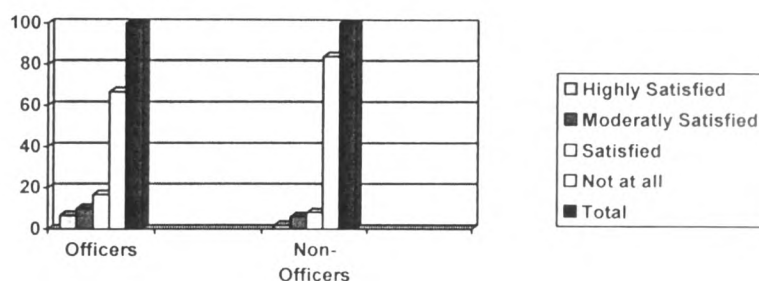
The analysis of this table it is seen that both officers and non officers are mostly not satisfied with the Present Connivances Allowance.

8) Satisfaction levels with the Overtime (OT) Allowance for officers and Non-Officers.

**Table 4.1.13**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	2	6.7%	1	2%
Moderately Satisfied	3	10%	3	6%
Satisfied	5	16.7%	4	8%
Not at All	20	66.6%	42	84%
Total	30	100.00%	50	100.00%



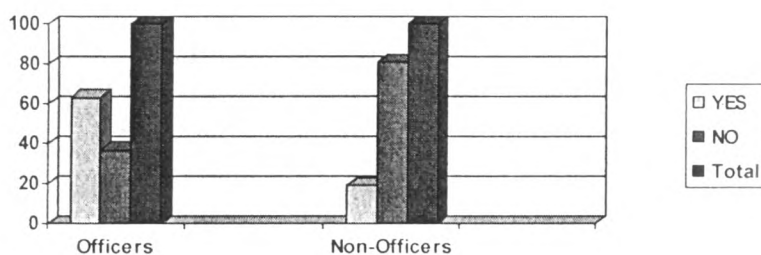
**Diagram 4.9**

From the table it is seen that the no. of officers highly satisfied with OT are 2 i.e. 6.7%, moderately satisfied 3 i.e. 10%, satisfied 5 i.e. 16.7% and not satisfied at all are 20 i.e. 66.6% .The no. of non-officers highly satisfied with OT are 1 i.e. 2%, moderately satisfied 3 i.e. 6%, satisfied 4 i.e. 8% and not at all are 42 i.e. 84%. Here it is observed that offices and non-officers are mostly not satisfied with Over Time Allowance.

10) To examine whether existing Salary Package is sufficient of a family of four or five members.

**Table 4.1.14**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	19	63.33%	17	18.89%
NO	11	36.67%	33	81.11%
Total	30	100.00%	50	100.00%

**Diagram 4.10**

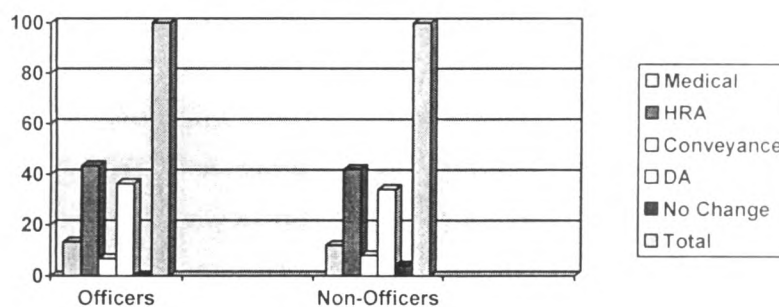
Here it is observed that most of the officer are recommended as sufficient but majority of non-officer are not recommended as sufficient of four or five on member of a family

11) Various components of Pay where the employee wants to change:

**Table 4.1.15**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Medical	4	13.34%	6	12%
H.R.A	13	43.33%	21	42%
Conveyance	2	6.67%	4	8
D.A	11	36.33%	17	34%
No Change	0	-	2	4%
Total	30	100.00%	50	100.00%

**Diagram 4.11**



From the table it is seen that the no of officers who want change in medical are 4 i.e. 13.33% , H.R.A are 13 i.e. 43.33% , Conveyance 2 i.e. 6.67% ,DA are 11 i.e. 36.33% and those who does not want change any are 0. The no. of non –officers who want change in medical allowance are 6 i.e. 12%, H.R.A are 21 i.e. 42%, Conveyance 4 i.e. 8%, DA are 17 i.e. 34% and no change at all are 2 i.e.4%.

## **Compensation Planning of Gauhati University**

### **4.2.1 Fixation of Pay in the Revised Pay Scale:**

University Teachers and officers pay is fixed by the UGC and other employer's pay is fixed by Common Pay Committee. For the purpose of fixation of pay of the University employees in the revised pay scales Common Pay Committee recommend the same formula as prescribed by the State Govt. for its own employees. Accordingly the initial pay of an employee of the University who is in service on 31.12.95 is entitled to draw the revised scale of pay. employees pay will be fixed in the manner as indicated below:

- (1) The initial pay of a University employee who is in service on 31<sup>st</sup> December, 1995 and is entitled under these rules to draw pay in the revised scales.
  - (a) An amount representing 25% of basic pay in the existing post shall be added to the emolument of an employee.
  - (b) After addition of the aforesaid amount to the emolument pay shall be fixed in the revised scale at that stage if there is a stage otherwise at the next stage above the amount so computed provided that :-
    - (i) If the amount computed under clause (a) is less than the minimum of the revised scale , the pay shall be fixed at the minimum of that scale.
    - (ii) If the amount computed under clause (a) is more than the maximum the pay shall be fixed at maximum of that scale.

Note : If the amount under Clause (a) above includes a part of a rupee, and if such part is 0.50 or more it shall be rounded off to the next rupee, if such part is less than 0.50 it shall be ignored.

- (c)(i) There after weightage for pass services shall be allowed to an employee by way of advance increment(s) in the revised scale based on the number of completed years of service in that particular existing scale at the rate shown below:

Number of completed years In existing time scale	Number of advance increment (s) admissible for weightage in revised scale
---	--

University employees on the revised  
Pay scale the maximum of which is  
Rs 6075 or below.

- |       |  |           |
|-------|--|-----------|
| (i)   | For less than three<br>Completed year .....                                  | Nil       |
| (ii)  | For three completed years<br>and above but less than six completed year      | 1 (one)   |
| (iii) | For six completed year and<br>above but less than nine completed years ..... | 2 (two)   |
| (iv)  | For nine completed years and above   | 3 (three) |

University employees on the revised pay scale the max of which is Rs.  
9725.00  
Or below but above Rs 6075.00

- |       |   |         |
|-------|---|---------|
| (i)   | For less than three completed year                                      | Nil     |
| (ii)  | For three completed years<br>and above but less than six completed year | 1 (one) |
| (iii) | For six completed year and<br>above                                     | 2 (two) |

University employee on the revised pay scale the max of which is above  
Rs. 9725.00.

- |      |  |         |
|------|--|---------|
| (i)  | For less than three<br>Completed year .....  | Nil     |
| (ii) | For three completed years<br>and above   | 1 (one) |
| (iv) | Service rendered in the existing scale shall be counted only for the purpose of weightage benefit I the revised scale.                           |         |
| (v)  | Service put in by University employee after he has reached a max in the existing scale shall be allowed to counted for the purpose of weightage. |         |

The Compensation planning of University employees has been done by two different agencies- UGC and Common Pay Commission appointed by the Govt. of Assam for universities non teaching staff.

In 1996 UGC revised the compensation structure of University and College Teacher of India. The pay scale of College and University teachers has been fixed to attract best talents to teaching profession. There are three level of Pay Scale.

- (i) Where a University employee who had, on any occasion (s), officiated in a post prior to the 1st January 1996, but was not holding the post on that date, becomes eligible to draw pay in the revised scale on his subsequent appointment to the post, his initial pay in that scale on date of his so becoming eligible shall be fixed under the fundamental rules provided that it shall not be less than emolument admissible to him on the last such occasion and he shall count for increment in the stage of the revised scale at which his initial pay is fixed and the period during he draw that emolument on any previous occasion.
- (ii) Where a University employee entering service on or after 1<sup>st</sup> January, 1996 but before the date of publication of these rules, retains the existing scale and is brought over to the revised scale w.e.f. a date subsequent to the date of his appointment, his initial pay in the revised scale shall be fixed under F.R provided that it shall not be less than the emolument admissible to him in the existing scales on the date from which he is brought over to he revised scale and the period during which he drew that emolument, shall be counted for increment in the revised scale at which he drew

that emolument ,shall be counted for increment in the revised scale at which his initial pay is fixed.

A few illustrations are given below indicating the manner in which a pay of an employee in a revised scale should be fixed under formula recommended above.

### ILLUSTRATION-I

1. Existing scale of pay 930-15-1065-20-1025-EB-20-1145-EB-20- 1225-30-1435-40-1635-50-1735.
2. Revised scale of pay 2530-40-2770-60-3130-60-3490-90-4390.
3. Number of completed years of Service on the existing post 5 years.
4. Existing Basic pays
5. D.A. @ index average of 1510 points Rs. 926.00
6. Interim Relief 1<sup>st</sup> Installation Rs 100.00
7. 2<sup>nd</sup> Installation Rs. 100.00
8. Add 25% of B.P Rs. 244.00
- Total=Rs2345.00
- pay to be fixed in the revised scale Rs2530.00
- Weightage (I) Rs 40.00
- Rs.2570.00

### ILLUSTRATION –IV

- Existing scale of Pay Rs. 3075-100-3575-125-3900-125-4450-150-1750
- Revised scale of pay Rs. 7850-250-8100-325-11,025-100-13,025
- Number of completed years of Service on the existing post 7 Years.

Existing Basic pay	Rs.3825.00
D.A @ index average of 1510 points	Rs 2850.00
Interim Relief 1 <sup>st</sup> installation	Rs 100.00
2 <sup>nd</sup> installation	<u>Rs. 250.00</u>
Existing emoluments	Rs 7025.00
Add 25% of B.P	<u>Rs 956.00</u>
Total=	Rs.7981.00
Pay to be fixed in the revised scale	Rs 8100.00
Weightage	<u>Rs. 325.00</u>
Pay fixed in the revised scale	Rs.8425.00

#### 4.2.2 RETIREMENT BENEFIT:

The Retirement benefit is available to the employees of the Universities either in the form of “Contributory Provident Fund cum Gratuity” or “General Provident Fund cum Gratuity cum Pension” Schemes Gratuity is common to both the Schemes.

Assam Agricultural University and The Gauhati University granted pension as per rates of pension applicable to the State Govt. Employees.

The Pension Schedule of the Assam Agricultural University and Gauhati University is same as shown below.

*Average Emoluments: Amount of monthly pension 50% of average emoluments pomp Maximum amount of pension of the State Govt*

*Rs 8500.p.m.*

Under the existing Rule, a minimum period of 10 years of qualifying service is required for grant of pension, which is calculated with reference to average to emoluments drawn during the last 10 months of service. An employee is entitled to pension @ 50% of basic as defined in F.R -9(21) (a) (1). On last 10-month average on completion of 33 years or more years of service. The University employee who at the time of retirement has rendered qualifying service of 10 years or more but less than 33 years than less the maximum admissible pension.

The C.P.C as recommended a common pension rates to all the 3 Universities indicated.

i) Date of effect of the revised rates of pension to all the employees is 1<sup>st</sup> Jan 96.

ii) The rules adopted by the State Govt for its pensioner will also be applicable to the Universities employees.

iii) The enhanced medical allowance paid to the Universities employees will be paid to the Pensioners.

iv) D.A will continue at per State Govt., rates.

v) The family pension rates as accepted by the Govt is also applicable to the Universities employees.

vi) Date of effect of the revised rate of pension 1996.

#### **4.2.3 Gratuity:**

At present the gratuity is paid at the rate one fourth of the emoluments for each six monthly period of qualifying service subject to a maximum of sixteen and half times of emoluments. The C.P.C 1990 fixed the maximum limit of gratuity at Rs. 72,000/-

C.P.C has recommended the State Government Rates of gratuity maximum Rs 2,00,000/- to the Universities employees also according to the schedule of gratuity as mentioned herein above. The date of effect will be same with the State Govt i.e.01.01.1996.

#### **4.2.4 Revised Pay Structure:**

The Common Pay Committee recommends the following master scales:

Minimum-	Rs 2,530.00
Maximum-	Rs. 18,000.00
Ratio -	1:7:11



Rs.2530-40-2770-60-3490-4480-120-5200-175-6600-250-8100-325-  
11,025-400-14,625-475-17455-525-18,000==70 years.

Increments:-	1 . @ 40	=	6 years.
	2. @ 60	=	8 years
	3. @ 90	=	11 years
	4. @120	=	6 years
	5. @175	=	8 years
	6. @250	=	6 years
	7. @325	=	9 years
	8. @400	=	9 years
	9. @475	=	6 years
	10. @525	=	1 year.

The Common Pay Committee also recommends reduction of number of existing pay scales from 22 to within recommended parameter of the master scales. The details of master scales with the incremental stages have been shown below to cast a span of 70 years.

#### Schedule of Existing Pay Scales and Proposed Revised Pay Scales

**Table 4.2.1**

Sly. No	Existing Pay Scale	Span	Sl. No	Recommended Pay Scale (Revised)	Span
1	2	3	4	5	6
1	930-15-1065-20-1025-EB-20-1145-EB-20-1225-30-1435-40-1635-50-1735	30	1	2530-40-2770-60-3130-60-3490-90-4390	28
2	960-15-1005-20-1065-EB-20-1185-EB-20-1225-30-1435-40-1635-50-1835	30			
3	975-15-1005-20-1085-EB-20-1205-EB-20-	29	2	2650-40-2770-60-3490-90-4480-120-5200	32

	1225-30-1435-40-1635-50-1935				
4	1065-20-1185-EB-20-1225-30-1345-EB-30-1435-40-1635-50-2035-60-2095	29	3	2890-60-3490-90-4480-120-5200-175-5725	30
5	1185-20-1225-30-1345-EB-30-1435-40-1555-EB-40-1635-50-2035-60-2395	28	4	3130-60-3490-90-4480-120-5200-175-6600	31
6	1255-30-1435-EB-40-1635-50-1685-EB-50-2035-60-2395-80-2635	28	5	3370-60-3490-90-4480-120-5200-175-6600-250-7100	29
7	1285-30-1435-40-1475-EB-40-1635-50-1735-EB-50-2035-60-2395-80-2875-100-3075	32	6	3580-90-4480-120-5200-175-6600-250-8100-325-8750	32
8	1375-30-1435-40-1595-EB-40-1635-50-17535-EB-50-2035-60-2395-80-2875-100-3375	32			
9	1475-40-1635-50-1735-EB-50-2035-EB-60-2395-80-2875-100-3575	31	7	3760-90-4480-120-5200-175-6600-250-8100-325-9400	31
10	1685-60-1985-EB-50-2035-60-2335-EB-60-2395-80-2875-100-3575-125-3700	27	8	4120-90-4480-120-5200-75-6600-250-8100-325-9725	23
11	1985-50-2035-60-2335-EB-60-2395-80-2795-EB-80-2875-100-3575-125-3950	23	9	4720-120-5200-175-6600-250-1800-325-9725	23
12	2215-60-2395-80-2635-EB-80-2875-100-3175-EB-100-3575-125-4075	20	10	5375-175-6600-250-8100-325-10,700	17
13	1785-50-2035-60-2095-EB-30-2875-100-3175-EB-100-3575-125-4075	29	11	4300-90-4480-120-5200-175-6600-250-8100-325-11,025	31
14	1835-50-2035-60-2155-EB-60-2395-80-2555-EB-80-2875-100-3575-125-4325	29	12	4390-90-4480-120-5200-175-6600-250-8100-325-11,425	31
15	2215-60-2395-80-2635-EB-80-2875-100-3275-EB-100-3575-125-4325	22	13	4600-120-5200-175-6600-250-8100-325-11,025,400-11,425	29
16	2275-60-2395-80-2715-EB-80-2875-100-3275-EB-100-3575-125-4450-	23	14	6250-175-6600-250-8100-325-11,025-400-12,625	21

	150-4600				
17	2550-80-2875-100-3275-EB-100-3575-125-4450-150-4600	19	15	660-250-8100-325-11025-40012625	19
18	3075-100-3575-125-3900-EB-125-4450-150-4750	14	16	7850-250-8100-325-11025-400-13025	15
19	3375-100-3575-125-4325-EB-125-4430-150-5200	14	17	9075-325-11025-400-14225	14
20	3825-125-4450-150-5200-175-5900	14	18	10050-325-11025-400-14625-475-16525 (Incumbent drawn from teaching cadre will draw grade pay in UGC scale)	
21	3950-125-4450-150-5200-175-5900-200-6100		19	10700-325-11025-400-14625-475-16525	14
22	4200-125-4450-150-5200-175-5900-200-6300	13	20	11825-400-14625-475-17475-525-1800 (Incumbent drawn from teaching cadre will draw grade pay in UGC scale)	14

UGC Pay Scale for teaching Staff :

**Table 4.2.2**

Post	Existing	New Pay (Revised) w.e.f.01.01.1996
Lecturer	2200-75-2800-100-400	8000-275-13500
Lecturer(Sr.Grade)	3000-100-3500-125-5500	10000-325-15200
Reader	3700-152-4950-150-5700	12000-420-18300
Professor	4500-150-5700-200-7300	16400-450-20900-500-22400

Note; D.A. & other Compensation Revised Pay Structure for fixation

For Basic Pay upto Rs.3500 - DA @ 148% of Basic

For Basic Pay Rs 4500 to Rs 6000 -DA @ 111% subject to maximum Rs 5180

Dearness Allowance Appropriate to Basic Pay admissible at index average 1510 (1960=100)

First - I.R.- Rs 100

2 nd - I. R- of Basic Pay subject to a minimum of Rs.100

Fitment benefit @ 40% of Basic Pay.

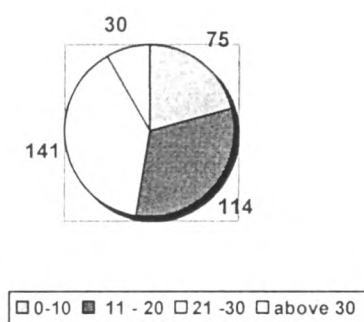
The diagrammatic representation of the finding from the questionnaires with the interpretation are given below.

1) Service Period of employees of the Gauhati University.

**Table 4.2.3**

Period	No. Of Employees	Percentage	Degree
0-10 years	25	20.83	75°
11-20 years	38	31.67	114°
21-30 years	47	39.17	141°
Above 30 years	10	8.33	30°
Total	120	100.00	360°

**Diagram 4.12**



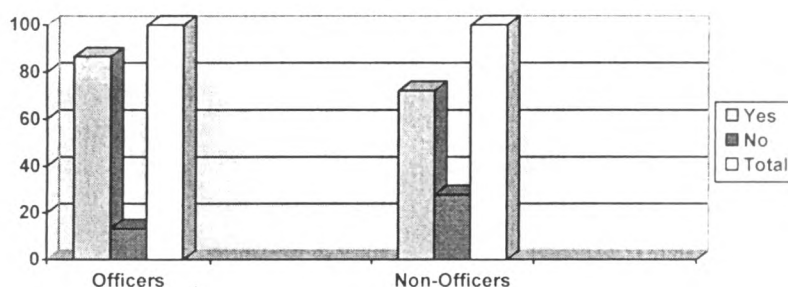
Interpretation – From the table, it is seen that most of the employees were in service between 21-30 years were 47 i.e. 39.17% followed by service between 11-20 years were 38 i.e. 31.67%.

2) Measuring the awareness of the benefits and allowance of both officers and non-officers.

**Table 4.2.4**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	26	86.67%	65	72.22%
NO	4	13.33%	25	27.78%
Total	30	100.00%	50	100.00%

**Diagram 4.13**



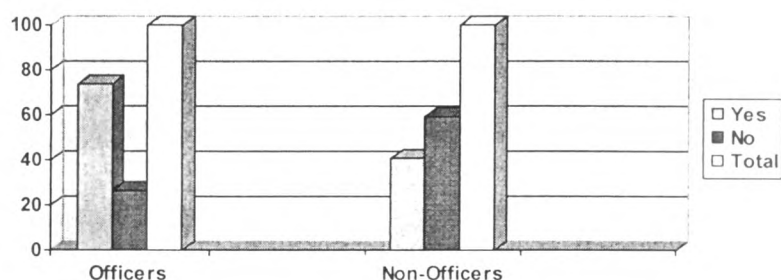
### Interpretation

From the table it is seen that number of officers were aware of the benefits are 26 i.e. 86.67 % and those not aware of the benefits are 4 i.e. 13.33% . No. of Non-officer, that were aware of the benefits are 65 i.e. 72.22% and those not aware of the benefits are 35 i.e. 27.78 %. Thus it is observed that the officers of the organisation are more concerned about the benefits than that of the non officers of the G.U employees.

3) Satisfaction Level of both officers and non – officers availing the benefits and allowance.

**Table 4.2.5**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	22	73.33%	37	41.11%
NO	8	26.67%	53	58.89%
Total	30	100.00%	90	100.00%



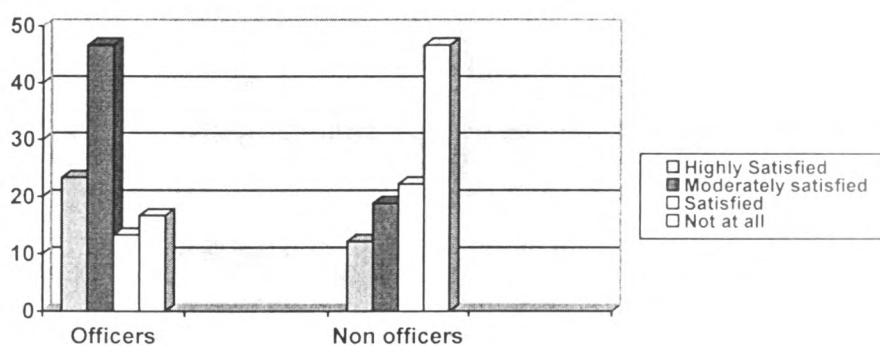
It is seen that the no. of officers that are satisfied with the benefits and allowance are 22 i.e. 73.33%. and those officers who are not satisfied are 8 i.e. 26.67% . The non-officers satisfied with the benefits and allowances are 37 i.e. 41.11% and those non-officers who are not satisfied are 53 i.e. 58.89%. It is observed that high level officers are satisfied with benefits and allowances given by the employer. But about 59% of non –officers i.e. clerical staff are not satisfied with these benefits.

4) To examine the satisfaction level with the Salary Package of the employees both the officers and non- officers.

**Table 4.2.6**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	7	23.33%	11	12.22%
Moderately Satisfied	14	46.67%	17	18.89%
Satisfied	4	13.33%	20	22.22%
Not at All	5	16.67%	42	46.67%
Total	30	100.00%	90	100.00%

**Diagram 4.15**



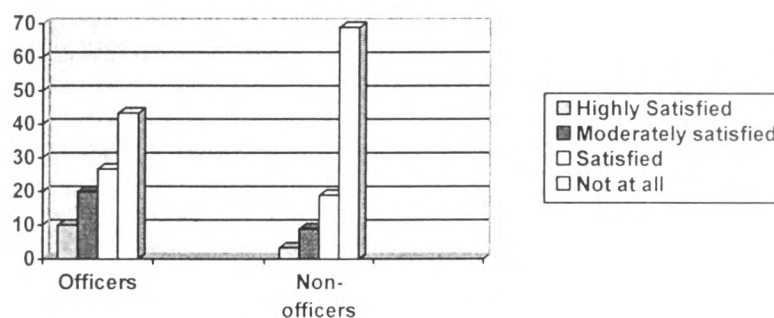
The analysis of this table shows that officers are highly satisfied with the salary package are 7 i.e 23.33% , Moderately satisfied are 14 i.e. 46.67% ,satisfied 4 i.e. 13.33% and not at all satisfied are 5 i.e. 16.67% . The no. of non-officers highly satisfied are 16 i.e 17.78%, moderately satisfied are 12 i.e. 13.33%, Satisfied are 20 i.e. 22.22% and not at all are 42 i.e 46.67%.It is seen that officers are mostly moderately satisfied and non –officers are mostly not satisfied with salary package.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits .

**Table 4.2.7**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	3	10.00%	3	3.33%
Moderately Satisfied	6	20.00%	8	8.89%
Satisfied	8	26.67%	17	18.89%
Not at All	13	43.33%	62	68.89%
Total	30	100.00%	90	100.00%

**Diagram 4.16**



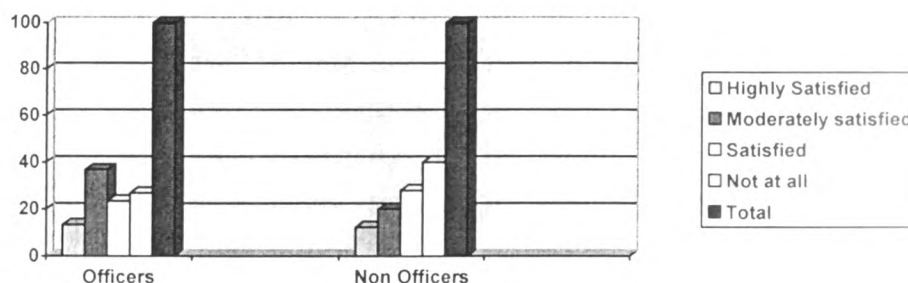
From the above table it is seen that no. of officers highly satisfied with the medical benefits are 3 i.e. 10%, moderately satisfied are 6 i.e. 20% , satisfied 8 i.e. 26.67% and not at all satisfied are 13 i.e. 43.33% . The no. of Non-officers highly satisfied are 3 i.e. 3.33%, moderately satisfied are 8 i.e. 8.89%, satisfied are 17 i.e. 18.89 % and not satisfied at all 62 i.e.68.69% . Here it is observed from respondent opinion that employees are mostly not satisfied at all with the medical benefits.



6) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

**Table 4.2.8**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	4	13.33%	12	13.33%
Moderately Satisfied	11	36.67%	18	20.00%
Satisfied	7	23.33%	24	26.67%
Not at All	8	26.67%	36	40.00%
Total	30	100.00%	90	100.00%



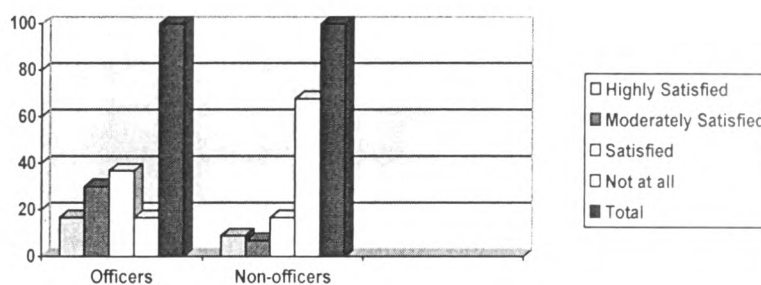
The analysis of this table it is seen that the no. of officers highly satisfied with DA are 4 i.e. 13.33%, moderately satisfied 11 i.e. 36.67%, satisfied 7 i.e. 23.33% and not at all 8 i.e. 26.67%. The no. of non-officers highly satisfied are 12 i.e. 13.33%, moderately satisfied 18 i.e. 20%, satisfied 24 i.e. 26.67% and not satisfied at all are 36 i.e. 40%. Thus it is observed that officers are mostly moderately satisfied and 40% of non-officers are not satisfied at all.

7) Satisfaction level of H.R.A. at both officers and non-officers.

**Table 4.2.9**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	5	16.67%	8	8.89%
Moderately Satisfied	9	30.00%	6	6.67%
Satisfied	11	36.67%	15	16.67%
Not at All	5	16.67%	61	67.77%
Total	30	100.00%	90	100.00%

**Diagram 4.18**



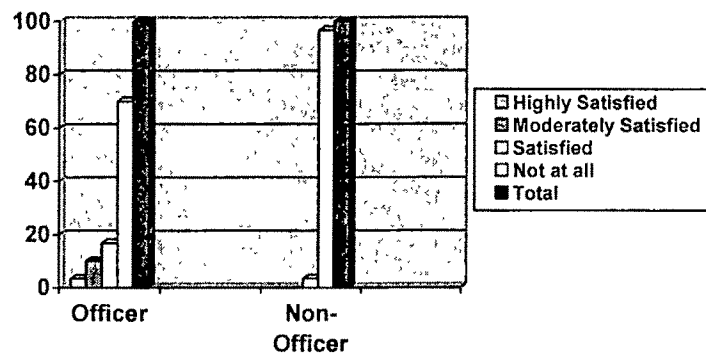
From the table it is seen that the no. of officers highly satisfied with H.R.A are 5 i.e. 16.67%, moderately satisfied 9 i.e. 30%, satisfied 11 i.e. 36.67% and not at all 5 i.e. 16.66% .The no. of non-officers highly satisfied with H.R.A are 8 i.e. 8.89%, moderately satisfied 6 i.e. 6.67% , satisfied 15 i.e. 16.67% and not satisfied at all are 61 i.e. 67.77%. Here it is observed that Non-officers are mostly not satisfied at all with the existing House Rent Allowance.

## 8) Satisfaction level of Conveyance Allowance

Table 4.2.10

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	1	3.33%	-	-
Moderately Satisfied	3	10.00%	-	-
Satisfied	5	16.67%	3	3.33%
Not at All	21	70.00%	87	96.67%
Total	30	100.00%	90	100.00%

Diagram 4.19



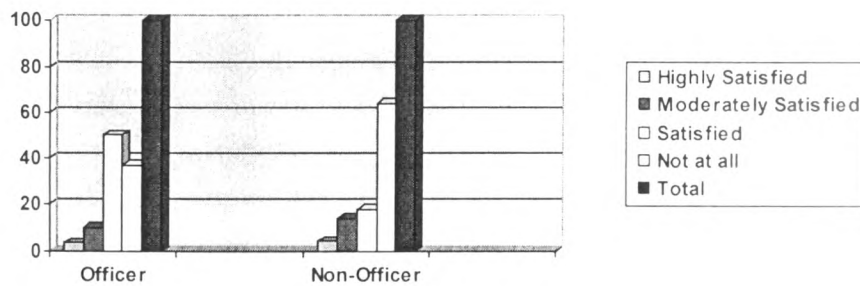
Here it is seen that officer and non –officer of G.U employees most of them are not satisfied at all with the present Conveyance Allowance given by the employer.

9) Satisfaction level with the overtime (OT) Allowance for Officers & Non-officers

**Table 4.2.11**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	1	3.33%	2	4.00%
Moderately Satisfied	3	10.00%	7	14.00%
Satisfied	15	50.00%	39	43.00%
Not at All	11	36.70%	32	35.00%
Total	30	100.00%	90	100.00%

**Diagram 4.20**



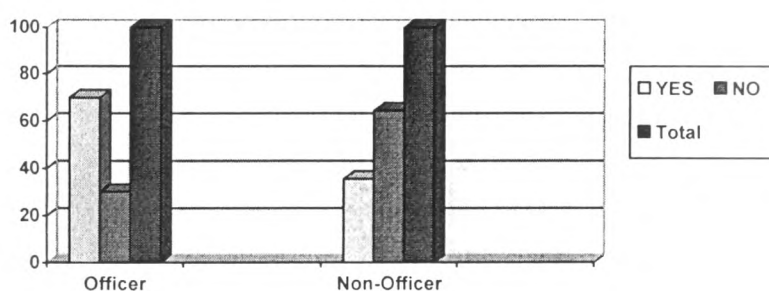
In the observation it seen that half of the officer cadre are satisfied with the overtime allowance. But the non-officer are totally not satisfied with the allowance.

10) To examine whether existing Salary Package is sufficient of a family of four or five members.

**Table 4.2.12**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	21	70%	15	17.00%
NO	9	30%	75	83.00%
Total	30	100%	90	100.00%

**Diagram 4.21**



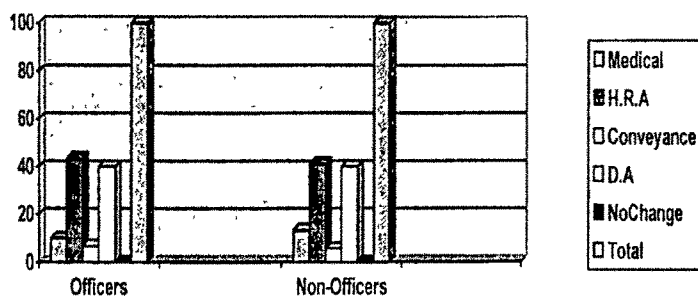
The analysis of this table it is seen that most officers are recommended as sufficient of a family of four or five members but non-officer are not recommended as sufficient of a family of four or five members.

11) Various components of Pay where the employee wants to change:

**Table 4.2.13**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Medical	3	10.00%	12	13.33%
H.R.A	31	43.33%	37	41.11%
Conveyance	2	6.67%	5	5.55%
D.A	12	40.00%	36	40.00%
NoChange	0	0	0	0
Total	30	100.00%	90	100.00%

Diagram 4.22



From the table it is seen that the no of officers who want change in medical are 3 i.e. 10% , H.R.A are 13 i.e. 43.33% , Conveyance 2 i.e. 6.67% ,DA are 12 i.e. 40% and those who does not want change anywhere 0 i.e. 0%. The no. of non –officers who want change in medical allowance are 12 i.e. 13.33%, H.R.A are 37 i.e. 41.11%, Conveyance 5 i.e. 5.55%, DA are 36 i.e. 40% and those who does not want no change was found nil.

## Compensation Planning of State Bank of India

### 4. 3.1 Formulation of Pay Package of SBI:

In the SBI ,pay package of the employee is fixed on the basis of negotiation between the management and the union . While framing out the compensation package of te Bank employee various parameters are taken into account.

These are-

- 1) Existing Scale of Pay of other banks.
- 2) Government Regulation in wage fixation.
- 3) Job responsibility and job worth.
- 4) Profitability of the bank.
- 5) Collective bargaining of the Association.
- 6) Price index from time to time.

The following table shows the existing Pay Scale of different level of employees of SBI.

**Table 4.3.1**

Officer	Non-officer
7100-12540	2750-4040
8050-12540	2860-4490
9820-13560	3020-5380
9870-13900	3425-6400
10450-16140	4100-7920
11450-17660	5386-8600
12540-15000	6400-8600

13900-16140		7100-8920
16140-17660		8600-8920
19340-21300		

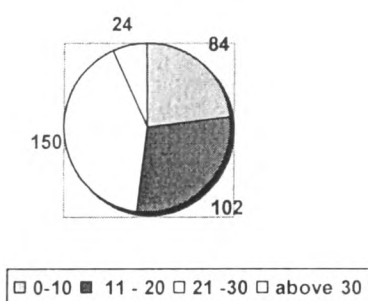
The diagrammatic representation of the finding from the questionnaires with the interpretation are given below

### 1) Service Period of employees of the State Bank of India

**Table 4.3.2**

Period	No. Of Employees	Percentage	Degree
0-10 years	14	23.33	84°
11-20 years	17	28.33	102°
21-30 years	25	41.67	150°
Above 30 years	4	6.67	24°
Total	60	100.00	360°

**Diagram 4.23**



Interpretation – It is observed that most of the employees were in service between 21-30 years were 25 i.e. 41.67% followed by service between 11-20 years were 17 i.e. 28.33%.

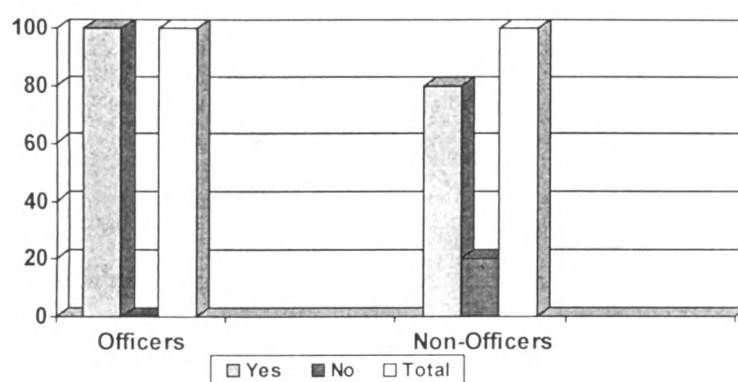


2. Measuring the awareness level of the benefits and allowances of both officers and non officers.

**Table 4.2.3**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	30	100%	24	80%
NO	0	0%	6	20%
TOTAL	30	100%	30	100%

**Diagram 4.24**



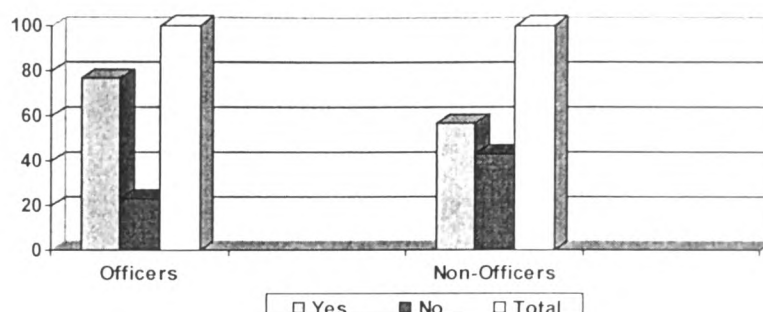
### Interpretation

From the table it is seen that number of officers were aware of the benefits are 30 i.e. 100 % and Non-officer, that were aware of the benefits are 24 i.e. 80 % .

- 3) Satisfaction Level of both officers and non – officers availing the benefits and allowance.

**Table 4.3.4**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	23	76.67	17	56.67
NO	7	23.33	13	43.33
TOTAL	30	100.00	30	100.00

**Diagram 4.25**

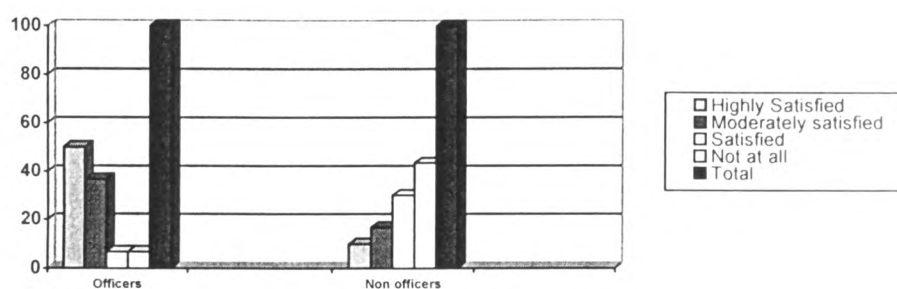
It is observed that the number of officers that are satisfied with the benefits and allowance are 23 i.e. 76.67%. and those officers who are not satisfied are 7 i.e. 23.33% . The number of non-officers satisfied with the benefits and allowances are 17 i.e. 56.67% and those non-officers who are not satisfied are 13 i.e. 43.33%.

4)To see the satisfaction level of the employees of both officers and non officers cadre with the existing salary package

**Table 4.3.5**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	15	50.00%	3	10.00%
Moderately Satisfied	11	36.67%	5	16.67%
Satisfied	2	6.67%	9	30.00%
Not at All	2	6.66%	13	43.33%
Total	30	100.00%	30	100.00%

Diagram 4.26

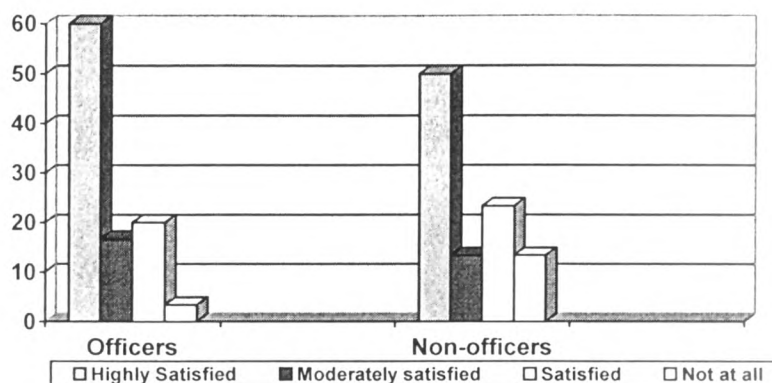


From the table it is seen that number of officers are highly satisfied with the salary package are 15 i.e. 50%, moderately satisfied are 11 i.e. 36.67%, satisfied 2 i.e. 6.67% and not at all satisfied are 2 i.e. 6.66%. The no. of non-officers highly satisfied with the salary package are 3 i.e. 30%, moderately satisfied are 5 i.e. 16.67%, Satisfied are 9 i.e. 30% and not at all are 13 i.e. 43.33%.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits.

Table 4.3.6

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	18	60.00%	15	50.00%
Moderately Satisfied	5	16.67%	4	13.33%
Satisfied	6	20.00%	7	23.33%
Not at All	1	3.33%	4	13.34%
Total	30	100.00%	30	100.00%

**Diagram 4.27**

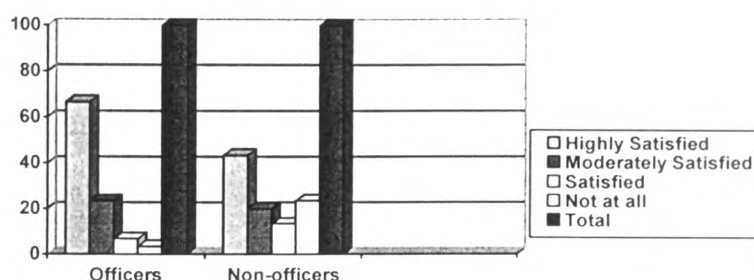
From the above table it is seen that no. of officers highly satisfied with the medical benefits are 18 i.e. 60%, moderately satisfied are 5 i.e. 16.67% , satisfied 6 i.e. 20% and officer not satisfied with the medical benefits is 1 i.e.3.33% . The no. of Non-officers highly satisfied are 15 i.e. 50%, moderately satisfied are 4 i.e. 13.33%, satisfied are 7 i.e. 23.34 % and non-officer not satisfied is 4 i.e. 13.33%. Here it is observed from respondent opinion that most of the officer and half of the non-officer are highly satisfied with the medical benefit

6) Satisfaction level of H.R.A. at both officers and non-officers cadre

**Table 4.3.7**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	20	66.67%	13	43.33%
Moderately Satisfied	7	23.33%	6	20.00%
Satisfied	2	6.67%	4	13.33%
Not at All	1	3.33%	7	23.33%
Total	30	100.00%	30	100.00%

Diagram 4.28



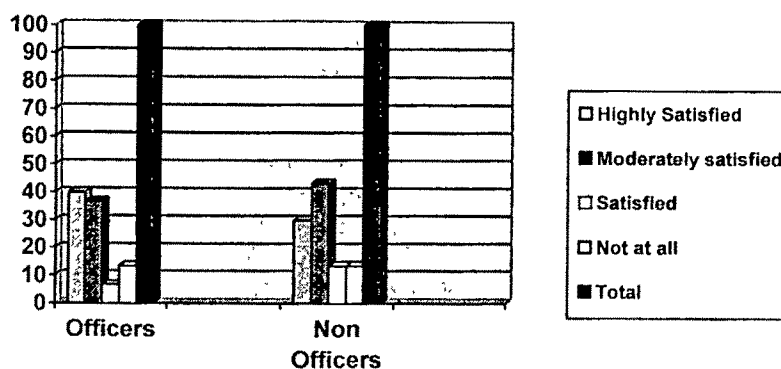
It is seen that the no. of officers highly satisfied with H.R.A are 20 i.e. 66.67%, moderately satisfied 7 i.e. 23.33%, satisfied 2 i.e. 6.67% and not at all 1 i.e. 3.33% .The no. of non-officers highly satisfied with H.R.A are 13 i.e. 43.33%, moderately satisfied 6 i.e. 20% , satisfied 4 i.e. 13.33% and not satisfied is 7 i.e. 23.33% .Regarding the existing House Rent Allowance, most of the officer were highly satisfied with it..

7) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

Table 4.3.8

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	12	40.00%	9	30.00%
Moderately Satisfied	11	36.67%	13	43.33%
Satisfied	5	16.67%	4	13.33%
Not at All	2	6.66%	4	13.34%
Total	30	100.00%	30	100.00%

Diagram 4.29

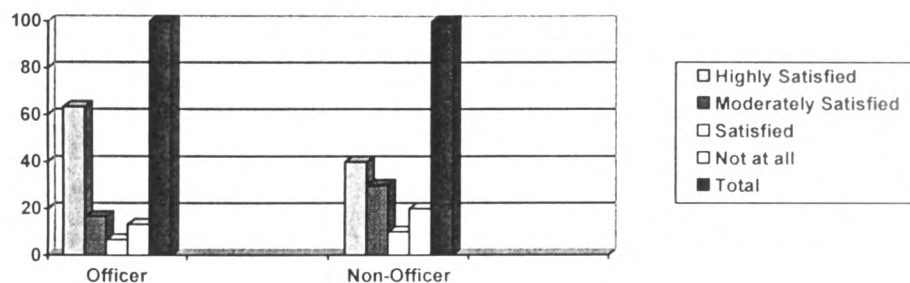


It is observed that the no. of officers highly satisfied with DA are 12 i.e. 40%, moderately satisfied 11 i.e. 36.67%, satisfied 5 i.e. 16.67% and not at all is 2 i.e. 6.66%. The no. of non-officers highly satisfied are 9 i.e. 30%, moderately satisfied 13 i.e. 43.33%, satisfied 4 i.e. 13.33% and not satisfied is 4 i.e. 13.34%. From the observation it is seen that most of the officers are highly satisfied with the D.A. and non-officers are moderately satisfied with the D.A.

#### 8) Measurement of Satisfaction level of Conveyance Allowance

Table 4.3.9

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	19	63.33%	12	40.00%
Moderately Satisfied	5	16.67%	9	30.00%
Satisfied	2	6.67%	3	10.00%
Not at All	4	13.33%	6	20.00%
Total	30	100.00%	30	100.00%

**Diagram 4.30**

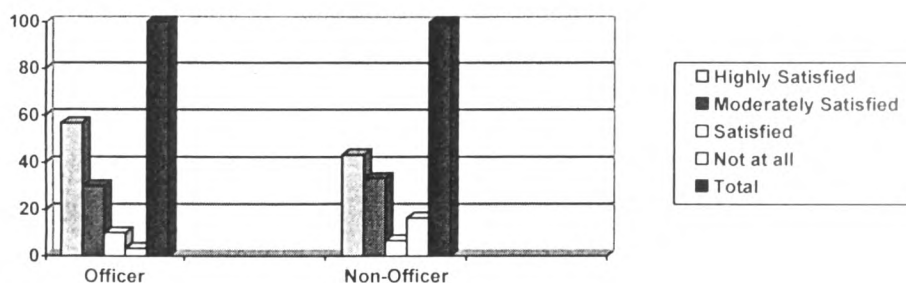
It is observed that the no. of officers highly satisfied with the Conveyance Allowance are 19 i.e. 63.33%, moderately satisfied are 5 i.e. 16.67 % and satisfied are 2 i.e. 6.67 % and not at all satisfied is 4 i.e. 13.33%. . The non – officers highly satisfied with the Conveyance Allowance are 12 i.e. 40%, Moderately Satisfied are 9 i.e. 30% and satisfied are 3 i.e. 10%, not at all 6 i.e. 20%. Both of the officers and non-officers are highly satisfied with the conveyance allowance.

9) Satisfaction level with the Over Time (OT) Wages for Officers and Non-officers

**Table 4.3.10**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	17	56.67%	13	43.33%
Moderately Satisfied	9	30.00%	10	33.33%
Satisfied	3	10.00%	2	6.67%
Not at All	1	3.33%	5	16.67%
Total	30	100.00%	30	100.00%

Diagram 4.31



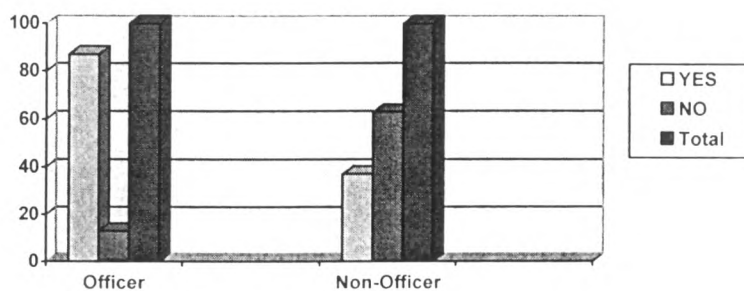
It is examined that the no. of officer highly satisfied with OT are 17 i.e. 56.67%. Moderately satisfied are 9 i.e. 30% and satisfied are 3 i.e. 10% and not at all satisfied is 1 i.e. 3.33%. The No. of Non-officers highly satisfied with the O.T are 13 i.e. 43.33% , moderately satisfied are 10 i.e. 33.33% , satisfied are 2 i.e. 6.67% and not satisfied at all are 5 i.e. 16.67%.

10) To examine whether existing Salary Package is sufficient of a family of four or five members.

Table 4.3.11

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	26	87%	11	37.00%
NO	4	13%	19	63.00%
Total	30	100%	30	100.00%

Diagram 4.32





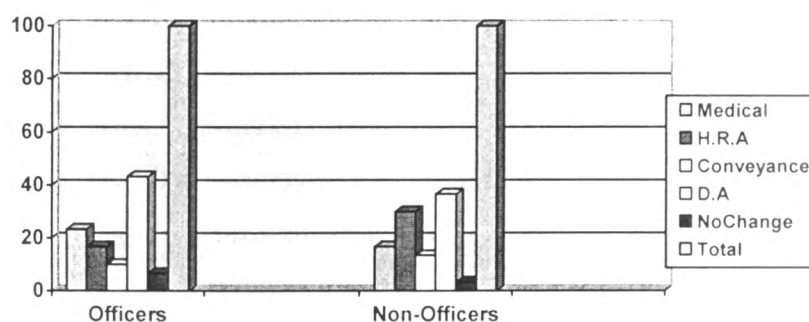
The analysis of this table it is seen that most officers are recommended as sufficient of a family of four or five members but non-officer are not recommended as sufficient of a family of four or five members.

11) Various components of Pay where the employee wants to change:

**Table 4.3.12**

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Medical	7	23.33%	5	16.67%
H.R.A	5	16.67%	9	30.00%
Conveyance	3	10.00%	4	13.33%
DA	13	43.33%	11	36.67%
No Change	2	6.67%	1	3.33%
Total	30	100.00%	30	100.00%

**Diagram 4.33**



From the table it is observed that the no of officers who want change in medical are 7 i.e. 23.33% , H.R.A are 5 i.e. 16.67% , Conveyance 3 i.e. 10% ,DA are 13 i.e. 43.33% and no change at all are 2 i.e. 6.67 %. The no. of non – officers who want change in Medical allowance are 5 i.e. 16.67%, H.R.A are 9 i.e. 30%, Conveyance 4 i.e. 13.33%, DA are 11 i.e. 36.67% and those who does not want any change are 1 i.e. 3.33%.

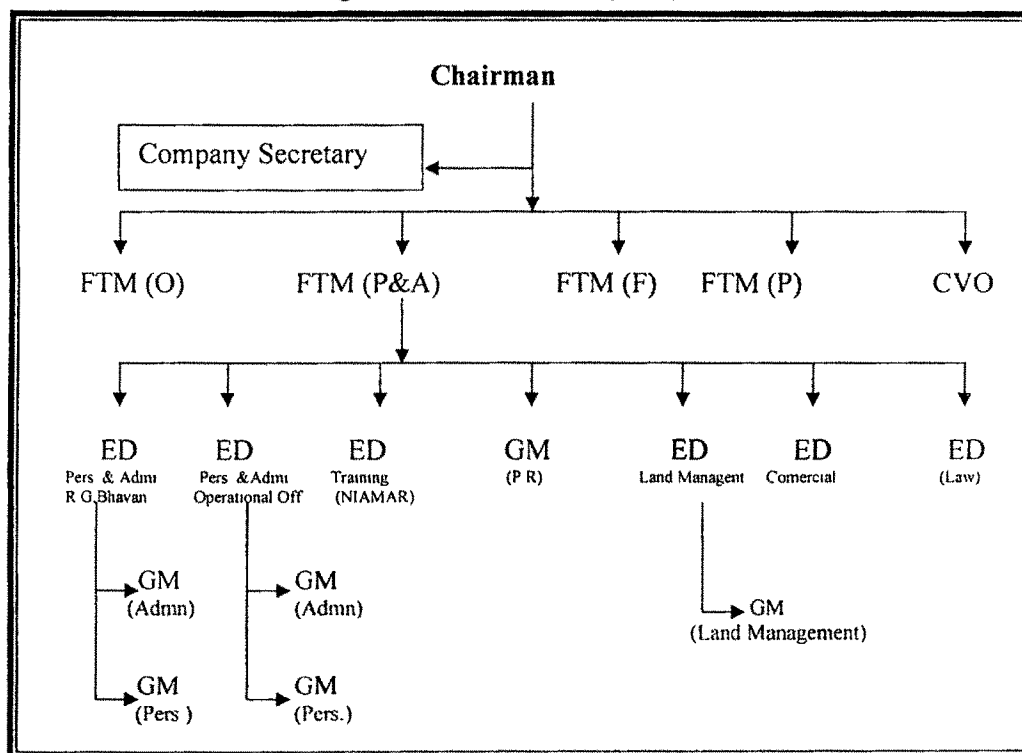
#### 4.4.1 Compensation Planning of Airport Authority of India (AAI):

AAI comprise of highly professional, motivated and trained manpower which helped it emerge as a professional organization on the horizon of aviation sector, High morale of the employee continues to boost smooth operation of its airports towards accomplishing the objective of customer satisfaction, The authority has successfully used the Human Resource like job rotation, redeployment, etc., to sustain the employees interest in their job. AAI has a strength of about 21,000 employees both Executives and Non- Executives. Utmost care is taken in the employee's welfare and various schemes having produced for the upliftment and better living standards of the AAI fraternity.

Organisation Structure of Airport Authority of India (AAI)

**Table 4.4.1**

**Organizational Structure (P&A)**



FTM (O)=Fulltime Member (Operational), FTM(P&A) = Fulltime Member (Personal & Administration)  
 FTM (F)= Fulltime Member (Finance), FTM (P)=Fulltime Member (Planning) , CVO= Chief Vigilance Officer

**Table 4.4.2****Pay Scale of Non –Executives W.E.F01.01.97**

Level	Existing Scale of Pay	Designation	Revised Scale of Pay
NE -1	New Scale	JR.ATTENDANT	4400-75=5300-90-6920
NE -2	2400-50-3150-60-3300	ATTENDANT	4900-95-6040-110-8020
NE-3	2550-60-3150-70- 3500-80-3660	SR.ATTENDANT	5300-115-6680-135-9110
NE-4	NEW SCALE	JR.ASSISTANT	5500-140-7180-160- 10060
NE-5	2720-70-3420-80- 4220-90-4400	ASSISTANT	5800-160-7720-180- 10960
NE6	2950-90-3850-100- 4850-110-5070	SR.ASSISTANT	6300-180-8460-200- 12060
NE-7	3030-100-4030-110- 5020-125-5270	SUPERVISER	6500-200-8900-220- 12860
NE-8	3300-120-4500-130- 5540-140-5820	SUPERINDENT	7200-230-9960-250- 14460
NE- 9	3450-140-4150-150- 6100-250SP	SENIOR SUPERIDENT	8000-260-11120-290- 16340
NE10	NEW SCALE	SENIOR SUPERIDENT (SELECTION GRADE)	9000-300-18000

Note :- The scale & designation mentioned at NE-1, NE-4 and NE-10 will be introduced w.e.f. 01.08.2001.

It has been decided by wage committee to revise the scales of pay, fitment formula and Dearness Allowance [DA] to Non-Executives as under:-

1. SCALES OF PAY

1.1 The Existing scale of pay of Non –Executives are revised w.e.f. 01.01.97, as per the Annexure –1.

1.2 The revised scales of pay shall be for 10 years i.e upto 31.12.2006.

## 2. DEARNESS ALLOWANCE

- 2.1 The Dearness Allowance [DA] in the revised pay scale as on 01.01.97 shall be NIL as IDA as on 01.01.97 has been merged in the revised Basic Pay. The DA payable w.e.f 01.04.97 onwards would be governed as per the following provisions:
- 2.2 DA installments would be released four times a year w.e.f 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October.
- 2.3 DA would be paid for the increase in [AICPI] above quarterly index average of 1708 to which the revised scales of pay are related
- 2.4 The percentage increase in the quarterly average of the [AICPI] would be computed in the following manner:

**Table 4.4.3**

<b>QUARTERLY AVERAGE</b>	<b>PAYABLE FROM</b>
SEPTEMBER, OCTOBER & NOVEMBER	1 <sup>ST</sup> JANUARY
DECEMBER, JANUARY & FEBRUARY	1 <sup>ST</sup> APRIL
MARCH, APRIL & MAY	1 <sup>ST</sup> JULY
JUNE, JULY & AUGUST	1 <sup>ST</sup> OCTOBER

- 2.5 The rate of compensation over the basic pay at AICPI 1708 will be in whole numbers. Fractions, if any, will be carried forward to the next quarter.
- 2.6 The percentage neutralization to non- executives in different pay range would be 100%. In calculating the quantum of DA payable on this basis, fraction of 50paise and will be rounded off to the next higher Rupee and fraction below 50paise will be ignored.

- 2.7 The statement indicating the rates of DA payable from 01.01.97 to 31.03.2000 is enclosed as Annexure – II . This is as per the instructions contained in O.M No. 2(9)/2000-DPE (WC)-GL-XVIII dated. 16<sup>th</sup> Feb., 2000 of the Government of India, Ministry of Industry, Department of Public Enterprises.

### 3. PAY FIXATION IN THE REVISED PAY SCALES

- 3.1 Pay of all employees who were on the roll of Authority on 1<sup>st</sup> January 1997 will be fixed in the revised pay scales as per the following formula:-
- a) Basic pay as on 31.12.1996 plus
  - b) FDA as on 31.12.1996 plus
  - c) Variable DA at 1708 AICPI as on 01.01.97 plus
  - d) Special pay and Personal pay other then family planning
  - e) 25% of a, b, c and d.
  - f) Aggregate Amount =a + b + c + d + e
- 3.2 The new basic pay will be determined by placing the aggregate amount at (f) above in the revised pay scales. Where the aggregate amount in (f) above does not fit as a stage in the revised scale of pay the new Basic pay will be determined by fixing the aggregate amount in the nearest stage (as per fixation chart enclosed at Annexure –III) in the revised scale of pay.

NOTE:- Family Planning Increment shall not be considered for this purpose.

- 3.3 Additional increments to be added to the Basic pay:-
- a) Increment granted w.e.f 01.04.96 on account of unification of Pay scales and designations as increment in the revised scale.
  - b) One additional increment in revised scale w.e.f

01.01.97 will be granted to those who were on roll of AAI as on 31.12.96.

c) One increment for 3 stages in the pre- revised scale subject to maximum of three and

d) Increment based on length of service amounting to one increment for the employees with more then 8 years but less then 15 years service and 2 increment for employees with 15 and more years service as on 31.12.96. For the purpose of calculating the years of service total service rendered by the employees in CAD/CPWD/IAAA/CWC/NAA will be considered.

Note:- On grant of increment (s) under (d) above, if the junior Draws more then his senior, it will not constitute an anomaly.

3.4 On reaching the maximum of the revised scale incumbent will be eligible for grant of stagnation increment on the next due date of annual increment, subject to maximum of three such stagnation increments will constitute as personal pay.

3.5 Fixed DA and special pay is not admissible from 01.01.97.

3.6 Pay of employees who were on the rolls of the authority on 01.01.97 but promoted on or after 01.01.97 shall first be fixed in accordance with clause 3.1 above in the corresponding scale and shall then be re-fixed in the higher scale under normal rules from the date of promotion.

3.7 Pay of employees who join the services of Authority on or after 01.01.97 to till date will be fixed in the corresponding revised scale.

**Table 4.4.4****Salaries of Executive (Below Board Level) w.e.f. 01.011997.**

Level	Existing Scale of Pay	Designation	Revised Scale of Pay
E-1		Junior Executive*	8600-250-14600*
E-2	4600-255-7975	Assistant Manager & Equivalent	10750-300-16750
E-3	5000-225-5900-250-8400	Manager & equivalent	13000-350-18250
E-4	6500-250-7500-275-9425	Sr. Manager & equivalent	14500-350-18700
E-5		Assit. General Manager & equivalent	16000-400-20800
E-6	7500-300-9900	Dy. General Manager & equivalent	17500-400-22300
E-7	8250-300-10050-8500-300-10300	Addi. General Manager & equivalent	18500-450-23900
E-8	9500-400-11500	General Manager & equivalent	20500-500-26500
E-9	11500-400-13500	Executive Director & Equivalent	23750-600-28550

The scale & designation mentioned at E-1 and E-5 will be introduced W.e.f.01.04.2000

**Scales of Pay & Allowances:**

IDA scales in respect of employees of Authority were revised with effect from 1.1.97 These scales are valid upto 31.12.2006. The perquisites admissible for both executives and non-executives have also been notified from time to time. In this chapter a list of the different type of allowance admissible has been provided for easy reference

**Table 4.4.5****1) Scales of pay:****Executives:**

Level	Name of the Post	Scale of Pay (Rs)
E-9	Executive Director	23750-600-28550
E-8	General Manager	20500-500-26500
E-7	Add. General Manager	18500-450-23900
E-6	Dy. General Manager	17500-400-22300
E-5	Assist. General Manager	16000-400-20800
E-4	Senior Manager	14500-350-18700
E-3	Manager	13000-350-18250
E-2	Assist. Manager	10750-300-16750
E-1	Jr. Executive	8600-250-14600

**Table 4.4.6****Non-Executive:**

Level	Name of the Post	Scale of Pay (Rs)
NE-10	Sr. Superintendent (SG)	9000-300-18000
NE-9	Sr. Superintendent	8000-260-11120-290-16340
NE-8	Superintendent	7200-230-9960-250-14460
NE-7	Supervisor	6500-200-8900-220-12860
NE-6	Senior Assistant	6300-180-8460-200-12060
NE-5	Assistant	5800-160-7720-180-10960
NE-4	Junior Assistant	5500-140-7180-160-10060
NE-3	Senior Attendant	5300-115-6680-135- 9110
NE-2	Attendant	4900- 95-6400-110- 8020
NE-1	Junior Attendant	4400- 75-5300- 90- 6920

**Allowance:**

Executives and Non-Executives are eligible for various types of allowances and a brief of the same is as under.

**Dearness Allowance:**

Executives and Non-Executives are eligible for Dearness allowance on quarterly basis as on 1<sup>st</sup> January ,1<sup>st</sup> April ,1<sup>st</sup> July and 1<sup>st</sup> October of every year. The Dearness Allowances is payable for the increase in AICPI, above quarterly index average of 1708. The D.A. payable with effect from 1.7.03 is @ 41.8% : 44% w.e.f 1.10.2003 and 44.9% w.e.f.1.01.2004.



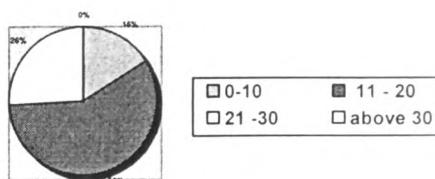
The diagrammatic representation of the finding from the questionnaires with the interpretation are given below

1) Service Period of employees .

**Table 4.4.7**

Period	No. Of Employees	Percentage	Degree
0-10 years	5	16.67	60°
11-20 years	17	56.67	204°
21-30 years	8	26.66	96°
Above 30 years	0	0	0
Total	30	100.00	360°

**Diagram 4.34**



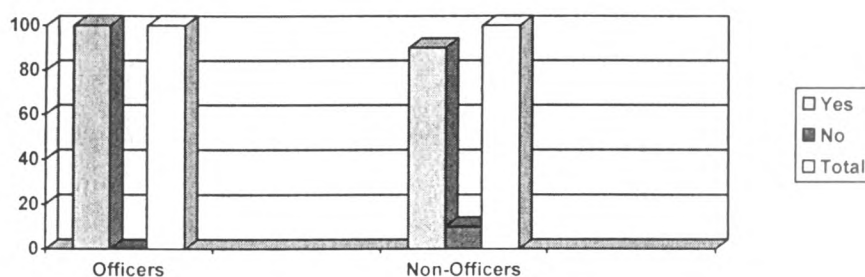
Interpretation – It is observed that most of the employees were in service between 11-20 years were 17 i.e. 56.67% followed by service between 21-30 years were 8 i.e. 26.66%.

2) Measuring the awareness of the benefits and allowance of both officers and non-officers.

**Table 4.4.8**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	20	100%	9	90%
NO	0	0%	1	10%
Total	20	100.00%	10	100.00%

**Diagram 4.35**



### Interpretation

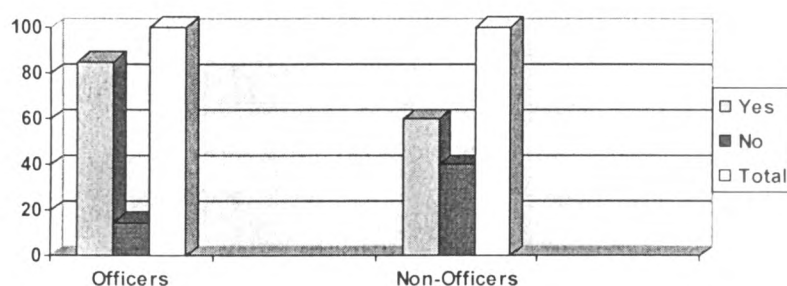
From the table it is seen that number of officers that were aware of all the benefits are 20 i.e. 100 % and officers who are not satisfied with the benefits and allowance is nil. The no. of Non-officer, satisfied with the benefits are 9 i.e. 90% and not aware of the benefit is 1 i.e. 10%.

3) Satisfaction Level of both officers and non – officers availing the benefits and allowance.

**Table 4.4.9**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	17	85%	6	60%
NO	3	15%	4	40%
Total	20	100.00%	10	100.00%

**Diagram 4.36**



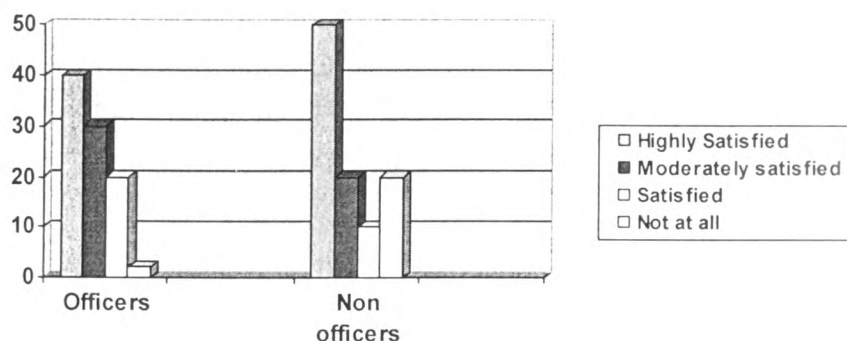
It is observed that the number of officers that are satisfied with the benefits and allowance are 17 i.e. 85%. and those officers who are not satisfied are 3 i.e. 15% . The number of non-officers satisfied with the benefits and allowances are 6 i.e. 60% and those non-officers who are not satisfied are 4 i.e. 40%.

4) To examine the satisfaction level with the Salary Package of the employees both the officers and non- officers cadre with the existing salary package.

**Table 4.4.10**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	8	40%	5	50%
Moderately Satisfied	6	30%	2	20%
Satisfied	4	20%	1	10%
Not at All	2	10%	2	20%
Total	20	100%	10	100.00%

**Diagram 4.37**



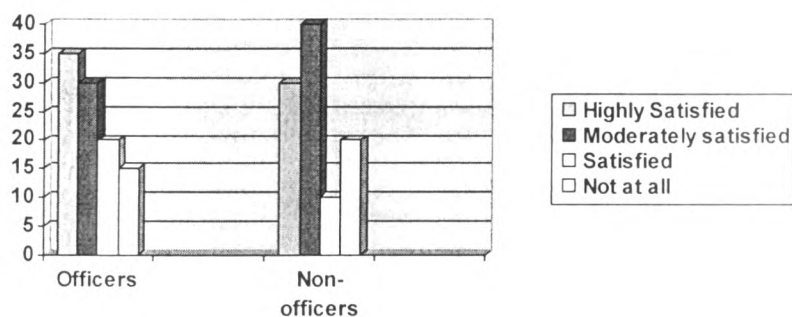
From the table it is seen that number of officers highly satisfied with the salary package are 8 i.e. 40%, moderately satisfied are 6 i.e. 30%, satisfied 4 i.e. 20% and not at all satisfied are 2 i.e. 10%. The no. of non-officers highly satisfied with the salary package are 5 i.e. 50%, moderately satisfied are 2 i.e. 20%, Satisfied are 1 i.e. 10% and not at all are 2 i.e. 20%.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits .

**Table 4.4.11**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	7	35%	3	30%
Moderately Satisfied	6	30%	4	40%
Satisfied	4	20%	1	10%
Not at All	3	15%	2	20%
Total	20	100%	10	100%

**Diagram 4.38**



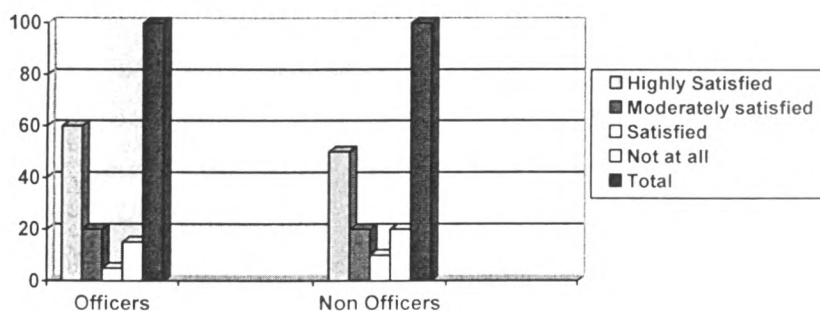
From the above table it is seen that no. of officers highly satisfied with the medical benefits are 7 i.e. 35%, moderately satisfied are 6 i.e. 30% , satisfied 4 i.e. 20%.and not at all satisfied are 3 i.e. 15% The no. of Non-officers highly satisfied are 3 i.e. 30%, moderately satisfied are 4 i.e. 40%, satisfied are 1 i.e. 10 % and not at all satisfied are 2 i.e. 20% .

6) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

**Table 4.4.12**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	12	60%	5	50%
Moderately Satisfied	4	20%	2	20%
Satisfied	1	5%	1	10%
Not at All	3	15%	2	20%
Total	20	100%	10	100%

**Diagram 4.39**



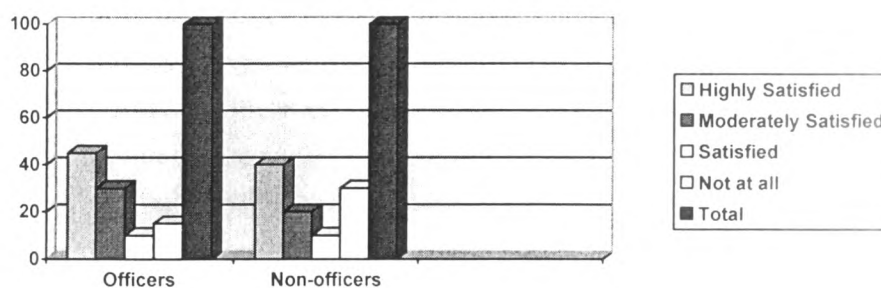
It is observed that the no. of officers highly satisfied with DA are 12 i.e. 60%, moderately satisfied 4 i.e. 20%, satisfied 1 i.e. 5% and not at all is 3 i.e. 15% .The no. of non-officers highly satisfied are 5 i.e. 50%, moderately satisfied 2 i.e. 20% , satisfied 1 i.e. 10% and not at all satisfied is 2 i.e. 20% .

7) Satisfaction level of H.R.A. at both officers and non-officers cadre.

**Table 4.4.13**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	9	45%	5	40%
Moderately Satisfied	6	30%	2	20%
Satisfied	2	10%	1	10%
Not at All	3	15%	2	30%
Total	20	100%	10	100%

**Diagram 4.39**

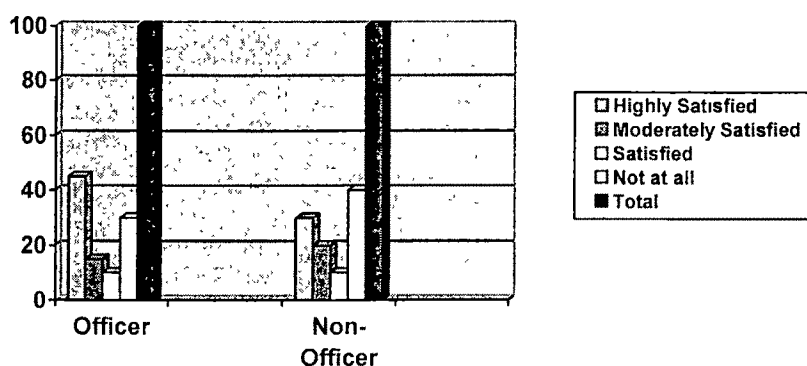


It is seen that the no. of officers highly satisfied with H.R.A are 9 i.e. 45%, moderately satisfied 6 i.e. 30%, satisfied 2 i.e. 10% and not at all 3 i.e. 15% .The no. of non-officers highly satisfied with H.R.A are 4 i.e. 40%, moderately satisfied 2 i.e. 20% , satisfied 1 i.e. 12% and not at all satisfied is 3 i.e. 30% .

## 8) Measurement of Satisfaction level of Conveyance Allowance

**Table 4.4.14**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	9	45%	3	30%
Moderately Satisfied	3	15%	2	20%
Satisfied	2	10%	1	10%
Not at All	6	30%	4	40%
Total	20	100%	10	100%

**Diagram 4.41**

It is observed that the no. of officers highly satisfied with the Conveyance Allowance are 9 i.e.45%, moderately satisfied are 3 i.e. 15% and satisfied are 2 i.e. 10%, not at all satisfied are 6 i.e. 30%. The non – officers highly satisfied with the Conveyance Allowance are 3 i.e. 30%, Moderately Satisfied are 2 i.e. 20% and satisfied are 1 i.e. 10% and not at all satisfied is 4 i.e. 40%.

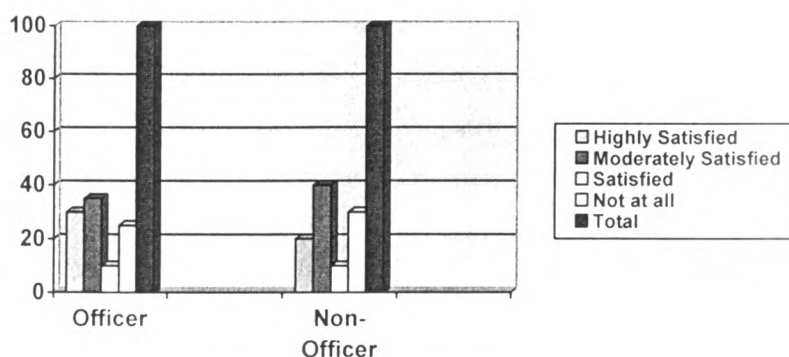


9) Satisfaction level with the Over Time (OT) Allowance for Officers and Non-officers

**Table 4.4.15**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	6	30%	2	20%
Moderately Satisfied	7	35%	4	40%
Satisfied	2	10%	1	10%
Not at All	5	25%	3	30%
Total	20	100%	10	100%

**Diagram 4.42**



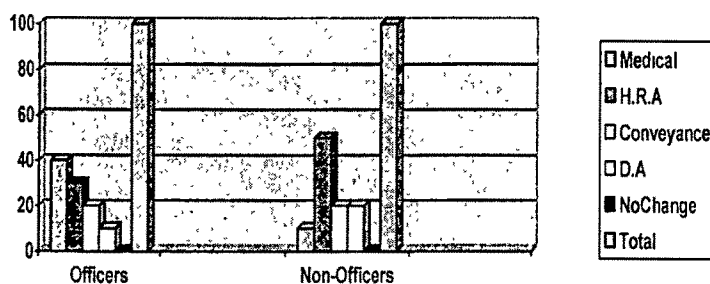
It is seen that the no. of officer highly satisfied with OT are 6 i.e. 30%. Moderately satisfied are 7 i.e. 35% and satisfied are 2 i.e. 10% and not at all satisfied is 5 i.e. 25%. The No. of Non-officers highly satisfied with the O.T are 2 i.e. 20% , moderately satisfied are 4 i.e. 40% , satisfied are 1 i.e. 10% and not satisfied at all are 3 i.e. 30%.

10) To examine whether salary package is sufficient of a family of four or five members.

**Table 4.4.16**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	17	85%	8	80%
NO	3	15%	2	20%
Total	20	100%	10	100.00%

**Diagram 4.43**



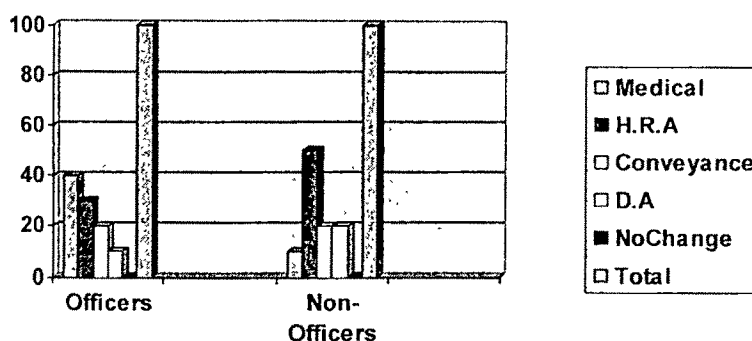
The analysis of this table it is seen that most of the officers are recommended as sufficient i.e.17out of 20 respondents and also mostly of non-officers are recommended as sufficient i.e. 8 out of 10 respondents.

11) Various components of Pay where the employee wants to change:

**Table 4.4.17**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Medical	8	40%	1	10%
H.R.A	6	30%	5	50%
Conveyance	4	20%	2	20%
D.A	2	10%	2	20%
No Change	-	-	-	-
Total	20	100%	10	100%

Diagram 4.44



From the table it is observed that the no of officers who want change in medical are 8 i.e. 40% , H.R.A are 6 i.e. 30% , Conveyance 4 i.e. 20% ,DA are 2 i.e. 10% and no change at all are nil. The no. of non –officers who want change in Medical allowance are 1 i.e. 10%, H.R.A are 5 i.e. 50%, Conveyance 2 i.e. 20%, DA are 2 i.e. 20% and those who does not want any change are nil.

## Compensation Planning of Guwahati Refinery

### 4.5.1 Existing salary and compensation of Guwahati Refinery:

The existing scale of pay is a out come of collective bargaining among the unions, management and the government. The salary package is an out come of long standing dispute between the employer and employees. The package is fixed considering the paying ability of the organization, and the ability of the skilled human resource of the organisation sustain competition and turn all dream to reality by making it long fortune 500 company in India.

The current approved scales of pay and the corresponding grades for officers and non officers in the Guwahati Refinery with effect from 1.1.97 are given below.

#### Scales of Pay:

Pay is drawn by the Finance Department on the basis of attendance particulars. For employees covered by the time office. Attendance particulars for the wages' period shall be sent by the time office to finance giving details such as name of the employee, number , earned have sick leave, etc.

**Table 4.5.1**

#### For Officers:

GRADE	PAY SCALES
A	12000-17500
B	13750-18700
C	16000-20800
D	17500-22300
E	18500-23900
F	19000-24750
G	19500-25600
H	20500-26500
I	23750-28550

#### Non-Officer

GRADE	PAY SCALES
I	4600-8400
II	4800-8900
III	5000-9800
IV	5400-10850
V	5800-11800
VI	6300-13000
VII	6700-13700
VIII	7400-14750

**(II) INCREMENTS:****For Officers: Annual Increment:**

The rate of annual increment in the scales of pay is 4% of the basic pay.  
The increment granted as benefit on promotion is 6% of the basic pay.

**Table 4.5.2****For Non-Officers: -****ANNUAL INCREMENT:**

GRADE	Percentage of Basic Pay
I	3%
II	3%
III	3%
IV & V	3.5%
VI, VII & VIII	4%

**PROMOTIONAL INCREMENT:**

GRADE	Percentage of Basic Pay
I, II & III	5%
IV & V	5.5%
VI, VII & VIII	6%

**(III) ALLOWANCE:****1. DEARNESS ALLOWANCE:**

The revised dearness allowance with effect from 1.1.97 is 34.9% of basic pay both for officers and non-officers.

The dearness allowance under the new scheme will continue to be revised and paid on quarterly basis effective from 1<sup>st</sup> January, 1<sup>st</sup> July and 1<sup>st</sup> October every year, as indicated below.

**Table 4.5.3**

Quarterly average for the month	Dearness allowance payable from
September, October, & November	1 <sup>st</sup> January
December, January, & February	1 <sup>st</sup> April
March, April & May	1 <sup>st</sup> July
June, July & August	1 <sup>st</sup> October

## 2.CITY COMPENSATORY ALLOWANCE:

City Compensatory Allowance will be paid at the following rates both for officers and non-officers,

**Table 4.5.4**

Basic Pay per Month (Rs)	Classification of Cities			
	A -1(metros) Rs. P. m	A (Rs . P.m)	B-1 (Rs P.m)	B-2 (Rs P.m)
Below 4000	90	65	45	25
4001-5250	125	95	65	35
5251-6499	200	150	100	65
6500 & above	300	240	180	120

## 3. HOUSE RENT ALLOWANCE:

- (I) Employees who are not provided residential accommodation by the corporation are entitled to HRA on b.p at the following rates.

**Table 4.5.5**

Class of City	Rate of HRA p.m
Metropolitan Cities (Delhi ,Kolkata , Mumbai & Chennai)	30% of Basic pay
Ahmedabad ,Bangalore, Hyderabad	25% of Basic pay
B-1	22.5% of Basic pay
B-2 (Guwahati)	17.5 of Basic pay
C & unclassified	15% of Basic pay

- (II) HRA to employees staying in villages:-

Employees staying in villages situated a radius of 8 km, from the periphery of municipal limits of a city are entitled to HRA at the rates admissible and paid in that city provided there is no other municipal (sub urban area within the 8-km limit) and the place of residence is dependent upon the

municipal city for its essential supplies (like food grains, milk vegetables, fuel, etc).

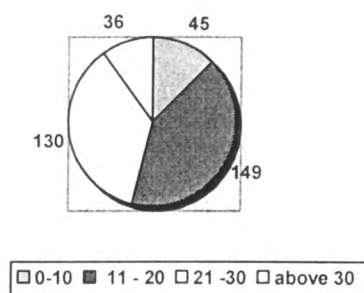
The graphical representation of the finding from the questionnaires with the interpretation are given below

#### 1) Service Period of employees of the Guwahati Refinery.

**Table 4.5.6**

Period	No. Of Employees	Percentage	Degree
0-10 years	10	12.50	45°
11-20 years	33	41.25	149°
21-30 years	29	36.25	130°
Above 30 years	8	10.00	36°
Total	80	100.00	360°

**Diagram 4.45**



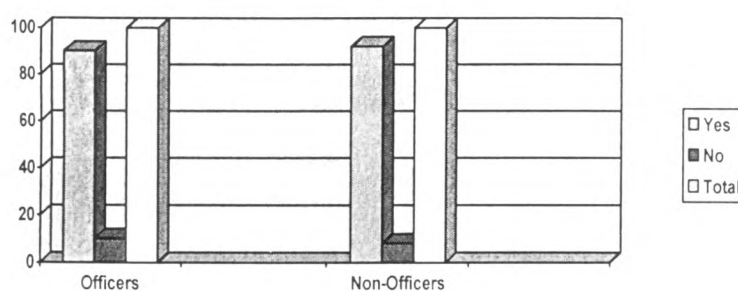
Interpretation – It is observed that most of the employees were in service between 11-20 years were 33 i.e. 41.25% followed by service between 21-30 years were 29 i.e. 36.25%.

2) Measuring the awareness of the benefits and allowance of both officers and non-officers.

**Table 4.5.7**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	27	90.00%	46	92.00%
NO	3	10.00%	4	8.00%
Total	30	100.00%	50	100.00%

**Diagram 4.46**



#### Interpretation

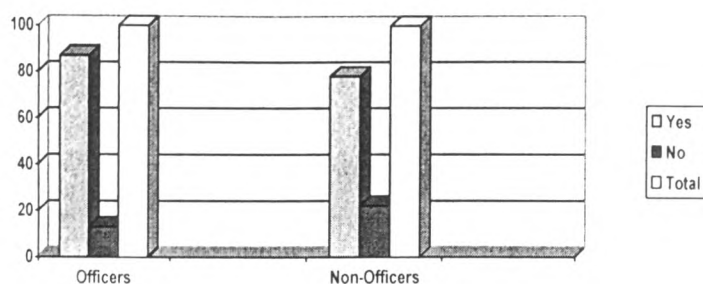
From the table it is seen that number of officers were aware of the benefits are 27 i.e. 90 % and Non-officer, that were aware of the benefits are 46 i.e. 92% .

3) Satisfaction Level of both officers and non – officers availing the benefits and allowance.

**Table 4.5.8**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	26	87.00%	39	78.00%
NO	4	13.00%	11	22.00%
Total	30	100.00%	50	100.00%



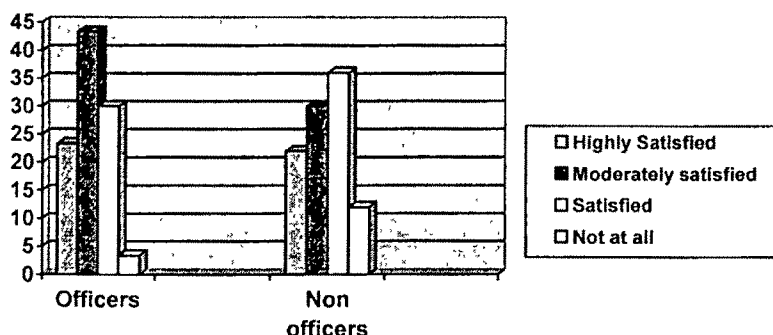
**Diagram 4.47**

It is observed that the number of officers that are satisfied with the benefits and allowance are 26 i.e. 87%. and those officers who are not satisfied are 4 i.e. 13% . The number of non-officers satisfied with the benefits and allowances are 39 i.e. 78% and those non-officers who are not satisfied are 11 i.e. 22%.

4) To see the satisfaction level with the Salary Package of the employees both the officers and non- officers.

**Table 4.5.9**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	7	23.33%	11	22.00%
Moderately Satisfied	13	43.30%	15	30.00%
Satisfied	9	30.00%	18	36.00%
Not at All	1	3.40%	6	12.00%
Total	30	100.00%	50	100.00%

**Diagram 4.48**

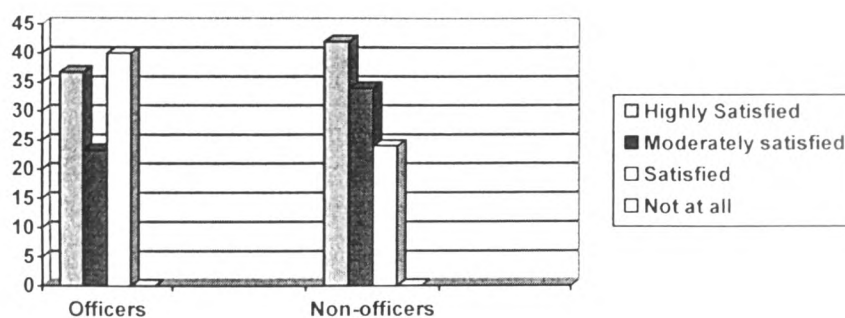
From the table it is seen that number of officers are highly satisfied with the salary package are 7 i.e. 23.33%, Moderately satisfied are 13 i.e. 43.3%, satisfied 9 i.e. 30% and not at all satisfied are 1 i.e. 3.4%. The no. of non-officers highly satisfied with the salary package are 11 i.e. 22%, moderately satisfied are 15 i.e. 30%, Satisfied are 18 i.e. 36% and not at all are 6 i.e. 12%.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits .

**Table 4.5.10**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	11	36.70%	21	42.00%
Moderately Satisfied	7	23.30%	17	34.00%
Satisfied	12	40.00%	12	24.00%
Not at All	0	0%	0	0%
Total	30	100.00%	50	100.00%

Diagram 4.49



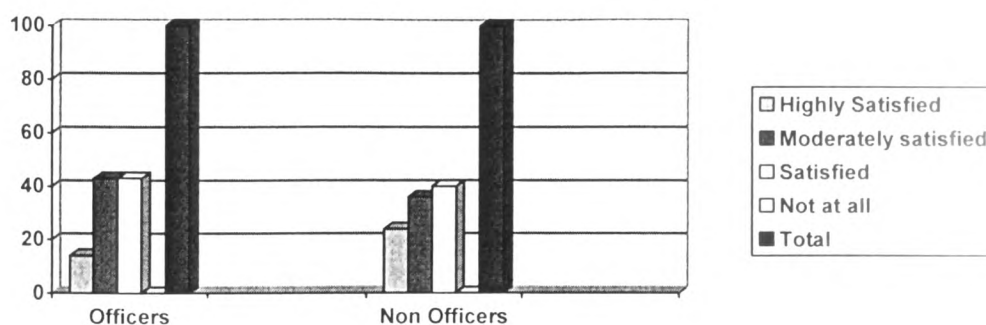
From the above table it is seen that no. of officers highly satisfied with the medical benefits are 11 i.e. 36.7%, moderately satisfied are 7 i.e. 23.3% , satisfied 12 i.e. 40%. The no. of Non-officers highly satisfied are 21 i.e. 42%, moderately satisfied are 17 i.e. 34%, satisfied are 12 i.e. 24 %. Here it is observed from respondent opinion that most of the officer are satisfied with the medical benefit. On the other hand Non- officer employees are highly satisfied at all with the medical benefits.

6) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

Table 4.5.11

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	4	14.00%	12	24.00%
Moderately Satisfied	13	43.00%	18	36.00%
Satisfied	13	43.00%	20	40.00%
Not at All	0	0%	0	0%
Total	30	100.00%	50	100.00%

Diagram 4.50



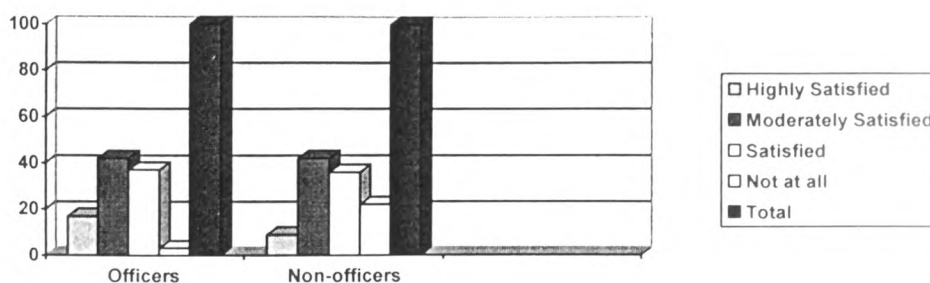
It is observed that the no. of officers highly satisfied with DA are 4 i.e. 14%, moderately satisfied 13 i.e. 43%, satisfied 13 i.e. 43% and not at all is nil. The no. of non-officers highly satisfied are 12 i.e. 24%, moderately satisfied 18 i.e. 36%, satisfied 20 i.e. 40%. There are no officer and non-officer and non-officer who were not at all satisfied.

7) Satisfaction level of H.R.A. at both officers and non-officers cadre.

Table 4.5.12

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	5	17.00%	21	42.00%
Moderately Satisfied	13	43.00%	18	36.00 %
Satisfied	11	37.00%	11	22.00%
Not at All	1	3.00%	0	0%
Total	30	100.00%	30	100.00%

Diagram 4.51



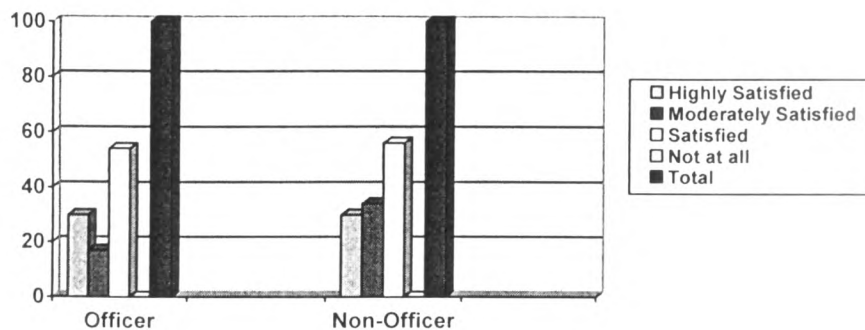
It is seen that the no. of officers highly satisfied with H.R.A are 5 i.e. 17%, moderately satisfied 13 i.e. 43%, satisfied 11 i.e. 37% and not at all 1 i.e. 3% .The no. of non-officers highly satisfied with H.R.A are 21 i.e. 42%, moderately satisfied 18 i.e. 36% , satisfied 11 i.e. 22% .Regarding the existing House Rent Allowance, there are no non- officer who were not at all satisfied.

#### 8) Measurement of Satisfaction level of Conveyance Allowance

Table 4.5.13

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	7	30.00%	15	30.00%
Moderately Satisfied	5	17.00%	17	34.00%
Satisfied	16	54.00%	18	56.00%
Not at All	0	0%	0	0%
Total	30	100.00%	50	100.00%

Diagram 4.52



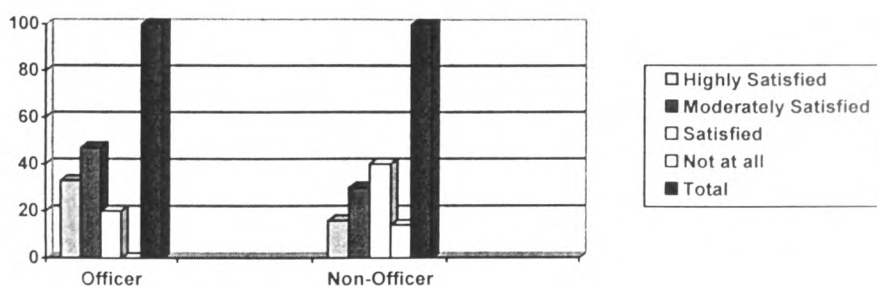
It is observed that the no. of officers highly satisfied with the Conveyance Allowance are 9 i.e.30%, moderately satisfied are 5 i.e. 17% and satisfied are 16 i.e. 53%. The non – officers highly satisfied with the Conveyance Allowance are 15 i.e. 30%, Moderately Satisfied are 17 i.e. 34% and satisfied are 18 i.e. 36% . In both the officers & Non-Officers Cadre regarding the existing Conveyance Allowance there is no any employees, who are not satisfied at all.

9) To Satisfaction level with the Over Time (OT) Allowance for Officers and Non-Officers

Table 4.5.14

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	10	33%	8	16%
Moderately Satisfied	14	47%	15	30%
Satisfied	6	20%	20	40%
Not at All	0	0%	7	14%
Total	30	100.00%	50	100.00%

Diagram 4.53



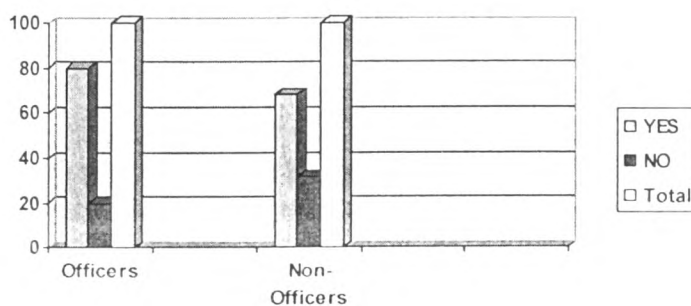
It is examined that the no. of officer highly satisfied with OT are 10 i.e. 33%. Moderately satisfied are 14 i.e. 47% and satisfied are 6 i.e. 20% and not at all satisfied is 0 i.e. 0%. The No. of Non-officers highly satisfied with the O.T are 8 i.e. 16% , moderately satisfied are 15 i.e. 30% , satisfied are 20 i.e. 40% and not satisfied at all are 7 i.e. 14%.

10)To examined whether salary package is sufficient of a family of four or five members.

Table 4.5.15

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	24	80%	34	68%
NO	6	20%	16	32%
Total	30	100.00%	50	100.00%

Diagram 4.54



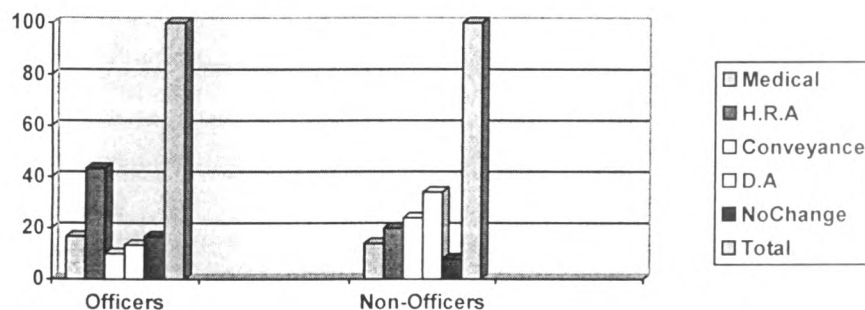
From the observation it can be said that the existing salary package is sufficient to a family of four or five members

11) Various components of Pay where the employee wants to change:

**Table 4.5.16**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Medical	5	16.70%	7	14.00%
HRA	13	43.30%	10	20.00%
Conveyance	3	10.00%	12	24.00%
DA	4	13.30%	17	34.00%
No Change	5	16.70%	4	8.00%
Total	30	100.00%	50	100.00%

**Diagram 4.55**



From the table it is observed that the no of officers who want change in medical are 5 i.e. 16.7% , H.R.A are 13 i.e. 43.3% , Conveyance 3 i.e. 10% ,DA are 4 i.e. 13.3% and no change at all are 5 i.e. 16.7 % . The no. of non –officers who want change in Medical allowance are 7 i.e. 14%, H.R.A are 10 i.e. 20%, Conveyance 12 i.e. 24%, DA are 17 i.e. 34% and those who does not want any change are 4 i.e. 8%.



## **Compensation Planning of Central Public Works Department (CPWD)**

### **4.6.1 GENERAL PRINCIPLES FOR PAY DETERMINATION**

Coming to the principles of pay determination, the 5<sup>th</sup> Central pay Commission has examined the concepts of inclusiveness, comprehensibility and adequacy, and the parameters of job evaluation, fair comparison, equal pay for equal work and model employer. The concepts have been applied. Among the parameters, that of job evaluation cannot be applied in much a short period, it can possibly be relevant if a permanent pay body is set up. Comparisons with the public and private sector have many limitations, but these have to be necessarily made not with a view to granting parties but in order to establish some broad relatives. The Central Government can no longer pretend to be a model or even a good employer in the context of other sectors of the economy having forged ahead of it in the matter of compensation packages to employees.

### **4.6.2 The Commission's strategy on pay determination:**

The mission has done in to apply a number of parameters simultaneously. One of the principles is the intrinsic value of a job, as shown by the skill, the drudgery, the work environment, all the quantifiable and non-quantifiable characteristics which make a job what it is. Then there is the delinking of pay from rank in the hierarchy, which has been introduced through the Assured Career Progression Scheme. A broad framework of qualification –based pay scales has also been hinted at, by trying to bring about a broad uniformity between jobs requiring a minimum qualification of middle, matric, 10+2, 10+2 with 2-year diploma, 10+2 with 3-year diploma Degree in Arts/Science/Commerce, Degree in medicine, Engineering Technology, etc. An attempt has been made to link small entities to larger ones; isolated posts have been placed in cadres and disjointed cadres combined into services. Thus, for example, a subordinate Economic Service has been suggested to combine all the post of Junior and Senior Economic investigators in different Ministries and so has had the Commission mooted the idea of new All Indian Services in the field of

Medicine and Engineering and Central Services for Agriculture, Veterinary Science, Informatics, Libraries, Archives , Archaeology and the like.

#### **4.6.3 Minimum and Maximum salaries.**

In order to arrive at the new pay scales, the Commission has first tried to fix the two cardinal points of minimum and maximum salary .For minimum salary, the commission had requested the National Productivity Council for advice. Based on one of the criteria, which adds dearness allowance to pay and then gives a weightage based on the percentage increase in per capita and national product between 1-1-1986 and 1-1-1996, the Commission has arrived at a figure of Rs 2,550 as the minimum salary. For the maximum salary, a study was entrusted to the Indian Institute of Public Administration This conducted as an opinion survey to ascertain what the present consumption level of senior functionaries (Joint Secretaries and above) in Government was and what additionally they excepted in order to meet their legitimate expenses, Although the IIPA had suggested a pre-Tax amount of Rs 36,000 for the Secretaries to Government of India, The Commission has been modest and has suggested a figure of Rs .26,000. This incidentally keeps the minimum-maximum ratio stable at 1: 10:7, which was the ratio determined by the fourth pay Commission.

#### **4.6.4 Revised Scales of Pay:**

The commission has recommended the following revised:

**Table 4.6.1**

Sl.No	Existing Scales of Pay	Grades	Revised Scales of Pay
1	750-12-870-14-940	S-1	2,550-55,2,660-60-3,200
2	775-12-871-14-1,025	S-2	2,610-60-3,150-65-3,540
3	800-15-1,010-20-1-150	S-3	2,650-65-3,300-70--4,000
4	825-15-900-20-1,200	S-4	2,750-70-3,800-75-4,400
5	950-20-1,150-25-1,400 950-20-1,150-25-1,500 1,150-25-1-1,500	S-5	3,050-75-3,950-80-4,590.
6	975-25-1,150-30-1,540	S-6	3,200-85-4,900
7	1,200-30-1,440-30-1800 1,200-30-1,560-40-2,040 1,320-30-1,560-20-2,040	S-7	4,000-100-6,000
8	1,350-30-1,440-40	S-8	4,500-125-7,000

	1,800-50-2,200 1,400-40-1,800-50-2,300		
9	1,400-40-1600-50-2,300-60-2600 1,600-50-2300-60-2,660	S-9	5000-150-8000
10	1,640-60-2600-75-2,900	S-10	5500-175-9000
11	2000-60-2120-	S-11	6,500-200-6,900
12	2,060-2,300-75-3,200 2,000-60-2,300-75- 3,200-100-3,500	S-12	6,500-200-10,500
13	7,450-225-11,500	S-13	7,000-225-11,500.
14	2,500-4,000(proposed new pre-revised scale)	S-14	7,500-250-12,000
15	2,200-75-2,800-100-4,4000 2,300-100-2,800	S-15	8,000-275-13,500
16	2,630 fixed	S-16	9,000 Fixed.
17	2,630-75-2,780	S-17	9,000-275-9,550
18	3,150-100-3,350	S-18	10,325-325-10,975
19	3,000-125-3,625 3,000-100-3,500-125-4,500 3,000-100-3,500-125-5,000	S-19	10,000-325-15,200
20	3,200-100-3,700-125-4,700	S-20	10,650-325-15,850
21	3,700-150-4,450 3,700-125-4,700-150-5,000	S-21	12,000-375-16,500
22	3,950-125-4,700-150-5,5000	S-22	12,750-375-16,500
23	3,700-125-4,950-150-5,700	S-23	12,000-375-18,000
24	4,100-125-4,850-150-5,300 4,500-150-5,700	S-24	14,300-400-18,300
25	4,800-150-5,700	S-25	15,100-400-18,300
26	5,100-150-5,700 5,100-150-150-6-6,150 5,100-150-5,700-200-6,300	S-26	16,400-450-20,000
27	5,100-150-5,700-200-6,700	S-27-	16,400-450-20,900
28	4,500-150-5,700-200-7,300	S-28	14,300-450-22,400
29	5,900-200-6,700 5,900-200-7,300	S-29	18,400-500-22,400
30	7,300-100-7,600	S-30	22,400-525-24,500
31	7,300-200-7,500-250-8,000	S-31	22,400-600-26,000
32	7,600-FIXED 7,600-100-8,000	S-32	24,050-650-26,000
33	8,000-Fixed	S-33	2,600- Fixed
34	9,000 Fixed	S-34	30,000- Fixed.

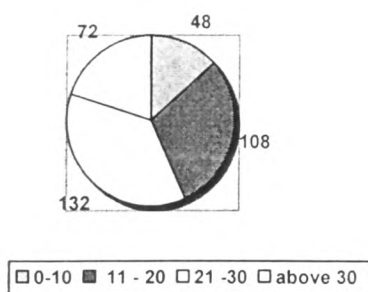
The graphical representation of the finding from the questionnaires with the interpretation are given below

1) Service Period of employees of the Central Works Department , Govt. of India.

**Table 4.6.2**

Period	No. Of Employees	Percentage	Degree
0-10 years	4	13.33	48°
11-20 years	9	30	108°
21-30 years	11	36.67	132°
Above 30 years	6	20	72°
Total	30	100.00	360°

**Diagram 4.56**



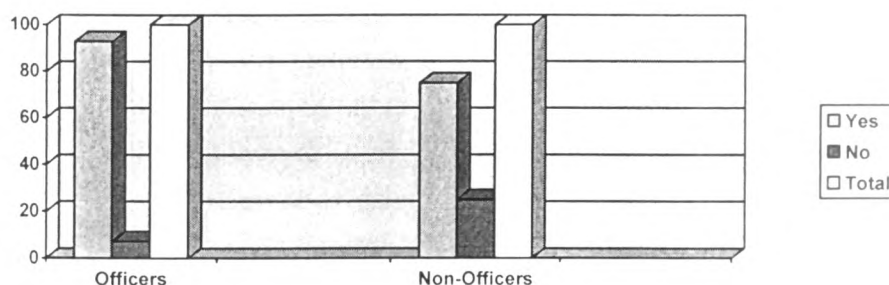
Interpretation – It is observed that most of the employees were in service between 21-30 years were 11 i.e. 36.67% followed by service between 11-20 years were 9 i.e. 30%.

2) Measuring the awareness of the benefits and allowance of both officers and non-officers.

**Table 4.6.3**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	13	92.86%	12	75%
NO	1	7.14%	4	25%
Total	14	100.00%	50	100.00%

**Diagram 4.57**



Interpretation

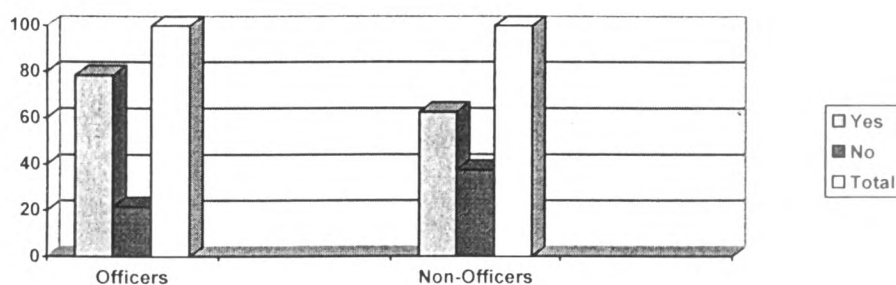
From the table it is seen that number of officers were aware of the benefits are 13 i.e. 92.86 % and Non-officer, that were aware of the benefits are 12 i.e. 75% .

3) Satisfaction Level of both officers and non – officers availing the benefits and allowance.

**Table 4.6.4**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
YES	11	78.57%	10	62.5%
NO	3	21.43%	6	37.5%
Total	14	100.00%	16	100.00%

Diagram 4.58



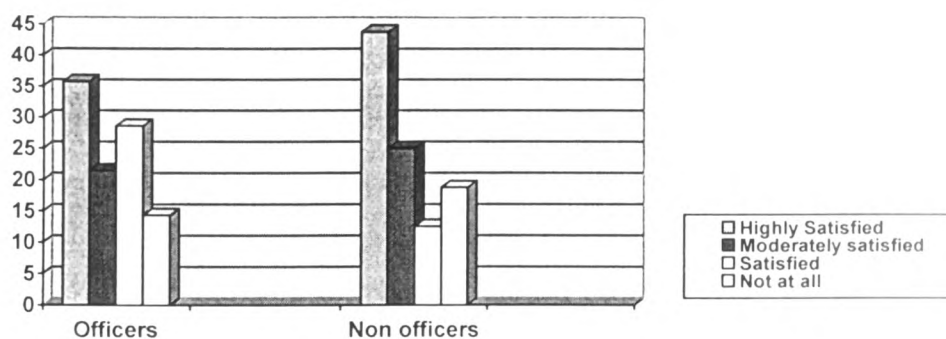
It is observed that the number of officers that are satisfied with the benefits and allowance are 11 i.e. 78.57%. and those officers who are not satisfied are 3 i.e. 21.43% . The number of non-officers satisfied with the benefits and allowances are 10 i.e. 62.5% and those non-officers who are not satisfied are 6 i.e. 37.5%.

4) To see the satisfaction level with the Salary Package of the employees both the officers and non- officers.

Table 4.6.5

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	5	35.71%	7	43.75%
Moderately Satisfied	3	21.43%	4	25%
Satisfied	4	28.57%	2	12.5%
Not at All	2	14.29%	3	18.75%
Total	14	100.00%	16	100.00%

Diagram 4.59



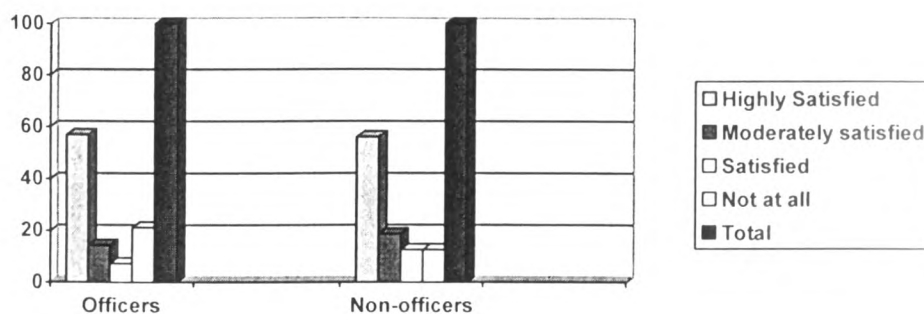
From the table it is seen that number of officers are highly satisfied with the salary package are 5 i.e. 35.71% , Moderately satisfied are 3 i.e. 21.43% ,satisfied 4 i.e. 28.57% and not at all satisfied are 2 i.e. 14.29% . The no. of non-officers highly satisfied with the salary package are 7 i.e. 43.75%, moderately satisfied are 4 i.e. 25%, Satisfied are 2 i.e. 12.5% and not at all are 3 i.e. 18.75%.

5) Measuring of the satisfaction level of the employee regarding the existing medical benefits .

Table 4.6.6

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	8	57.14%	9	56.25%
Moderately Satisfied	2	14.29%	3	18.75%
Satisfied	1	7.15%	2	12.50%
Not at All	3	21.42%	2	12.50%
Total	14	100.00%	16	100.00%

Diagram 4.60



From the above table it is seen that no. of officers highly satisfied with the medical benefits are 8 i.e. 57.14%, moderately satisfied are 2 i.e. 14.29% , satisfied 1 i.e. 7.15% and not at all is 3 i.e. 21.42%. The no. of Non-officers highly satisfied are 9 i.e. 56.25%, moderately satisfied are 3 i.e. 18.75%, satisfied are 2 i.e. 12.50 % and not at all is 2 i.e. 12.50%. Here it is observed from respondent opinion that both of the officer and non-officer are highly satisfied with the medical benefit.

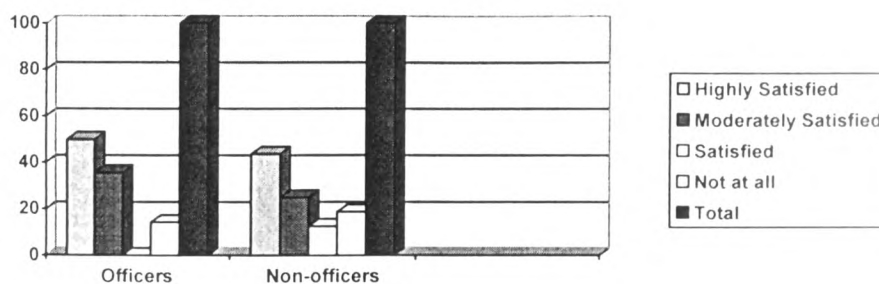
6) Satisfaction level of H.R.A. at both officers and non-officers cadre.

Table 4.6.7

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	7	50%	7	43.70%
Moderately Satisfied	5	35.71%	4	25%
Satisfied	0	0	2	12.50%
Not at All	2	14.29%	3	18.75%
Total	14	100.00%	16	100.00%



Diagram 4.61



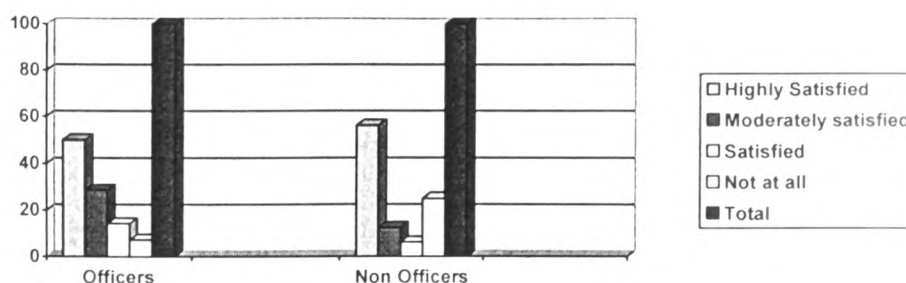
It is seen that the no. of officers highly satisfied with H.R.A are 7 i.e. 50%, moderately satisfied 5 i.e. 35.71%, satisfied 0 and not at all 2 i.e. 14.29%. The no. of non-officers highly satisfied with H.R.A are 9 i.e. 56.25%, moderately satisfied 4 i.e. 25% , satisfied 2 i.e. 12.5% and not at all is 1 i.e. 6.25%. Regarding the existing House Rent Allowance, the officer and non-officer were highly satisfied.

7) Satisfaction levels of Dearness Allowance (DA) for both officers and non-officers cadre in the existing rate.

Table 4.6.8

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	7	50%	9	56.25%
Moderately Satisfied	4	28.57%	2	12.5%
Satisfied	2	14.29%	1	6.25%
Not at All	1	7.14%	4	25%
Total	14	100.00%	16	100.00%

Diagram 5.62

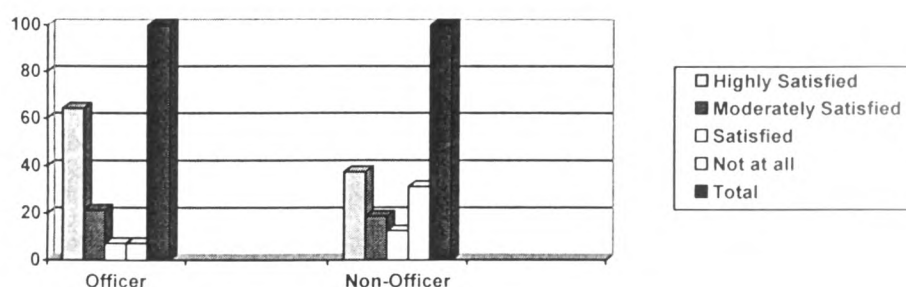


It is observed that the no. of officers highly satisfied with DA are 7 i.e. 25%, moderately satisfied 4 i.e. 28.57%, satisfied 2 i.e. 14.29% and not at all is 1 i.e. 7.14% .The no. of non-officers highly satisfied are 9 i.e. 56.25%, moderately satisfied 2 i.e. 12.5% , satisfied 1 i.e. 6.25%and not at all 4 i.e.25% . Half of the respond in officer cadre and more then half of the non officer cadre are highly satisfied with the existing DA .

#### 8) Measurement of Satisfaction level of Connivance Allowance

Table 4.6.9

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
Highly Satisfied	9	64.28%	6	37.5%
Moderately Satisfied	3	21.43%	3	18.75%
Satisfied	1	7.14%	2	12.50%
Not at All	1	7.15%	5	31.25%
Total	14	100.00%	16	100.00%

**Diagram 4.63**

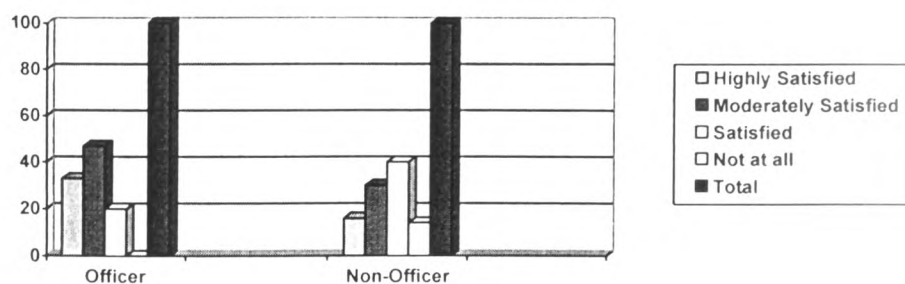
It is observed that the no. of officers highly satisfied with the Conveyance Allowance are 9 i.e.64.28%, moderately satisfied are 3 i.e. 21.43% and satisfied are 1 i.e. 5.3% not at all 1 i.e. 7.15% . The non – officers highly satisfied with the Conveyance Allowance are 6 i.e. 37.5%, Moderately Satisfied are 3 i.e. 18.75% and satisfied are 2 i.e. 12.5% and not at all is 5 i.e.31.25% . In the observation both the Officers & Non-Officers Cadre regarding the existing Conveyance Allowance are highly satisfied but some of the non –officer are not at all satisfied with the existing Conveyance Allowances.

9) Satisfaction level with the Over Time (OT) Wages for Officers and Non-officers

**Table 4.6.10**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Highly Satisfied	5	35.71%	5	37.25%
Moderately Satisfied	6	42.86%	4	25%
Satisfied	1	7.14%	2	12.5%
Not at All	2	14.29%	5	37.25%
Total	14	100.00%	16	100.00%

Diagram 4.64



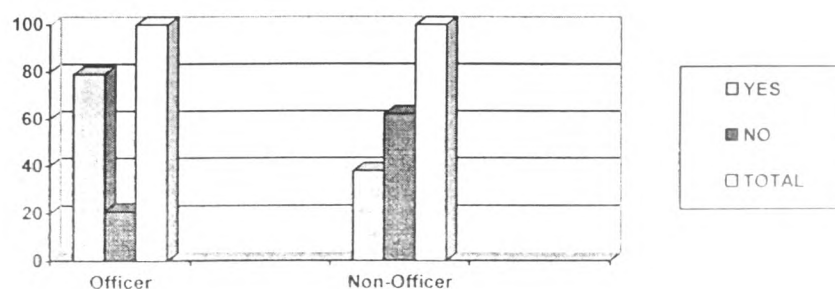
It is examined that the no. of officer highly satisfied with OT are 10 i.e. 33%. Moderately satisfied are 14 i.e. 47% and satisfied are 6 i.e. 20% and not at all satisfied is 0 i.e. 0%. The No. of Non-officers highly satisfied with the O.T are 8 i.e. 16% , moderately satisfied are 15 i.e. 30% , satisfied are 20 i.e. 40% and not satisfied at all are 7 i.e. 14%.

10) To examine whether existing salary package is sufficient of a family of four or five members.

Table 4.6.11

<i>Parameter</i>	Officers	Percentage	Non-officers	Percentage
YES	11	79%	6	38%
NO	3	21%	10	62%
Total	14	100.00%	16	100.00%

Diagram 4.65



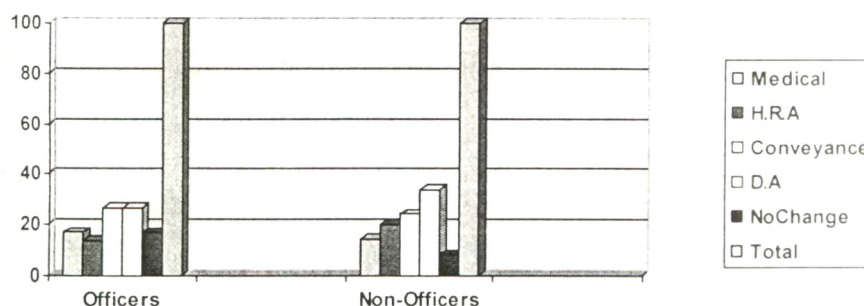
Here it is observed that most of the officer are recommended as sufficient but majority of non-officer are not recommended as sufficient of four or five member of a family

11) Various components of Pay where the employee wants to change:

**Table 4.6.12**

<i>Parameter</i>	<b>Officers</b>	<b>Percentage</b>	<b>Non-officers</b>	<b>Percentage</b>
Medical	3	21.43%	3	18.75%
H.R.A	5	35.71%	7	43.75%
Conveyance	2	14.29%	1	6.25%
D.A	4	28.57%	5	31.25%
No Change	0	0	0	0
Total	14	100.00%	16	100.00%

**Diagram 4.66**



From the table it is observed that the no of officers who want change in medical are 5 i.e. 16.7% , H.R.A are 4 i.e. 13.4% , Conveyance 8 i.e. 26.7% ,DA are 8 i.e. 26.7% and no change at all are 5 i.e. 16.7 % . The no. of non – officers who want change in Medical allowance are 7 i.e. 14%, H.R.A are 10 i.e. 20%, Conveyance 12 i.e. 24%, DA are 17 i.e. 34% and those who does not want any change are 4 i.e. 8%.

## **CHAPTER V**

# **Human Resource Development Through Compensation Planning In Select Organisations and Analysis of Sample Data**

## Human Resource Development through Compensation Planning In Select Organisations and Analysis of Sample Data

An analysis of respondent of six select organisation have been carried out. It is observed from the data that employee of the state government of Assam and University workers are not satisfied with the compensation package they are availing. In some cases employees of those organisations are not in a position to maintain their family with standard of living condition. Compensation package is the main instrument to motivate the workers to do hard work. It has also shown that satisfaction level of all select organisation's officers (76.6%) satisfied with existing benefits and allowances whereas non-officer of all the organisation satisfaction levels is 51%.

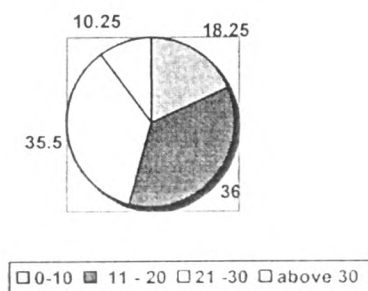
Combined analysis of the finding from the questionnaires with the interpretation are given below

### 1) Service Period of employees of the six organisation

**Table 5.1**

Period	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
0-10 years	10	25	15	5	4	14	73	18.25
11-20 years	33	38	30	17	9	17	144	36.00
21-30 years	29	47	22	8	11	25	142	35.50
Above 30 years	8	10	13	0	6	4	41	10.25
Total	80	120	80	30	30	60	400	100.00

**Diagram 5.1.1**



From the table it is seen that no. of officers and non officers in service between 11-20 years were 144 i.e. 36% followed by service between 21-31 years were 142 i.e. 35.5%.

## 2) Measuring the awareness of the benefits and allowance

**Table 5.2.**

### a) Officers

Period	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	27	26	28	20	13	30	144	93.51
NO	3	4	2	0	1	0	10	6.49
Total	30	30	30	20	14	30	154	100.00

**Table 5.3**

### b) Non officers

Period	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	46	65	45	9	12	24	201	82%
NO	4	25	5	1	4	6	45	16%
Total	50	90	50	10	16	30	246	100%

It is observed from the table that most of the officers of the selected organisations are aware of benefits 144 i.e. 93.51% and Non-officer, that were aware of the benefits are 201 i.e. 82% .

## 3) Satisfaction Level availing the benefits and allowance.

### a) Officers

**Table 5.4**

Period	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	26	22	19	17	11	23	118	76.6
NO	4	8	11	3	3	7	36	23.4
Total	30	30	30	20	14	30	154	100.00



**Table 5.5****b) Non officers**

Period	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	39	37	17	6	10	17	126	51%
NO	11	53	33	4	6	13	120	49%
Total	50	90	50	10	16	30	246	100%

It is observed that the number of officers that are satisfied with the benefits and allowance are 118 i.e. 76.6%. and those officers who are not satisfied are 36 i.e. 23.4% . The number of non-officers satisfied with the benefits and allowances are 126 i.e. 51% and non-officers who are not satisfied are 120 i.e. 49%.

**4) To see the satisfaction level with the Salary Package ;****Table 5.6****a) Officers**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	7	7	9	8	5	15	51	33.12
Moderately Satisfied	13	14	13	6	3	11	60	38.96
Satisfied	9	4	5	4	4	2	28	18.18
Not at All	1	5	3	2	2	2	15	9.74
Total	30	30	30	20	14	30	154	100.00

**Table 5.7****b) Non-officers**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	11	11	7	5	7	3	44	18%
Moderately Satisfied	15	17	10	2	4	5	55	22%
Satisfied	18	20	9	1	2	9	59	24%
Not at All	6	42	24	2	3	13	90	36%
Total	50	90	50	10	16	30	246	100%

From the table it is seen that number of officers who are highly satisfied with the salary package are 51 i.e. 33.12%, Moderately satisfied are 60 i.e. 38.96%, satisfied 28 i.e. 18.18% and not at all satisfied are 15 i.e. 9.74%. The no. of non-officers highly satisfied with the salary package are 44 i.e. 18%, moderately satisfied are 55 i.e. 22%, Satisfied are 59 i.e. 24% and not at all are 90 i.e. 36%.

#### 5) Measuring of the satisfaction level regarding the existing medical benefits

**Table 5.8**

##### a) Officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	11	3	2	7	8	18	49	31.8
Moderately Satisfied	7	6	5	6	2	5	31	20.2
Satisfied	12	8	7	4	1	6	38	24.6
Not at All	0	13	16	3	3	1	36	23.4
Total	30	30	30	20	14	30	154	100.00

**Table 5.9**

##### b) Non-officers:

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	21	3	3	3	9	15	54	22%
Moderately Satisfied	17	8	7	4	3	4	43	17%
Satisfied	12	17	10	1	2	7	49	20%
Not at All	0	62	30	2	2	4	100	41%
Total	50	90	50	10	16	30	246	100%

From the above table it is seen that no. of officers highly satisfied with the medical benefits are 49 i.e. 31.8%, moderately satisfied are 31 i.e. 20.2%, satisfied 38 i.e. 24.4% and not at all 36 i.e. 23.4. The non-officers highly

satisfied are 54 i.e. 22%, moderately satisfied are 43 i.e. 17%, satisfied are 49 i.e. 20 %and not at all satisfied 100 i.e. 41%

6) Satisfaction levels of Dearness Allowance (DA) in the existing rate

**Table 5.10**

a) Officers.

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	4	4	6	12	7	12	45	29.3
Moderately Satisfied	13	11	4	4	4	11	47	30.5
Satisfied	13	7	7	1	2	5	35	22.7
Not at All	0	8	13	3	1	2	27	17.5
Total	30	30	30	20	14	30	154	100.00

**Table 5.11**

b) Non-officer

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	12	12	4	5	9	13	55	22%
Moderately Satisfied	18	18	5	2	2	6	51	21%
Satisfied	20	24	8	1	1	4	58	24%
Not at All	0	36	33	2	4	7	82	33%
Total	50	90	50	10	16	30	246	100%

It is observed that the no. of officers highly satisfied with DA are 45 i.e. 29.3%, moderately satisfied 47 i.e. 30.5%, satisfied 35 i.e. 22.7% and not at all is 27 i.e. 17.5% .The no. of non-officers highly satisfied are 55 i.e. 22%, moderately satisfied 51 i.e. 21% , satisfied 58 i.e. 24% , not at all satisfied 82 i.e. 33%.

## 7) Satisfaction level of H.R.A.

**Table 5.12**

## a) Officer

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	5	5	3	9	7	20	49	31.8
Moderately Satisfied	13	9	7	6	5	7	47	30.5
Satisfied	11	11	8	2	0	2	34	22
Not at All	1	5	12	3	2	1	24	15.7
Total	30	30	30	20	14	30	154	100.00

**Table 5.13**

## b) Non-officer

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	21	8	4	5	7	9	54	22%
Moderately Satisfied	18	6	7	7	4	13	50	20%
Satisfied	11	15	11	1	2	4	44	18%
Not at All	0	61	28	2	3	4	98	40%
Total	30	90	50	10	16	30	246	100%

It is seen that the no. of officers highly satisfied with H.R.A are 49 i.e. 31.8%, moderately satisfied 47 i.e. 30.5%, satisfied 34 i.e. 22% and not at all satisfied 24 i.e. 15.7% .The no. of non-officers highly satisfied with H.R.A are 54 i.e. 22%, moderately satisfied 50 i.e. 20% , satisfied 44 i.e. 18% .Regarding the existing House Rent Allowance, there are most of non- officer who were not at all satisfied 98 i.e. 40%.

## 8) Measurement of Satisfaction level of Conveyance Allowance

**Table 5.14**

## a) Officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	7	1	3	9	9	19	48	31
Moderately Satisfied	5	3	2	3	3	5	21	14
Satisfied	18	5	7	2	1	2	35	23
Not at All	0	21	18	6	1	4	50	32
Total	30	30	30	20	14	30	154	100

**Table 5.15**

## b) Non-officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	15	-	-	3	6	12	36	15%
Moderately Satisfied	17	-	2	2	3	9	33	13%
Satisfied	18	3	5	1	2	3	32	13%
Not at All	0	87	43	4	5	6	145	59%
Total	50	90	50	10	16	30	246	100%

It is observed that the no. of officers highly satisfied with the Conveyance Allowance are 48 i.e.31%, moderately satisfied are 21 i.e. 14% and satisfied are 35 i.e. 23%.not at all satisfied are 50 i.e. 32%. The non officers highly satisfied with the Conveyance Allowance are 36 i.e. 15%, Moderately Satisfied are 33 i.e. 13% and satisfied are 32 i.e. 13% . Non-Officers Cadre are mostly not

satisfied with the existing Conveyance Allowance and their figure stands at 145 i.e. 59%.

9) Satisfaction level with the Over Time (OT) Allowance

**Table 5.16**

a) Officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	10	1	2	6	5	17	41	27
Moderately Satisfied	14	3	3	7	6	9	42	27
Satisfied	6	15	5	2	1	3	32	21
Not at All	0	11	20	5	2	1	39	25
Total	30	30	30	20	14	30	154	100

**Table 5.17**

b) Non-officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Highly Satisfied	8	2	1	2	5	13	31	13%
Moderately Satisfied	15	7	3	4	4	10	43	17%
Satisfied	20	39	4	1	2	2	66	28%
Not at All	7	42	42	3	5	5	104	42%
Total	50	90	50	10	16	30	246	100%

It is examined that the no. of officer highly satisfied with OT are 41 i.e. 27%. Moderately satisfied are 42 i.e. 27% and satisfied are 32 i.e. 21% and not at all satisfied is 39 i.e. 25%. The No. of Non-officers highly satisfied with the O.T are 31 i.e. 13% , moderately satisfied are 43 i.e. 17% , satisfied are 66 i.e. 28% and not satisfied at all are 104 i.e. 42%.

10)To examined whether salary package is sufficient of a family of four or five members.

**Table 5.18**

a) Officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	24	21	19	17	11	26	118	77
NO	6	9	11	3	3	4	36	23
Total	30	30	30	20	14	30	154	100

**Table 5.19**

b) Non officer

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
YES	34	32	17	8	6	11	108	44%
NO	16	58	33	2	10	19	138	56%
Total	50	90	50	10	16	30	246	100%

From this observation it can be said that the existing salary package is sufficient for a family of four or five members i.e. 77% of the officers are satisfied and are not satisfied is 23%. In case of non-officers, 44% are satisfied and 56% are not satisfied.

(11) Various components of Pay where the both cadre wants to change:

**Table 5.20**

a) Officers

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Medical	5	3	4	8	3	7	30	19
HRA	13	13	13	6	5	5	55	36
Conveyance	3	2	2	4	2	3	16	10
DA	4	12	11	2	4	13	46	30
No Change	5	0	0	0	0	2	7	5
Total	30	30	30	20	14	30	154	100

**Table 5.21****b) Non-officers**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Medical	7	12	6	1	3	5	34	14%
HRA	10	37	21	5	7	9	89	36%
Conveyance	12	5	4	2	1	4	28	11%
DA	17	36	17	2	5	11	88	36%
No Change	4	-	2	-	-	1	7	3%
Total	50	90	50	10	16	30	246	100%

From the table it is observed that the no of officers who want change in medical are 30 i.e. 19% , H.R.A are 55 i.e. 36% , Conveyance 16 i.e. 10% ,DA are 46 i.e. 30% and no change at all are 7 i.e. 5 %. The no. of non –officers who want change in Medical allowance are 34 i.e. 14%, H.R:A are 89 i.e. 36%, Conveyance 28 i.e. 11%, DA are 88 i.e. 36% and those who does not want any change are 7 i.e. 3%.

In case of non-officers the highly satisfied group with the salary package is 18%. Whereas officers levels satisfaction is 31.8%. While examining the medical benefits given by the employer it is shown that non-officer of select organisation highly satisfied is 22% whereas it 31.8% in case of officer of the select organisation.

It has been observed that 22% of non-officers are highly satisfied with the DA. But in case of officers , it is 29.3% . In case of non-officers who are not satisfied accounts for 33% whereas officers who are not satisfied stands at 17.5 %.

While examining the quantity of HRA it is found that non-officer of all the organisation who are highly satisfied is 22% and not at all satisfied is 40% whereas HRA of Officer shows 31.8% as highly satisfied and 15.7% not at all satisfied.



Conveyance allowance is also a very important variable for the employee satisfaction. It has been observed from the field survey 31% officers of the selected organisation highly satisfied with the Conveyance allowance and 42% are not at all satisfied. But conveyance allowance of non officer shows 15% highly satisfied and 59% not at all satisfied

While examining the salary package for five members of a family the respondent of the selected organisation have given their opinion as 44% of non-officers that salary package is sufficient to cover five members needs, whereas 71% officers opined that the salary package given by the employer is sufficient to cover their needs

It is also observed that the officer and non officers of the selected organisation recommended that compensation package should be revised regularly every eight years to cope up with the rising price in the economy.

Majority of the union management of the selected organisation disputes the remuneration package given by the employer. These are more significant in an under developed country like India suffering from problems of concentration of income ,inflation and unemployment and the nation as a whole . Employee compensation therefore ,influence vitally the growth and profitability of the organisation.

The chapter deals with various subsistent used by the select organisation for the development of human resource. The monetary and non-monetary benefits are also analysed to get employee initiative for achieving the organisational goal. The competency requirement to be established in the changing global environment

## Comparison of Pay Structures (Salary grade /progression) among different select organisations

**Table 5.22**

For Officers / Executives

Irri. Dept	GU	CPWD	SBI	AAI	GR
3640-8550	6250-12625	5520-9000	7100-12540	8600-14600	12000-17500
4390-11425	6600-11425	6500-6900	8050-12540	10750-16750	13750-18700
4540-8800	7850-13050	7500-12000	9820-13560	13000-18250	16000-20800
5050-9050	8000-13500	8000-13500	9870-13900	14500-18700	17500-22300
5650-9300	8100-13025	9000-9550	10450-16140	16000-20800	18500-23900
6400-10050	10000-15200	10325-10975	11450-17660	17500-22300	19000-24750
6800-10900	10050-15575	10000-15200	12540-15000	18500-23900	19500-25600
7000-10300	12000-18300	12000-16500	13900-16140	20500-26500	20500-26500
7200-11500	16400-22400	14300-18300	16140-17660	23750-28550	23750-28550
8100-13025		16410-20000	19340-21300		
9075-14225		18400-22400			
10500-15575		22400-24500			
11025-17000					

**Table 5.22**

For Non-Officers / Non-Executive

Irri. Dept	GU	CPWD	SBI	AAI	GR
1760-3280	2530-4390	2550-3200	2750-4040	4400-6920	4600-4800
1910-4540	2650-5200	2610-3540	2860-4490	4900-8020	4800-8900
2220-5050	2890-5725	3050-4590	3020-5380	5300-9110	5000-9800
2510-6000	3130-6600	3200-4900	3425-6400	5500-10060	5400-10850
2510-6800	3370-7100	4000-6000	4100-7920	5800-10960	5800-11800
2720-7200	3580-8750	4500-7000	5385-8600	6300-12060	6300-13000
2930-7800	3760-9400	5000-8000	6400-8600	6500-12860	6700-13700
3550-7600	4120-9725	5500-9000	7100-8920	7200-14460	7400-14750
3460-8050	4300-11025	4520-10500	8600-8920	8000-16340	
3580-8550	4390-11425	7000-12000		9000-1800	
3760-9400	4720-9725				

Note\*      Irri Dept.      = Irrigation Department, Govt. of Assam  
                  GU                = Gauhati University  
                  CPWD         = Central Public Works Dept., Govt. of India.  
                  SBI                = State Bank of India  
                  AAI                = Airport Authority of India.  
                  GR                = Guwahati Refinery.

## ANOVA

Here we test one way ANOVA. The testing hypothesis is

$H_0$  : There is no significant difference in fixation of minimum salary among the different organisation for officers cadre.

**Minimum salary for officer**  
**Table 5.24**

### *Analysis of variance*

**Minimum Salary for Officers**

		N	Mean	Std Deviation	Std Error
IRRI	1.00	13	6874.6154	2309.04333	640.41339
GU	2.00	9	9472.2222	3168.40961	1056.137
CPWD	3.00	12	11694.58	5198.72688	1500.743
SBI	4.00	10	11866.00	3746.76216	1184.830
AAI	5.00	9	15900.00	4773.55999	1591.187
GR	6.00	9	17805.56	3587.69115	1195.897
Total		62	11886.53	5268.12038	669.05196

**Minimum Salary for Officer**  
**Table 5.25**

	Sum of Squares	Df	Mean Square	F
Between Groups	8.40E + 08	5	167948453.1	11.023
Within Groups	8.53 E + 08	56	15235649.35	
Total	1.69 E + 09	61		

Here K treatment

N = No. of observation

d.f. = between class (group) =  $k-1 = 6-1 = 5$

d.f. = for error =  $n-k = 62-6=56$

Table value for

$$F_{0.05, 5, 56} = 2.39$$

Since Calculated value of  $F >$  Table value of  $F$ , therefore reject our null hypothesis at 5% level of significance. We can conclude that there is significant difference in fixation of minimum salary scale for officer among the different organizations.

Since we see that there is sufficient difference of minimum salary scale among the different organizations. Further we test in which organization, these differences occurs.

## Post Hoc Tests

### Multiple Comparisons

Dependent Variable : Minimum salary for officer

Table 5.26

LSU

	(I) SCORE1	(J) SCORE1	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
IRRI	1 00	2 00	-2597 6068	1692 579	.130	-5988 2496	793 0359
		3 00	-4819 9679*	1562 565	.003	-7950 1625	-1689 7734
		4 00	-4991 3846*	1641 809	.004	-8280 3240	-1702 4453
		5 00	-9025 3846*	1692 579	.000	-12416 0274	-5634 7419
		6 00	-10930 940*	1692 579	.000	-14321 5829	-7540 2974
GU	2 00	1 00	2597 6068	1692 579	.130	-793 0359	5988 2496
		3 00	-2222 3611	1721 188	.202	-5670 3146	1225 5923
		4 00	-2393 7778	1793 437	.187	-5986 4630	1198 9075
		5 00	-6427 7778*	1840 027	.001	-10113 7951	-2741 7605
		6 00	-8333 3333*	1840 027	.000	-12019 3506	-4647 3161
CPWD	3 00	1 00	4819 9679*	1562 565	.003	1689 7734	7950 1625
		2 00	2222 3611	1721 188	.202	-1225 5923	5670 3146
		4 00	-171 4167	1671 288	.919	-3519 4081	3176 5748
		5 00	-4205 4167*	1721 188	.018	-7653 3701	-757 4632
		6 00	-6110 9722*	1721 188	.001	-9558 9257	-2663 0188
SBI	4 00	1 00	4991 3846*	1641 809	.004	1702 4453	8280 3240
		2 00	2393 7778	1793 437	.187	-1198 9075	5986 4630
		3 00	171 4167	1671 288	.919	-3176 5748	3519 4081
		5 00	-4034 0000*	1793 437	.028	-7626 6852	-441 3148
		6 00	-5939 5556*	1793 437	.002	-9532 2408	-2346 8703
AAI	5 00	1 00	9025 3846*	1692 579	.000	5634 7419	12416 0274
		2 00	6427 7778*	1840 027	.001	2741 7605	10113 7951
		3 00	4205 4167*	1721 188	.018	757 4632	7653 3701
		4 00	4034 0000*	1793 437	.028	441 3148	7626 6852
		6 00	-1905 5556	1840 027	.305	-5591 5728	1780 4617
GR	6 00	1 00	10930 9402*	1692 579	.000	7540 2974	14321 5829
		2 00	8333 3333*	1840 027	.000	4647 3161	12019 3506
		3 00	6110 9722*	1721 188	.001	2663 0188	9558 9257
		4 00	5939 5556*	1793 437	.002	2346 8703	9532 2408
		5 00	1905 5556	1840 027	.305	-1780 4617	5591 5728

\* The mean difference is significant at the .05 level

Since P value is less than 0.05 then we can conclude that there is significant difference at 5% level . For example there is significant difference between IRRI and CPWD; IRRI and SBI ; and IRRI and AAI and IRRI and GR but no significant difference between IRRI and GU. etc.

## ANOVA

$H_0$  : There is no significant difference in salary progress of (i.e Maximum-minimum salary for officer) among the different organisation.

### Difference salary for officer i.e. Maximum-minimum (Salary Progression)

**Table 5.27**

		N	Mean	Std Deviation	Std Error
IRRI	1.00	13	4623.8462	1031.37884	286.05302
GU	2.00	9	5538.8889	571.06139	190.35380
CPWD	3.00	12	3207.5000	1828.22380	627.76275
SBI	4.00	10	3778.0000	1680.30288	631.35843
AAI	5.00	9	5250.0000	653.83484	217.94495
GR	6.00	9	5372.2222	511.80508	170.60169
	Total	62	4545.6452	1459.95354	185.41428

### Difference of Salary for Officer

**Table 5.28**

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	46952787	5	9390557.411	6.331	.000
Within Groups	83066537	56	1483331.020		
Total	1.30E + 08	61			

Here            K treatment  
 N        =        No. of observation  
 d.f.     =        between class (group)                        =  $k-1 = 6-1 = 5$   
 d.f      =        for error    =  $n-k = 62-6 = 56$

Table value for

$$F_{0.05, 5, 56} = 2.39$$

Since Calculated value of  $F >$  Table of  $F$ , therefore reject our null hypothesis at 5% level of significance. We can conclude that there is significant difference in salary progression for officers (i.e. Maximum-Minimum salary for officer) among the different organizations.

Since we see that there is difference of salary progression scale among the different organizations further we test for between which organization, these differences occurs.

## Post Hoc Tests

### Multiple Comparisons

Dependent Variable : Difference of salary for Officer (Salary Progression)

Table 5.29

	(I) SCORE1	(J) SCORE1	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
IRRI	1 00	2 00	-.915 0427	.528 12588	.089	-.1973 0060	.142 9205
		3 00	.1416 3462*	.487 55851	.005	.439 6491	.2393 0432
		4 00	.845 8462	.512 28458	.104	-.180 3832	.1872 0755
		5 00	-.626 1538	.528 12588	.241	-.1684 1171	.431 8094
		6 00	-.748 3761	.528 12588	.162	-.1806 3393	.309 5872
GU	2 00	1 00	.915 0427	.528 12588	.089	-.142 9205	.1973 0060
		3 00	.2331 3889*	.537 05258	.000	.1255 5433	.3407 2345
		4 00	.1760 8889*	.559 59598	.003	.639 8834	.2881 8943
		5 00	.288 8889	.574 13336	.617	-.861 2384	.1439 0162
		6 00	.166 6667	.574 13336	.773	-.983 4607	.1316 7940
CPWD	3 00	1 00	-.1416 3462*	.487 55851	.005	-.2393 0432	-.439 6491
		2 00	-.2331 3889*	.537 05258	.000	-.3407 2345	-.1255 5433
		4 00	-.570 5000	.521 48252	.279	-.1615 1550	.474 1550
		5 00	-.2042 5000*	.537 05258	.000	-.3118 3456	-.966 6544
		6 00	-.2164 7222*	.537 05258	.000	-.3240 5678	-.1088 8766
SBI	4 00	1 00	-.845 8462	.512 28458	.104	-.1872 0755	.180 3832
		2 00	-.1760 8889*	.559 59598	.003	-.2881 8943	-.639 8834
		3 00	.570 5000	.521 48252	.279	-.474 1550	.1615 1550
		5 00	-.1472 0000*	.559 59598	.011	-.2593 0055	-.350 9945
		6 00	-.1594 2222*	.559 59598	.006	-.2715 2277	-.473 2168
AAI	5 00	1 00	.626 1538	.528 12588	.241	-.431 8094	.1684 1171
		2 00	-.288 8889	.574 13336	.617	-.1439 0162	.861 2384
		3 00	.2042 5000*	.537 05258	.000	.966 6544	.3118 3456
		4 00	.1472 0000*	.559 59598	.011	.350 9945	.2593 0055
		6 00	-.122 2222	.574 13336	.832	-.1272 3495	.1027 9051
GR	6 00	1 00	.748 3761	.528 12588	.162	-.309 5872	.1806 3393
		2 00	-.166 6667	.574 13336	.773	-.1316 7940	.983 4607
		3 00	.2164 7222*	.537 05258	.000	.1088 8766	.3240 5678
		4 00	.1594 2222*	.559 59598	.006	.473 2168	.2715 2277
		5 00	.122 2222	.574 13336	.832	-.1027 9051	.1272 3495

\*. The mean difference is significant at the .05 level

We can conclude that there is significant difference between IRRI and CPWD; GU and CPWD; GU and SBI; SBI and AAI; AAI and CPWD; GR and CPWD; and GR and SBI. Etc.

## ANOVA

$H_0$  : There is no significant difference of fixation in minimum salary scale among the different organisation for non- officers cadre.

### Minimum Salary for Non-officer

**Table 5.30**

		N	Mean	Std Deviation	Std Error
IRRI	1.00	11	2810.0000	702.03988	211.67299
GU	2.00	11	3569.0909	767.93821	231.54208
CPWD	3.00	9	4156.6667	1493.99632	497.99877
SBI	4.00	9	4848.6667	2125.02467	708.34156
AAI	5.00	10	6290.0000	1433.29457	453.24754
GR	6.00	8	5750.0000	988.50537	349.48942
	Total	58	4484.8276	1766.00748	231.88814

### Difference of Salary for Non-Officer

**Table 5.31**

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	87633668	5	17526733.70	10.111	.000
Within Groups	90136930	52	1733402.496		
Total	1.78E+ 08	61			

Here K treatment

N = No. of observation

d.f. = between class (group) =  $k-1=6-1=5$

d.f. = for error =  $n-k = 62-6=56$

Table value for

$$F_{0.05; 5, 56} = 2.39$$

Since Calculated value of.  $F >$  Table value of  $F$ , therefore reject our null hypothesis at 5% level of significance. We can conclude that there is significant difference in fixation of minimum salary sales for Non-officer among the different organizations.

Since we see that there is significant difference in fixation of minimum salary scale among the different organisations further we test for between which organisations, these differences occurs.

## Post Hoc Tests

**Multiple Comparisons  
Table 5.32**

**Dependent Variable : Minimum salary for Non-officer**

	(I) SCORWE2	(J) SCORWE2	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
IRRI	1 00	2 00	-.759 0909	.561 39477	.182	-.1885 6119	.367 4301
		3 00	-.1346 6667*	.591 76205	.027	-.2534 1241	-.159 2092
		4 00	-.2038 8889*	.591 76205	.001	-.3226 3463	-.851 4315
		5 00	-.3480 0000*	.575 25846	.000	-.4634 3405	-.2325 6595
		6 00	-.2940 0000*	.611 76577	.000	-.4167 5978	-.1712 4022
GU	2 00	1 00	.759 0909	.561 39477	.182	-.367 4301	.1885 6119
		3 00	-.587 5758	.591 76205	.325	-.1775 0332	.599 8817
		4 00	-.1279 7980*	.591 76205	.035	-.2467 2554	-.92 3406
		5 00	-.2720 9091*	.575 25846	.000	-.3875 2496	-.1566 5685
		6 00	-.2180 9091*	.611 76577	.001	-.3408 5069	-.953 3113
CPWD	3 00	1 00	.1346 6667*	.591 76205	.027	.159 2092	.2534 1241
		2 00	.587 5758	.591 76205	.325	-.599 8817	.1775 0332
		4 00	-.692 2222	.620 64527	.270	-.1937 6381	.553 1936
		5 00	-.2133 3333*	.604 93018	.001	-.3347 2146	-.919 4521
		6 00	-.1593 3333*	.639 74650	.016	-.2877 0786	-.309 5881
SBI	4 00	1 00	.2038 8889*	.591 76205	.001	.851 4315	.3226 3463
		2 00	.1279 7980*	.591 76205	.035	.92 3406	.2467 2554
		3 00	.692 2222	.620 64527	.270	-.553 1936	.1937 6381
		5 00	-.1441 1111*	.604 93018	.021	-.2654 9923	-.227 2299
		6 00	-.901 1111	.639 74650	.165	-.2184 8564	.382 6342
AAI	5 00	1 00	.3480 0000*	.575 25846	.000	.2325 6595	.4634 3405
		2 00	.2720 9091*	.575 25846	.000	.1566 5685	.3875 2496
		3 00	.2133 3333*	.604 93018	.001	.919 4521	.3347 2146
		4 00	.1441 1111*	.604 93018	.021	.227 2299	.2654 9923
		6 00	.540 0000	.624 51226	.391	-.713 1755	.1793 1755
GR	6 00	1 00	.2940 0000*	.611 76577	.000	.1712 4022	.4167 5978
		2 00	.2180 9091*	.611 76577	.001	.953 3113	.3408 5069
		3 00	.1593 3333*	.639 74650	.016	.309 5881	.2877 0786
		4 00	.901 1111	.639 74650	.165	-.382 6342	.2184 8564
		5 00	-.540 0000	.624 51226	.391	-.1793 1755	.713 1755

\* The mean difference is significant at the .05 level

Since P value is less table value than we can conclude that there is significant difference between IRRI and CPWD ; IRRI and SBI ; IRRI and AAI; IRRI and GR; GU and SBI ; GU and AAI ; GU and GR ; CPWD and IRRI ; CPWD and AAI; CPWD and AAI ; CPWD and GR etc on fixation of Compensation Package.



## ANOVA

**Difference of salary for Non-Officer i.e. Max.-Min.  
(Salary Progression)  
Table 5.33**

		N	Mean	Std Deviation	Std Error
IRRI	1.00	11	3941.8182	1211.26230	365.20933
GU	2.00	11	4527.7273	1699.20770	512.33040
CPWD	3.00	9	2313.3333	1364.06561	454.68854
SBI	4.00	9	2181.1111	1067.08943	355.69648
AAI	5.00	10	5589.0000	21.74.12281	687.51800
GR	6.00	8	5200.0000	2304.80864	814.87291
	Total	58	3984.5690	2062.61912	270.83516

**Difference of Salary for Non - Officer  
Table 5.34**

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	95234904	5	19046980.70	6.726	.000
Within Groups	1.47E +08	52	2832033.860		
Total	1.78E+ 08	57			

Here K treatment

N = No. of observation

d.f. = between class (group) =  $k-1 = 6-1=5$

d.f. = for error =  $n-k = 62-6=56$

Table value for

$$F_{0.05, 5, 56} = 2.39$$

Since Calculated value of  $F >$  Table value of  $F$ , therefore reject our null hypothesis at 5% level of significance. We can conclude that there is significant difference in salary grade/ progression for non officer (i.e. Maximum-Minimum salary for non-officer) among the different organization.

Since we see that there is difference of minimum salary scale among the different organisations further we test for between which organisations, these differences occurs.

## Post Hoc Tests

Table 5.35

	(I) SCORWE2	(J) SCORWE2	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
IRRI	1 00	2 00	-.585 9091	.717 57595	.418	-.2025 8306	.854 0124
		3 00	.1628 4848*	.756 39147	.036	.110 6743	.3146 2954
		4 00	.1760 7071*	.756 39147	.024	.242 8965	.3278 5176
		5 00	-.1647 1818*	.735 29655	.029	-.3122 6623	-.171 7014
		6 00	-.1258 1818	.781 96027	.114	-.2827 2999	.310 9362
GU	2 00	1 00	.585 9091	.717 57595	.418	-.854 0124	.2025 8306
		3 00	.2214 3939*	.756 39147	.005	.696 5834	.3732 2045
		4 00	.2346 6162*	.756 39147	.003	.828 8056	.3864 4267
		5 00	-.1061 2727	.735 29655	.155	-.2536 7532	.414 2077
		6 00	-.672 2727	.781 96027	.394	-.2241 3908	.896 8453
CPWD	3 00	1 00	-.1628 4848*	.756 39147	.036	-.3146 2954	-.110 6743
		2 00	-.2214 3939*	.756 39147	.005	-.3732 2045	-.696 5834
		4 00	.132 2222	.793 31006	.868	-.1459 6709	.1724 1153
		5 00	-.3275 6667*	.773 22300	.000	-.4827 2521	-.1724 0812
		6 00	-.2886 6667*	.817 72530	.001	-.4527 5525	-.1245 7808
SBI	4 00	1 00	-.1760 7071*	.756 39147	.024	-.3278 5176	-.242 8965
		2 00	-.2346 6162*	.756 39147	.003	-.3864 4267	-.828 8056
		3 00	-.132 2222	.793 31006	.868	-.1724 1153	.1459 6709
		5 00	-.3407 8889*	.773 22300	.000	-.4959 4744	-.1856 3034
		6 00	-.3018 8889*	.817 72530	.001	-.4659 7747	-.1378 0030
AAI	5 00	1 00	.1647 1818*	.735 29655	.029	.171 7014	.3122 6623
		2 00	.1061 2727	.735 29655	.155	-.414 2077	.2536 7532
		3 00	.3275 6667*	.773 22300	.000	.1724 0812	.4827 2521
		4 00	.3407 8889*	.773 22300	.000	.1856 3034	.4959 4744
		6 00	.389 0000	.798 25285	.628	-.1212 8115	.1990 8115
GR	6.00	1 00	.1258 1818	.781 96027	.114	-.310 9362	.2827 2999
		2 00	.672 2727	.781 96027	.394	-.896 8453	.2241 3908
		3 00	.2886 6667*	.817 72530	.001	.1245 7808	.4527 5525
		4 00	.3018 8889*	.817 72530	.001	.1378 0030	.4659 7747
		5 00	-.389 0000	.798 25285	.628	-.1990 8115	.1212 8115

\* The mean difference is significant at the .05 level

Since P value is less than we can conclude that there is significant difference among the select organisation in fixation of salary grade/ progression. For example IRRI and CPWD ; IRRI and SBI ; IRRI and AAI ; GU and CPWD , GU and SBI , CPWD and AAI , CPWD and GR , SBI and IRRI , SBI and GR ,

**To examine the satisfaction level on various components of compensation package.**

**a) Officers of Highly Satisfied group of select organisations :**

**Table 5.36.1**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	7	7	9	8	5	15	51	18.03
Medical Benefits	11	3	2	7	8	18	49	17.31
Dearness Allowance	4	4	6	12	7	12	45	15.90
H.R.A.	5	5	3	9	7	20	49	17.31
Conveyance Allowance	7	1	3	9	9	19	48	16.96
Over Time (OT) Allowance	10	1	2	6	5	17	41	14.49
Total	44	21	25	51	41	101	283	100

**b) Non Officers of Highly Satisfied group of select organisations:**

**Table 5.36.2**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	11	11	7	5	7	3	44	16.06
Medical Benefits	21	3	3	3	9	15	54	19.71
Dearness Allowance	12	12	4	5	9	13	55	20.07
H.R.A.	21	8	4	5	7	9	54	19.71
Conveyance Allowance	15	-	-	3	6	12	36	13.14
Over Time (OT) Allowance	8	2	1	2	5	13	31	11.31
Total	88	36	19	23	43	65	274	100

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  No significant difference among different organization for highly satisfied group of select organisations on various component of employee salary.

$H_{02}$  No significant difference between officer & Non-officer category for highly satisfied group of select organisations on various component of employee salary.

### UNIVARIATE ANALYSIS OF VARIANCE

#### Descriptive Statistics

*Dependent Variable : Highly Satisfied groups of Select Organisation*

Table 5.36.3

Organisation	Status	Mean	Std. Deviation	N
GR	Officer	7.33	2.733	6
	Non-Officer	8.80	3.235	6
	Total	8.07	2.956	12
GU	Officer	3.50	2.345	6
	Non-Officer	2.00	1.674	6
	Total	2.75	2.094	12
IRRI	Officer	4.17	2.787	6
	Non-Officer	3.17	1.490	6
	Total	3.03	2.437	12
AAI	Officer	12.75	3.371	6
	Non-Officer	11.50	3.987	6
	Total	11.83	3.538	12
CPWD	Officer	14.83	3.764	6
	Non-Officer	14.07	3.302	6
	Total	14.45	3.399	12
SBI	Officer	16.83	2.927	6
	Non-Officer	10.83	4.309	6
	Total	13.83	4.707	12
Total	Officer	9.81	5.908	36
	Non-Officer	8.18	5.577	36
	Total	8.99	5.762	72

**Tests of Between-Subjects Effects**  
**Dependent Variable : Highly satisfied**

**Table 5.36.4**

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	1779.085a	11	161.735	16.776
Intercept	5824.982	1	5824.982	6.4.202
Organization	1639.386	5	327.877	34.009
Status	47.353	1	47.353	4.912
Office Status	92.346	5	18.469	1.916
Error	587.447	60	9.641	
Total	8182.514	72		
Corrected Total	2357.532	71		

a.  $R^2 = .755$  (Adjusted  $R^2 = .710$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$$F_{0.05, 5, 71} = 2.37$$

$$F_{0.05, 1, 71} = 4.00$$

Since calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{01}$ , therefore we conclude that there is significant difference among different organization for highly satisfied group of select organisation on compensation package.

Again, calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is significance difference between officer & non-officer for highly satisfied group of select organisation on compensation package.

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  No significant difference among different organization for moderately satisfied group of select organisations on various component of employee salary.

$H_{02}$  No significant difference between officer & Non-officer category for moderately satisfied group of select organisations on various component of employee salary.

### UNIVARIATE ANALYSIS OF VARIANCE

Table 5.37.3

#### Descriptive Statistics

*Dependent Variable : Moderately Satisfied.*

Organisation	Status	Mean	Std. Deviation	N
GR	Officer	10.8333	3.81663	6
	Non-Officer	10.0000	0.81976	6
	Total	10.4167	2.66759	12
GU	Officer	7.6667	4.45720	6
	Non-Officer	3.1117	2.30703	6
	Total	5.3892	4.13620	12
IRRI	Officer	5.3333	3.93277	6
	Non-Officer	3.4000	1.76635	6
	Total	4.3667	3.07699	12
AAI	Officer	8.3333	2.25093	6
	Non-Officer	8.0000	3.09839	6
	Total	8.1667	2.58785	12
CPWD	Officer	8.0000	3.16228	6
	Non-Officer	6.2517	1.53012	6
	Total	7.1258	2.53837	12
SBI	Officer	8.0000	2.75681	6
	Non-Officer	7.8333	3.43026	6
	Total	7.9167	2.96827	12
Total	Officer	8.0278	3.60544	36
	Non-Officer	6.4328	3.33180	36
	Total	7.2303	3.53911	72

**Tests of Between-Subjects Effects**  
**Dependent Variable : Moderately Satisfied**

**Table 5.37.4**

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	362.350a	11	32.941	3.751
Intercept	3763.38	1	3763.938	428.577
Organization	277.223	5	55.445	6.313
Status	45.792	1	45.792	5.214
Office Status	39.335	5	7.867	.8896
Error	526.945	60	8.782	
Total	4653.233	72		
Corrected Total	889.295	71		

a.  $R^2 = .407$  (Adjusted  $R^2 = .299$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$$F_{0.05; 5, 71} = 2.37$$

$$F_{0.05; 1, 71} = 4.00$$

Since calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{01}$ , therefore we conclude that there is significant difference among different organization for moderately satisfied group of select organisation on components of compensation package .

Again, since calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is significance difference between officer & non-officer for moderately satisfied group of select organisation on compensation package.

**To examine the satisfaction level on various components of compensation package.**

**e) Officers of Satisfied group of select organisations**

**Table 5.38.1**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	9	4	5	4	4	2	28	13.86
Medical Benefits	12	8	7	4	1	6	38	18.81
Dearness Allowance	13	7	7	1	2	5	35	17.33
H.R.A.	11	11	8	2	0	2	34	16.83
Conveyance Allowance	18	5	7	2	1	2	35	17.33
Over Time (OT) Allowance	6	15	5	2	1	3	32	15.84
Total	69	50	39	15	9	20	202	100

**f) Non-Officers of Satisfied group of select organisations**

**Table 5.38.2**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	18	20	9	1	2	9	59	19.15
Medical Benefits	12	17	10	1	2	7	49	15.90
Dearness Allowance	20	24	8	1	1	4	58	18.83
H.R.A.	11	15	11	1	2	4	44	14.29
Conveyance Allowance	18	3	5	1	2	3	32	10.39
Over Time (OT) Allowance	20	39	4	1	2	2	66	21.44
Total	99	118	47	6	11	29	308	100



Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  No significant difference among different organization for satisfied group of select organisations on various component of employee salary.

$H_{02}$  No significant difference between officer & Non-officer category for satisfied group of select organisations on various component of employee salary.

### UNIVARIATE ANALYSIS OF VARIANCE

**Table 5.38.3**

#### Descriptive Statistics

*Dependent Variable : Satisfied*

Organisation	Status	Mean	Std. Deviation	N
GR	Officer	11.1667	3.43026	6
	Non-Officer	9.9000	2.39249	
	Total	10.5333	2.89618	12
GU	Officer	8.3333	4.08248	6
	Non-Officer	6.5567	3.94204	6
	Total	7.450	3.93702	12
IRRI	Officer	6.5000	1.22474	6
	Non-Officer	.7000	1.67212	6
	Total	5.6000	1.68415	12
AAI	Officer	4.5000	2.58844	6
	Non-Officer	3.0000	0.0000	6
	Total	3.7500	1.91288	12
CPWD	Officer	3.1667	3.12517	6
	Non-Officer	3.4383	0.76324	6
	Total	3.3025	2.17358	12
SBI	Officer	3.3333	1.75119	6
	Non-Officer	4.8333	2.63944	6
	Total	4.0833	2.27470	12
Total	Officer	6.1667	3.94606	36
	Non-Officer	5.4047	3.6267	36
	Total	5.7857	3.57128	72

### Tests of Between-Subjects Effects

Dependent Variable : Satisfied groups of select organisation

Table 5.38.4

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	500.059a	11	45.469	6.730
Intercept	2410.147	1	2410.147	356.725
Organization	462.434	5	92.487	13.689
Status	10.450	1	10.450	1.547
Office Status	27.274	5	5.455	0.807
Error	405.379	60	6.756	
Total	3315.685	72		
Corrected Total	905.538	71		

a.  $R^2 = .552$  (Adjusted  $R^2 = .470$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05, 5, 71} = 2.37$

$F_{0.05, 1, 71} = 4.00$

Since calculate value of  $F < \text{Table value of } F$ , so we have no evidence to reject out null hypothesis  $H_{01}$ , therefore we conclude that there is no significant difference among different organization for satisfied group of select organisations.

Again, since calculated value of  $F < \text{Table value of } F$ , so we have no evidence to reject out null hypothesis  $H_{02}$ , therefore we conclude that there is no significance difference between officer & non-officer for satisfied group select organisations

To examine the satisfaction level on various components of compensation package.

g) Officers of Not at all Satisfied group of selected organisations

**Table 5.39.1**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	1	5	3	2	2	2	15	7.85
Medical Benefits	0	13	16	3	3	1	36	18.84
Dearness Allowance	0	8	13	3	1	2	27	14.14
H.R.A.	1	5	12	3	2	1	24	12.56
Conveyance Allowance	0	21	18	6	1	4	50	26.17
Over Time (OT) Allowance	0	11	20	5	2	1	39	20.42
Total	2	63	82	22	11	11	191	100

h) Non-Officers of Not at all Satisfied group of selected organisations.

**Table 5.39.2**

Parameter	G.R	G.U	Irig.Dept	AAI	CPWD	SBI	Total	%
Salary Package (Basic)	6	42	24	2	3	13	90	14.54
Medical Benefits	0	62	30	2	2	4	100	16.16
Dearness Allowance	0	36	33	2	4	7	82	13.25
H.R.A.	0	61	28	2	3	4	98	15.83
Conveyance Allowance	0	87	43	4	5	6	145	23.42
Over Time (OT) Allowance	7	42	42	3	5	5	104	16.80
Total	31	330	200	15	22	39	619	100

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  No significant difference among different organization for not at all satisfied group of select organisations on various component of employee salary.

$H_{02}$  No significant difference between officer & Non-officer category for not at all satisfied group of select organisations on various component of employee salary.

### UNIVARIATE ANALYSIS OF VARIANCE

**Table 5.39.3**

#### Descriptive Statistics

***Dependent Variable : Not at all satisfied of Select Organisation***

Organisation	Status	Mean	Std. Deviation	N
GR	Officer	0.3333	0.5140	6
	Non-Officer	1.1000	1.79666	6
	Total	0.7167	1.32242	12
GU	Officer	10.5000	6.05805	6
	Non-Officer	17.7783	6.91364	6
	Total	14.1392	7.27020	12
IRRI	Officer	13.6667	6.02218	6
	Non-Officer	20.0000	4.61129	6
	Total	16.8333	6.09013	12
AAI	Officer	5.3333	2.06559	6
	Non-Officer	7.5000	2.50998	6
	Total	6.4167	2.46644	12
CPWD	Officer	4.0000	2.19089	6
	Non-Officer	6.8783	2.27184	6
	Total	5.4392	2.60525	12
SBI	Officer	18333	1.6905	6
	Non-Officer	6.5000	3.39116	6
	Total	4.1667	3.43335	12
Total	Officer	9444	5.8904	36
	Non-Officer	9959	771630	36
	Total	7.9519	711079	72

### Tests of Between-Subjects Effects

Dependent Variable : Not at all satisfied of select organisation

Table 5.39.4

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	2695.404a	11	245.037	16.435
Intercept	4552.806	1	4552.806	305.355
Organization	2310.114	5	462.023	30.988
Status	290.164	1	290.164	19.461
Office Status	95.126	5	19.025	1.276
Error	894.592	60	14.910	
Total	8142.802	72		
Corrected Total	3589.996	71		

a.  $R^2 = .751$  (Adjusted  $R^2 = .705$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05; 5, 71} = 2.37$

$F_{0.05; 1, 71} = 4.00$

Since calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{01}$ , therefore we conclude that there is significant difference among different organization for not satisfied at all group of select organisations.

Again, since cal  $F >$  Tab  $F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is significance difference between officer & non-officer for not satisfied at all group of select organisations.

## 2<sup>nd</sup> PART

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  : No significant difference on various components of salary package for each organisation for highly satisfied group

$H_{02}$  : No significant difference between officer & Non-officer category for highly satisfied. group of each select organisations for highly satisfied group.

No significant difference of employee salary in select organisation on various parameters.

### UNIVARIATE ANALYSIS OF VARIANCE

#### Descriptive Statistics

*Dependent Variable : Highly satisfied group of select organisation.*

Table 5.40

Package	Status	Mean	Std. Deviation	N
GR	Officer	0 1183	3.11192	6
	Non-Officer	.5783	4042769	6
	Total	8 3483	4.09031	12
GU	Officer	10.73	6.76434	6
	Non-Officer	8.0667	5.64931	6
	Total	9.1700	6.05252	12
IRRI	Officer	9.8333	6.01387	6
	Non-Officer	8.4333	4.93707	6
	Total	9.1333	5.29654	12
AAI	Officer	10.2500	6.86841	6
	Non-Officer	8 1117	5 13525	6
	Total	9 1808	5.88871	12
CPWD	Officer	10.4650	7.96564	6
	Non-Officer	6 0000	5 01996	6
	Total	8 2325	6.76263	12
SBI	Officer	8.2850	5.96417	6
	Non-Officer	5.0117	4.54198	6
	Total	6.6483	5.33555	12
Total	Officer	9.8708	5 87596	36
	Non-Officer	7 0336	4.77429	36
	Total	8 4522	5.50432	72

**Tests of Between-Subjects Effects**  
**Dependent Variable : Highly Satisfied**

Table 5.41

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	221.630a	11	20.148	.627
Intercept	5143.684	1	5143.684	159.949
Package	57.877	5	11.575	.360
Status	144.897	1	144.897	4.506
Package * Status	18.856	5	3.771	.117
Error	1929.494	60	32.158	
Total	7294.809	72		
Corrected Total	2151.124	71		

a.  $R^2 = .103$  (Adjusted  $R^2 = .061$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05; 5, 71} = 2.37$

$F_{0.05; 1, 71} = 4.00$

Since calculated value of  $F <$  Table value of  $F$ , so have no evidence to reject out null hypothesis  $H_{01}$ , therefore we conclude that there is no significant difference on various components of salary package for highly satisfied group of each organisation.

Again, since calculated value of  $F >$  Table value of  $F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is significance difference between officer & non-officer for highly satisfied group on various component of salary package of each organisation.

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  : No significant difference on various components of salary package for each organisation for moderately satisfied group

$H_{02}$  : No significant difference between officer & Non-officer category for highly satisfied. group of each select organisations for moderately satisfied group.

### UNIVARIATE ANALYSIS OF VARIANCE

Table 5.42

#### Descriptive Statistics

*Dependent Variable : Moderately Satisfied*

Package	Status	Mean	Std. Deviation	N
GR	Officer	11.0717	2.89324	6
	Non-Officer	5.9450	1.67873	6
	Total	8.5083	3.50056	12
GU	Officer	6.04483	1.72685	6
	Non-Officer	6.0117	4.02413	6
	Total	6.0300	2.95238	12
IRRI	Officer	8.9283	3.41040	6
	Non-Officer	5.6333	3.07354	6
	Total	7.2808	3.54142	12
AAI	Officer	8.9517	2.78963	6
	Non-Officer	9.1667	7.21267	6
	Total	9.0592	5.21503	12
CPWD	Officer	4.3217	1.58329	6
	Non-Officer	4.9000	4.18139	6
	Total	4.6108	3.02951	12
SBI	Officer	8.7267	4.76868	6
	Non-Officer	6.5217	4.34686	6
	Total	7.6242	4.50014	12
Total	Officer	8.0081	3.60349	36
	Non-Officer	6.3631	4.30761	36
	Total	7.1856	4.02917	72



**Tests of Between-Subjects Effects**  
**Dependent Variable : Moderately Satisfied**

**Table 5.43**

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	288.265a	11	26.206	1.819
Intercept	3717.519	1	3717.519	258.052
Package	161.113	5	32.223	2.237
Status	48.708	1	48.708	3.381
Package * Status	78.443	5	15.689	1.089
Error	864.365	60	14.406	
Total	4870.149	72		
Corrected Total	1152.630	71		

a.  $R^2 = .250$  (Adjusted  $R^2 = .113$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05, 5, 71} = 2.37$

$F_{0.05, 1, 71} = 4.00$

Since calculated value of  $F < \text{Table value of } F$ , so have no evidence to reject out null hypothesis  $H_{01}$ , therefore we conclude that there is no significant difference in salary package for moderately satisfied group of each organisation.

Again, since calculated value of  $F > \text{Table value of } F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is significance difference between officer & non-officer for moderately satisfied group of each organisation.

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  : No significant difference on various components of salary package for each organisation for satisfied group

$H_{02}$  : No significant difference between officer & Non-officer category for highly satisfied. group of each select organisations for satisfied group.

## UNIVARIATE ANALYSIS OF VARIANCE

Table 5.44

### Descriptive Statistics

*Dependent Variable : Satisfied*

Package	Status	Mean	Std. Deviation	N
GR	Officer	5.7617	2.69311	6
	Non-Officer	6.1450	3.39773	6
	Total	5.9533	2.92990	12
GU	Officer	6.8567	3.20925	6
	Non-Officer	5.1450	2.15234	6
	Total	6.0008	2.75431	12
IRRI	Officer	6.2983	3.86368	6
	Non-Officer	5.4667	3.94293	6
	Total	5.8825	3.74710	12
AAI	Officer	5.8333	4.79236	6
	Non-Officer	5.4667	3.94293	6
	Total	5.6500	4.18840	12
CPWD	Officer	5.8567	5.32497	6
	Non-Officer	3.8000	3.52136	6
	Total	4.8283	4.43607	12
SBI	Officer	5.6900	4.78169	6
	Non-Officer	5.7333	5.26371	6
	Total	5.7117	4.79452	12
Total	Officer	6.0494	3.92570	36
	Non-Officer	5.2928	3.61059	36
	Total	5.6711	3.76411	72

### Tests of Between-Subjects Effects

Dependent Variable : Satisfied

Table 5.45

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	5.749	11	3.250	.201
Intercept	2315.628	1	2315.628	143.202
Package	11345	5	2.269	.140
Status	10.306	1	10.306	.637
Package * Status	14.098	5	2.820	.174
Error	970.219	60	16.170	
Total	3321.596	72		
Corrected Total	1005.968	71		

a.  $R^2 = .036$  (Adjusted  $R^2 = .141$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05; 5, 71} = 2.37$

$F_{0.05, 1, 71} = 4.00$

Since calculate value of  $F < \text{Table value of } F$ , so have no evidence to reject out null hypothesis  $H_{01}$ , therefore we conclude that there is no significant difference in salary package for satisfied group of each organisation.

Again, since calculate value of  $F < \text{Table value of } F$ , so we have no evidence to reject out null hypothesis  $H_{02}$ , therefore we conclude that there is no significance difference between officer & non-officer for satisfied group of each organisation.

Here we test theory Two-way ANOVA. The testing hypothesis.

$H_{01}$  : No significant difference on various components of salary package for each organisation for not at all satisfied group

$H_{02}$  : No significant difference between officer & Non-officer category for highly satisfied. group of each select organisations for not at all satisfied group.

## UNIVARIATE ANALYSIS OF VARIANCE

**Table 5.46**

### Descriptive Statistics

*Dependent Variable : Not at all satisfied*

Package	Status	Mean	Std. Deviation	N
GR	Officer	3.0483	1.45946	6
	Non-Officer	9.0000	5.37252	6
	Total	.0242	4.87328	12
GU	Officer	.8217	6.45576	6
	Non-Officer	8.4450	8.71023	6
	Total	.6333	7.35855	12
IRRI	Officer	4.9400	4.80433	6
	Non-Officer	8.1333	6.93013	6
	Total	6.5367	5.92478	12
AAI	Officer	7.1317	7.27310	6
	Non-Officer	8.1333	6.93013	6
	Total	7.6325	6.79327	12
CPWD	Officer	9.0233	8.69547	6
	Non-Officer	12.9667	11.85608	6
	Total	10.9950	10.12440	12
SBI	Officer	7.2983	7.44392	6
	Non-Officer	9.8450	7.94965	6
	Total	8.5717	7.46203	12
Total	Officer	6.3772	6.28975	36
	Non-Officer	9.4206	7.79364	36
	Total	78989	7.19671	72

**Tests of Between-Subjects Effects**  
**Dependent Variable : Not at all satisfied**

**Table 5.47**

Source	Type III Sum of Squares	Df	Mean Square	F
Corrected Model	400.484a	11	36.408	.667
Intercept	4492.256	1	4492.256	82.256
Package	186.603	5	37.321	.683
Status	166.714	1	166.714	3.053
Package * Status	47.167	5	9.433	.173
Error	3276.794	60	54.613	
Total	8169.534	72		
Corrected Total	3677.278	71		

a.  $R^2 = .109$  (Adjusted  $R^2 = .054$ )

Here, d.f. for factor R (organization) =  $R-1 = 6-1 = 5$

d.f. for factor C (Status) =  $C-1 = 2-1 = 1$

d.f. for total =  $N-1 = 72-1 = 71$

Table value for

$F_{0.05; 5, 71} = 2.37$

$F_{0.05; 1, 71} = 4.00$

Since calculate  $F < \text{Table } F$ , so have no evidence to reject out null hypothesis  $H_{01}$ , therefore we conclude that there is no significant difference in salary package for not at all satisfied group of each select organisations.

Again, since calculated value of  $F > \text{Table value of } F$ , so reject out null hypothesis  $H_{02}$ , therefore we conclude that there is no significance difference between officer & non-offices of each organisations..

## **CHAPTER VI**

### **Conclusion & Suggestions**

### 6.1 Conclusion:

The existence of management itself rest on the scare resource. If the resources are in abundance there will be no need of decision making. Management's basic function thus is to take maximum output from the minimum input.

It is observed by the management specialist out of available resources human resources is having unlimited capabilities. If nourished properly, the output can be increased. This makes human resource separate from other resources. Law of Synergy says 2 plus 2 can be 5, 6, 7...etc. Mathematically this is false, but logically this is true. For proper nourishment of human resource, the Management should use various mechanisms. In Indian context there are different religions, culture, caste, sub-caste, races, regional differences, linguistic difference etc, which are the environment where organisation is to work for achieving its goal. Merely increasing the remuneration doesn't constitute human resource development. Scientific analysis synchronized with human needs and psychology has to be done.

Job analysis, job description, job evaluation, job enrichment, job rotation etc. have to be done properly. Employee grievance has to be dealt with proper method. To nourish and take the full potential Personnel Department in each organisation is a must. Personal Officer should be form the discipline of Personnel Management, so that he can understand and keep touch of Personnel feeling.

Stone will be visualized by a layman as stone only, but an Architecture can convert it to a good statue. Same is the case with human beings. Human being unlimited potential can be carved out if properly treated. Management's basic thing is to find all these hidden capabilities. These capabilities have to be properly developed so that a human being is worth for the organisation. In this case knowledge, attitudes, values and skills have to be developed. Human resource development mechanisms are one of the best ways to develop the e

capabilities.

The human potential can be used by creating a climate that can continuously identify, bring to surface, nurture and use the capabilities of people. Human resource development system aims at creating such a climate.

Human resource development is very much essential for an organisation. To become dynamic and growth oriented an organisation requires continuous development of its worth resource i.e. human resource. An organisation not endeavour for these directions will collapse some where in future.

Developed countries management Scientist has understood this need long long before. USA, Japan, Russia, Germany, Hong Kong, South Korea etc. are attaching much importance to service sector than product sector. A developing country like India should understand this need.

Day by day technology is changing in the world. The organisation has to cope up the changing technology in order to survive in the technological revolution. To get competitive advantage change of technology is essential. The man behind these technologies has to be trained in order to get maximum output. For example manual typewriter changed to electronic typewriter then changed to computers. These changes were drastic. Computers have numerous advantages over typewriter. Typist who is good in typing but he doesn't know how to use a computer becomes burden for the organisation. Removing him from service and to appoint computer professional is not easy and practical. Social, political and legal forces will create many problems. Sometime it may cause danger to the existence of the organisation.

Another noble method adopted by the organisations is to train this manpower for computer requirement. The training imparted should be scientifically done which would not disturb office in day to day working. First step in this direction is to motivate an employee for training. The employee should be convinced so as to have a feeling of brightness of his future, the advantage derived out of training. He should have a feeling that training is a tool



to help him to reduce his work load.

After an employee is motivated then the next step is to create an environment of training. The convenience of the employee, his limitation etc. has to be considered a lot. The employee should get counseling when and where required. After the training process the employee should be given on the job training. Continuous monitoring and back up assistance required a lot and when a person gets fully confidence till then this process is continued.

Human resource development exercise taken over by an organisation gives an employee confidence to work, update special skills, knowledge etc. which will reduce accidents to a great extent. For example an employee dealing with electrical components if not trained properly, may cause accidents which will result in loss of human life as well as cause great loss to the property.

Thus human resource development is very much essential for an organisation to survive the parameters or dimensions of HRD is Planning, Selection & Recruitment, Training & Development, Placement, Career Planning (Promotion etc.), Performance Appraisal, Incentives, Motivation Policies, Compensation Schemes, Public Relation System, Grievance Handling Mechanisms, Unions & Associations, Welfare Measures, Pension Benefits etc. The critical analysis of these HRD aspects are very important for overall organisational effectiveness.

Employee compensation is a vital part of human resource management. Wages, Salaries and other forms of employee compensation constitute a very large component of operating costs. One of the biggest factors affecting industrial relations is the salary or the wage as the compensation an employee receives for a fair days work. Majority of union management disputes are related to remuneration. No organisation can expect to attract and retain qualified and motivated employees unless it pays them fair compensation. Employee compensation therefore, influence vitally the growth and profitability of the organization.

Pay is more than a means of satisfying employees physical needs which provides them a sense of belongingness. Remuneration is directly or indirectly one of the main springs of motivation for the employees. Wages and salaries have significant influence on distribution of income, savings, employment and prices. This is more significant in an underdeveloped country like India, suffering from the problems of concentration of income, continuous inflation and unemployment problem.

Employees satisfaction generally leads to the fulfillment of organizational goal. A satisfied employee can form a good structure and create environment for the overall development of the organisation. Compensation package if scientifically formulated may help to create harmonic relationship between the employer and the employee. Though salary administration is a tripartite affair of states, employers and the employee, still the important part in this effort is played by the employer or the management. It is the inherent nature of the employee to get highest compensation to discharge their duty for the development of the organisation.

Wage and salary administration is a systematic procedure for establishing a sound compensation structure. By reducing inequities between employees' earnings, a good wage administration programme raises individual morale and reduces intergroup friction.

Instead of setting one rate for each job, many organizations establish a series of rates or steps. A new employee normally starts at the base rate of the job: then, as he gains proficiency and seniority he advances through merit rating to higher steps.

Organisations with incentives plans pay the base rate only for a "normal" amount of production, as determined by time study. If a worker produces more than normal, he receives an extra incentive bonus. Similarly, salaried personnel may qualify for bonus earnings of one kind or another.

The personnel department is normally responsible for the administration of the wage and salary program and often has a special division that concentrates on this function. Top management, however, has a continuing responsibility to review wage and salary policies and every level of management may become involved in merit rating and introducing a new job-evaluation program.

It has been found from the studies of managing men of industrial workers that when employees take risks, initiate and make things happen, the organisation become dynamic and growth oriented. This is possible when sense of belongingness comes to operate in the minds of employees. The sense of belongingness comes through the help of scientific compensation package and other motivational forces. An employee may work hard when he is mentally, physically and financially satisfied.

It is therefore, concluded that compensation package is the driving force to develop the present or future employees of the organisation.

It has been observed from the analysis of compensation package and salary administration in the selected six organizations that the following aspects are to be considered for the development of human resource in modern organisation.

## **6.2 Suggestions:**

The study has revealed some important points which are already given in the conclusion. After analyzing all the facts from field survey following suggestions are put forward for the development of human resource through compensation plan.

- 1) Human resource development should be the primary concern of all organisations because other material resources are handled by the human being. It is therefore necessary to develop the quality of human resource for the achievement organizational goals. It is therefore suggested that an enabling climate should be created to develop the potential of the workers

2) There is large number of mechanisms to develop the human resource of an organisation. These mechanisms should be used properly to develop the human resources. The select organisations do not use all the mechanisms for the development of human resource. It is therefore, suggested that modern scientific mechanism should be implemented in the organisation to get fruits from the working force.

3) However, it is observed that the Govt. departments do not adopt the modern performance appraisal. They are using old method of confidential report which don't serve adequately the performance of the employee. The modern performance appraisal 360<sup>0</sup> should be implemented to satisfy the working force and this would help in bringing cordial relationship between the supervision and subordinate.

4) Compensation is the main motivating factor before the employee. A scientific and adequate compensation package compels the workers to do hard work for the organisation. A compensation package should support the living cost of a family of five members. It is therefore, suggested that each and every organisation should formulate acceptable compensation package for its employee.

5) Our economy is exposed to fast changing environment. The mobility and turnover of the employee would be high if uniform compensation policy would be implemented. It is therefore suggested that uniformity of compensation package should be on equi-marginal concept.

6) Along with the basic pay there are large number of other components such as, dearness allowance, medical allowance, house rent allowance, city compensatory allowance, special allowance and bonus under special category of employment. It is therefore suggested that take home pay should be sufficient to maintain five members family. The standard of living is also raised to a higher level which should be noted by the employer.

7) It is also observed that in case of some organisations compensation package is at a minimum level but welfare measures and social security measures are at a maximum level. An intending worker considers both the compensation package as well as other measures in deciding to enter in the organisation .So it is suggested that there should be a balance between compensation package and other incentive provided by the employees.

8) The employee of all organisation specially officer cadre complain the one fourth of their annual salary is paid as income tax to the government .As soon as an employee is entitled an increment, his income tax rate is also raised due to the increment and ultimately the employee receive no financial benefit although he receives an increment. Therefore, employer should consider the incidence of direct tax while formulating compensation package.

9) It is also noted that the house rent allowance given to the employee of 4<sup>th</sup> grade and 3<sup>rd</sup> grade is not sufficient to cover the rent paid by those employees in the metropolitan cities, because of higher rent of accommodation is the urban areas. It is therefore suggested that the house rent allowance should not be on percentage basis on basic pay but should be a reasonable flat rate for the lower level of employees.

10) The satisfaction of the working force leads to healthy atmosphere and use of own initiative of the worker in turn it enhances to productivity of the organisation. Hard working man power can be expected only by offering them high compensation package .It is therefore ,suggested that the productivity and profits should be linked with the compensation.

11) Employment condition in the country naturally affects wage policy. When there is a great deal of unemployment, a non unionized organization may be able to hire all men it needs at little more than the legal minimum wage. When the labour market is tight, an employer may have to pay more than the going rate if he is to recruit qualified new employees.

12) Unionized companies may be forced to pay high wages as a result of union pressure. Non unionized companies may pay equally high wages to keep the union out. On the other hand , sometimes the organisations may be forced to pay better compensation just to keep the union out of the plant.

13) An organization's performance or profitability sets limits on its wage policy. The organization that is losing money cannot afford to pay more than the minimum; the organization that is known to be profitable is expected by its employees to pay liberally. In some cases the "ability to pay" also become a factor in determining the compensations level. An organization's profitability and also size set the limit on compensation. Small organization with low profitability often find it unaffordable to pay higher compensation level.

14) Wages policies may be influenced by other factors too. Organisation known for their stability of employment need not pay wages as high as those in which layoffs are frequent. Substantial fringe benefits may also reduce the need for higher wages. And pay levels in unionized organizations are inevitably affected by collective bargaining agreements providing for wages increases based on changes in productivity or the cost of living.

15) In the Indian context compensation paid on region-cum –industry basis becomes the bench mark for determining one's own compensations. Organisation cannot afford to pay less than region –cum- industry for fear that they may get people or existing employees may leave for better prospect. On the other hands, they cannot afford to pay unusually higher compensation because of pressure from the other organizations. Higher compensation by one organisation may put the organisation in the same situation as it would be, should others offer better compensation. Large disparities in compensation are also not approved by employers association.

16) In India , though we have wage Act, 1948, labour is a state matter and minimum wages in any case are based on the cost of living index . Hence

minimum wages may vary from state to state which applicable to state organisation only but organisation having all India may pay equal compensation.

17) An organisation wish to attract and retain talented people, they have to be “better pay masters. A good compensation level may generate large numbers of applications and may provide a better opportunity to select the best among those who applies.

18) Salary and compensation policy: It is noticable from the opinions of the respondents of officer that 9.74% of employees are not at all satisfied, 18.18% employees are satisfied, 38.96% are moderately satisfied and 33.12% one highly satisfied with the present salary and compensation policy. They feel that salary and compensation package given by the Govt. of Assam is very low compared to Central Govt. So, the Govt. employees of Assam are struggling hard to live and maintain their family with dignity. It is true that salary and compensation package of the Govt. of Assam is in the lowest position in comparison to other states of India. Therefore, Govt. should give proper attention on the parity of salary and compensation policy which requires immediate review.

The wage policy of an organisation is related to its recruitment and selection policy, for high wages attract more job applicants and permit management to choose employees from a wider reservoir of talents. More over, they help maintain morale and make employees more reluctant to quit their jobs. High wages in themselves do not guarantee motivation for high productivity unless the employee somehow perceives that harder work will infact be rewarded by higher pay . But a sound merit rating and promotional policy may provide such motivation.

19) Awareness of benefits and allowances: As per the opinion of the respondent it is revealed that 93.51% of officers and 76.6% of non-officers are aware with the existing benefits and allowances and 6.49 of officers cadre and

23.4% of non-officer are not aware of the benefits. Employee should be well informed and made aware of the change in compensation package provided by the organisation. A programme in the form of meeting or conference must be conducted between the management and the employees so that there is active and open interaction between them and invite suggestion from the employees side. The meaning of compensation must be clear among the employees especially in the non-executive cadre.

20) Medical benefits: It is noticeable from the responses of questionnaires that 31.8% of officers are highly satisfied 22% of non-officer are also highly satisfied but most of the employees are not satisfied partially and some are not satisfied at all. Many respondents have complaints about the medical facility with the scheme of reimbursement of any kind of medical treatment. Most of the employee stated that instead of referring some cases to other hospital specialized doctors should be appointed.

21) House Rent Allowance: It is revealed from the opinion of the respondent that 22% of non-officer are highly satisfied whereas 40% of this categories of employee are not satisfied at all and the other hand 31.8% of officer category are found highly satisfied and 15.7% are not satisfied at all. Therefore it is observed that house rent given to 3<sup>rd</sup> grade and 4<sup>th</sup> grade should be paid to cover the rent paid by the employee in the urban areas.

22) Dearness Allowances: It is seen from the opinion of the respondents that 29.3% of officers cadre and 22% of non-officers are highly satisfied but most of the employees are not satisfied with the present dearness allowance given by the employer, workers need to be paid compensation adequate to maintain an acceptable level of living. However wage/salary fixed once becomes inadequate to maintain the required level of living due to increasing cost of living. In order to offset the increased cost of living, comparison is fixed by increasing dearness allowance base on the cost of living index.



23) Conveyance Allowance: Since 59% of non-officer and 32% of officers are not satisfied with the existing conveyance allowance, therefore, employer should give proper attention on that aspect also. In order to facilitate employees to come to the work place comfortably and in time, employers provide conveyance allowance for availing better transport service or maintaining and using own vehicle. This however is not sufficient to employees for the days in which he receives as per opinion given by the employees.

24) Overtime Allowance: It is revealed that only 13% of non-officers and 27% of officers cadre of employees are found highly satisfied. Apart from this most of the employees are not satisfied at all with the existing mechanisms. Most of them opined that authority should review these mechanisms and action should be taken in proper way i.e. at least double the ordinary rates of wage to develop their inner potentiality for the overall development of the organisation.

25) Selection and Recruitment: It is observed from the opinion of the respondents that most of the employees are not fully satisfied with the prevailing mode of selection and recruitment procedure. They suggest candidates having special knowledge or experience management should be given priority in selection. Therefore, authority concern may heed on the subject matter and should give due interest on it. Also there should be recruitment of officers and non-officer employee every year to avoid creation of manpower void by retirement of employees.

26) Training: Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job. Training is the corner-stone of sound management for it makes employees more effective and productive. It is actively and intimately connected with all the personnel or managerial activities. It is an integral part of the whole management programme with all its many activities functionally inter-related. It is known from the

respondents that officers and non-officer have undergone training within and outside the state of Assam so far. But among them, only a few employee is fully satisfied with training

- 1) Up-to-date in-service training should be made mandatory in regular interval to cope-up with the changing working environment and continuing technical innovations and modified IS codes.
- 2) It is seen that some of the operational personnels have to do administrative work also, but they are not trained on management techniques, public relations, relevant laws etc. This creates administrative problems. Such officials should be given training by specifying their needs.
- 3) As the trainee acquires new knowledge, skills or attitudes and applies them in job situations, he should be significantly rewarded for his efforts.
- 4) The trainee should be provided with regular, constructive feedback concerning his progress in training and implementation of the newly acquired abilities.
- 5) The trainee should be provided with personal assistance when he encounters learning obstacles.

Moreover, majority of the respondents suggest that management training is mandatory before implementation of any such training programmes are expected to be helpful to the officers at various levels to manage the situation smoothly and effectively.

27) Present Transfer Policy: It is surprising that respondent is not satisfied with the existing transfer policy. Somebody say that the policy is alright but it is not strictly followed by the Department. In some cases, officers are transferred under political influence or in the interest of higher authority, not as per Govt. norms/circulars. Therefore, these practices should be discontinued

and transparent transfer policy should be adopted so that technical officers get equal opportunity to work in the field as well as office/ Secretariat. Moreover, while an officer is transferred from one place to another, his or her suitability to the work of that place along with the nature and integrity of the officer to tackle the different problems to be evolved in that place should also be looked into. In actual practice transfer should only be made strictly on the recommendation of higher officer not under the influence of political or other favouritism and nepotism.

28) Promotion Policy: Most of the respondent are not satisfied with the existing promotion policies, therefore, we should give proper attention on this aspect also. For the promotion of senior officers, his special knowledge / qualification/ experience / performance in the previous post etc. should be the parameters and it should be totally devoid of political intervention, favourism, nepotism etc. To encourage promotional aspects, time scale promotion policy may be implemented by the organisation. Most of the respondents opined that the promotions should be given on merit basis and not on the seniority basis. Merit should be evaluated with request to work performance, conduct and integrity.

29) Existing Service Rule: It is seen from the opinions of the respondents that employees are not fully satisfied with their existing service rules. They feel that existing service rules are not able to satisfy the interest in respect of regulating the recruitment, and conditions of service. So there is an urgent need to formulate the existing norms and guide lines laid down in the service rules regarding promotion, departmental exam, training etc.

30) Disciplinary and appeal mechanisms: Disciplinary and appeal mechanisms are followed by Disciplinary and Appeal Rules, 1964 for the Govt. employees who misuse his power, misappropriates of Govt. money, misbehave, misconduct against any other Govt. personnel etc. But it is revealed from the responses of the respondents that the employees are not fully satisfied with the

existing mechanisms. Most of them opined that though it is well-defined and judicious, provisions for periodical review of these mechanisms are very essential and the action taken by the appropriate authority should not be interfered by the Civil authority or political intervention. Besides issuing show cause notice, the officer should be asked to explain his conduct. The step by step procedure indicated in the Disciplinary and Appeal Rules should be meticulously followed. In the event of non-disposal of the case within stipulated period (six months) the officer/employee should be reinstated. Time frame for disposal of the case should be fixed beyond which, without valid reasons the officer/ employee should be made free of charges. Disciplinary action follows a procedures comprising a number of steps such as location of responsibility communication of policy, rules and regulations, framing charges and intimating the same to the accused employee ,consideration of his /her explanation awarding punishment and follow up.

31) Personnel Relation Officer Cell : It is astonishing that respondents are not at all satisfied with the activities of P. R. O. Cell. It is an important fact that the activities of P. R. O. Cell play a very crucial role. It should maintain good relation bridging the gap between field level employees, operational officers and middle level officers, office and press media, proper highlighting of successful schemes, create cordial relationship between the allied organisation and parent organisations to achieve desired organisational goals. But from the opinions of the respondents it is revealed that P. R. O. Cell has failed to achieve its goal. Therefore much more attention should be given on this cell and all efforts should be made to make it effective.

32) Grievance Handling Mechanisms: It is observed that respondents are not fully satisfied with present grievance handling mechanisms. There is one grievance cell in the department which exists only with the name without any work. It should be made active entrusting an official independently under the direct control of higher officer so that employees grievances can be redressed

promptly. Also there should be at least one sitting in every month to handle the employees grievance smoothly. Moreover, the decision of the grievance cell should be transparent and it should be communicated to the aggrieved parties. A typically grievance procedure consists of six steps, namely timely action, acceptance of the grievance, identification of the problem, collection of facts, analysis of cause, taking decisions and implementation and follow up of the decision.

33) Performance Appraisal system: As per the opinion of the respondents it is revealed that employees are not satisfied with the present system of performance appraisal i.e. ACR (Annual Confidential Report). Present method of writing ACR does not have any scope for highlighting performance of an officer by the Reporting Authority. Therefore ACR should be written in more details of performance of each work done by the incumbent so as to support the ranking given by the single word like fair, good, very good, outstanding. Some of them suggest that ACR forms should be introduced in case of Annual Confidential Report for Technical Officers. Also it should be reported in time to the higher authority. It is recommended that modern P.A. should be initiated by discussing problems of the employees with the Supervising Officer by sitting for face to face interaction. It should be transparent.

34) Retirement benefits: Respondents are not satisfied with the existing retirement benefits given by the organisation. They do not feel that present retirement benefits are reasonable enough for Social Security to its employees. Therefore, pension of a pensioner should also be revised similar to the revision of pay scales of working employees by the Govt. and the R. O. P (Revision of Pay) Rules should extend same benefits to the pensioners for their financial & social support. Also there should be a special directorate to expedite pension cases in line with Central Govt. employees.

At the time of superannuation a Govt employees generally gets the following retirement benefits:-

- a. Full Regular Pension: It is given after completion of minimum 33 years of continuous qualifying services .It is calculated as under-  
Rs(last 10 months average basic Pay x Nos of years completed in service/2x66). An employee who at the time of retirement has rendered qualifying services of 10 years or more eligible for pension.
- b. Gratuity/D.C.R.G (Death –cum-Retirement Gratuity) : A govt Employee is given Gratuity /DCRG at the time of retirement and the amount is calculated as; Last Basic Pay +D.A x66/4 subject to maximum amount Rs 3.50 Lakhs. in case of G.U and state Govt employees it is restricted to Rs. 2 lakhs.
- c. G.I.S Contribution- It concludes contributed amount o the employee with interest as admissible. Full insurance money is given if death while in service. ( Rs 30,000.00 for Grade III and Grade IV Cadres and Rs 1,20,000.00 for Class I and Class II cadres).
- d. Leave Encashment Benefit :It includes maximum 300 days of unutilized leave and the amount is calculated as Rs [(Last Basic Pay+D.A )/30 days ].
- e. G.P.F.- It includes full contributed amount of the employee with interest as admissible.
- f. Commutation of Pension-  $\frac{1}{3}$  of last Basic Pension x 12 ( maximum) x 10.56.
- g. Family Pension –It includes 50% of last Basic Pay upto 7 years of 65 years of age of the pensioner from the date of death of the incumbent in enhance rate. As per state govt. of Assam and GU rules , an employee retiring after 33 years of qualifying service shall be entitled to pension @ 50% of the last ten months average pay subject to a minimum of Rs. 1,225/- and maximum of Rs.

8,500/- (pm) Thereafter the pension will be continued till the death of legal heir of the employee.

Moreover, an employee can opt for voluntary retirement after he has attained the age of 50 years or has completed of 20 years of continuous service. In that case also he is eligible for pension benefit.

35) Incentives & Other Welfare Mechanisms: It is seen from the data analysis that only a few respondents are fully satisfied. While majority are partially satisfied or not at all satisfied with the existing incentive package and other welfare mechanisms. Therefore, there is a need to reformulate such mechanisms so that employees feel comfort and get motivated towards organisational goals. These measures should not be the provisions confined in the papers (Finance Rules, Service Rules etc.) but must be exercised in reality.

Human Resource Development:

It is revealed that of respondents agreed that human resource is the most important resource in any organisation. It shows that employees are well aware of human resource and good HRD system should exist in the organisation. A few respondents state about the shortcoming of HRD practice.

From the personal observation and interview following important points regarding HRD can be outlined

- i) Identification and proper utilization of human resource is a very important task for the organisation. Planning for training to the persons at appropriate time shall enhance the employees efficiency to achieve organizational goals,
- ii) Keeping a track of output from the persons shall improve the system to march ahead and proper HRD planning will help the employees to generate innovative idea.
- iii) It is important to all concern that all the organisations are the proficiency of the employees. So, it is essential to initiate

more towards creation of quality circles, work groups, and enhancing over all work culture.

- iv) Above all, as HRD environment in Govt. Departments are not yet practice in the right direction, therefore. proper HRD policy should be initiated and enacted by the Govt. so that employees themselves get attracted and motivated towards organisational goal in particular and over all organisational health, spirit of work and culture in general.

36) Career Planning: Most of the respondents opined that there was no any active career planning mechanisms in the said organisations. Among them most of the employees feel that without any well defined career planning, employees incentives to work hampered. Therefore, it is very important that introduction of proper career planning mechanism is a paramount importance. It stimulates the employees towards organisational goal and motivates them to work sincerely and effectively in the organisation.

37) Reform and Restructuring: It is seen from the opinion of the respondents that employees are fully agreed that reform and restructuring of all the departments of an organisation will improve its present status. But it is equally important that the implementation of the reforms and restructuring are to be executed in true sense. Also the management concept should be incorporated in all the organisations in proper way. Again the improper HRD policy is one of the main reasons of poor performance of the organisation. Therefore, organisation should pay need for the implementations of proper HRD policy in the organisation.

38) Quality of Work Life: It is revealed from the opinion of the respondents that most of employees are not satisfied with the quality of work life. So, it should be improved in right direction so that employees feel comfort during office hours. Proper sitting arrangement, hygienic drinking water facility,



office canteen facility, provision for good toilets, parking facility, conference hall, office library, heating facility, air condition etc. should be provided in a better way.

39) Employee - Employer Relationship: Regarding employee-employer relationship, a few respondents simply express as good and most of the employee expresses it as bad. But nobody feel comfort to express their relationship as best. Therefore, there is a need to improve the employee-employer relationship to some extent. We may adopt the following measures to improve the present status.

- a) Maintain good co-ordination between employee and employer.
- b) To the possible extent minimise bossism / authoritarian leadership.
- c) To take care of employees needs during working hour by the higher authority.
- d) Settle employees grievances at the earliest possible time without prejudice.

40) Compensation Insurance: It is also suggested an accident benefits should be given by the organisation either covering risk insurance with a minimum premium . . . . . from the employees or by the organisations on itself as a social security measure . This accident amount should be uniform for all levels of employees.

Thus a number of factors influence the decisions and final profile of the compensation level. Besides the economic factors other components of the compensation package may also determine the final compensation. These factors may be the benefits and perquisites, Payments in kinds, structures that help save income tax and the post employment benefits. Final compensation package represents an amalgam of a large number of variables in additions to the economic factors.

**QUESTION : A**

1. Name of the organisation :
2. Name of the employee :
3. Address :
4. Designation :
5. Age of employee :
6. Date of Joining :
7. Date of Retirement :

**QUESTION : B**

*Tick your answer giving "Yes" or "No"*

1. For how many years you have been working in this organisation? .....
2. Are you aware of the benefits and allowance provided by the organisation ? [ Please tick ( ✓ ) in the box]  
Yes (    )                      No (    )
3. Are you satisfied with it ? [ Please tick ( ✓ ) in the box]  
Yes (    )                      No (    )
4. If not what change do you want ?

.....  
.....

5. How many hours do you works ?

.....  
.....

- ii

16. Are you under going any training during your service period?  
*Yes/No.*
17. Is there any career planning in your organisation?  
*Yes/No.*
18. Who formulate salary structure in your organisation  
     — General Manager  
     — Personnel Manager  
     — Other
19. Do you have any idea in fixation of your compensation package?  
*Yes/No.*
20. Whether your employer tries to neutralised the rising cost of living?  
*Yes/No.*
21. D.A. is paid to give relief to the worker from the rising cost of living.  
*Yes/No.*
22. Are you satisfied with the dearness allowance given by the  
 Organisation? [ Please tick ( ☒ ) in the box]  
 Highly Satisfied      (    )      Moderately Satisfied      (    )  
 Satisfied              (    )      Not at all                      (    )
23. Whether you received House Rent Allowance (HRA)?  
*Yes/No.*
24. What are the basic principle in payment of HRA  
 I. Fixed  
 II. Percentage on basic pay  
 III. Any other give details
25. Is there any provision of city compensatory allowance in Govt.  
 Organisation (CCA) ?  
*Yes/No.*

26. Are you satisfied with the HRA given by the organisation?  
 [ Please tick ( ✓ ) in the box]
- |                  |        |                      |        |
|------------------|--------|----------------------|--------|
| Highly Satisfied | (    ) | Moderately Satisfied | (    ) |
| Satisfied        | (    ) | Not at all           | (    ) |
27. What are the basic emphasis in payment of CCA?
- To cover transport cost
  - To cover city allowance
  - To cover any other cost
28. What is the basic principle in payment of medical allowance?
- Fixed
  - Percentage on basic pay
  - To cover the actual expenditure
29. Are you satisfied with the medical facilities given by the organisation?  
 [ Please tick ( ✓ ) in the box]
- |                  |        |                      |        |
|------------------|--------|----------------------|--------|
| Highly Satisfied | (    ) | Moderately Satisfied | (    ) |
| Satisfied        | (    ) | Not at all           | (    ) |
30. What are the basic principles in payment of bonus?
- Fixed
  - Percentage of basic pay
  - Percentage on profit/income
31. In which component of pay do you want any change  
 [ Please tick ( ✓ ) in the box]
- |            |        |                      |        |
|------------|--------|----------------------|--------|
| Medical    | (    ) | House Rent Allowance | (    ) |
| Conveyance | (    ) | Dearness Allowance   | (    ) |
32. What changes do you want ?  
 .....

33. Do you work overtime? [ Please tick ( ✓ ) in the box]

Yes (     )                      No (     )

34. Are you satisfied with the overtime wages or benefits that you get working overtime ? Are you happy with the compensation for performing additional or extended duties? [ Please tick ( ✓ ) in the box]

Highly Satisfied        (     )        Moderately Satisfied        (     )

Satisfied                      (     )        Not at all                      (     )

35. Do you get any rewards or incentives if you perform well?

Yes            (     )            No        (     )

36. Are you satisfied with it ? [ Please tick ( ✓ ) in the box]

Highly Satisfied        (     )        Moderately Satisfied        (     )

Satisfied                      (     )        Not at all                      (     )

37. If not what changes do you want ?

.....

38. Are you satisfied with the conveyance allowance given by the Organisation ? [ Please tick ( ✓ ) in the box]

Highly Satisfied        (     )        Moderately Satisfied        (     )

Satisfied                      (     )        Not at all                      (     )

39. What are basic principles in payment of Leave Travel Concession (LTC) ?

I. Fixed

II. To cover transport cost

III. To cover any other cost

40. How is leave encashment allowance paid ?

I. Fixed.

II. Percentage on basic pay

III. Other

41. Is there any provision for payment of Hill Allowance ?
42. Whether your organisation pays special allowance and on what basis ?
43. What are the basic principles in payment of Shift Allowance ?
44. What are the basic principles in payment of Overtime Allowance ?
45. Is there any provision for any other allowance ?
46. (i) Do you have C.P.F. *Yes/No.*  
(ii) Do you have G.P.F. *Yes/No.*  
(iii) Do you have R.P.F. *Yes/No.*
47. Whether salary package receive by you is sufficient of a family of four/five members ?
48. Have you ever consider the statutory provisions in your salary package?  
*Yes/No.*
49. Give your comments on salary structure of your organisation ?  
.....  
.....  
.....  
.....  
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