

CONCEPT, NATURE AND SCOPE OF PERSONNEL ADMINISTRATION .

OBJECTIVES

After reading the unit, you should be able to:

explain the concept of personnel administration;

discuss the nature and meaning of personnel administration;

highlight its evolution and development; and

discuss the scope of personnel administration.

1.1 INTRODUCTION

People of a country are an important asset for it, so is the case with organisations. The successful functioning of an organisation depends on its manpower and quality of leadership. The manpower by itself does not contribute to the development of an.

organisation, it has to be converted into human resources through systematic planning, adequate training and proper education. Without the growth of human resources called the human capital, goals and objectives of an organisation can never be achieved. Human capital can be defined as the sum total of knowledge, skills and aptitudes of the people in the society. development of human resources poses a major challenge for the developing countries like India. Manpower planning is an important tool for developing human resources. Investments in manpower planning whether made by government or a, private organisation belong to the individual and do not depreciate. In fact they increase with the passage of time. Thus human resources are an important part of the total resources of an organisation. Though financial resources, physical resources (the work place, machinery etc.) and technological resources are also very important, it is the human resources which are most vital as they generate the other resources. Adequate utilisation of human resources would automatically lead to optimum utilisation of financial, physical and : : technological resources. No organisation can achieve the desired goals without effective management of all its resources, but human capital is the most essential element of an

organisation. As, personnel administration deals with the management of the human resources, the study of its concept, nature, scope and development assumes importance. These aspects will be highlighted in this unit.

Personal Administration

1.2 CONCEPT OF PERSONNEL ADMINISTRATION

The tasks of government are increasing everyday. Development and welfare orientations have led to the expansion of government and its administrative machinery. As the tasks, responsibilities and activities of organizations whether public or private multiply, the demands on personnel, at every level, in terms of efficient discharge of their duties also rise. Thus the task of personnel administration is to, assure a steady source of people who can contribute to the success of an organisation and meet the growing demands of development. To understand the concept of personnel administration, it is very essential to first understand the meaning and nature of the term.

1.2.1 Personnel Administration : Meaning

Personnel administration is that part of administration which is concerned with people at work and with their relationships within an organisation. It refers to the entire spectrum of an organisation's interaction with its human resources from recruitment activity to retirement process. It involves personnel planning and forecasting, appraising human performance, selection and staffing, training and development and maintenance and improvement of performance and productivity. Personnel administration is closer related to an organisation's overall effectiveness.

There is no standard definition of the term 'personnel administration': Still there is a widespread unanimity among writers on its meaning, scope and purpose.

According to Flippo, personnel function is concerned with the procurement, development, compensation, integration and maintenance of the personnel of an organisation for the purpose of contributing toward the accomplishment of that organisation's major goals and objectives. Dale Yoder uses the term "manpower management" instead of "personnel management" and includes both labour relations and personnel administration within its ambit. According to him, "the term effectively describes the processes of planning and

directing the application, development and utilization of human resources in employment. Employers, employees, unions and public agencies all have important roles to play in these processes):

According to Thomas G. Spates, "personnel administration is a code of the ways of organizing and treating individuals at work so that they will each get the greatest possible realization of their irenic abilities, thus attaining maximum efficiency for themselves and their group and thereby giving to the enterprise of which they are a part, its' determine competitive advantage and optimum results."

Michael Jucik defines personnel administration as "the field of management which has to do with planning, organising, and controlling various operative functions of procuring, developing, maintaining and utilising a labour force such that the:

- a) "objectives for which the company is established are attained economically and effectively:
 - b) "objectives of all levels of personnel are served to the highest possible degree;
 - c) "objectives of the community are duly considered and served."
- The Institute of Personnel Management in U.K. defines personnel management as "that part of the management function which is primarily concerned with the human relationships within the organisation. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individual, enables all those engaged in the undertaking to make their maximum personnel contribution to the effective working of that undertaking." The Indian Institute of Personnel Management has also adopted. The above-mentioned definition was replaced in-1966 by a more elaborate definition. It reads, "Personnel management is that part of the management function which is concerned with people at work and with their relationships within an enterprise. Its aim is to bring together and develop into an effective organisation the men and women who make up an enterprise and, having regard to the well-being of an individual and of working groups, to enable to make their best contribution to its ,success. In particular, personnel management is concerned with the development of policies governing :
- I Manpower planning,

recruitment, selection, placement and termination Education and training, career development Terms of employment, methods and standards of remuneration Working conditions and employees' services Formal and informal communication and consultation both through the representatives of employers and employees and at all levels throughout the organization Negotiation and application of agreements on wages and working conditions, procedures for the avoidance and settlement of disputes.

Personnel management is also, concerned with the "human and social implications of change in internal organisation and methods of working and of economic and social changes in the community:' Thus we can say that personnel administration deals with the recruitment, placement, training, disciplinary measures, monetary and non- monetary incentives and retirement benefits of the human beings or the personnel within an organisation. It also deals with the nature of human relationships in an organisation, interaction between the human beings within an organisation and interaction of human beings with the organisation. Personnel administration includes all activities and functions . relating to policy formulation, planning, policy implementation, social change and modernization, administrative reforms and public relations in an organisation. It aims at optimum utilization of human resources in order to achieve maximum results with minimum wastage of funds and technology.

Personnel administration is variously known as 'personnel management', 'labour relations', 'manpower management', 'labour welfare management', etc. But the term 'personnel administration' connotes a wider meaning, it includes both personnel management and industrial relations. Many a times the terms labour relations and industrial relations are used interchangeably with personnel administration but it is always better to distinguish between them. The term 'labour relations' refers primarily to the relation between management and organised labour. It includes negotiations of contracts with unions. It deals with handling of differences with unions and business agents. Some organisations have a labour relations officer or director whose primary task is to advise and assist top management in their dealing with union representatives. This official may or may not be related to personnel administrator. In an unionised organisation, where there is no labour

relations officer or director, the personnel administrator performs the task of labour relations officer. Thus personnel administration aims at: Effective utilization of human resources Desirable working relations among all members of the organisation Maximum development ' Meeting the organization's social and legal responsibilities. According to Michael J. Jucius, personnel management should aim at:

- a) attaining economically and effectively the organisation, goals;
- b) serving to the highest possible degree the individual goals: and
- c) preserving and advancing the general welfare of the community.

To obtain these objectives, personnel administration is concerned with planning, organizing, directing, coordinating and controlling the cooperative efforts-of individuals within an organisation.

* 1.2.2 Nature of Personnel Administration

Personnel function is crucial in any administrative organization. The organisation cannot afford to ignore it. Hence it becomes a basic responsibility of the management, be in the government or in semi or non-government organization . The - changes in the socio-economic environment has its effect on management. The management environment keeps changing due to the changes that occur in the total socio-economic environment. The political environment also affects the work environment in an organisation. Such changes get reflected in personnel administration. These changes can be :

- i) changing mix of the personnel entering government service organisation
- ii) changing values of personnel
- iii) increasing expectations of the government from their employees, and iv) increasing expectations of the people from the government at different levels. Thus management is affected by the changes in the social, economic and political scenario. In fact it has to keep up with these changes. A higher number from schedule castes, tribes and other economically backward classes are joining the government service. A greater number of people with higher education, more women, more technically skilled workers are also joining the government service. 'This has really changed the ratios of working force. With

the proliferation of activities under 'development' and 'welfare' programmes, the employees are now expected to be more competent and efficient. People at large expect the administration to be efficient, effective and sympathetic. People's involvement in administrative activities is increasing. Due to the constant demands on administration, the role of personnel administration is also changing. Personnel are required to perform 'line' and 'staff' functions. Activities directly related to the primary objective of an organisation are called as 'line' functions. The 'staff' functions are those which facilitate and assist the performance of line work. They are in the nature of secondary activities and enhance the effectiveness of the line agencies. For example, assistance in processing and supplying the required number of personnel and training and development of personnel are essentially staff functions. An organisation cannot function without the assistance of line and staff personnel. At the same time, personnel function cannot be isolated from the rest of the administrative functions. Personnel functions include both line and staff activities in an organisation. , Personnel administration does not always function in a formal organisation. No organisation can solely run on the basis of formal rules and regulations, it comprises human beings who are structured in an authority and responsibility network in order to carry out the tasks and activities for the fulfilment of organisational objectives. . This formal structure is supplemented, supported or sometimes obstructed and on occasions taken over by the informal organisation. Informal organisation grows within the formal organisation. It is a natural phenomenon and is based on social and cultural relations among the personnel of formal groups. Political, economic and psychological factors also contribute to the growth of informal organisation. The functions of personnel administration are becoming more complicated day by day. The problems of personnel administration differ from one organisation to the other. Big organisations have more tasks to perform, they employ more people and serve varied objectives. The task of personnel administration in such organisations becomes more intricate. As personnel administration deals with human beings all the time, the crucial functions of motivation and morale of

employees have to be performed by it. It has to meet the growing needs of the people as well as satisfy the increasing expectations of its employees.

Check Your Progress 1

Note : (i) Use the space given below for your answers.

(ii) Check your answers with those given at the end of the unit.

1) What is meant by personnel administration?

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2) Discuss the nature of personnel administration.

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1.3 PERSONNEL ADMINISTRATION: EVOLUTION AND DEVELOPMENT

While the evolution and development of personnel administration in U.K. and U.S.A. was largely voluntary, in India, the growth of personnel administration can be attributed to the efforts made by the government. Unlike in the West, the pioneering work in the field of personnel management was motivated by the managerial preoccupation with the concept of welfare, in India, unsystematic recruitment practices, growing labour unrest, loss of production etc., initiated some interest in personnel management.

In U.K., personnel administration had its origin in the concept of welfare as propounded and practised by some of the enlightened entrepreneurs, who sought the establishment of modern personnel administration. The term personnel management actually originated in the U.S.A.

It was F.W. Taylor's scientific management which laid the foundation for the development of personnel administration. Taylor laid emphasis on scientific selection and systematic training and development of the individual worker. H.L. Gantt, a close associate of Taylor, in scientific management movements, foresaw the need for obtaining

the willing cooperation of the worker. He maintained that it was not enough to tell the worker how to do a job, but it was also necessary to promote the ability and willingness to do a job. Mary Parker Follet also laid stress on training and development aspects of management. The pioneers of scientific management, apart from increasing efficiency, aimed at fighting fatigue and monotony among the workers.

Most important breakthrough for personnel administration was Elton Mayo's Hawthorne experiments and the human relations movement. These experiments paved the way for using the disciplines of sociology, psychology, industrial psychology, social psychology etc., with a view to understanding employees and organisational behaviour and influencing them through a motivational approach. All this led to the gradual evolution and development of a theory and practice of personnel management. There were also other events and influences which led to the growth of personnel management. Various revolutionary concepts like mass production, mass distribution and mass financing were evolved by industrial and business empires. The labour shortages during the world wars and various labour problems posed a challenge to management. With the Great Depression in 1929, big business suffered a severe setback. The State, the public and the trade unions, aimed at efficient professional management. Their demands were, elimination of waste and maximum utilisation of resources, particularly human resources. Personnel Administration All these developments in America emphasised the fact that management of people or personnel management is just as important as the management of production. Thus the entrepreneurial interest, apart from other events in the sphere of worker welfare provided the source of inspiration for the evolution of modern dynamic personnel administration. The history of the evolution and growth of personnel management in our country is not very old. It was the Royal Commission on Labour which recommended in 1931 the appointments of Labour Officers to deal with the recruitment of labour to settle their grievances. The industrial disputes of 1920s forced the government and businessmen to think in terms of labour problems and promotion of personnel management. The recognition of trade unions in India gave a new perspective to the employer and employee relationship. Entrepreneurs like the Tatas, Calico Mills, British India Corporation etc. had

appointed Welfare Officers as early as 1920. These Labour Welfare Officers performed the functions of redressal of employee grievances and promotion of industrial harmony. , In 1937 in Bengal, on the suggestion of the Government, the Indian Jute Mills Owners' Association appointed a Labour Officer to bring about a settlement of employee grievances with the mills and by 1939 five more Labour Officers were appointed. Other Employers' Associations like Indian Engineering Association, Indian Tea Association, the Engineering Association of India etc., also followed the example of Indian Jute Owners' Association in appointing labour officers. In 1941, the Government of India initiated the Tripartite Labour Conference with the representatives of Government, labour and employees in order to promote uniform labour legislation, determine a procedure to settle industrial disputes, and promote consultations on industrial matters affecting the country. Now they have become permanent and regular features of labour policy. In 1948, the Factories Act 'rules laid down the appointment, duties and qualifications of a new statutory officer in industry called the Welfare Officer. The following years saw the emergence of yet another officer called the Personnel Officer. The Personnel Officer deals with labour welfare, industrial relations and personnel administration. Many companies in India now have specialized personnel departments and a full-time Personnel Officer in charge.

Now the number of personnel is increasing at a very fast rate, expenditure on personnel is also correspondingly increasing. There has also been a trend in regard to the diversification in the personnel as more and more specialists, experts and technicians are being appointed in government departments, public and private organisations. Contemporary personnel does not just deal with welfare of employees but also aim at achieving profits for the organisation. The motive is to earn profits as well as benefits for the organisation and its employees.

1.4 SCOPE OF PERSONNEL ADMINISTRATION

Personnel administration incorporates all aspects of management of persons in organisation. The primary objective of personnel administration, as we have read earlier in the unit, is to ensure effective utilization of human resources in pursuit of organisational goals. The personnel administration departments should design and establish an effective

working relationship among all the members of an organization by division of organisational tasks into jobs. defining clearly the responsibility and authority for each job and its relation with other jobs in the organisation. Personnel administration must try to enthuse among the employees feelings of commitment, involvement and loyalty to the organisation. The aim is to establish coordination , relations among the employees and do away with frictional situations arising out of personal jealousies, rivalries and prejudices.

Personnel administration also has to curb

unfavorable practices like favoritism and nepotism in an organisation. , Personnel administration has to concentrate on various aspects of management like recruitment, training, promotion, conditions of service, employees welfare, employer employee relations and processes of morale and motivation. It has to develop links with immediate, intermediate and external environment to make itself effective and efficient. As the tasks of organisation increase, the responsibilities of personnel administration also increase accordingly. It is not possible to solve the problems with a one-time and one-stroke decision. Larger the system more are the complexities. Take for example, the Government of India, it is divided into ministries, departments, divisions, units etc. It is spread over the entire length and breadth of the country. Lakhs of people work in it, they operate at different hierarchical levels and carry out a large variety of functions. A number of services and their division into groups constitute the entire workforce of the Central government. Almost similar is the situation in each state. Personnel administration has to cater to all these aspects. It requires continuous managerial input. Planning and providing for the regular supply of the needed manpower for different positions and in different numbers is an important task of the government. The process of recruitment and utilization of each micro-unit of human resource calls for effective personnel administration, similarly, creating and maintaining desirable working relationships also call for a series of continuous efforts on the part of the personnel. Those responsible for personnel administration have to work for it constantly.

The achievement of these two objectives becomes easier if the organisation provides appropriate opportunities for individual development. These opportunities can be in / the

form of training, internal and external mobility, promotion, recognition and reward. They act as strong motivators and satisfiers. Besides, salary structuring of lakhs of employees is a wholesome task because each category has to be adequately and equitably compensated for the contribution it is expected to make towards organisation's objectives. This is also a work of personnel administration. The working force also has to be subjected to certain discipline in order to regulate proper performance of duty. Framing of conduct rules, laying down procedures of disciplinary action, enforcement of those rules and adoption of appropriate procedures are also a part of personnel administration.

Employer-employee relations, provision for Joint Consultative Machinery, establishment of public service tribunals for adjudication, adoption of welfare measures and payment of retirement benefits etc. to the employees are the added responsibilities of personnel administration. Trade unionism among government employees, has increased during the past few decades. Both employer and employee unions have come up. There is now a dire need for expert skills to foresee personnel needs and problems and to plan for their satisfaction and rectification. All this requires systematic personnel administration. Thus the scope of personnel administration is wide and varied, moreover it is continuously expanding with the changes in environment.

1.5 CONCLUSION

Thus we can say that it is the personnel which more than anything else determines the quantity and quality of the performance and output of an organisation. Even the contribution of money and material to the performance of an organisation depends substantially upon their manipulation by the human beings in an organisation. Even the poorly devised machinery may be made to work if it is manned with well-trained, intelligent and imaginative staff. On the other hand, the best planned organization may produce unsatisfactory results if it is operated by mediocre and disorganized staff. Personnel constitute an integral part of the organisation. It is with their requisite skills, aptitude, integrity and organizing capacity that they can build the image of their organisations as effective institutions in nation

Concept, Nature and Scope

Personnel Administration

Personnel administration with its ever increasing responsibilities has become an indispensable part of management. There is a need for making personnel administration responsible for bringing about innovative changes in the structure of organisation, undertaking personnel research and conducting attitude surveys. There is also a need for making personnel administration accountable for formulating cost effective policies and programmes and establishing positive relationship between the organisation and environment. A constantly changing scenario calls for better recruitment procedures, newer training techniques, re-training methods, mid-career training, more coordination between private and public welfare programmes, effective organisational development, better performance appraisal devices and more useful leadership methods.

Check Your Progress 2

Note : (i) Use the space given below for your answers.

(ii) Check your answers with those given at the end of the unit.

1) Highlight the development of personnel administration in India.

2) Discuss the scope of personnel administration.

UNIT 2 FUNCTIONS AND SIGNIFICANCE

FUNCTIONS OF PERSONNEL Administration - -

Some of the important functions of personnel administration are :

- a) Manpower Planning
- b) Recruitment
- c) Training
- d) Promotion
- e) Salary structuring
- f) Employees' welfare

No organisation can function efficiently unless and until the above-mentioned functions are given proper attention. Let us now discuss these functions briefly.

2.2.1 Manpower Planning

Before the formal process of selection of personnel begins, an organisation has to make an assessment of its requirements in terms of number of personnel needed for a job, definition of a job, the skills and specialization it entails, the duration for which personnel are required, nature of work etc. Manpower planning is engaged with these type of activities. Organisations whether large or small, whether public or private, are in constant need of manpower. They require men and women for different levels of positions for performing different kinds of jobs at different places and intervals. The number of personnel with defined skills and specializations needed at different periodic intervals have to be forecasted. Manpower planning predicts the number of personnel an organisation will have to hire, train or promote in a given period.

Manpower planning makes long range estimates of the general and specific manpower needs of the organisation for different activities. By anticipating the need for various types of skill requirements and levels of personnel, well in advance, a manpower plan is able to give adequate lead time for recruitment, selection and training of such personnel. It controls delays and is a very effective device to develop the required sources from which needed personnel can be made available.

The objectives of manpower planning are:

to ensure optimum use of human resources currently employed to assess or forecast future skills requirements if the organization's overall objectives are to be achieved

- to provide control measures to ensure that necessary resources. are available as
- and when required to determine recruitment level to anticipate the weaknesses of organisational procedures and avoid unnecessary dismissals.
- to determine training levels
- to provide a basis for management
- to assess future accommodation requirements.

At the level of manpower planning, planners have to take into consideration various things. The planner must take into account all such variables which are beyond

his/her control, these are wavering variables which always affect the functioning of organisation, for example strength of an organisation, investment, union rules etc. The planners also have to identify those variables which are manipulative, for example, productivity, incentives, training etc. the planners must determine in advance the time horizons of their plans since they affect the changeability of structures and functions within the system. Manpower planning can't only be effective if goals are explicitly laid down. Manpower planning has to determine the quality and quantity of personnel needed for a specific job. The methods used for this purpose are job analysis, job description, job specification, workload analysis and work force analysis. Without effective manpower planning, the other functions of personnel administration viz. recruitment, placement, training, promotion, welfare of employees etc. cannot be performed properly.

2.2.2 Recruitment, Training and Promotion

Recruitment

Once the determination of manpower needs has been made, the recruitment and selection processes can begin. Recruitment is the process of searching for prospective workers and stimulating them to apply for jobs in the organisation. It is a positive function which aims at increasing the selection ratio, that is the number of applicants per job opening. In contrast, the selection process is a 'negative' function because it attempts to eliminate applicants leaving only the best to be absorbed in the organisation.

Recruitment determines the tone and caliber of the services whether public or private. A faulty recruitment policy inflicts a permanent weakness upon the administration. Not even an effective training policy can make faultily recruited persons bright and efficient. The basic elements of a sound recruitment policy include : discovery and cultivation of the employment market for posts in the organisation use of attractive recruitment literature and publicity use of scientific tests for determining abilities of the candidates tapping capable candidates from within the organisation placement programme which assigns the right man to the right job; and

a follow-up probationary programme as an integral part of the recruitment process.

Recruitment implies matching the personnel characteristics of potential employees with the job requirements. The sources of recruitment can be broadly classified into two: internal and external. Internal sources refer to the present working force of an organisation. In the event of a vacancy, someone already on the payroll is promoted, transferred or sometimes demoted. Filling a vacancy from internal source has the advantages of increasing the general level of morale of existing employees and of providing to the organisation a more reliable information about the candidate's suitability. The major weakness of this source is that it may deprive the organization of a fresh outlook, originality and initiative. External sources refer to the methods adopted by the organisation to attract people from outside the organisation through a thorough assessment of their qualifications, skills and potential. Some of the methods of determining qualifications are the personal judgment of the appointing officer,

certificates of ability, character and education, record of previous experience (educational and professional) and examinations. Employment agencies, advertisements, field trips, educational institutions, professional meetings, employees' referrals, unsolicited applicants etc. are some examples of the external sources of recruitment. An organisation cannot fill its vacancies from one single source only. It must carefully combine some of these services, weighing their cost and flexibility, the quality of personnel they supply and their effect on the present work force. A planned recruitment programme provides the organisation with job applicants from whom a required number of selections are made. There is no standard selection procedure for recruitment. Usually the selection is made through a written test or an interview or both. The final step in the selection process is that of inducting the new employee into the new social setting of his/her work. This is done by familiarizing the employee with the new surroundings and the rules and regulations of the organisation. Various training methods are used to upgrade the skills of the new recruits and integrate their goals with the organisational goals, we will now discuss some of these methods.

Training

Training is a well-articulated effort to provide for increased competence in the service, by imparting professional knowledge, broader vision, and correct patterns of behaviour, habits and aptitudes. It should be a continuous, process in response to a continuously felt need. Training helps the entrant by Inculcating occupational skill and knowledge, by making him her familiar with objectives of the organisation and his/ her potential contribution in the furtherance of department's or organisation's goals. Training adjusts the employees with the constant changes in the goals and techniques of organisations. The deficiencies of the new appointees may be corrected by imparting them necessary training. Training helps broaden the vision and outlook of the appointees. It equips those already in the service for higher positions and greater responsibilities, it enhances the efficiency of the employees and helps build integrity and morale of the employees. The terms training and education are closely related. Training is the art of increasing the knowledge and skill of an employee for doing a particular job. It is concerned with imparting specific skills for a particular purpose. On the other hand education is a broader term, it is concerned with increasing general knowledge and understanding of the employee's total environment. The need for training is universal. Everybody needs training so as to effectively discharge the obligations of his her office. It is a continuous process.

Training can be informal or formal. Informal training is training by doing the work and learning from mistakes. The ultimate success of informal training depends upon the experience and seniority of the senior officer and his /her interest in the new entrant. The aim of formal training is to inculcate administrative skills in the personnel through well-defined courses. Informal training improves the quality of administration. Pre-entry training, orientation training, in-service training, vocational training, post-entry training etc. are some of the examples of formal training. Different methods of imparting training can be lecture method, case study method, syndicate method etc. Whatever be the methods, the basic aims of training are always : inculcating fresh knowledge among the employees upgrading their skills familiarizing the inducts to the organisation, its environment, work conditions, rules, norms and goals attuning the employees to the new needs of the

organization broadening the views and outlook of employees maintaining the morale of the employees development of novel attitudes; and reducing waste, accidents, turnover and absenteeism. Every administrative system must pay adequate attention to its training requirements. A well trained, well-aware and properly skilled personnel system is the very heart of an organisation.

Promotion

Another vital function of personnel administration is promotion. The word 'promote' is derived from the Latin expression 'promotion', it means 'to move forward'. Promotion means advancement of an employee to a job better than the present one in terms of greater responsibilities, more prestige or status, greater skill and increase in pay. The need for promotion arises from a variety of factors. An organisation is able to retain the services of its personnel by the device of promotion. Lower positions in the organisation are able to attract competent persons if it makes provisions for personnel to move higher. A sound policy of promotion fosters a feeling of belongingness in the personnel, contributes towards the continuity in policies and practices and leads to building up of traditions and conventions in the

organisation.

According to W.F. Willoughby, a sound promotion system should fulfil the following conditions :

- i) adoption of standard specifications setting forth duties and qualifications required for promotions in the government service
- ii) the classification of these positions into distinct classes, series, grades and services
- iii) the inclusion within this classification of all the higher administrative positions except those having a politic character
- vi) The adoption of the principle of merit in determining the relative heritance of employees eligibility for :increment.

There are two principles which are used in the system of promotion:

- i) principle of seniority

ii) principle of merit.

The principle of seniority is an age-old principle. Employees attach great importance to the length of service. According to H. Finer, "it is automatic and avoids the need for making individual distinctions between one person and another, of placing the young over the old, of measuring the responsibility for the result of promotion."

But, this gives rise to two basic questions. Is the employee with the longest service necessarily the most competent? If employees automatically qualify for higher jobs by being senior, will new employees be motivated to give good performance? Yet, seniority cannot be rejected altogether by using the internal method of promotion, the administration can keep the morale of employees high and also encourage a competitive spirit for better performance. Use of external method does provide for the competitive spirit to grow but in the process affects the morale of the employees adversely. Using the principle of merit in promotion requires fair practices.

In order to determine the merit of employees, a scientific system of 'performance appraisal' needs to be developed. It should be made as objective as possible. The appraisal should be of regular and continuous nature and should evaluate the quality, quantity and styles of performance. It should include also an appraisal of the growth potential of an employee.

Taking into consideration the weak and strong points of both the principles, a mix of the two is adopted in the organisations while selecting candidates for promotion, both seniority and merit are given due weightage. Each organisation must have a sound promotion policy. If promotions get governed by favouritism, the 'left outs' will in all probability continue floating in the same organisation nursing grievances against employers. Thus promotion has to be based on just and fair norms as it is a powerful means in the hands of the organisation to reward its faithful workers. It is a powerful means to lead the employees towards the desired goals.

Salary Structuring

I Development of a sound salary-system is an important function of personnel

I administration. Salary has to be structured in such a way that the employees of the

organisation feel adequately rewarded and resources available to the organisation are optimally utilized. Following are the requirements for the development of a sound pay system :

- i) the pay structure should be simple and rational I
- ii) the pay of a post should be related to the duties and responsibilities attached to that post
- iii) it should take into consideration the qualifications and experience prescribed
- iv) it should be comprehensive and adequate to enable the employee to have a feeling of the total emoluments and to maintain a certain standard' of living and
- V) it should take into account the comparable salaries paid in alternative

I occupations.

Comprehensibility and adequacy are the standard tasks of a sound pay structure. Good compensation plans, well-administered, have a salutary affect on the entire organisation. Employees are happier in their work, cooperation and loyalty are higher, productive output is up and quality is better. In the absence of such plans compensations are determined subjectively on the basis of haphazard and arbitrary decisions. This creates several inequities which are among the most dangerous sources of friction and low morale in an organisation. Although there can be both monetary and non monetary forms of compensation prevalent in an organisation, yet it is the former which is the most basic element by which individuals are attracted to

1 an organisation, persuaded to remain there and induced to engage in a behaviour ! that is beneficial to the organisation.

Function and Significance of Personnel Administration

Each organisation should structure the salaries of its employees in such a way that no employee feels inadequately rewarded. Apart from basic salary, additional allowances such as house rent allowance, conveyance allowance, recreation allowance, leave encashment, festival loan etc. can be given to the employees. Moreover the salary scales have to be constantly revised in view of price rise or increase in profits for the organisation

2.2.4 Employees, Welfare

Welfare of employees is one of the most important functions of personnel administration, a good personnel system always gives topmost priority to the wellbeing of employees. A sound personnel policy, proper recruitment and promotion techniques, conducive training methods etc. create a certain physical and mental condition of the employees so necessary for good performance. These conditions need to be maintained as well. Motivation of employees and building up of their morale at different levels help in maintaining these conditions. All types of welfare programmes in an organisation are to help in maintenance of these-conditions only. Employees' benefit programmes create and stimulate morale which contributes to the creation and maintenance of favourable attitude towards work and work environment. These programs include fringe benefits such as holidays, different types of leave entitlement¹ education facilities, canteen facilities, leave travel fare concession etc. Employee's physical condition is maintained through safety and health programmes, . group health insurance plans, regular medical examinations, proper working condition is like proper lighting, ventilation, space and equipment etc. These are all employees' welfare measures. Maintenance of discipline and following a code of conduct in the organisation also helps in creating conducive work environment in the organisation which is important for employees' welfare. Penalties for violation of rules, for misperformance or for non-performance vary widely in severity. The more usual forms of disciplinary action are warning or reprimand, reassignment to other duties, suspension from duty for a certain period : of time, demotion to a position of lower rank or grade and dismissal or removal from the service. Strict disciplinary actions are very essential as they increase the efficiency of work, raise the morale of the employees and keep the inefficient out of the organisation. As a model employer. an organisation provides many social welfare and security services for its employees. These can be in the form of certain tangible benefits. Some of these benefits supply financial protection against certain risks such as illness accident, unemployment and loss of income due to retirement. Some other benefits provide extra leisure, extra income and better work environment. These programmes fulfil the physical, mental, financial, recreational as well as the social needs of the

employees.

A proper retirement scheme is also very essential for employees' welfare. The organisation needs to assure its employees an easy and carefree life in their old age. The age of retirement can be anywhere between 50 and 65. Proper retirement benefits attract talented persons to the organisation, they help the system of promotion, through these benefits efficiency of employees increases. Besides pension, some other benefits such as allowances to take care of inflation, medical facilities, provident fund, family pension, travel concessions are also provided to the retired employees. The primary aim of all these benefits is to provide necessary means of livelihood and freedom from certain worries to the employees in their old age. Efforts must be made to provide counselling to help the retired personnel to utilize their time and money effectively. All possible information should be passed on to employees who are seeking retirement, external expertise can also be used by the organisation in terms of financial planning, planning for a second career etc. A carefully devised retirement plan must always form a part of planning package of an organisation. Redressal of employees' grievances is yet another very important aspect of employees' welfare programmes. 'The interests of the employees and the employers should not be in conflict. Over the decades there has been an increasing consciousness about common needs and interests of the employees. The employees' various ways and channels to solve the problems of the employees. Redressal cells in the organisation should try to remove the grievances of the personnel quick and systematically. The organisation has to provide to its employees effective leadership. It has to generate the will to work among the employees. Inculcation of morale, of that spirit, that state of mind, which expresses itself in loyalty, enthusiasm, cooperation, pride in the service and devotion to duty is the end of the whole personnel system. Employees must have a sense of security, achievement and belongingness in the organisation. Through attitude surveys and proper recruitment, selection, promotion, training, salary structuring, policies, an organisation can formulate suitable welfare schemes and develop a conducive work environment for its employees.

Check Your Progress 1

Note : (i) Use the space given below for your answers.

(ii) Check your answers with those given at the end of the unit.

1) What is meant by manpower planning?

2) Recruitment is a very important function of personnel administration. Not even a proper training programme can undo the harm caused by a faulty recruitment procedure. Discuss.

.....

3) Discuss the different principles used in the system of promotion.

4) What are the various methods an organisation can employ for the general welfare of its employees?

2.3 SIGNIFICANCE OF PERSONNEL ADMINISTRATION

The quality of an organisation is dependent on the quality of its employees. That is, the personnel it employs. With the development of science and technology and growth of welfare functions in order to meet the demands of expanding population Administration the organisations whether public or private, have to perform a large number of tasks

which are varied and complex. It is only possible if the personnel engaged in the attainment of objectives are efficient and sincere.

Among the three components required for developmental tasks, personnel, money and material, it is the personnel or the human element which determines the quality and quantity of the performance and output. Even the contribution of money and material to performance depends substantially upon their manipulation by the human beings in an organisation.

Walter R. Sharp has aptly remarked, "good administration is a composite of effective organisation, adequate material facilities and qualified personnel ... Even poorly devised machinery may be made to work if it is manned with well-trained, intelligent, imaginative and devoted staff. On the other hand, the best planned organisation may produce unsatisfactory results if it is operated by mediocre or

disgruntled people. As per Ferrel Heady "The importance of administration is almost universally recognised amongst commentators on development. Visually an effective bureaucracy is coupled with a vigorous modernising elite as a prerequisite for progress "

Thus, we can say that without efficient personnel, the organisational tasks can never be fulfilled. Without efficient bureaucracy, the government can never make its plans and policies a success. The performance of the organisation and growth of its personnel is linked with the competence of personnel constituting the organisation. Human resource development, as we read in unit 1 is the key to the efficiency of personnel. No country should neglect the development of human resources. We also witness a complete wastage of human resources due to unemployment, underemployment and male employment. Positive steps have to be taken to remove these problems. The increase in labour force must entail an increase in economically active population. The greatest natural resource of a nation is its people. Investments in developing human resources through training, career development, planning, counselling, selection, job-enrichment programmes and designing suitable performance appraisal and reward systems can go a long way in maintaining the morale and motivation of people high. These programmes consequently influence organisational effectiveness.

The most important problem in public personnel administration is to ensure that vast manpower resource employed in the state sector yields the best possible return. Efficiency of public employees or the effectiveness of personnel system depend on several factors, such as the quality of talent attracted to and retained in the public service, nature of training which the employees receive, values and motivation of employees, standards and norms set up, by formal and informal work groups, effectiveness in inter-personal relationships, styles of supervision and leadership, nature and adequacy of work tools and procedures for decision-making and the character of interrelationships with the political process and social environment. The ARC had observed that "the present personnel system does not make for a

rational and optimum utilization of human resources within the civil service to the best advantage of administration as well as the community:'

During the last 40 years, the country has taken up past developmental responsibilities. This calls for an effective personnel system in order to formulate and carry out organisational functions. public as well as private organisations are growing day by day, they both have 28 significant role to play in pursuit of developmental goals and it is only the help of right personnel and management of the human resources that these objectives can be realized.

Check Your Progress 2

Note : (i) Use the space given help for your answer

(ii) Check your answer with that given at the end of the unit.

I) Highlight the significance of personnel administration.

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Personnel Policies: Objectives, Principles, Sources and Other Information | HRM

Personnel Policies: Objectives, Principles, Sources and Other Information!

According to Dale Yoder 'a policy is pre-determined selected course— established as a guide towards accepted goals and objectives'.

A personnel policy should have two types of objectives viz., general objectives and specific objectives. General objectives express top management's philosophy of human resources whereas specific objectives refer to specific activities like staffing, training, wages and,

motivation.

Objectives:

1. Optimum Use of Human Resources:

Every organisation tries to make use of the available human resources to the best of their capabilities. Right men should be selected for the right jobs. With the help of personnel policies, jobs are defined and responsibilities of the personnel are specified so that there are no square pegs in the round holes.

2. Training Of Everyone:

The other main object of personnel policies is to train and develop everyone so as to make them competent for doing their job. Only a trained worker can do his job efficiently. The personnel policies must encourage healthy and constructive competition among the workers and also provide an opportunity for development and growth of an individual.

3. Sound Industrial Relations:

Personnel policies aim at creating sound industrial relations and tend to establish conditions for mutual confidence and understanding. Workers are encouraged to put forward constructive suggestions and are given participation through joint management councils and works committees. All this leads to industrial peace. Many operational problems are avoided by having well formulated policies.

4. Payment of Fair Wages:

Personnel policies must aim at ensuring the employees that they will be given fair wages for the work done by them.

5. Security of Employment:

One of the objectives of personnel policies is to provide security of employment to the workers. Such policies provide an efficient consultative service which aims at creating mutual faith among those who work in the enterprise. All types of doubts relating to loss of employment are cleared from the minds of workers. Thus, social as well as economic security is provided to workers.

6. Respecting Human Dignity:

Personnel policies ensure fair treatment to all irrespective of caste, colour and creed and aim at respecting the human dignity. Workers are offered good and healthy working conditions.

Principles of Personnel Policies:

According to Scot and others “carefully defined personnel policies serve as a stabilising influence to prevent the waste of energy in following programmes not in harmony with the company objectives”.

Due to the importance of personnel function in the management, it becomes essential to formulated personnel policies.

These policies are formulated keeping in mind the following principles:

1. Principle of Right Placement:

There is a common saying that there should be square pegs for the square holes and round pegs for the round holes. Only those persons should be selected who are physically and mentally fit for the job so that they can become our ‘asset’ in the future.

2. Principle of Development:

All workers should be given the opportunity to develop so that their monetary position as well as their social status is enhanced. Workers tend to be more sincere and hard working when they are aware of the chances of promotion in the organisation.

3. Principle of Participation:

This principle states that we should consider the organisation a co-ordinated team. If workers participate in the formulation of policies, a large number of problems which arise due to misunderstanding can be avoided.

4. Principle of Mutual Interest:

The workers should feel that interest of management is common with the workers. This will provide motivation to the workers to put in hard work which will entitle them to earn higher wages and non-monetary benefits.

5. Principle of Good Working Conditions:

Workers should be given better tools, good working conditions, and adequate wages and there should be impartial appraisal of their work.

6. Principle of Flexibility:

A personnel policy must be such that it can be changed with the change in circumstances. Technological changes are taking place at a very fast speed in the industries and for that reason a constant review of such policies is necessary.

In a nutshell, personnel policies should contain the principle of justice as well as equity and must be fair to all employees.

Sources of Personnel Policies:

The following are the principal sources of Personnel Policies:

1. Traditions and past experience.
2. Personnel Policies of similar concerns.
3. The philosophy of Board of Directors.
4. Suggestions of employees.
5. Labour Legislation and policies of the Government.
6. Trade Union and collective bargaining.
7. Objectives of organisation.
8. International conditions.
9. Business environment.
10. Day to day experience of dealing with personnel problems.

Contents of Personnel Policy:

The following matters are covered in the personnel policies followed in India:

1. Recruitment or hiring of employees.
2. Manpower planning and development.
3. Training programmes.
4. Absenteeism.
5. Hours of work.
6. Conditions of employment.
7. Overtime.
8. Lay-off, termination of services and welfare.
9. Wage policy, motivation and incentives.

10. Recognition of trade union, collective bargaining and workers participation in management.

11. Promotion, demotion and transfer.

Personnel policies are formulated by the personnel manager but the top management is ultimately responsible for giving sanction to such policies. Workers should be informed about such policies either in group meetings or through the booklets.

Personnel Policies:

A personnel policy must cover all areas of manpower management. Usually personnel policies are framed with regard to:

1. Recruitment and Selection (Employment) Policy:

- (i) Minimum qualifications required in prospective employees
- (ii) The sources from where labour supply will be available
- (iii) Selection tests.

2. Promotion policy

3. Training policy. It covers

- (i) Induction
- (ii) Types of training.
- (iii) Training of executives.

4. Wage policy. It includes:

- (i) Minimum wages
- (ii) Non-financial incentives
- (iii) Incentive plans
- (iv) Bonus, profit sharing etc.

5. Demotion and termination policy

6. Working conditions and motivation policy

7. Welfare policy

8. Integration policy:

It covers:

- (a) Processing of grievances

(b) Recognition of unions

(c) Workers participation in management.

In order to communicate the personnel policy, a brochure may be published. In certain cases a policy manual may be distributed to managers, supervisors and employees. If any employee has any confusion, a discussion can follow where all their questions should be answered satisfactorily.

Tests of Policy:

The manager, as the leader in policy development, has a heavy responsibility for the quality of the policy. The best evidence of sound policy is historic performance.

The following tests can be applied to judge whether a policy is good or otherwise:

(a) Is it stated clearly?

(b) Is it consistent with public policy?

(c) Is it uniform throughout the organisation?

(d) Is it having high level of acceptability among the members of the organisation?

(e) Is it having a sound base in appropriate theory? For example, wages may be paid on piece-rate. It may be justified on the basis of wages theory.

(f) Is it frequently reviewed and evaluated?

The positive answer the above questions will show that the personnel policy is really good.

Personnel	Files	-	Content
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Policy and procedures for staff personnel records can be found in Personnel Policies for Staff Members . Staff Personnel Records and the applicable bargaining unit contract Personnel files should only contain material that is necessary and relevant to the administration of the staff personnel program

Personnel	Files	-	Content
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An employee's personnel file can contain the following: Employee Application, Resume, letters of reference, I-9*, State Oath of Allegiance and Patent Agreement, W-4Notice Regarding Overtime Compensation (non-exempt employees only)Emergency Contact

Information Performance Appraisals and Position Description forms* Can be maintained in a central department file

Personnel	Files	-	Content
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An employee's personnel file can contain the following: Honors and Awards received by the employee
 Corrective Action/Disciplinary Notices
 Performance-related documents should be signed by the employee if it is placed in the personnel file
 Corrective action/disciplinary notices are subject to removal after two years provided the supervisor verifies similar incidents have not occurred during the most recent two year period (see applicable contract/policy)

Personnel	Files	-	Content
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Documents related to an employee's medical condition or a medical condition of the employee's dependents, must be stored separately from the employee's personnel file

Personnel	Files	-	Content
-----------	-------	---	---------

An employee's medical file can contain information regarding FML forms and supporting documentation
 Work-related injury or illness forms and supporting documentation
 Disability-related documentation, including any requests for accommodation

Personnel	Files	-	Content
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It is recommended that any materials related to a formal grievance be forwarded to Labor Relations to retain in their files

Personnel	Files	-	Periodic	Reviews
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Maintaining the completeness and the accuracy of personnel files is important
 Periodic reviews or audits can be conducted to ensure that the necessary documents have been completed and filed, and date sensitive documents have not expired

Personnel	Files	-	Periodic	Reviews
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Types of personnel file/record audits
 Conduct an audit to confirm that a particular document is present in the files of all employees
 Example: Performance Appraisal form for all employees who have completed their probationary period
 Example: Employee Application form for all new hires

Personnel	Files	-	Periodic	Reviews
Types of personnel file/record audits Conduct an audit to confirm that renewable documents/forms are present in the files of all affected employees Example: Compensatory Time Off Agreement forms for non-exempt employees (dependent on bargaining unit and the discretion of management)				

Personnel	Files	-	Content	Organization
File contents can be arranged and organized by subject matter Performance-related Compensation Training and education Benefits Hiring documents				

12	Personnel	Files	-	Content	Organization
File contents can be arranged and organized by subject matter Advantages Related documents are grouped together Easy to identify the history of actions within each separate category					

13	Personnel	Files	-	Content	Organization
File contents can be arranged and organized by subject matter Disadvantages Requires consistent placement of documents in appropriate category (may require more training for the individual responsible for file maintenance) Does not provide a complete picture of all actions or activities because the file contents are split between separate categories					

	Personnel	Files	-	Content	Organization
	File contents can be arranged by chronological date Advantages Easy to maintain Easy to identify the complete employment history of the individual				

15	Personnel	Files	-	Content	Organization
File contents can be arranged by chronological date Disadvantages Removal and replacement of file contents require attention to detail Removal and replacement results in more disruption of the file's contents if documents spanning several years are required					

	Personnel	Files	-	Access	and	Release	of	Records
	File Transfer and Access The employee's personnel records should be transferred to the department which the individual transfers to Exceptions: Time records shall be retained Medical file shall be retained							

17 Personnel Files – Access and Release of Records
File Transfer and Access Once the employee is selected as a finalist for a position within the University, the prospective hiring department has a right to review the personnel file of the individual, prior to making the final offer (except in situations where the candidate is a preferential rehire)

18 Personnel Files – Access and Release of Records
File Transfer and Access It is recommended that the prospective hiring department inform the employee of their intent to review the personnel file Adequate security measures should be taken in all cases where personnel files are physically moved or transferred to ensure that the file's contents remain confidential

19 Personnel Files – Access and Release of Records
File Access Upon request, an employee shall be provided a copy of the employee's own personnel records within 30 days, unless the records are geographically dispersed or archived, in which the department has 60 days to provide copies of the requested documents The first copy is provided at no charge Additional provisions may apply depending on the bargaining unit. Check the applicable contract for specifics

A personnel file contains all the important information about an employee's history in an organization such as their appraisals, qualifications, raises, promotions, and any disciplinary hearings they might have attended.

It is essential, mandatory in some states, for a business to keep and maintain personnel files for all employees in case a lawsuit is brought against them by a disgruntled or former employee.

Personnel File Checklist

Basic Employee Information:

Name, address, phone number.

Emergency contact details.

Employment History:

Job application and/or resume.

Job offer letter.

Job description.

Education verification (if applicable).

Education transcripts (if applicable).

References.

Background check.

Any other documents related to employment.

Sick leave, vacation, and leave of absence/sabbatical records.

Employee Performance Development:

Employee appraisals.

Attendance logs.

Performance goals.

Performance improvement plan (if applicable).

Requests for training, transfer, and internal job applications.

Training and professional development records.

Employee recognition, including awards and performance letters.

Written warnings and/or disciplinary hearings.

Legal documentation:

IRS tax forms (W-4, I-9).

Payroll and compensation information.

Employment contract.

Employee benefits.

Employee Termination Records:

- Resignation letter.
- Termination letter (if applicable).
- Exit interview record.
- Unemployment and insurance documents.
- Final pay records (vacation, retirement etc.)

Memos

There are many types and tools for official communication each suited to specific situations. One such popular form of communication is a memo. Let us learn about their format and importance and also see examples.

What is a Memo?

A memo is actually short for Memorandum. It is one of the most used means of official communication in the business world. Its main purpose is to serve as a reminder or to give some instructions. Again these like circulars are a means of mass communication, i.e. to communicate with a large number of people within the organization.

Usually, we write a memo is for one of the following five reasons

as a reminder

highlight an event or circumstance

to recount an event

keep an official record of anything

to pass information or instructions

Memos have been a popular way for communicating for over a century now. This is because they have many advantages as seen below:

They are a very cost effective way of mass communication. And their transmission is also very cheap.

Another advantage is its simplicity. They are very simple to write and understand.

Memos tend to be brief and to the point. They also reach a lot of people. So they are very time-saving as well.

They also serve as evidence in case of a dispute

Circulars

The Format of a Memo

Let us see the steps of writing a memo.

Heading: After the name and address of the company (which is on the letterhead) we type the word “Memo’ or ‘Memorandum’ at the top of the page in the center.

Recipient: Address the recipients in the correct format, Example - ‘To: All Employees of the Sale Division’

Writer: Write the name of the person writing the memo, Example - ‘From: Mr. ABC, Head of Sales’

Additional Recipients: These are the people who will receive a courtesy copy of the memo. We don’t address the memos to them, but we keep them in the loop.

Date: The date of writing the memos is an important detail that one must include.

Subject Line: This will give the reader a brief idea about the information in the memos. The line must be brief, precise and to the point. Example – Subject: Meeting of all employees of the Sale Division.

The body of a memo: This is where all the information is contained. A formal salutation is not required in a memo. Just relay the necessary information with clarity and precision. The body must not be too long. The ending must restate the issue and end on a positive note.

Proofread: Finally, proofread the memo before sending it.

Solved Question on Memos

Q: Write a memo to the accounting department asking them to attend training to learn about the new software the company has adopted.

MEMORANDUM

To: All Employees of the Accounting Department

From: Mr. XYZ, Head of Accounts

CC: Ms. ABC, HR Department

Date: 13 August 2020

Subject: Compulsory Training wrt to the New Software

As you are all aware, we have recently adopted new accounting software at the company. The decision was taken to improve our accounting procedure and make it more time and cost efficient. A training seminar will be held on 5th November 2018 at 9 am to familiarize the staff with the new software. This is done to make the transition between the software as easy as possible. All employees of the department are required to attend.

Different Types of Memo Documents

You can use a number of different types of memos in your business.

Internal memo – A communication between members of, or groups within, a single department

Interoffice memo – An internal communication between two or more departments; similar to an internal memo, but with one or more added departments

Office memo – Another name for an internal memo

Business memo – A formal correspondence between two parties within a company

Policy memo – A directive sent by the head of a department to all employees communicating a change in company policy

Operational memo – Similar to a policy memo, an operational memo issues a directive to all employees discussing a change in operational procedure

Memorandum of agreement – An agreement between two parties describing a working relationship. Unlike most memos, a memorandum of agreement is a legal document

Memorandum of understanding – A memorandum of understanding is the same as a memorandum or agreement

Warning

A warning letter can be issued to an employee for his misconduct or mis behavior.

The following points should be taken into consideration to write a warning letter to employee:

- Clearly identify the conduct issue
- Consult the employee
- Prepare letter of warning
- Issue the warning letter to employee

Meaning of Warning letter

A warning letter is a formal notice issued by someone in authority against the inappropriate or otherwise negative conduct of an individual.

where you can use warning letter ?

A warning letter can be used in a number of situations to address any wrongdoing. A student may receive a letter of warning for misbehaviour in class; an employee may receive a warning letter for overlooking company rules, a client for breach of contract, a home owner or tenant for not obeying society rules or a consumer for unpaid dues. In all these situations the warning letter serves as the initial step to addressing a conflict and is usually followed by disciplinary action if the letter goes unheeded.

Tips of Write Warning Letter

In the work or professional sector, employers have a responsibility to their clients and to their employees to maintain a safe, stable and efficient working environment. Any circumstance which jeopardizes this desired environment prompts an immediate response from the employer in the form of a written warning. The warning letter is usually written

when any verbal warning given by the employer or supervisor is not followed. Any inappropriate, unprofessional or untoward conduct means that the employer will issue an employee warning notice to begin formally resolving the problem.

How to write letter for renewal of license?

A warning letter is issued as a formal acknowledgement of a transgression in the work ethic of a company. It may refer to poor or inefficient job performance, inappropriate conduct in the work place among colleagues, disregard for company policy and mismanagement of company resources. A warning letter is issued by someone with significant authority within the company, based on the gravity of the transgression. It may be issued against an individual, a team or an entire department. The warning letter, as with all formal correspondence between an employer and the employee, acts as a formal record of a transgression for future reference.

In the professional context, a warning letter format is simple, short and to the point. The specific bad conduct must be made clear from the start so that there is no chance for misinterpretation. It must be short because as the name itself suggests, a warning letter rarely contains any binding disciplinary action. It may however make it clear to the employee the consequences that may be forthcoming if the action is repeated. The tone of the warning letter can be polite because, despite its negative connotation, a warning letter to an employee is always issued with the intention of helping that employee, both professionally and personally, and so ensuring the smooth functioning of the company.

Find warning letter format and sample template in doc and pdf for easy understanding and quick uses :

Warning Letter to Employee for continues Absence**Sample Letter Format**

Date _____

Mr. / Ms. _____

Dear Mr..

This is in reference to the show cause notice No. ABC/17/34343 dated 23/09/2016 issued to you and was sent at your residential address by registered post where we have asked you to submit a written explanation within 48 hours for your continued absence, without any intimation to your office.

Further, we have noticed that you still have not resumed your duties and neither have received any explanation also from you relating to your unauthorized absence.

It is bring into your notice that as per the clause 7 of your appointment letter, absence for a continuous period without an approval of your supervisor will lead to termination of your service and the same may be applied or put in force without any further notice or intimation.

At last, we hereby issuing the warning you that we may consider that you have absconded from your duties with intention if we will not report on your duties latest by 1st October 2016 and will terminate your appointment from the company with immediate effect.

Approach your HR and Accounts Department for your full & final settlement and other dues.

For Name of the company

(Signature)

Manager Name & Designation

What is Charge Sheet? Charge Sheet Meaning with Sample format

“Charge Sheet Meaning is to formally accusing somebody for committing an Offence”

Charge Sheet is means a written statement of certain allegations upon the offender to communicate that what is done is lawbreaking and not acceptable as per the code of conduct. The objectives of Charge sheet is highlight and address the exact Point of misconduct committed by the employee and demanding to submit an explanation in his / her defense and to present it to the management of the organization.

It is important to note that the Change Sheet format should also include the particular time place and the occurrences and the way the incident took place.

In other word, Charge sheet is the letter claiming the reasons regarding misconduct or any other unprofessional behavior of the employee in the organization. The employee needs to give clarification regarding the act for which charge sheet is given to him.

When to write charge sheet?

Charge sheet is issued to an employee when an employee is involved in any type of misconduct or bad behavior with the office colleagues or if the employee is involved in theft of the company's property or if he/she is absent from his duties or if he/she is not performing well. Charge sheet is issued to the employee in above mentioned cases for which he has to give an explanation for the charges which are imposed against him and if the employee neglects the charge sheet then a serious action is taken against him which can result in employment termination from the organization.

Find below various Types of Charge Sheet Sample Format for better understanding and quick uses

Charge Sheet Proforma Suggested

CHARGE SHEET TO AN EMPLOYEE FOR HABITUAL ABSENTEEISM

Date:_____

To

Mr. /Ms. _____

Following are the charges against you:

After observing you for a long period of time we found that you are in habit of absenting yourself from the duties without any prior information and leave sanction. Your absenteeism has increased a lot from last one year.

Month Dates No. of days of unauthorized absence

XXX

XXX

XXX

XXX

XXX

XXX

You have been advised many times to improve your attendance and not to indulge in absenteeism. But despite this advises/reprimands and assurance given to you, you have not shown any improvement in your attendance.

We also observed that you are habitual of absenteeism, which effects the work of the company. You need to give an explanation for the misconduct within three working days. In case we do not receive any explanation from you in the given time period the management is free to take any action as desired.

For

(Authorized Signatory)

What is Show cause notice meaning & hearing?

Show cause notice means a Court order that requires a party to appear before the court and explain why a certain course of action should not be taken against it. If the party cannot convince the court or fails to appear, that course of action is taken.

Understand with Show cause notice format & Sample Letter

Show cause notice means an order issued by a Court, Competent Authorities or an Organization asking an individual or a group of people to explain or to "show cause" in writing as to why the disciplinary action should not be taken against the individual or the group of people involved in certain incidents, misconduct, poor performance and wrongdoing. Order to show cause is issued by the authority or the Management after reviewing the entire incident and if finds that the person accused or may involved in wrongdoing and it is also to give a fair chance of hearing him and his explanation towards his/her actions and so avoid disciplinary action. Below, we have described the several reasons a person may receive a show cause notice, including how to write and respond to this kind of notice or letter.

Within a legal context, the court can issue a show cause order that requires a party to present before the court for explanation why a certain course of action should not be initiated against that party. For example if due procedure was not followed while filing a complaint, the court may issue a show cause order, to the investigating authority and lawyer regarding the same. The court will then conduct a show cause hearing, where the investigating authority and the lawyer will have to bring the proof and evidence and submit all facts and figure to explain the court that why the due course of action was not followed. If the lawyer fails to appear or if the explanation is weak the court may dismiss

that case or issue the order to re-open the case and may ask for further investigation and appeal and bring that into the hearing.

Another example would be in an academic or educational context. If college authorities suspect a student of malpractice or some other gross misconduct or violation of college rules, a show cause letter may be issued asking the student to explain to the concerned college authorities why disciplinary action should not be taken against him/her. When a student receives a show cause notice it means that the college has already decided upon his/her punishment but is giving the student a final opportunity to respond and avoid being punished.

An order to show cause can be used by employers if there are legitimate grounds to dismiss an employee. These may be due to an employee's ongoing behavioral, negligence at work or poor performance issues. Or because the unsatisfactory conduct was particularly serious in nature, as in the case of assault, harassment or theft. Even after they have received counseling or guidance, if the behavior still continues the same as it was an employer may issue a show cause notice to an employee regarding imminent punishment.

More to Read : Functions of Recruitment Management Software

How to write show cause notice or order to show cause & its Reply?

It is never easy to write Show cause notice because you know it will cause another person a great deal of distress.

The show cause notice or a letter should be very simple and brief. It is important to mention the specific reason why the person is receiving the notice and state clearly what are the consequences of not replying to the notice. The notice should be address to the concern person only and it is better to also add the employee code number as well if any to avoid any kind of duplicity or confusion. The kind of notice can be given by hand and also sent to their residential address and the receipt should be kept in record for further reference.

If a person receives an order to show cause it must be given the highest priority and must be taken very seriously, because it may just be the only chance to avoid termination, expulsion or even criminal charges. The show cause notice must be replied with

explanation as soon as possible. Keep it brief and assure your employer that you are aware of the gravity of the situation and will respond accordingly.

Find below kinds of Show cause notice & its replies as sample format and readymade template in doc and pdf for quick uses:

Show Cause Notice Sample Template

Date:_____

To

Mr._____

Sir,

SHOW CAUSE NOTICE

It has been reported that you introduced Mr., S/O _____ R/O _____ for loan for the purpose of crops and the loan amount was Rs. _____/- for the season dated_____. On your initiations, crop loan of Rs. _____/- was granted and cheque was given on dated_____. When there was no loan amount paid back by him and the loan amount became outstanding, then one of our field staff after verification found that no cane was cultivated in his area .On further verification it is learnt that the cheque was deposited in the Dist Co-Operative Central Bank Limited, Medak on dated_____. It was found that you have endorsed on withdrawal

form _____ of
the bank, which was in the name of Mr. _____ and received the amount of Rs. _____/-. It
clearly shows that you have acted with an ulterior motive for a wrongful gain. Therefore
you have cheated the company and caused loss to the company. You're above acts amount
to misconduct under the Model Standing Orders applicable to you.

Hence you are hereby call upon your explanation within three (3) days from the date of
receipt of this notice, why appropriate disciplinary action cannot be taken against you for
your misconducts, In case no reply is received within the stipulated time strict action will
be taken against you it will be presumed that you have no explanation to submit and
further action will be initiated against you.
Dy. _____ General Manager _____ (Process)

Cc:1. General Manager, Place _____

2. President, Place _____



Dnyansagar Institute of
Management & Research

What is suspension? Find examples of employee job suspension letter for misconduct, See given Sample format:

Suspension means “Stop for a while” is a temporary ban or deprivation or stop of performing on position role & duties and also stop on the privileges granted for a period of time.

Objective of suspension letter

Suspension is a part of disciplinary process in which an employee can be suspended on their misconduct and mis-behavior with management, seniors, and colleague or with business associates as well.

More about Suspension Letter

The employer can suspend also suspend an employee on few more certain grounds such as non performance and breach of contract of employment and conduct which may leads to negative impact on the name of the company and its business and services. The suspension on job and employment can be with or without notice and also be with or without pay for a period of time which is not fixed.

The employer keeps the right to suspend any of their employees based upon the certain company policies and under legal terms and condition of the employment an employee can be suspended from the employment. It also helps to maintain the discipline in an organization and this also helps maintaining a healthier decorum at the work place

Employee job suspension order or letter is mainly issued based on the charge sheet and the show cause letter. Suspension take place after considering various factors such as keep him or her suspended from work with pay or without pay that final call is taken by the management.

Find below various suspension sample letter also available in doc and pdf format for Examples which help you understanding more about suspension order or Letter.

Read more : How to write a rejection letter or email for offer after interview.?

Employee Job Suspension Letter for misconduct

Sample Letter format for example

Date: _____

To

Mr. / Ms. _____

Emp. No _____

Designation _____

The charges against you for gross misconduct and indiscipline have been leveled in accordance with Company Service.

Rules / Standing Order No _____ as per charge-sheet dated _____ sent to you.

Now, therefore, you are hereby placed under suspension with effect from _____ under clauses _____ of the Factory / Company Rules / Standing Orders. Your suspension has been considered necessary in order to maintain proper discipline in the Factory / Company / Establishment and to conduct proper enquiry against you.

You will be entitled to receive suspension allowance of Rs _____/- During the period of suspension.

AUTHORISED SIGNATOR

Prof. Dhananjay Bhavsar

www.dimr.edu.in

Chapter 1 EPF & Miscellaneous Act, 1952

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History

Preamble

Chapter 1:

The Employee's Provident Funds &

Miscellaneous Provisions Act, 1952

Provident Fund Benefits

Benefit to India Benefit to Human Resource

Retirement

Benefit

Insurance

Benefit

Saving

Benefit

The first

Provident

Fund Act

regulating

the provident

funds of

some private

concerns was

limited in

scope.

1925

Royal

Commission on

Labour stressed

the need for

formulating

schemes for

instituting

provident funds

for industrial

workers.

1929

In the Indian Labour

Conference it was

generally agreed that the

introduction of a

statutory provident fund

scheme for industrial

workers might be

undertaken. To test such

a scheme in a restricted

field, the Coal Mines.

1948

The success of this

Scheme led to the

demand for its

expansion to other

industries. The

Ordinance promulgated

on November 15, 1951

was replaced by the

Employees' Provident

Funds Act, 1952.

1952

Preamble

Scope

The Act seeks to provide for

the institution of provident

funds, pension funds and

deposit linked insurance funds

for employees in factories and

other establishments.

Commencement

Act commenced from

1952

Geographical

Act applies to whole of

India except for J &K.

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Applicability & Non Applicability of Act

Applicability

General Applicability

- (i) Every establishment which is a factory engaged in any industry specified in Schedule I and in which 20 or more persons are employed ; and
- (ii) Any other establishment which employs 20 or more persons or class of such establishments which the Central Government may, by notification in Official Gazette specify in the behalf.

Extended Applicability

A. By CG: By giving a not less than 2 months' notice to any Establishment even if it employs less than 20 employees.

B. By Central PF Commissioner: By notification in OZ, on an application received from Employer and majority of Employees.(Voluntary Applicability)

Continued Applicability

An establishment to which this Act applies must continue to be governed by this Act, even if the number of persons employed therein falls at any time below 20.

Notification No.

The Ministry of Labour & Employment through the Notification specified

Geographical

Act applies to whole of India except for J &K.

EPF & Misc Act EPF & Misc Act EPF & Misc Act EPF & Misc Act EPF & Misc Act
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Factory or Any Establishment:

Where 20 or more employees are employed or number of employees which are provided
by CG.

Factory or Any Establishment:

Where Less than 20 employees are employed.

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Any Establishment:

Where application is made to Central PF commissioner by Employer and by majority of employees for applicability of act.

Municipal Councils and Corporations:

As all of them are notified by CG in notification number 8th January 2011.

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S.O. 30 (E), dated 8 January, 2011

that the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 shall also apply to "Municipal Councils and Municipal Corporations constituted under sub-clauses (b) & (c) of clause (1) of Article 243Q of the Constitution of India.

Non Applicability

Co-operative Society

- (i) Registered under the Co-operative Societies Act, 1912 or similar law in any State &
- (ii) employing less than 50 persons, and
- (iii) working without the aid of power.

Establishments under control of CG

- ☐ any establishment belonging to or under the control of the CG or SG, and
- ☐ whose employees are entitled to the benefit of contributory provident fund or old age pension in accordance with any scheme or rule framed by the CG or SG governing such benefits.

Establishments set up by or under any Act

- ☐ any other establishment set up under any Central, Provincial or State Act
- ☐ whose employees are entitled to the benefits of contributory provident fund or old age pension in accordance with any scheme or rule framed under the Act governing pension in accordance with any scheme or rule framed under that Act governing such benefits.

CG may exempt any establishment based on its financial position.

Class of Establishments exempted by CG

- ☐ CG may, by notification in OZ, exempt-

(i) Any class of Establishments, or

(ii) Any individual Establishment, if it constitutes a class within itself.

- ☐ The exemption is granted taking into consideration-

(i) The financial position, or

(ii) Other circumstances of the case, or

(iii) On the opinion of the CG that it is expedient to do so.

- ☐ The exemption shall be for such period and subject to such conditions as specified, either retrospectively or prospectively.
- ☐ Such exemption by CG cannot be granted to an individual establishment.

Important Definitions Appropriate Government: 2(a)

“Appropriate Government” means:

- (i) in relation to an establishment belonging to, or under the control of Central Government or in relation to an establishment connected with ‘a railway’ company, a major port, a mine or an oilfield or a controlled industry, or in relation to an establishment having departments or branches in more than one State, the Central Government ; and
- (ii) in relation to any other establishment, the State Government.

Establishments under CG

Establishments under SG

(For e.g. Maharashtra SG)

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Basic Wages: 2(b)

“Basic wages” means all emoluments which are earned by an employee while on duty or on leave or on holidays with wages in either case in accordance with the terms of the contract of employment and which are paid or payable in cash to him, but does not include:

- (i) the cash value of any food concessions ;
- (ii) any dearness allowance (that is to say all cash payments, by whatever name called, paid to an employee on account of rise in the cost of living), house rent allowance, overtime allowance, bonus, commission or pay and other similar allowance payable to the employee in respect of his employment or of work done in such employment ; or
- (iii) any presents made by the employer.

Mind Benders 1. Whether emoluments paid to all employees and not only to some employees constitute part of basic wages? Ans: *Burmah Shell Oil Storage & Distributing Co. of India Ltd. Vs. R.P.F. Commissioner* (1981) 2 LLJ 86 Del Emoluments which are paid to all the employees of a concern while on duty shall constitute basic wages, whereas such emoluments which are paid to some of the employees of a concern, they do not form part of the basic wages. 2. Whether production bonus or incentive is part of basic wages? Ans: *Bridge and Roof Co. Vs. U.O.I.* AIR(1963) SC 1474] Production bonus and incentives wage is not the part of the basic wages. 3. Whether adhoc payments made to employees forms part of basic wages? Ans: *Shree Changdeo Sugar Mills Vs. UOI*, (2001) 1 LLJ 698 SC Where adhoc payments are like presents made by the employer, it cannot be included in basic wages but where adhoc payments are paid under a settlement for period during which employees were deemed to be on duty, then it will form the part of basic wages.

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Employer: 2(e)

“Employer” means :

(i) in relation to an establishment which is a factory- The owner or occupier of the factory including the agent of such owner or occupier, the legal representative of a deceased owner or occupier and where a person has been named as manager of the factory under clause (f) of Sub-section (I) of Section 7 of the Factories Act, 1948 the person so named is the employer ; and

(ii) in relation to any other establishment, The person who, or the authority which, has ultimate control over the affairs of the establishment, and where the said affairs are entrusted to a manager or managing director, such manager, managing director or managing agent is the employer.

Employee: 2(f)

“Employee” means any person-

(i) who is employed for wages in any kind of work, manual or otherwise, in or in connection with work of an establishment, and

(ii) who gets his wages directly or indirectly from the employer.

Any kind of work

EmployerEmployerEmployerEmployerEmployerEmployerEmployerEmployer

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Owner

Occupier

Agent

Legal Representative

Manager

Person who have Control

Manager or managing director

Managing Agent

EmployeeEmployeeEmployeeEmployeeEmployeeEmployeeEmployeeEmployeeEmployee

MeansMeansMeansMeansMeans

Includes Includes IncludesIncludes

Person who is employed in any kind of work for establishment.

Who gets wages directly or indirectly from employer.

Person who is employed through contractor.

Person who is appointed as apprentice but not under any apprentice law.

Workman

Workman

Contract workers

Apprentice

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Whereas term employee includes following person-

(i) Any person employed by or through a contractor in or in connection with the work of the establishment;

(ii) Any person engaged as an apprentice, not being an apprentice engaged under the Apprentice Act, 1961, or under the standing orders of the establishment.

Whether a person is an employee or not, it rests on the relationship of master and servant [Mysore State Coop. Printing Works v. R. P. F. Commissioner (1976) Lab IC 1307 Ker]. A partner is not considered as an employee of the firm as the partner cannot be an employer and employee at the same time.

Relation matters

Factory: 2(f)

“Factory” means any premises, including the precincts thereof, in any part of which a manufacturing process is being carried on or is ordinarily so carried on, whether with the aid of power or without the aid of power.

Establishment: 2A

If an establishment consists of different departments or has branches whether situated in the same place or indifferent places, all such departments or branches shall be treated as parts of the same establishment.

Employee's Provident Fund Scheme (Sec 5)

Sec Particulars Description 5(1) Scheme Framed by

1. CG by notification in OZ.

2. It specifies the establishment / Class of establishments to which the scheme shall apply or become applicable. Scheme Created for

Establishment of provident funds for employees / class of employees. Scheme Gives rise to

Creation of Provident fund. 5(1A) Fund Managed by

Central board of trustees constituted u/s 5A. 5(1B) Scheme provides for

All or any of the matters specified in scheme II 5(2) Period of Effect of scheme

1. Prospectively

2. Retrospectively from such date as may be specified.

Chapter 1 EPF & Miscellaneous Act, 1952

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Schemes SchemesSchemesSchemes

Employee's Provident Fund Scheme (Sec 5)

Eligibility to Join scheme

Every employee other than exempted employees will be eligible from date of employment.

Contribution (sec 6)

Employers: 10% normally / 12% if CG notifies of (Basic + DA + FA + RA)

Employees>employer's contribution

Max wage ceiling for calculation: Rs. 15000

Basis of Calculation

Contribution shall be calculated on basis of basic wages, DA & RA drawn during whole month, paid in any manner.

Payment of Contribution

1. PF is statutory liability shall be paid in 1st preference.
2. Employee's contribution shall be deducted from his salary.

Investment of Contribution

Board of Trustee will invest the funds as per the plan approved by CG & will give interest on same as recommended by CG.

Advances and withdrawals

Employees are allowed to withdraw from their account for specific purpose.

Employee's Pension Fund Scheme (Sec 6A)

Scheme Framed by

CG by notification in official gazette of India

Objectives

To provide for: a) Superannuation b) pension c) Retiring Pension d) Disablement pension e) widow / widower pension f) children / Orphan Pension.

Scheme gives rise to

Creation of Pension Fund for deposit of:

- a) Employer's PF's Contribution max 8.33% of (Basic + DA + FA + RA).

- b) Amount payable by employer for exempted establishment.
- c) Net assets of employee's family pension fund transferred to new pension fund.
- d) Such amount as prescribed by CG.

Pension fund coming into Existence

Old Family pension fund will cease from the day employee's pension fund come into existence.

Fund managed by

Central board of trustee u/s 5A.

Eligible Employees

1. Employee's of old family pension scheme
2. New subscribers of provident fund scheme.
3. At least 10 yrs of service
4. Pension at age of 58 yrs at normal rate / from 50 to 57 yrs at reduced rate.

Contribution Rules

- a) Employer's PF's Contribution max 8.33% of (Basic + DA + FA + RA).
- b) Pay within 15 days from end of month.
- c) CG will also contribute 1.16% of employee's pay & credit it to fund. (max employee's pay Rs. 15000).

Pension

Min monthly pension @ Rs. 1000.

Employee's Deposit Linked Insurance Scheme (Sec 6B)

Scheme Framed by

CG by notification in official gazette of India

Scheme Created

For providing life insurance benefit to employees.

Scheme gives rise to

Creation of DLIS in which employer shall pay 1 % of (Basic + DA + FA + RA) & $\frac{1}{4}$ of above contribution as admin charges.

Fund managed by

Central Board of trustee u/s 5A

Eligible employees

All employees of every entity who are member of PF scheme.

Nomination

Nomination of PF scheme will be considered as nomination in DLIS.

Benefit

Calculation of compensation shall be made as follows:

a) Avg monthly wages of last 12 months (max to Rs. 15000 X 20 (times))

b) Lower of: Avg balance in account (i) in last 12 months / (ii) during membership. But if Avg balance exceeds Rs. 50,000 then amount payable will be 50,000 + 40% of excess max upto Rs. 1,00,000.

c) higher of a) & b) will be calculated.

d) Compensation = the amount calculated as per c) shall be increased by 20%

Exemption

In case of better scheme accepted by majority of employees.

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Calculation of Provident Fund Salary Monthly Notified by CG? Rate of contribution

Employers Contribution minimum Employees Contribution Minimum Total Contribution

Years of service Compensation

10,000

No

10%

1000

1000

2000

20

4.80 lacs

10,000

Yes

12%

1200

1200

2400

20

5.76 lacs

22,000

No

10%

1500

1500

3000

20

7.20 lacs

22,000

Yes

12%

1800

1800

3600

20

8.64 lacs

Calculation of Pension fund and its contribution Salary Monthly Notified by CG Rate of PF
Employers Contribution Minimum Contribution to Pension scheme 8.33% Amount to PF
scheme Retirement after __ years Pension amount per month

10,000

No

10%

1000

833

167

58

1000

22,000

No

10%

1500

1250

250

58

1000

10,000

Yes

12%

1200

833

367

50

970

22,000

Yes

12%

1800

1250

550

50

970

Calculation of Pension fund and its contribution (1) Average monthly salary 12 mths (2) 20 times of lower of (1) or 15000 (3) Average balance DLIS of 12 mths (4) Average balance of DLIS during membership (5) Lower of (3) & (4) (6) Actual or 50,000 + 40% of excess above 50,000 as per (5) (7) Lower of Rs 1 lac or (6) (8) Higher of (2) or (7) (9) 20% of (8) (10) Compensation for DLIS

10,000

2 Lacs

40,000

30,000

40,000

40,000

40,000

2 Lacs

40,000

2.40 lacs

22,000

3 Lacs

30,000

40,000

30,000

30,000

30,000

3 lacs

60,000

3.60 lacs

12,000

2.40 lacs

2.5 lacs

3.2 lacs

2.5 lacs

1.30 lacs

1 lac

2.4 lacs

48,000

2.88 lacs

25,000

3 lacs

80,000

60,000

60,000

54,000

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2000

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2 lacs

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2 lacs

1.10 lacs

1 lac

1 lac

20,000

1.20 lacs

3000

60,000

30,000

40,000

30,000

30,000

30,000

60,000

12,000

72,000

Maintenance of own provident fund account (16A)

The Central Government may, on an application made to it in this behalf by the employer and the majority of employees in relation to an establishment employing one hundred or more persons, authorise the employer by an order in writing, to maintain a provident fund account in relation to the establishment subject to such terms and conditions as may be specified in the Scheme.

Exception- No authorisation shall be made under this sub-section if the employer of such establishment had committed any:

(a) default in the payment of provident fund contribution, or

Minimum 100 employees

Chapter 1 EPF & Miscellaneous Act, 1952

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other offence under this Act during the three years immediately preceding the date of such authorisation.

Maintaining of accounts, submitting returns, deposition of contribution etc.- Where an establishment is authorised to maintain a provident fund account as aforesaid, the employer in relation to such establishment shall maintain such account, submit such return, deposit the contribution in such manner, provide for such facilities for inspection, pay such administrative charges, and abide by such other terms and conditions, as may be specified in the Scheme.

Maintain accounts regarding PF

Cancellation of authorization- Any authorisation made under this section may be cancelled by the Central Government by order in writing if the employer fails to comply with any of the terms and conditions of the authorisation or where he commits any offence under any provision of this Act. Before cancelling the authorisation, the Central Government shall give the employer a reasonable opportunity of being heard.

Cancellation of authorisation in case of offence

Exemption to Specific Undertakings from application of act (17)

Exemption from rules in force

While granting exemption, the appropriate Government shall examine that following terms are not less favourable than the terms of law.

(i) with respect to the rates of contribution, or

(ii) with respect to other provident fund benefits

No exemption under this Section shall be made without consultation with the Central Board.

Exemption from operation of pension schemes on employees

If the benefits enjoyed (all taken together) in respect of provident fund, gratuity or old-age pension are not less favourable than the benefits provided under this Act or the Scheme. But no such exemptions can be granted in respect of a class of persons, unless majority of the class of the employees apply to appropriate government.

Exemption to establishment from the operation of the Insurance scheme

1. The Central Provident Fund Commissioner may grant exemption.
2. Exemption will be granted if it is requested to do so by the employer.
3. Exemption will only be granted if he is satisfied that the employees of such establishment are, without making any separate contribution or payment of premium, in enjoyment of benefits in the nature of life insurance and such benefits are more favourable.

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In case of entity Employees > 100

No default in payment of PF in last 3 years

No offence have been committed in last 3 years

Cancellation of Authorisation if above terms are not complied or default in compliance with any provisions of this act.

The employer in relation to such establishment shall maintain such account, submit such return, deposit the contribution in such manner, provide for such facilities for inspection, pay such administrative charges as required.

EPF & Miscellaneous Act, 1952 Chapter 1

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Responsibilities of employers in relation to an exempted establishments

1. Maintain such accounts, submit such returns, make such investment, provide for such facilities for inspection and pay such inspection charges as the Central Government may direct.

2. Shall not reduce the total quantum of benefits in the nature of pension, gratuity or provident fund to which any such person or class of persons was entitled at the time of the exemption.

3. In case of transfer of employee, transfer the amount of accumulations to the credit of the person in the provident fund to the credit of that person's account in the provident fund of the establishment in which he is re-employed within time specified by CG.

Cancellation of exemption

The exemption granted under this Section can be cancelled in case of failure on the part of an employer to comply with the terms and conditions imposed on which exemptions were granted under various sub-sections mentioned above. In that case, the accumulations to the credit of an employee would be transferred to the employee's accounts or funds as directed by CG.

Transfer of accounts (17-A)

Either transfer to fund of new employer or transfer to employee directly.

Either transfer to fund of new employer or transfer to employee directly.

The amount will remain in the PF account of employee only employer is changed.

Where an employee of an establishment to which this Act applies leaves his employment and obtains re-employment in another establishment to which this Act does not apply- then the amount of accumulations to the credit of such employee in the Fund or, as the case may be, in the provident fund in the establishment left by him shall be transferred to the credit of his account in the provident fund of the establishment in which he is re-employed, if the employee so desires and the rules in relation to that provident fund permit such transfer. This transfer has to be made within such time as may be specified by the Central Government in this behalf.

Conversely, when an employee of an establishment to which this Act does not apply leaves his employment and obtains re-employment in another establishment to which this Act applies- then the amount of accumulations to the credit of such employee in the provident fund of the establishment left by him, if the employee so desires and the rules in relation to such provident fund permit, may be transferred to the credit of his account in the fund or as the case may be, in the provident fund of the establishment in which he is reemployed.

Liability in case of transfer of establishment (17-B)



Liability of transferor and transferee in case of transfer of establishment in regard to the money due under: (a) the Act; or (b) the Scheme; (c) Pension Scheme. In the case of transfer of the establishment brought in by sale, gift, lease, or any other manner whatsoever, the liability of the transferor and the transferee is joint and several, but is limited with respect to the period up to the date of the transfer. Also the liability of the transferee is further limited to the assets obtained by him from the transfer of the establishment.

Transfer of PF balanceTransfer of PF balanceTransfer of PF balanceTransfer of PF
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Old: Act applies

New: Act do not apply

Old: Act do not apply

New: Act applies

Old: Act applies

New: Act applies

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Management & Administration of the Schemes under the Act (5A, 5AA)

Other Provisions

☐ Both, Central Board and Executive Committee shall be constituted by the Central Government by a notification in Official Gazette.

☐ State Board (Section 5B): The Central Government may constitute Board of Trustees for the State in consultation with the Government of that State. The State Board shall exercise such powers and perform such duties as the Central Government may assign to it from time to time.

☐ Board of Trustees to be body corporate (Section 5C): The above Central Board or the State Board shall be a body corporate under the name specified in the notification constituting it, having perpetual succession and a common seal.

☐ Validity of the Acts & Proceedings (Section 5DD): Acts and proceedings of the Central Board or Executive Committee or any State Board constituted there under shall not be invalidated merely on the grounds that there was any vacancy in, or any defect in constitution the said authorities.

Power of CG to appoint officers :Sec. 5D

1. Central PF Commissioner: He shall be the Chief Executive Officer of the Central Board. He shall be subject to the general control and superintendence of that Board.

2. Financial Adviser & Chief Accounts Officer: They shall assist the Central Provident Fund Commissioner in the discharge of his duties.

3. Additional/Deputy/Regional/ Assistant PF Commissioners & other Officers: CG may appoint such number of officers as it deems necessary.

4. State Board officers: State board may appoint such officers in State Boards constituted by the CG with prior consultation with concerned SG.

Sec. 5A

Central Board (CB)

Sec. 5AA

Executive Committee (EC)

1 = Chairman

1 = Vice Chairman

1 = Ex-CPF Commissioner

5 ≥ CG Officials

15 ≥ SG Representatives

10 = Representing Employers

10 = Representing Employees

Terms

☐ Terms of appointment, time, manner & procedure of meetings of Board as per scheme.

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Determination of Application of act and monies due from employer (7A)

Dispute regarding

Nature of Dispute

1. Dispute regarding applicability of act.

2. Amount due from any employer under any provision of the act and the scheme. The amount due may be in respect of:

a. Contribution

b. Administration charges

c. Interest payable to employer for delayed payment

d. Any other amount payable for employer.

Who is empowered to determine the dispute?

1. Central provident fund commissioner.

2. Additional provident fund commissioner

3. Deputy Provident fund Commissioner

4. Regional Provident fund commissioner.

Powers of Officer

Powers of the Authority

- (i) Making necessary enquiries
- (ii) Follow principles of natural justice
- (iii) To pass necessary orders
- (iv) To have same powers as vested in civil courts for-
 - (a) Enforcing attendance
 - (b) Requiring discovery and production of documents
 - (c) Receiving evidence on affidavit
 - (d) Issuing commissions for examination of witness

Review of Orders passed under sec. 7A

Any person aggrieved by an order u/s 7A

The officer himself on his own motion

- ☐ If new and important evidence is discovered which was not known to employer earlier even after due diligence.
- ☐ Mistake or error apparent from records
- ☐ Any other sufficient reason

Application for Review to officer

Officer rejects if no sufficient grounds for review

Officer Grants the Review and passes order

No appeal possible against order of rejection

Appeal can be filed against such order

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Penalties : (14)

Section

Offence

Person liable

Penalty

14(1)

Knowingly making or causing to be made false statement or false representation

Any person

doing so

Jail \leq 1 Year

And/or

Fine \leq Rs.5,000

14(1A)

Default in payment of contribution

An employer

1 Year \leq Jail 3 Year , AND

Fine \leq Rs.10,000

(Court may reduce jail term)

Default in payment of administration charges or inspection charges

An employer

14(1B)

Default in payment of contribution or inspection charges relating to Employees Deposit
Linked Insurance Scheme

An employer

6 Months \leq Jail 1 Year , AND

Fine \leq Rs.5,000

14(2)

Default in complying with provisions of the Act or scheme

Any person who defaults

Jail \leq 1 Year, And/or

Fine \leq 6 Months

14(2A)

Residual Penalty e.g.-

(i) Contravention or default in complying with the provisions of the Act, or

(ii) Contravention of any condition subject to which exemption was granted under Section 17 of the Act.

Any person who contravenes

1 Months \leq Jail \leq 6 Months, AND

Fine \leq Rs.5,000

Enhanced Penalty : 14AA

Conditions:

(a) there should have been a conviction of offence punishable under this Act or the Schemes,

(b) the person convicted must be found guilty of an offence involving the commission of the same offence i.e. subsequent offence

For every subsequent offence-

2 Years \leq Jail \leq 5 Years, AND

Fine \leq Rs.25,000

Employees' PF Appellate Tribunal : (7D)

Employees' PF Tribunal

(i) Employees' PF Appellate Tribunal is constituted by the CG by a notification in OZ.

(ii) A Tribunal shall consist of one person only to be appointed by the CG.

(iii) A person shall not be qualified for appointment as the Presiding Officer of a Tribunal (hereinafter referred to as the Presiding Officer), unless he is, or has been, or is qualified to be a Judge of a High Court; or a District Judge.

(iv) Tenure of office shall be 5 years from the date of joining or attainment of age of 62 years, whichever is earlier.

(v) Resignation: By notice in writing to CG. He shall continue to hold the office unless he is permitted by CG to relinquish the office, until the earlier of-

(a) the expiry of 3 months from the date of receipt of such notice, or

(b) his successor joins in, or

(c) expiry of his term of office.

(vi) Removal of the officer: He shall not be removed except by the President on the ground of proved misbehaviour or incapacity.

CG will constitute tribunal

Judge of HC or DC will be presiding officer.

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Interest payable by the Employer:

(i) The employer shall be liable to pay simple interest at the rate of 12% per annum or at such higher rate as may be specified in the Scheme on any amount due from him under this Act from the date on which the amount has become so due till the date of its actual payment.

(ii) However, the higher rate of interest specified in the Scheme cannot exceed the lending rate of interest charged by any scheduled bank.

Offences by Companies : Sec. 14A

Offences by companies : Sec. 14A(1)

☐ The section deals with prosecution of the companies & liability of officers, directors, partners, etc.

☐ Company includes firms and other associations of individuals.

Persons Liable

☐ Company, as well as

☐ person in charge of, or

☐ person responsible to the company;

☐ at the time when the offence was committed.

Nature of liability

Company and the person liable both shall be jointly and severally liable.

Proviso to (1) : Protection to company and such person

The company and such person shall not be held liable (i.e. exonerated) if they prove that-

(a) The offence was committed without its/his knowledge; or

(b) It/he exercised all due diligence to prevent the commission of such offence.

Proviso to have limited scope : Sec 14A(2)

If the prosecution proves that the offence:

Copies of order to be sent to parties

Order shall be final AND no further Appeal Possible

Apparent mistake from records + Notice + OOBH if effect is going to increase Liability

Rectification by Tribunal of the Order passed as above

OOBH before passing the order

Employees' PF Appellate Tribunal

Confirm

Remand back to the officer for fresh decision + Direction

Modify

Set-a-side

Any person aggrieved by any notification of CG or orders under the Act

☐ Deposit 75% of the amount determined.

☐ Tribunal can waive or reduce the amount of deposit for reasons to be recorded in writing.

Appeal

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(a) was committed with the consent or connivance; or

(b) is attributable to any negligence on the part of a director, manager, secretary or other officer of the company,

☐ then such director, manager, secretary or other officer shall be deemed to be guilty of the offence and liable to be proceeded against and punished accordingly.

Residual Concepts: (7D)

Protection of action taken in good faith (Section 18)

For actions taken in good faith or intended to be done in pursuance of the Act, No suit, prosecution or other legal proceeding shall lie against -

☐ the Central Government,

☐ a State Government,

☐ the Presiding Officer of a Tribunal,

☐ any authority referred to in Section 7-A,

☐ an Inspector or

☐ any other person

Employer not to reduce wages : Sec. 12

☐ No employer in relation to any establishment

☐ to which any Scheme applies

- ☐ shall by reason only of his liability for the payment of any contribution to the Funds or any charge under this Act or the Scheme,
- ☐ reduce directly or indirectly the wages of any employee or the total quantum of benefits
- ☐ to which the employee is entitled under the term of his employment express or implied.

Officers to be Public Servant (Sec. 18-A)

Following officers shall be deemed to be public servants within the meaning of Section 21 of the Indian Penal Code.

- ☐ The Presiding Officer of a Tribunal,
- ☐ its officers and other employees,
- ☐ the authorities referred to in Section 7-A, and
- ☐ every inspector.

Power to remove Difficulties (Section 22)

- ☐ If any doubt or difficulty arises in giving effect to the provisions of this Act, and particularly, in respect of :

(i) cases where an establishment which is a factory, is engaged in any industry specified in Schedule I;

(ii) whether any particular establishment is an establishment falling within the class of establishments to which this Act applies by virtue of a notification under Section 1(3) (b);
or

(iii) the number of persons employed in an establishment; or

(iv) the number of years which have elapsed from the date on which an establishment has been set up;

(v) whether the total quantum of benefit to which an employee is entitled has been reduced by the employer-

□ then the Central Government may, by order, make such

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provisions or give such directions, not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for the removal of the doubt or difficulty and the order of the Central Government in such cases shall be final.

Delegation of powers (Section 19)

The appropriate Government may direct that any power or authority or jurisdiction exercisable by it under this Act, the Scheme, the Pension Scheme or the Insurance Scheme shall be exercisable also

a. where the appropriate Government is the Central Government, by such officer or authority subordinate to the Central Government or;

b. where the appropriate Government is a State Government by such officer or authority subordinate to the State Government as may be specified in the notification.

Fund to be recognised under the Income-tax Act, 1961 (Section 9)

☐ For the purposes of Income-tax Act, 1961, the Fund shall be deemed to be a recognised Provident Fund.

☐ Even if any provision of the Scheme under which the Fund is established is repugnant to any of the provisions of the Income-tax Act in this regard, the provision of the Scheme remains effective and operative.

Recovery Proceedings (8)

What are the amounts to be recovered?

In case EPF Act applies

In case of Exempted Establishments

(i) Any amount due in respect of any contribution payable to the EPF/the Insurance fund.

(ii) Amount due in relation to damages recoverable under section 14 B,

(iii) Amount due in relation to accumulations required to be transferred under section 15(2) / 17(5),

(iv) Amount due in relation to any charges payable under any other provisions of the Act or Scheme.

(i) Amount due in relation to any damages recoverable under section 14 B,

(ii) Amount due in relation to any charges payable to the appropriate Government under this Act/ under any conditions specified in section 17,

(iii) Amount due in respect of the contribution payable towards the pension scheme under section 17.

Who can order the recovery?

(i) Central PF Commissioner, or

(ii) Any other officer authorised by the CG.

Order of recovery to whom?

A certificate under the signature of the Authorised officer is issued to 'Recovery officer (RO)' specifying the amount of arrears.

Jurisdiction of Recovery officer

The authorised officer may forward the certificate to such recovery officer under whose jurisdiction the employer-

(a) carries on his business or profession or within whose jurisdiction the principal place of the establishment is situate; or

(b) resides or any movable or immovable property of the establishment

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or the employer is Situated.

Employer having properties in multiple jurisdictions

The Recovery officer may transfer the certificate to the concerned Recovery officer(s) if –

a. the employer has properties within the jurisdiction of more than one Recovery officer, and

b. the Recovery Officer to whom a certificate is sent by the authorised officer is not able to recover the entire amount by the sale of the property, movable or immovable, within his jurisdiction; or

c. he is of the opinion that, for the purpose of expediting or securing the recovery of the whole or any part of the amount, it is necessary so to do.

Duties of Recovery Officer

Recovery Officer on receipt of such certificate, shall proceed to recover the amount specified therein from the establishment or as the case may be, the employer by one or more of the modes mentioned below :

a. attachment and sale of the movable or immovable property of the establishment or, as the case may be, the employer;

b. arrest of the employer and his detention in prison;

c. appointing a receiver for the management of the movable or immovable properties of the establishment or, as the case may be, the employer.

Other Modes of Recovery

- (i) Deduction from the amount of arrears
- (ii) Issue of Notice in Writing demanding payment
- (iii) Application to court
- (iv) Detain (Seizure) and sale of the movable property

