**Employee Increment Policy**

**Policy of Increment**

From [start date], the new increment policy will be in effect.

If there is an existing or prevailing increment policy, it will be superseded by this policy.

**Objectives**

The policy's goal is to reduce ambiguity and introduce consistent, streamlined procedures. A procedure that is realistic, enforceable, practical, and acceptable to everyone.

Increment or salary revision is a merit-based increase that cannot be considered as a matter of right by every employee.

**Eligibility Criteria**

Employees who have worked for more than [number of months] months but less than a year [or mention the eligible duration] are eligible for an increase beginning in the following fiscal year.

Employees who have received appointment letters and have completed [no. of months, for eg.six months] of continuous employment from the date of hire are eligible for an increase. Increment will be pro-rated for these employees for only [no. of months] months.

Employees who were promised a review when they started and have completed at least [months] months of employment will be considered an exception. Employees in this category will also be eligible for a pro-rata raise.

**Increment Cycle**

The increment year and the fiscal year are both the same. I.e., [mention your company’s financial year]. As a result, every employee who started on or before [mention the date] is eligible for a pro-rated (6-month) raise. Similarly, everyone who joined on or after [mention the date] will be ineligible for an increase as of [Date]. However, such employees will be entitled for a pro-rata raise beginning [Date] of the next fiscal year. There may be a few CAs or other workers who have worked for [duration in months] months or more but less than [number of months] months. These cases may be examined based on the commitment made to those individuals on or before joining.

**Value & Percentage Increment Standards in the Industry,**

**Norms:**

While the percent or value cannot be set, chosen, or fixed as a matter of policy each year, it is important to understand the goal, history, and philosophy of compensation revision.

1) Salary modifications or increments are primarily intended to balance inflation;

2) Merit-based increments are highly motivating and mutually gratifying; and

3) Recognize and reward high-performing employees while counseling low-performing employees.

4) One of the exercise's goals is to identify high- and low-performing employees.

5) Finally, but certainly not least, strategize corporate, firm, and individual visions, as well as mission goals.

With these goals in mind, determining a % or an amount that each individual will get as a raise upon becoming eligible is tough.

Increments are determined by the following factors:

1) company profits,

2) company margins,

3) department contribution,

4) Contribution of Individuals,

5) Industry Trends,

6) Economic trends in India,

7) Stakeholder feedback (Colleagues, peers, subordinates, vendors, and customers)

**Methodology for Performance Appraisal:**

There are various approaches for evaluating performance (Performance Appraisal)

Managerial review, peer review, 360-degree review, and so on.

However, the most common ones are:

1) Self / Individual Appraisal,

2) The Manager's Review,

3) Review of the Joint Committee,

4) Review of the HOD

5) Review of management (HOD) with HR

6) Final Assessment

**As a criterion, performance ratings are used.**

Individual performance will be tied to increments.

Categorization is the most ideal/common approach of evaluating each individual's performance:

A, B, C, D, E, or 1, 2, 3, 4, 5 on a scale of 1 (lowest) to 5 (highest) or 1 (lowest) to 10 (highest).

A is the highest and 5 is the highest (Outstanding or Excellent Performance category) in both cases, while E and 1 are the lowest (Poor Performers)

Candidates who are rated Outstanding/Excellent fall into the category of "Consistently Exceeds Expectations." Employees who meet these criteria are eligible for Recognition & Rewards. & Underachievers fall into the "Below Expectations" category.

As a guideline, the above-mentioned policy is subject to review and change from time to time.