

HR Leave Policy for Employees – All Rules and Types

Reading Time: 8 minutes

Employees of public and private sector companies are entitled to certain types and specific numbers of leaves per year apart from [holidays](#) and days off. These leaves help them to maintain a proper work-life balance.

The type and number of leaves are based on the employer and industry type you serve in. In India, every state has its leave policies and leave entitlement. Generally, there are three [types of leave](#) that employees can apply for.

What is Leave Policy for Employees?

Leave policies for employees are the guidelines and regulations framed for giving the employees an insight into the types of leaves they are entitled to, Various kinds of leaves that can be availed by them, and the norms associated with them.

An employee can avail different types of leaves in an organization, the implementation of which depends on various aspects such as:

- The duration of employment
- The designation of an employee
- Geographic Location of an Organization
- [Work culture](#) and beliefs
- Company size, etc.

According to Indian Labour Law, employers must provide various leaves for their employees. The Factories Act of 1948, states that Each employee

who has worked at least 240 days of the calendar year, is entitled to get a minimum of one day leave for every 20 days worked, which implies the entitlement to 12 working days of paid or annual leave. 12 paid leaves in a year is mandatory for employers to provide to employees apart from the non-working days.

What is the Importance of a Leave Policy for the Employees and the Organization?

Leave policy is not only essential but also vital for every organization's workflow and employee satisfaction to construct a healthy working environment.

→ Employees satisfaction

[Employee satisfaction](#) is hugely inclined towards their mental peace and harmony. Every human being requires a break from regular life to rejuvenate their mental health for which they take vacation leaves or they apply for leaves in case of sickness, medical emergency, maternity leave, marriage leave, and many other leaves that are availed due to the arousing circumstances which are unavoidable to be absent for.

May it be any case but it largely affects the mental health of employees as most of the time the reason is closely associated with an employee's requirement.

A leave policy frames a certain protocol in which an employee can avail a certain number of leaves a year as well as provides them with multiple leave-applying options thereby eliminating perplexities and arguments regarding the application of leaves.

→ Maintain Organized Work Culture

A leave policy is an organized document that lays down the details

regarding the leave in a year or total days of leave in a month with appropriate authentication from the government and the organization.

This nullifies the chances of conflicts that arise due to the application of leave by an employee. In addition, the leave policy is documented which makes it more authenticated thereby cutting the chances of confusion, over-applications of leaves by employees, and more.

→ **Keep a limit on leaves**

Limitations are vital for every aspect of the business. Especially in case of leaves, it is essential to lay down a framework that would serve as a guideline for both employer and the employee to keep up with workplace harmony.

Leave policy for employees helps keep a limit on the leaves thereby providing sufficient leaves provision which would be beneficial for both employer and the employee.

Limiting leaves also increases the productivity and planning potential of employees to avail the allocated leaves as per requirement not make a farce of it.

→ **Eliminate Grey Areas**

Allocated leaves can be confusing if not framed with proper policy and framework. The basic importance of a leave policy is it helps keep away the company and the organization from perplexity and confusion.

Different kinds of leaves can be availed by an employee including casual leave, sick leaves, sabbatical leaves, and more. So, with a proper leave policy, it is convenient for the employees to avail leave without confusion which further would save their remuneration from loss of pays provision.

In addition, the structured format of the leave policy helps the HR management to maintain the payroll in an organized way where the number of leaves the employee has availed during the entire year or month, available leave balance, the leftover leaves that can be carried forward at the end of the year, period of leave of absence, etc, can be evaluated as per the framed leave policy without any confusion.

→ Higher Productivity

If an employee is satisfied with the work culture of their organization, it becomes commodious for them to connect with the organization which in result yields enhancement of their productivity resulting in the overall growth of the entire company.

In today's era, it is not only essential but also very important on the part of the organization to frame policies that would best suit the mental health of its employees.

A leave policy is structured as per the best approximate leaves that are needed by an employee or the perceived period of leave that should be enough for an employee in the year. This serves harmony and peace to the mental health and professional career of an employee thereby increasing their potential to achieve more and deliver quality service.

→ Evaluate Expenses without complexities

Another vital importance of leave policy for the organization is it provides a standardized way in which various kinds of leaves to various employees with adequate duration allocated are briefed which in return sorts a maximum of leave allocated to the employee (the total of leave availed by the employee in a year, the working days in a week, and leave availed out of it, leave for various reasons like vacationing, maternity, sabbatical and more) during the evaluation of the payroll and makes it convenient.

Evaluating expenses streamlines thereby surging up clarity and keeping away from conflicts that could arise due to complexities in remuneration cuts due to excessive application of leaves.

→ Work-Life Balance

A leave policy promotes work-life balance by allowing employees to take time off for personal reasons, such as vacations, family obligations, or medical needs.

This helps employees maintain their overall well-being, reduces stress, and enhances their [job satisfaction](#).

It further yields the growth of employees both personally and professionally as well as escalates the productivity of the organization.

→ Avoid Conflicts Regarding Leaves

The vital importance of a leave policy that benefits both employer and its employees is it helps avoid conflicts that are probable to arise due to leaves without pay.

Usually, it infuriates employees temperament when there is a cut in their remuneration due to leave which as a result creates internal conflicts among the employee and the management thereby hampering the work environment and flow of working in an organization.

A leave policy gives a clear insight into the total number of leave allocated to an employee in a specified year, specifying the number of casual leaves, and the duration for sabbatical or maternity leaves thereby leaving negligible chances of being unlettered about the leaves allocated hence accepting the cut in pay in case of exceeding leaves without creating farce.

In addition, the optional holiday provision in the leave policy serves as a respectful gesture towards the religious beliefs of employees thereby venerating the diversity in the workforce and building a strong [employee connection](#).

→ Assists in Planning

Leave policy enables employees to plan their leaves as per the allocated leave balances and loss of pay to be availed.

This further gives the manager clarity on the leave to be availed and they can plan the allocated tasks as per the employee availability or could find a supplement before the deadline to get the work done.

This helps in saving time and completing assignments on time without hindrance due to the absence of team members.

Types of leaves

Different kinds of leaves fall under three categories in general which include:

- ▶ **Unpaid leaves**
- ▶ **Paid leaves**
- ▶ **Other leaves (Paid or unpaid)**

Let us take a brief on the above-mentioned types of leaves and the subtypes of each.

→ Unpaid Leave

- ▶ **Loss of Pay (LOP)**

When an employee goes on 'leave' without the prior permission of their manager or senior, then the company considers this as 'loss of pay' leave even if the employee has leave balances in their account.

The company can consider this as LOP because the employee did not inform about the leave of the department / HOD which could have a high potential of disrupting some urgent or serious workflows leading to non-accomplishment of necessary tasks.

► **Leave without Pay (LWP)**

When an employee informs their reporting manager about the leave through a phone call or a message but doesn't have leave credit left in their account, then this leave can be considered as 'leave without pay (LWP)'.

Leave without pay (LWP) and [loss of pay \(LOP\)](#) both are quite similar. Please note that LWP and LOP are subject to corporate policy. The policy of an organization varies from employer to employer. as the work culture, ethics, size of the company, and geographical location of each are different from one another demanding different policies to be framed as per the convenience of the company.

→ **Paid Leave (Sick Leave, Privilege Leave, Casual Leave, etc.)**

Paid leaves are the leaves that are approved by the employer when an employee applies for leave or informs about it, paid leaves are deducted from the leave allocated balance provided to the employee by the organization in a year so they don't have any impact on the remuneration of an employee.

There are various types of paid leaves which are as follows:

► Sick leave

Sick leave is offered when an employee falls sick. It is framed keeping the employee's health in view.

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It is mostly availed by the employees during sickness or any medical emergency.

► Privilege leave

Privileged leave, also known as privileged or special days off, refers to a specific type of leave that is granted to employees for various reasons beyond their regular vacation or sick leave entitlements. Privileged leave is typically provided for special occasions or specific circumstances.

Privileged leaves are provided for planned long leaves for marriage, volunteer or community service leaves, vacations, etc.

► Casual leave

Casual leave, also known as personal leave or short-term leave, is a type of leave granted to employees for personal reasons that do not fall under other specific leave categories, such as vacation or sick leave.

Casual leave is typically intended for unplanned or unforeseen situations that require an employee to be absent from work for a short period.

Casual leaves are offered when an employee needs to take care of family emergencies or to address any personal matters.

► Maternity leave

Maternity leave is especially available for those women employees who are expecting to have a baby through pregnancy and childbirth. No

deductions can be made from the leave account of the female employee.

It is designed for new mothers to recover from childbirth, bond with their newborns, and attend to the needs of their expanding family.

According to the Indian Maternity Benefit Act 1961, new mothers are entitled to take 6 months or 26 weeks of paid leaves for their first 2 children. such type of leave is fully paid by the employer.

► **Paternity Leave**

Paternity leaves are the leaves provided to new fathers to take care of their partners and support the expanding family needs as well as share responsibilities in managing their newly born infant along with their partners.

The duration of such leave can vary from a few days to several weeks according to different company policies and procedures.

► **Compensatory Leave**

Such kinds of leaves are granted to employees for working extra hours beyond their working hours or working on designated holidays.

[Compensatory leave](#) is also known as time off in lieu (TOIL) or earned time off (ETO).

► **Earned Leave**

Earned leaves refer to the accumulated leaves that employees gather during their term of service to avail later for vacation, relaxation, personal emergency, and more.

These are also known as Paid Time off (PTO), annual leave, or vacation leave.

► **Marriage Leave**

These are kinds of leaves that are provided to employees during their marriage. the duration can vary as per the company's policies.

► **Bereavement Leave**

These are the leaves that are granted to employees in the event of the sudden demise of any family member.

→ **Other Leaves**


These are the leaves that can either be paid or unpaid depending upon the designation, term of employment, approvals, tasks assigned, and other relevant factors that have a significant impact on the availability or absence of the employee.

► **Public holidays**

► **Optional/Religious holidays**

► **Vacation Leaves**

► **Sabbatical Leave** (Also known as career leave or extended leave provided for professional or career growth of employees)



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Conclusion

In conclusion, a well-designed and effectively communicated leave policy is essential for any organization. It provides clarity and consistency in

managing employee leave, promotes [work-life balance](#), and supports employee as well as organizational well-being thereby enhancing productivity and efficiency in workflow and workforce.