
UNIT 9: EMPLOYEE BENEFITS

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9.0 LEARNING OUTCOME

On studying this Unit, the learner will be in a position to:

- Understand the significance of employee benefits in the context of employee motivation;
- Understand various ways in which benefits are administered; and
- Discuss various types of benefits.

9.1 INTRODUCTION

Honest, professionally sound and contended employees are a critical element of any programme. It is thus of utmost importance that the best brains in the country are attracted to the public services. They should not only be motivated to enter the services

but also serve in a professional and dedicated manner. This necessitates careful handling of all the major parameters of employee work –life, from induction to retention.

From top to the bottom, center to the periphery, it is employees that make the machinery of administration work. Bacon, philosopher and administrator, has rightly said, “It is vain for princes to take counsel concerning matter, if they take no counsel likewise concerning persons, for all matters are as dead images; and the life of the execution of the affairs lies in the good choice of persons.” Therefore, the first and foremost task is to pay attention to the administration of personnel, if we expect good performance from organisations.

9.2 MEANING OF EMPLOYEE BENEFITS

The efficiency of employees depends substantially on the level of concentration of individual employees at work. Desired state of mind can be attained only if the employees are satisfied and relaxed. This requires beneficial measures both at the work place as well as at home, which can keep them relaxed and tension free. As a contented workforce, employees would develop physical, mental, social and spiritual health and happiness, imminent for success. Therefore, management must give priority to providing adequate measure of benefits to keep the employees contented and well balanced in outlook. The benefits of welfare programmes are as follows:

1. Efficiency in administration.
2. Commitment among employees.
3. Promote the productivity.
4. Happy families.
5. Harmonious relationship at the work place.

The concept of benefits is a dynamic one. Scope is a matter of interpretation in the context of forces which determine societal equilibrium form values. These forces, nonetheless dynamic, may be grouped as, social, economic, cultural, religious and political influence on ‘organisational climate’. The scope of employees’ benefits varies from time to time, organisation to organisation and with different governments.

Terry L. Leap and Michael D. Crino (1990) observe that employee benefit programmes have become an integral part of most compensation packages. Group life and health insurance programs, retirement programs, and vacations and holidays, prepaid legal plans, and dental and optical insurance coverage are among the types of employee benefits commonly found in private and public sector organisations. Today, employee benefits comprise approximately forty percent of the total compensation package.

A comprehensive array of employee benefits is generally believed to aid the organisation in attracting high-quality employees as well as increasing the morale, job satisfaction and motivation of current employees. As employees accumulate seniority in an organisation the employee benefit program may reduce turnover because of favourable group insurance rates and pension vesting arrangements that “time” quality workers to the firm. Finally, employees usually discover that benefits such as group life and health insurance are less expensive than they would be if purchased individually from local insurance

agents because of lower group insurance rates and employer subsidisation of administrative costs and premium payments.

9.2.1 Examples of Employee Benefits

Employee benefits take the form of:

1. *Legally Required payments*
 - a. Old-age, survivors, disability, and health insurance (commonly known as social Security)
 - b. Workers compensation
 - c. Unemployment compensation
2. *Contingent and Deferred benefits*
 - a. Pension plans
 - b. Group life insurance
 - c. Group health insurance
 - i. Medical expense (hospitalisation and surgical)
 - ii. Disability income (short and long term)
 - d. Guaranteed annual wage (GAW)
 - e. Prepaid legal plans
 - f. Military leave and pay.
 - g. Jury duty and bereavement paid leave.
 - h. Maternity leave
 - i. Child care leave
 - j. Sick leave
 - k. Dental benefits
 - l. Tuition-aid benefits
 - m. Suggestion awards
 - n. Service awards
 - o. Severance pay
3. *Payments for Time Not Worked*
 - a. Vacations
 - b. Holidays
 - c. Voting pay allowances
4. *Other Benefits*
 - a. Travel allowances

- b. Company cars and subsidies
- c. Moving expenses
- d. Uniform and tool expenses
- e. Employee meal allowances
- f. Discounts on employer's goods and services
- g. Child care facilities

9.2.2 Purposes of Employees Benefits

Let us mention the important purposes that can be served by encouraging staff benefits:

- i. Identification and development of personal interest with the interest of the organisation.
- ii. Achieving integration in organisational functioning
- iii. Creating will and determination among members of the services for work improvement and innovation.
- iii. Mobilising the available manpower for productive and useful activities in the organisation.
- iv. Keeping the members of the organisation informed of latest developments in the sphere of employee benefits.
- v. Organising informal clubs of youth, women, to serve as centers of discussion and expression of innovative ideas.
- vi. Providing an open forum for the employee to discuss problems and find indigenous solutions which may be efficient and economical for the organisations.
- (viii) Encourage the employee to adopt modern changes which can accelerate the efficiency of the organisation.
- (ix) Arranging extra curricular activities to generate social awareness through publicity.

9.3 TYPES OF BENEFITS

In addition to dearness allowance, house rent allowance, city compensator allowance; the following benefits are also available. Let us discuss some of the important benefits in detail:

9.3.1 Fringe Benefits

Fringe benefits refer to supplements to wages obtained by the employees at the cost of the employers. Fringe benefits are also called wage extras, hidden payments, non wage labour costs and supplementary wage practices. The list of fringe benefits covers numerous items such as pension and other agreed upon payments (employers share only) legally required payments(employer's share only)paid rest periods, lunch periods, etc. payments for time not worked and other items such as profit sharing payments festival or other special bonuses service awards, suggestion awards, free meals, tuition funds etc. Thus fringe benefits embrace both voluntary and involuntary programmes. These

programmes are intended to improve employer employee relations, minimise excessive labour turnover costs and provide a sense of individual security. Fringe benefits can be most effective if they are geared to the preferences of the employee as determined by research programmes. (Dwivedi, 1990)

Fringe benefits have been described as *welfare expenses*, *wage supplements*, *perquisites* other than wages, *sub wages* and *social charges*. Fringe benefits are also known as *non pecuniary incentives* i.e. visualising beyond money wages.

Fringe benefits can be categorised as under (HR Guide, 2005)

- | | |
|--|--|
| (a) Benefits without work | Casual Leave, Earned leave |
| (b) Benefits protecting against hazards | Provident Fund, pension, Gratuity, etc. |
| (c) Facilitative programmes to ease routines of life | Working hours, Medical allowances, Leave travel concession, etc. |
| (d) Recreational programmes | Sports, Dramas, etc. |

Definition of Workman

Generally, government staff covered by the definition of “ Worker” as defined under section 2(1) of the Factories Act, 1948 and “ Workman as defined under section 2(s) of the Industrial Disputes Act , 1947, are classified as industrial staff and who do not fall within these definitions are classified as non industrial staff. Industrial employees are governed by labour laws. These give them substantial rights to form trade unions and to raise industrial disputes. The non industrial employees are governed by the rules applicable to Central Government servants in general.

Industrial Disputes Act 1947

The Industrial Disputes Act 1947 was amended with effect from August 21, 1984 empowering the government to keep their industrial establishments outside the purview of the act, which implies that the industrial workers will have recourse to only to such of those rules as are applicable to other government employees for settlement of their grievances. The notification issued initially for the establishment of the Central Administrative tribunal had excluded the employees covered by the Industrial Disputes Act from the scope and jurisdiction of the Tribunal. However, by a subsequent amendment of the Administrative Tribunals At, 1985(no. 13 of 1985) in 1986 the relevant clause was deleted, thereby bringing the employees governed by the Industrial Disputes Act also within the jurisdiction of the Administrative Tribunal.

Demands for Parity

Industrial employees of the Central Government have always been demanding parity in matters of leave entitlement, holidays, leave encashment and working hours with their counterparts classified as non-industrial employees. The leave entitlements of industrial workers were also examined by the earlier pay commissions. While the first three did not favour any increase in the leave entitlement of industrial workers in government, the fourth CPC recommended parity in leave entitlement and its encashment between the industrial employees in the Railways and those in other sectors of the central government. While the entitlements of industrial employees in the Railways to leave and its encashment are on par with those of non-industrial workers in the central government, their hours of work are substantially more than those of other industrial workers. The government did not accept the recommendation of the Commission. The matter was therefore referred to the Board of Arbitration in 1989. In terms of the award of the Board (April, 1991) the prerequisite of 240 days service for grant any leave with wages and the restriction on carry forward of leave only up to 30 days were removed. The maximum limit up to which leave could be accumulated was also increased to 120 days.

Recent Position

There is now complete parity between the industrial and non-industrial employees in matter of entitlement to and accumulation of leave on half pay, extraordinary leave casual leave and certain special kinds of leave (maternity leave and hospital leave). However, the entitlement of industrial employees to earned/annual leave is determined with reference to their length of service and ranges between 17 and 27 days in year, as against 30 days in a calendar year to which all non-industrial employees are entitled. Further industrial employees can avail of earned leave only on six occasions in a year, whereas there is no such restriction in respect of non industrial employees. On the other hand, unlike non industrial employees holidays intervening during spells of leave of industrial employees are not counted towards leave.

Difference between the two Categories

The nature and scope of the duties and responsibilities of the two categories of employees are totally different, as are their wage structure and terms and conditions of service as well as the nature of services provided by them. These two categories are subjected to different types of stresses, strains and hazards in the performance of their duties. Industrial employees are entitled to certain other benefits like overtime allowance at twice the rates applicable to their counterparts in the non industrial sectors, exclusion of Sundays and holidays intervening during spells of leave, a higher age of superannuation etc. In the circumstances it may not be appropriate to consider in isolation, disparities in the matter of leave alone. The Board of Arbitration has refused in the past to concede absolute parity in holidays and leave entitlement between industrial and non-industrial employees of the central government. All the earlier central pay commissions, (CPCs) barring the fourth had also negated such demands. Besides, the changing economic climate of the country also has to be taken into account while evaluating this demand. With the onset of liberalisation, all government sectors, including the industrial sector, has to compete with the private sector directly. Even at present, productivity and efficiency in the government sector cannot be considered to be of desired level. In this milieu, any increase in the leave entitlement of industrial workers may lead to loss in

production, thus placing the industrial sector of the government at a further disadvantage in relation to the private sector.

Reduction of Work Hours

The hours of work prescribed for staff employed in industrial units are longer than those in the administrative offices. However such a measure is necessitated on account of differences in the service conditions of the two categories of workers. Workshop staff is governed by the provisions of the Factories Act, which permits up to 48 hours of work in a week. The industrial staffs working in the central government are not worse off than their counterparts either in the state owned public enterprises or in the private sector. The public enterprises as well as the industrial units in the private sector follow the provisions of the factories act in regard to their industrial employees. An analysis of the weekly hours of work in other countries would show that even in these countries the hours of work prescribed for different categories of workers are not uniform. Industrial workers in Thailand work for as many as 13 hours more per week than non industrial staff. Similar differences are also discernible in other countries like Belgium, Canada, Israel, Japan, Malaysia, the Netherlands, Portugal, United States of America etc.

The question of ensuring uniformity in the working hours in all Government Establishments had been considered by the Second, Third and Fourth Pay Commissions. They did not recommend any uniformity as it was opined that work hours had evolved overtime in individual organisations as per requirements and convention. It would not be advisable to tamper with any organisations' schedule. The Fifth pay commission adopted two policy guidelines in this respect:

- Complete parity may not be justified
- Some revision could be suggested incorporating the best features of both the systems
- Changes may be so designed as to reduce absenteeism and improve productivity

The following was recommended.

(a) Entitlement to Earned Leave

Indicated revisions have been recommended to be carried out:

Length of Service	Present Leave Entitlement	Revised Leave Entitlement
One to Ten Years	17 days	20 days
Eleven to Twenty Years	22 days	25 days
More than Twenty Years	27 days	30 days

This would represent an increase of three days over the present entitlements. Simultaneously, Sundays and other holidays intervening during spells of leave should be

counted as leave availed of by the employee and debited to the leave account. These two measures would cancel each other out and not have any net impact on the whole leave entitlement.

(b) Accumulation of Earned Leave

Industrial employees may be permitted to accumulate up to 300 days of earned leave on par with non-industrial employees and to encash, out of the leave so accumulated, leave of up to 60 days earned by them during their entire service, while availing of leave travel concession for travel anywhere in the country.

Leave that can be taken on any one occasion should be reduced in the case of non industrial employees from 180 days to 60 days as such leave is often abused by workers in the vent of undesired transfer and also for the simple reason that such long spell of leave on one occasion is not required.

In the same vein, the maximum number of occasions on which earned leave can be availed of in calendar year by non-industrial employees should also be reduced to six as in the case of industrial employees.

The above steps are expected to achieve the twin objectives of rough parity and also enhance productivity of industrial employees as the proposed increase in the quantum of earned leave that can be accumulated combined with the introduction of the facility of in service encashment of leave in addition to encashment on superannuation is likely to reduce absenteeism and improve overall productivity.

9.3.2 Retirement Benefits

Most of the employees join government service at a young age and retire at the age decided by the government. The fifth central pay commission has fixed 60 years for retirement of central government employees and 62 years for university teachers. Most of them serve the government for thirty to forty years till retirement. It becomes incumbent on government to look after their retired employees when they are not in a position to work. They need be compensated during this period decently, so that they securely discharge their duties during active job span.

In fixing of the retirement age of employees, some of the important factors, which are taken into account, are life expectancy, health and morbidity, labour market conditions, stage of economic development, financial implications, social dimensions, etc. The age at which the productivity, efficiency and health of an employee begins to decline can be considered as the appropriate age for retirement.

There are three forms of retirement benefits: (a) *non-contributory* wherein the government is responsible for the retirement benefit; (b) *partly contributory* wherein the government and employee share the cost of retirement; *wholly contributory* wherein the employees contribute. In India, there are two main schemes for retirement benefits for employees, namely, the Pension Scheme and the Contributory provident Fund.

9.4 PENSION SCHEME

The pension scheme involves cash disbursement to the retired employees in fixed monthly amounts. It provides them a safe source of living as long as they survive. There is provision for extraordinary pension like injury pension or family pension. The injury pension is paid to the employee in case of injury received in the course of duty while family pension is payable to the widow or minor children or in some cases to the parents of an employee if he is killed in the course of the discharge of his duties.

Central government employees on retirement are entitled to superannuation or retiring pension, retirement gratuity, encashment of earned leave and the facility to commute up to 1/3rd of their pension. The significant features of retiring or superannuation pension are that it is non-contributory and is subject to future good conduct of the pensioner. Pension can also be withheld under certain circumstances.

Pension is computed on the basis of length of qualifying service, reckonable emoluments and the pension formula. There are also orders prescribing minimum and maximum pension. The rules and regulations governing the above aspects are contained in the central civil services (pension) rules, 1972 (hereafter referred to as pension rules which have been modified from time to time with a view to bringing about improvements in the pension benefits of the employees).

As per article 366(17) of the constitution of India, pension means a pension, whether contributory or not, or any kind whatsoever payable to or in respect of any person, and includes retired pay so payable, a gratuity so payable and any sum or sums so payable by way of the return, with or without interest thereon or any other addition thereto, of subscriptions to a provident fund.

The Supreme Court of India has, in the landmark judgment of *D.S. Nakara and others vs. Union of India* (AIR 1983, SC 130) clarified all the issues relating to pension. While examining the goals that a pension scheme should seek to achieve the Apex Court held that; a pension scheme consistent with available resources must provide that the pensioner lives:

- (i) free from want, with decency, independence and self-respect; and
- (ii) at a standard equivalent at the pre-retirement level.

The Court felt that since determining the minimum amount required for living decently was difficult, selecting the percentage representing the proper ratio between earning and the retirement income was harder. We owe it to the pensioners that they live and not merely exist. The Court also held that pension is neither a bounty nor a matter of grace depending upon the sweet will of the employer. It is not an *ex-gratia* payment, but a payment for past services rendered. It is a social welfare measure, rendering socio-economic justice to those, who is in the heyday of their life, ceaselessly toiled for the employer, on an assurance that in their old-age, they would not be left in the lurch.

The Central fifth pay commission honored the observations of the Honourable Court in the Nakara case. It needs to be averred emphatically that pension is not in the nature of alms being doled out to beggars. The senior citizens need to be treated with dignity and courtesy befitting their age. Pension is their statutory, inalienable, legally enforceable right and it has been earned by the sweat of their brow. As such it should be fixed,

revised, modified and changed in ways not entirely dissimilar to the salaries granted to serving employees.

Central fifth pay commission started to build these bridges when for the first time in the history of the services, it was suggested in their report submitted in October, 1994 that an interim relief be granted to pensioners. When no action was taken on the same, it was followed up in their report presented in May, 1995 and suggested another installment of interim relief to pensioners. Fortunately, this time the government relented and granted both the installments of interim relief to pensioners. This established a principle and the grant of a third installment to pensioners consequent upon their report of August, 1996 evoked no surprise. It is hoped and trusted that this parity between the serving employees and pensioners with regard to grant of interim relief is now firmly established and will continue.

9.4.1 Kinds of Pension

As per 1972 Central Civil Services Rules, the following are the different types of Pensions

- (1) Superannuation Pension: It is pension granted to a person who retires on attaining the age of superannuation or compulsory retirement (rule 35)
- (2) Retiring Pension: It is pension granted to a public servant who retires voluntarily or is retired in advance of the age of compulsory retirement by giving the prescribed notice, and who on being declared surplus, opts for voluntary retirement (rule 36)
- (3) Invalid Pension: It is pension granted to a public servant who retires from service because of any bodily or mental infirmity, which permanently incapacitates him for the service, if so certified by the appropriate medical authority (rule 38)
- (4) Compensation Pension: It is pension granted to a government servant who is discharged owing to the abolition of his permanent post, while a suitable post of equal rank cannot be found for him or when such post is offered to him but not accepted by him. (rule 39)
- (5) Compulsory Retirement Pension: It is pension granted to a government servant when he is compulsorily retired as a penalty (rule 40)
- (6) Compassionate Allowance: When a government servant is dismissed or removed from service, he may if he so deserves, be given compassionate allowance on a special consideration, as he forfeits on dismissal or removal, his pension and gratuity (rule 41)
- (7) Extraordinary Pension: The central civil service extraordinary pension rules provide for:
 - Disability Pension: When he is permanently incapacitated on account of injury or disease attributable to government service.
 - Family Pension: To the widow and allowance to children if the death of the government servant is accepted due to government service.

Reduction of pension for unsatisfactory service: Rule 6 provides for such reduction by the appointing authority after giving opportunity to the employee to make his representation against the proposed reduction (Hidaytullah, 1986)

Proceedings can be instituted under Article 226 of the Indian Constitution in case of non compliance with the rules on the part of government.

9.4.2 Quantum of Pension

Quantum of Pension is based on the qualifying service of the government servant and his or her average emoluments for six months immediately preceding the date of retirement. Pension under government is payable to those who have rendered a minimum of ten years qualifying service.

With regard to the quantum of pension, there is no universally acceptable formula. Different countries give pensions ranging between 50 and 100% of last pay drawn. Some consultants have suggested that 67% of last pay drawn should suffice. The fifth pay commission felt that it would not be possible for government to fund this sudden increase in the quantum of pension from 50% to 67%. It was therefore suggested that while retaining the government's contribution of 50% the balance should be funded by employee's contributions. There would be some relief to pensioners by the reduction of the period over which emoluments are averaged towards the end of the career from ten to six months. Pensioners who have served the government for more than thirty -three years would also benefit if 0.5% additional pension is granted for every six months of additional service, over and above thirty three years.

With regard to family pensions, fifth pay commission has retained the quantum of 30% of reckonable emoluments as at present but this has been made uniform for all categories of employees. The ceiling has also been removed.

Fifth pay commission have attempted a major policy thrust, by suggesting a complete parity between past and present pensioners, while recommending a modified parity between pre-1996 and post-1996 pensioners. The formula will ensure total equity between persons who retired before 1996 and those who retired later. It also gives all pensioners at least the minimum pension appurtenant to the post-1996 revised scale of pay of the post they held at retirement.

9.4.3 General / Contributory Fund

Under this scheme there is a provision for employees to contribute to the provident fund to which government contributes an equal share. The employee gets the money at the time of retirement and has also the facility to draw loans out of it from time to time.

9.4.4 Gratuity

According to the definition in rule 3(1) of the 1972 central civil service rules, the term 'pension' includes gratuity except when the term pension is used in contradistinction to gratuity. Payment of Gratuity Act, 1972 provides for the payment of gratuity to employees with five years continuous service working in factories, mines, oilfields, plantations, and other establishments including piece-rate and seasonal workers where there are ten or more employees.

For the purposes calculating the period of employment, periods of maternity leave are included provided that the total period of such maternity leave does not exceed twelve weeks. The Payment of Gratuity Act, 1972 is applicable to factories, mines, oil fields, plantations, ports, railways, motor transport undertakings, companies, and to shops and other establishments employing ten or more workmen. The act provides for payment of gratuity at the rate of fifteen days wages for each completed year of service subject to a maximum of rupees two lakh. In the case of seasonal establishment, gratuity is payable at the rate of seven days wages for each season. The act does not affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer.

Gratuity has also been unnecessarily subjected to three kinds of ceilings. First is the rate of gratuity which is half-a-month's emoluments for every year of service put in. This is subject to a second ceiling of 16.5 months, irrespective of number of years of service. There is also a cash ceiling on top of the other two. The Fifth Pay Commission has tried to bring about greater equity in the system, between past and present retirees by making two suggestions; 1) removal of the cash ceiling and 2) computation of gratuity on pay plus the Dearness Allowance on the date of retirement.

The Fifth Pay Commission found considerable *ad hocism* in the treatment of employees dying while in service, with different departments treating their employees through varying formulae. The pay commission has tried to bring some uniformity in the *ex-gratia* rewards according to the nature of death in five different sets of circumstances, with the amount reaching up to Rs. 7.5 lakhs.

9.4.5 Medical Allowance

For pensioners not covered by the Central Government Health Scheme (CGHS), the Fifth Pay Commission suggested a medical allowance of Rs. 100 per month. It has also recommended a comprehensive medical scheme, providing complete health insurance both to employees and pensioners in non-CGHS areas.

9.5 VOLUNTARY RETIREMENT

Currently we have a procedure for voluntary retirement. In the context of economic liberalisation and the need for right-sizing the government machinery, the question of liberalising the provisions of the present Voluntary Retirement Scheme (VRS) arose. After considerable thought and discussion the commission has evolved a two-pronged strategy on voluntary retirement as under:

(a) Retain the existing VRS as it is, on a regular year round basis to take care of those who want to leave government service of their own volition. Here, the assumption is that they have weighed the pros and cons of their decision and have already lined up a job in all probability. For them, the normal provisions would be adequate.

(b) Evolve a new special short-term Golden Handshake Scheme only for those who are identified by the government as surplus. Here it is the government, which is taking the painful decision of sending such employees home, although there may be no fault of theirs. The posts so vacated by the incumbents shall be abolished. The persons identified as surplus would be entitled to the following benefits:

1. Full commutation of pension by surrender of the right to receive monthly pension with an option to avail, instead of commutation up to the limit prescribed for employees retiring on superannuation and to receive monthly pension.
2. Ex-gratia amount of 1.5 months emoluments (Pay + DA) for each completed year of service or the remaining years of service left before the normal date of retirement, whichever is lower. The weight age allowed in qualifying service shall not count *for* the purpose of computation of *ex-gratia* amount. The employee shall be given an option to receive the amount of *ex-gratia* and retirement gratuity either in lump sum or in the shape of a monthly protection allowance, equivalent to the *ex-gratia*, gratuity and interest thereon at the rate applicable to GPF accumulations, spread over 60 months. This allowance could help the employee to pull on during the period of transition, by providing him with a substantial monthly income sufficient to cater to his basic needs at least.
3. Computation of pension and retirement gratuity by allowing a weight age of five years to the qualifying service on the date of relief.
4. Encashment of earned leave accumulated on the date of relief.
5. Payment of accumulations in the general provident fund.
6. Exemption of pension benefits including *ex-gratia* amount from Income Tax and Wealth Tax.

The purpose of providing pension and other retirement benefits to the employees by the government is to ensure that during their service, they work without the fear or apprehension about meeting their old-age requirements. A suitable compensation structure takes care of these material aspects of life, both while in the job and later on.

Most people in government service are oblivious of their personal finances, since there is a structured pattern of savings, investments and accruals. The successive Central Pay Commissions have given adequate attention to the interests of pensioners, both employees and their families. In addition, the landmark judgment of the Supreme Court in Nakara's case has firmly established the rights of pensioners to a decent pension in keeping with the changes in the price index etc. Although pensioners are not a vocal and organised lobby unlike their serving colleagues, it is the paramount duty of the State as the employer to give them their due in a dignified manner.

The union and state governments have provided many facilities to promote social, cultural and psychological inputs in the lives of employees to keep them active, alert and enthusiastic. However, in practice, we find that only a fraction of employees take advantage of the programs initiated by the government at the union and state levels. We have to make the employees aware of these schemes so that they develop positive attitudes and feelings towards their work. In modern times, most of the employees are stress prone and are inflected by drudgery of life leading to evils like smoking, liquor consumption, etc. the purpose is to divert their interest to extra curricular activities both within the working places and at home.

9.6 CONCLUSION

We can conclude by summarising the benefits of employee benefits scheme as follows:

1. Employees Benefits are an integral part of the salary system.
2. Employees' benefits take care of the employees of their present as well as future needs.
3. Employees' benefits raise productivity of employees.
4. Employees' benefits keep employees motivated as they feel relaxed and secure.

9.7 KEY CONCEPTS

Employee Benefits: Salary and perquisites may not be enough to elicit desired behaviour from employees. Fringe Benefits are added benefits, like travel concession, leave, commutation of leave, provision of crèches for female employees etc., which are given for a worker's facility to enable him to perform comfortably and with convenience.

Retirement: An employee retires after reaching the age of superannuation. The age of superannuation is fixed in each country by legislation. The demographic profile of the country and, life expectancy, climate, work culture and general health levels are some of the factors determining the retirement age in a country.

9.8 REFERENCES AND FURTHER READING

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9.9 ACTIVITIES

1. What are the purposes of employee benefits?
2. Discuss types of employee benefits.
3. Discuss different kinds of Pensions.