



CHARKHA – THE DEVELOPMENT COMMUNICATION NETWORK

Compensation and Benefit Policy

INTRODUCTION

Employment Agreement

These days the norm of the Organizations is to enter into an employment agreement with the employees which details out the terms of employment like, compensation, place of work, designation, work hours, etc. The rights and obligations of both the employer and employee are listed out clearly like non-disclosure of confidential information, timely payment, provident fund etc. In case of a dispute, the agreement also contains a mechanism for effective dispute resolution. Without a written employment agreement in place, the employee does not have much protections afforded to him in case of a dispute.

Compensation and Benefit Policy is the collection of rules that govern the calculation of salary and other benefits entitlement for all individuals employed by the Charkha.

According to the HR Policy of Charkha the employees are entitled for the following compensation and benefits provided fulfillment of the eligibility criteria specified thereon.

1. Salary and Allowances

All employees of Charkha are entitled to **salary and allowances**, depending upon their skills, qualification and experience; and as per the terms of employment of every employee as mentioned in the appointment letter.

2. Days of Work

Charkha will follow a 5 days a week working schedule from Monday to Friday and Saturday and Sunday considered non-working days.

3. Holidays

Festivals form an integral part of the Indian culture and vary from state to state, with each state or city having its own set of customs and traditions of celebrating a particular festival. Considering this fact and state and religion wise composition of employees of the organization Charkha shall observe 13 public holidays including national holidays of **Republic Day on 26 January, Independence Day on 15 August** and **Gandhi Jayanti on 02 October** every year out of public holidays declared by the Government of India in each calendar year.

In addition to the 13 public holidays as mentioned above, staff members can avail two restricted holidays of their choice from the list selected by Charkha out of list declared by the Government of India in each calendar year.

An Office Order listing out the public holidays approved and the list of restricted holidays selected by the Board to choose any two from among them by the staff members at their own choice shall be issued in the month of December each year for information and compliance of all concerned.

4. Leave:

In order to be an effective organization Charkha needs to have a robust set of employees who are physically and mentally fresh and alert. Similarly if the personnel work without any break, it would deteriorate their mental faculties and physical capabilities and they will not be able to give their best to the Organization. Leave and vacation help to rejuvenate and refresh the personnel. Being an Organization wedded to upholding the dignity of the human persons, Charkha recognizes the employee's need to have time off from work for various reasons such as religious, recreational, cultural, medical, birth, marriage, death, and other personal reasons such as time with family, etc.

Charkha therefore, provides following kinds of leave to meet with the various eventualities. As a matter of policy, we encourage all employees to take appropriate and admissible leave.

The general principles and procedures to avail all types of leave shall be governed by the HR Policy Manual of Charkha.

The coverage for “Leave of absence” includes:

- a) Casual Leave (CL)
- b) Annual Leave/Privileged Leave
- c) Sick /Medical Leave (SL)
- d) Compensatory Leave
- e) Special Leave
- f) Extra Ordinary Leave
- g) Maternity Leave
- h) Paternity Leave

(a) Casual Leave:

All employees are entitled for 04 (four) days’ casual leave in a financial year to meet unforeseen contingencies, provided only 03 (three) days of casual leave can only be availed at a stretch. Charkha approved week end off days and holidays can be prefixed and suffixed with casual leave. Casual leave will be granted only when applied for in advance. Casual leave will not be combined with any other leave. Unutilized leave will lapse at the end of the financial year and are not en-cashable.

(b) Annual Leave / Privilege Leave

Every Employee of Charkha is entitled for Annual Leave of 15 (fifteen) working days in a financial year excluding Charkha approved weekend off days and public holidays falls between the leave periods. All employees have to submit two choices of their annual leave plan for the ensuing financial year in the month of March of previous year to the HR Department through their respective leave recommending authority. In consultation with respective department heads and considering the planned program activities of Charkha the management will approve a leave plan of employees with two options and the same will be communicated to the employees. If any exigencies of work arise, the management would not release a particular person as per the approved leave plan and an alternative option will be offered. However, the respective employee shall submit an application on the prescribed format at least 07 (seven) days prior to commencement of the leave for approval by the CFA.

New employees who join service during the middle of the year will be entitled for annual leave on pro rata basis.

The earned leaves up to 15 (fifteen) days can be accumulated at the rate of maximum 05 (five) days per year and en-cashed. Encashment will be for the basic salary only. Employees can also avail the accumulated leave in the ensuring year restricted to maximum 05 (five) days per year.

Annual leave may be combined with and/ or maternity leave which can be availed in full. But in case of paternity leave, only 50% of annual leaves can be combined with it.

(c) Sick/Medical Leave

All confirmed employees are entitled for 07 (seven) days’ sick/medical leave in a financial year to meet the medical attention needed. However, if an employee is seriously sick and has been advised rest, the management can consider his/her application for additional sick leave, which may extend up to 30 days in a financial year but the leave of absence beyond 07 (seven) days will be without salary. This extension of Sick Leave will be applicable after the employee has availed all the leave available to him/her. In the normal course, it is expected

that the application reaches the office on the day one wants to avail of. Sick leave may be granted even for a day. Sick leave for 3 days and above must be supported with Medical Certificate from a registered medical practitioner with the application for Sick Leave and a fitness certificate testifying to his/her ability to resume normal work will be produced on rejoining duty.

This may be noted that at the event of an employee falls seriously ill and unable to travel to office sick leave will be granted, but an employee calls up or sends a text message asking for leave stating reasons such as 'urgent work at home', 'X persons in my family is not well' or 'I have unexpected guests over today', etc, leave will not be granted and will be considered as *Leave without Pay* even if the employee has sufficient balance in his/her credit.

Any employee suffering from any type of contagious or infectious diseases, on doctor's advice shall be sent on compulsory leave. This will be treated as special leave if the employee is falling short of his/her own leave. Similarly, in the case of long illness, the absence from duty will be treated in the same manner as in the case of those suffering from contagious / infectious diseases. However, the discretionary power on granting of such leave rests exclusively with the President and in his absence the CFA designated by the Governing Body and the decision is purely based on the merit of the case.

In case of long illness which extended beyond 06 (six) months, the employee will be deemed to have left services on expiry of six months on medical grounds. He/she may be re-employed at the discretion of the management subject to satisfactory evidence being produced of his/her fitness to resume normal work. In case the employee has worked for less than 10 days during last 06 months and is on medical leave during last six months, he/she will be considered on continuous medical leave for last 06 months.

Taking of medical leave on false grounds with or without medical certificate, becomes an act of misconduct and will be called for appropriate disciplinary actions.

(d) Compensatory Leave

All employees shall be granted Compensatory Leave equal to number of days for which an employee is required to work during Sunday(s) or holiday(s) and to be availed within the financial year but not more than two days in a stretch. Such Compensatory Leave shall be granted by the CEO.

(e) Special Leave

Any employee sponsored by Charkha to attend seminars, conferences and/or any other kind of professional meetings, with or without financial assistance from Charkha, may be granted special leave for the purpose.

The President shall be the competent authority to sanction such leave.

On the death of a close member of the family special leave with pay may be granted in case all the leaves entitled to him during the financial year have been availed and such leave shall normally be limited to 3 (three) days.

For own marriage of an employee, in case all of his/her casual leave, annual leave and accumulated leave, if any, have been exhausted special leave with pay may be allowed up to

6 (six) days. Applications for such special leave should be addressed to the President and approval shall be at President's sole discretion.

(f) Extra Ordinary Leave with Loss of Pay

Under extraordinary circumstances, when no other leave is due, an employee may be granted special leave on loss of pay. The President shall be the sanctioning authority to sanction leave on loss of pay up to 3 (three) months and for the period in excess of 3 (three) months shall be the Governing Board.

Any period of leave on loss of pay will be counted for increments and computation of leave.

(g) Maternity Leave

All female employees who have been working in Charkha for at least one year without service break are entitled to maternity leave for a period of 90 days for their first two live born children with full pay and allowances except transport allowance, if any, granted for conveyance from residence to office and back. This is applicable to both permanent and long term contractual employees.

In case of miscarriage or other medical conditions related to gynecology, a female employee shall, on production of a medical certificate from a practicing qualified medical practitioner and accepted by the President be granted a special medical leave with salary at the rate of maternity benefit for a period of maximum six weeks immediately following the day of her miscarriage.

Sick leave or annual leave may be granted in continuation of Maternity leave on production of medical certificate from an approved practicing medical practitioner, if applied by the female employee.

Any other benefit entitled to the female employees as per The Maternity Benefit Act shall also be applicable.

(h) Paternity Leave

While paternity leave is introduced for government sector, there is not any such law that mandates private sectors to provide the paternity leave to its employees.

However, Charkha proposes to provide 15 days Paternity leave to its male employees with less than two surviving children and completed minimum one year of services without service break at sole discretion of the Board implementing the paternity leave through the HR policies to take care of his wife and child and a leave salary equal to the pay before the leave will be paid. The leave is possibility to avail 15 (fifteen) days before, or within 6 (six) months from the birth of the child. If such leave is not availed, it will be treated as invalid.

This is applicable to both permanent and long term contractual employees.

5. OTHER BENEFITS

(a) Annual Increment

An Annual increment for all confirmed employees shall be considered after the end of each completed year of service in every year upon due appraisals as per the terms of employment of each employee and in accordance with the HR Policy of the organization by the Board of Charkha. Allowing an increment or not and rate of increment shall be based on the evaluation of performance, contribution to the organization and other factors like regularity,

timely reporting and leaving place of duty, absenteeism, etc. as per findings in the Performance Evaluation Report of each employee.

In case of contract employees, may be entered into fresh contracts with or without increment, if considered necessary, under existing TOR or mutually agreed revised TOR.

(b) Promotion

The decision to promote an employee shall be based on the past performance of the employee, experience; additional qualifications acquired by an employee and demonstrated competencies required for the position. The authority to take decision in this regard is the Board.

(c) Provident Fund

Any organization with more than 20 employees is legally required to register with Employee's Provident Fund Organization (EPFO). EPFO is the national organization which manages this retirement benefits scheme for all salaried employees. **At present employee's strength of Charkha is less than 20 and hence Employee Provident Fund (EPF) is not applicable to employees of Charkha. However, as and when the employee's strength reaches to 20, Charkha should and have to be registered with Employee Provident Fund Organization (EPFO) and all eligible employees shall be enrolled for EPF thereafter.**

The benefits of EPF and procedures to be followed by the organization and employees are enumerated below in brief for information of all concerned.

(i) Employee's Provident Fund (EPF)

Provident fund is a social security system that was introduced for the purpose of encouraging savings among employees, so as to benefit them during the course of their retirement. Contributions are made by the employer and the employee on a monthly basis at the prescribed rates. All employees whose salary in a month not exceeds Rs.15,000/- will be covered for EPF contribution. PF contributions can only be withdrawn by the employee at the time of his/her retirement, barring a few exceptions.

(ii) Employee State Insurance (ESI)

Employee State Insurance is a self-financing social security scheme and health insurance plan for Indian workers, offering medical and disablement benefits. Governed by the ESI Act, 1948, it is managed by Employees' State Insurance Corporation (ESIC) under the Ministry of Labour and Employment.

All workers or employees are covered or entitled under ESI when they earn less than Rs. 21,000 per month and Rs. 25,000 in the case of a person with disability. The worker or employee contributes 1.75% of their salary while the employer contributes 4.75% towards the ESI scheme.

The ESI Act 1948 provides medical cover and other essential benefits to workers and employees who are working in organizations among other establishments, wherein 10 or more persons are employed.

At present none of the employee of Charkha is eligible for ESI since employee strength of Charkha is below the mandatory 10 and as and when one become eligible necessary action to register the organization in ESI Scheme and the eligible employee shall be enrolled for ESI benefits.

(b) Gratuity

The Payment of Gratuity Act, 1972 provides a statutory right to an employee in service for more than five years to gratuity. Gratuity is one of the retirement benefits given to the employees. It is a lump sum payment made in a gesture of gratitude towards the employee for their service with an organization calculated at the rate of 15 days of the last drawn salary for each completed years of service or part of thereof in excess of six months. Here, last drawn salary means basic salary and dearness allowance, if any. The formula for calculating the amount of gratuity is **(15 multiplied by last drawn salary and tenure of working) divided by 26**, 15 being wages for 15 days and 26 being the days of the month.

A person is eligible to receive gratuity only if he has completed minimum five years of service with an organization. However, it can be paid before the completion of five years at the death of an employee or if he has become disabled due to an accident or disease.

An employee will be covered under the Act if the organization employs at least 10 persons on a single day in the preceding 12 months. Once an organization comes under the purview of the Gratuity Act, it will always remain covered even if the number of employees falls below 10. The Employer shall contributed to the Gratuity Fund per month an amount equal to 4.81% of basic pay plus dearness allowance in respect of each employee.

At present none of the employee of Charkha is eligible for Gratuity since employee strength of Charkha is below the mandatory 10 and as and when one become eligible necessary action to register the organization under the Payment of Gratuity Act, 1972 and contribute to the Gratuity Fund.

(c) Leave encashment

Annual/earned leave can be accumulated by the employees up to 30 days at the rate of maximum 10 days per year and then can be carried forward for use in future if they have not been used in the current financial year in accordance with the HR Policy. In case the employees do not want to avail of the leave so accumulated can en-cash the same at the time of leaving the organization. Such encashment shall be governed by the HR Policy of the Charkha.

6. Procedures and Operational Aspects for Availing Compensations and Benefits

Availing of any or all of the Compensations and Benefits as enumerated above shall be subject to fulfillment of qualification criteria stipulated in the HR Policy Manual of Charkha as amended from time to time. If any variations found in this Policy and HR Policy Manual of Charkha, The provisions contained in Charkha shall prevail. Any amendments to the Statutory Acts & Rules or enactment of new Acts & Rules by Central or State Governments or any Local Bodies that implies on Charkha shall be applicable to both Charkha and its employees notwithstanding the fact that HR Policy Manual, for the time being, not amended to effect the said amendments in the Acts & Rules or to incorporate new Acts & Rules.

7. Amendments

As and when necessary this Compensation and Benefit Policy shall be amended with due approval of the Board of Charkha and communicated to all concerned.