



## AN EXPLORATORY STUDY ON THE RELEVANCE OF WELFARE MEASURES OVER PAYROLL TO EMPLOYEES IN PUBLIC SECTOR BANKS

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### ABSTRACT

*Today human resource is considered as the greatest resource and asset of any organization and thereby of the nation. Every organization strives for growth and development by developing the human resources. Salary constitutes the major compensation, rather is the pact between the employer and employee. Apart from this certain additional benefits too are provided to the employees. These constitute the employee welfare measures, meant for the improving the quality of life of the employee. This is intended to optimize human resource development for better productivity, organizational growth through the development of the individual employee. Banking is a sector with a series of welfare measures which bridges the gap between the sector of the population employed and a higher standard of living.*

**Keywords:** Employee Welfare, Salary, Banks, Organizations, Development

### Introduction

Salary is defined as 'the fixed compensation paid regularly for services' by Webster's dictionary. It is a fixed and regular payment, typically paid on a monthly basis and expressed as an annual sum, by an employer to an employee. Webster's dictionary defines welfare as "an aid in the form of money or necessities for those in need." In the context of industry or an office, welfare includes anything that is done for the comfort and improvement of employees apart from the industry level wage settlements. Welfare is more of a social effort or the responsibility of the employer, to promote the basic physical and material well being of the employees. It is in fact a good gesture of the employer to keep the employees happy and content, thus optimizing output and productivity. The basic purpose of welfare is to enrich the life of the employees. Welfare measures include monetary and the like benefits; canteen subsidies, drinking water, medical insurance, medical checkup, maternity benefits, concessional rates of interest, educational scholarships, clubs, entertainment and recreational facilities, accommodation, incentives, even retirement benefits and so on. It provides the employees with something more than what is statutory. Aspects of health, safety and welfare are matter of concern for any person and employees or potential employees look for something more than their salary, in continuing in or choosing a job. If these needs are supplemented and or subsidized by the employer, it helps building the confidence of the employee. This confidence helps in keeping the morale and motivation of the employees high. The employer too gains, so as to retain the employees for longer periods and prevent loss of talent through attrition, finally optimizing productivity and realizing organizational goals.

Employee welfare is a global phenomenon. It has its origin during World War I. Employee welfare had then more of a concept of charity and was mainly confined to sectors aiding and involved in war. It got further ground during the Great Depression of 1930, and gained much more momentum in the aftermath of World War II, which witnessed the fall of imperialism and the rise of the labour class. The ILO (International Labour Organization) was born out as



a solution to growing industrial disturbances. Labour laws got codified, welfare of the employee turned out to be a matter of concern of the employer, in the interest of the employee as well as his own interest. Now, employee welfare is more of a utilitarian than philanthropic philosophy which it earlier was, has become a motivating force for labour and received wider acceptance with more democratic governments worldwide.

Modern management considers human resource as the greatest resource and asset of any nation. Human resource need to be optimally developed for the development of the nation. Every working person spends the major share of his time in the workplace. A congenial atmosphere, with necessary amenities reduces stress and absenteeism, boosts the morale and bolsters healthy industrial relations. Employee welfare measures of human resource management leads to overall increase in organisational productivity and performance and have a significant impact on the success of the organisation. Excessive resorting to unionisation, strikes and non-cooperation, hampering with productivity can be reduced with a content roll of employees. The human resource component is gaining more momentum and more employers are coming up with attractive welfare packages, health occupying prime position.

### **Review of Literature**

P.P.Arya and B.B.Tandon in their book "Human Resource Development", state that welfare measures, both statutory like canteen and those relating to conditions of workplace as well as voluntary, like housing, education schemes, health and old age benefits, should be provided as a sub system of HRD, because they protect employees and instil desirable behaviour.

Ravindra B. Prasad in his book "Labour Welfare in India and Our Employment Policy", studies the concept of labour welfare in relation to the concept of democracy and welfare state, which goes by values like equality in rights and privileges among citizens. Employment as the main source of livelihood, employee welfare leads to productive labour and thus a dynamic economy and stable society.

According to N.M. Joshi "welfare work, covers all the efforts which employers make for the benefits of their employees over and above the minimum standard of working condition fixed by the Factories Act and over and above the provisions of the social legislations providing against accident, old age, unemployment and sickness."

Reddy R. Jayaprakash (2004) in their book entitled "Labour Welfare and Personnel Service" Welfare of the labour force is considered to be the key factor in the growth and development of any industry. This book gives an in depth information on different fronts of labour welfare, including historical perspectives of labour welfare, welfare services, industrial housing, industrial safety worker's education and financing of welfare services.

Sharma A.M (2003) wrote a book entitled "Aspect of Labour Welfare and Social Security". This study attempts to scrutinize labour welfare in an easy and interesting manner. Since independence, India has taken to the path of rapid industrialization and economic growth, consequently, giving rise to a large number of industries, a huge workforce and a new industrial society. Sharma observes that, all these had a considerable bearing on the evolution of labour welfare movement in the country. The ideal of a welfare state too has influenced the labour welfare philosophy.



Yadav, L.B (2002) in his book “Reading in Social and Labour Welfare”, based on labour welfare has attempted to examine and study the history, concept and scope of labour welfare. This book arrives at all vital issues relating to social and labour welfare.

Binoy Joseph, Joseph Injodey, Raju Varghese (2009) in their “Labour Welfare in India”, study the labour force, nationwide, rank and file, ranging from large numbers of illiterate workers to a sizeable pool of highly educated and skilled professionals. The study browses over labour welfare in India, from its origin and variations to date.

Shobha Mishra and Manju Bhagat, in their “Principles for Successful Implementation of Labour Welfare Activities”, state that labour absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. The principle for successful implementation of labour welfare activities is nothing but an extension of democratic values in an industrialized society.

### **Objectives**

This study is aimed to understand the effects of welfare measures on employee morale, which is resultant in better productivity and organizational development vis a vis, salary and payroll.

### **Welfare Measures exist in Indian Public Sector Banks**

Banks are one industry with a series of attractive welfare measures. In fact, banks have been trend setters of novel and exemplary employee welfare schemes. Medicals and Travel, for example are the flagship welfare measures of banks, later to be adopted and appropriately adapted by other employers, including central and state governments. In today's very much demanding globalised environment, welfare measures are a major determinant for job stability. A multi-disciplinary background of employees; engineers, teachers and other highly qualified personnel as against the graduation requirement of banks, could be related to the welfare schemes and compensations, along with the payroll and perquisites.

Pay scales of Government of India, state governments, public enterprises and corporations are very attractive. But actually what makes banks a very coveted job market. Undoubtedly it is the welfare measures, as compared to the awards and settlements. The welfare measures do not have any alignment with the stages of pay, within the two broad cadres namely employees and officers.

The major Employee Welfare measures exist in Banks is as in Table No. I

Sr.No.	Name of Scheme	Remarks
1	Reimbursement of Cost of newspaper	Monthly
2	Reimbursement of Cost of Petrol or conveyance	Monthly

<b>Sr.No.</b>	<b>Name of Scheme</b>	<b>Remarks</b>
3	Reimbursement of transfer expenses	On transfer
4	Reimbursement of house rent	Monthly
5	Reimbursement of Residence and Mobile Telephone bills	Monthly
6	<b>Medical Facilities</b>	On Actual
7	- Tie up with hospitals for cashless treatment	
8	-Maintenance of dispensaries	
9	-Availability of doctors at Bank's dispensaries	
10	-Reimbursement of medical bills of family members	
11	Tie up with Schools for admission of wards of employees	
12	Mid Academic year transfer allowance	On Actual
13	Provision of Suitcase	Yearly
14	Provision of mobile phones	In three years
15	Medical scheme for retired employees	On actual
16	Silver Jubilee Awards	On Completion of 25 years service
17	Entertainment expense	Annual
18	Group Insurance Schemes	Monthly payment
19	Establishment of guesthouses	At main cities
20	Canteen facilities	Branches/Offices
21	Staff Home Loans	Lower interest rates, Simple Interest, Simple terms
22		-Higher eligibility Rs.35 lakh to Rs.60 lakh
23	Vehicle Loans	Lower rates, Simple Interest, Simple terms
24	Personal Loans without security	Lower interest rates, Simple terms
25	Education Loans for wards of employees	Lower Interest rate, Simple terms
26	Festival Loans/Advance	Interest free

Sr.No.	Name of Scheme	Remarks
27	Education Scholarships	Yearly for wards of staff
28	Education support for staff	Reimbursement of fees, honorarium for passing certain exams
29	Leave Travel Concession	Once in Two/Four years with family.

Source of compilation: www. Iba.org.in and different PSB sites

*\*The nature of welfare measures of Public sector banks in India are same or similar, as the same is governed by industry wide settlements.*

The pay scales in banks are ranked on a 20 scale and as such any employee on the first sale of pay or the last within the cadres would be eligible for the same welfare measures, is the unique feature of the scheme. The welfare measures include medicals, travel, leave- these form the cream of welfare, to be accompanied with others like scholarships, subsidies, allowances and so on, catering not only to the employee needs, but also to that of the family members as well. The 10th bipartite settlement made effective from 2015, back dated to November 2012 has ushered in a very attractive medical insurance scheme for employees on the rolls and also for retirees on superannuation as well as voluntarily retired. Robert Levering and associates have arrived at health as the best benefit offered by companies. 16 companies on Fortune's list of best 100 companies, offer 100% health benefit package.

If salary and pay of scale form the base of compensation, welfare measures form the top-up of salary. Salary seems soulless; it is a contract between the employer and the employee. It is the basic relationship in any employment. It also continues after employment as pension as well as family pension on the demise of the employee. But welfare measures provide life and blood to employment relationships. It addresses more the human and humanitarian aspects of the employee. For example scholarship provided to the wards of employees, say Rs.2500/-per annum provide a feeling of warmth, not only by the employee, but also his or her wards and family. That feeling would not be there if it was a component in salary like conveyance allowance. Travels and leave fare concessions are yet another. This facility opens the gates of exposure to employees, who otherwise would not have the privilege of travelling extensively, intensively and expensively, stay in holiday homes in hotels on nominal fees of Rs.10/- or 20/-. This creates a sense of indebtedness from the employee's families.

### **Conclusion and Recommendations**

Salary is the minimum requisite for employment. People always look for something, something more than the monthly paycheque. Punekar, Deodhar and Sankaran in their book "Labour Welfare, Trade Unionism and Industrial Relations." state Labour welfare as over and above the industry level wage settlements and meant for the comfort, intellectual and social well being of the employees Welfare measure provide that something more: something which caters to specific human needs like medicals; something of a concession like lower interest for loans for; something that offers recognition like scholarship; something that is a privilege like leave fare concessional travel, obtained only through employment. This is also symbiotically beneficial to both the employer as well as the employee.



Employee loyalty improves and confidence is boosted. He is motivated to contribute more and give something more than he takes. He and his family develop a bond with the organization and is a source of motivation for the next generation as well to be associated with the same or similar employer. Thus the employer too benefits from these skew of measures, by retention of talent pool, reduction in expenditure, lesser number of commitments, by preventing and or reducing attrition. Employee welfare has therefore walked many more miles from where it began, a hundred years ago, as a matter of relief for the workers bearing the brunt of capitalism, industrialization and the subsequent displacements, as portrayed in the English novels and literature of the Victorian age.

The nature and quantum of performing Banks can be adopted by less performed Banks with high degree customizations. The individual Bank has to make a detailed study on the Best practices in welfare measures, in order to implement in the organization, which, in turn, will result in higher motivation levels among the employees. A highly motivated employee is an asset to the organization for organizational development.

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