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PRODUCTIVITY LINKED REWARD SCHEME FOR EMPLOYEES PROVIDIDNET FUND ORGANISATION
INTRODUCTION

VIII.1 The employee Provident Fund Organisation is a statutory organisation working under the Ministry of Labour. This Organisation is charged with the responsibility of maintaining provident fund account of millions of subscribers working in thousands of establishments/factories all over the country. The Employees Provident Fund Organisation enforces various provisions of the Act and subsequent framed thereafter for the fulfillment of its Corporate Objectives.

VIII.2 During the year 1981-82 the Productivity Linked Bonus Scheme for EPF was designed by National Productivity Council, New Delhi. The need for the previous study had arisen as a result of the directives of the Govt. of India and the demand made by the employees. It was thought of in lieu of annual bonus which has been a matter of discussion and negotiation between employees and the EPF organisation. The present study is a review of the earlier scheme. Thus, under such circumstances the proposed scheme is constrained by the directives of the Govt. and practices in other sister organisations in order to avoid wide disparities between employees of different organisations where similar schemes have been implemented.

VIII.3 During the Year 1981-82 the PLB Scheme for EPF was designed by NPC. The Scheme had been in operation for last 4 years. The services of NPC has once again been retained by EPF for review of the PLBS for the year 1985-86 and the subsequent years. The following terms of reference were mutually agreed upon;

A. To carry out a detailed analysis of the operational results and side effects of implementation of the earlier scheme with a view to assess the
potential of the 'Productivity Factors' used in the said scheme for future use.

B. To identify other relevant 'Productivity Factors' to monitor the effective performance of the organisation as per the stated objective of the organisation, and to integrate these factors with the other potential productivity factors to formulate a viable Productivity Linked Bonus Scheme.

C. To review the operational performance such as weightages, performance-payment relationship for the application of the scheme and also to design a simple paper work system for implementing and monitoring the scheme.

D. To evolve a mechanism to compensate the region having good performance.

E. The field study will cover wide range of centre so as the give a proper coverage to regional aspects of the problems and the services rendered.

REVIEW OF THE PAST PERFORMANCE

VIII.4 A review of the past performance reveals that the Employees Productivity Index (EPI) calculated on the basis of the formula adopted in previous report, worked out to be 100 in the year 1977-78. In the subsequent year it has shown a decline upto 1982-1983 and then went up to 103 in the year 1984-85.

FACTORS VARIATION

VIII.5 On factor efficiency basis it was noted that the factor efficiency of the accounts has shown a continuous increase from 82-83 to 84-85 from a level of 103.9 to 110.07.
OBJECTIVE OF THE SCHEME

VIII.6 The objective of the PLB Scheme is, "to compensate the employees for the good work done during preceding year while motivating further to do better work for the current years". With this objectives in view, the mission and Corporate Objectives of EPF, departmental functions and objectives were critically examined to identify the results, performance parameters and other quantifiable activities which reflect the impact employees efforts and decision making.

VIII.7 The PLB Scheme should be simple enough to be understood by the employees and their representatives. The administration of the scheme should also be simple and effective.

VIII.8 The result of the scheme should be so presented to the employees that they can appreciate the reasons for the declared bonus for the given year and also take self-controlling measures to improve the productivity in the coming year.

CONSTRAINTS OF THE SCHEME

VIII.9 Any PLB Scheme should motivate the employees towards the fulfillment of the major objectives of the organisation. This organisation is charged with the responsibility of maintaining provident fund account of millions of subscribers working in thousands of establishments/factories all over the country. The Employee Provident Fund Organisation enforces various provisions of the Act and subsequent schemes framed thereafter, for the fulfillment of its corporate objectives. The organisations is basically a social service organisation, therefore the accuracy of accounts, timely posting of annual statement of
accounts and quick disposal of advances claims etc. is of paramount importance. The PLBS should compliment the efficiency of the organisation on all the fronts.

Factors for Productivity Measurement

VIII.10 Considering the Corporate objectives, nature and content of work being performed by the employees for accomplishing these objectives, and other considerations as listed in para 5.1.3, it is suggested that certain relevant factors should be identified for measuring the productivity with an objective to link it to annual Bonus. It should however be noted that no attempt has been made here to quantify the total work content involved in various clerical and other activities. Instead, factors have been selected in such a way that output of the EPF Organisation is reflected more through 'end results' (which go towards fulfillment of corporate objectives) like no. of claims settled or no. of annual accounts made, rather than through the mechanics of clerical efforts (like making entries, filling up forms etc.) involved in achieving these 'end results'. This is found to be valid in view of huge pendency of work in each activity, thus leaving a sufficient scope for further improvement.

VIII.11 The factors selected and their indicative output counts are given below:

ACCOUNTS AND CASH
A. Settlement of P.F. claims of outgoing subscribers. (In the event of)
   - Death
   - Superannuation
   - Permanent in validation
   - Resignation/Termination of service
   - Retrenchment
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- Dismissal
- Migration and others
Output Count
- Number of all claims settled (except death)
- Number of death claims settled

B. Settlement of family pension claims

- In respect of Family pension benefit
- Retirement benefit
- Withdrawals
- Returns

Output Count

- Number of Family Pension benefit claims settled.
- Number of claims retirement, withdrawals refund settled.

C. Settlement of EDLI Claims

output Count

- Number of EDLI Settled

D. Payment of advance to members

- For the purpose of financing L.I.C. policies
- House Building
- Illness
- Marriage
- Dependent education
- During Temporary closure of establishments etc.
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Output Count

- Number of advances granted to subscribers in respect of House Building type.
- Number of advances granted for other types.

E. Preparation annual statement of accounts of subscriber.

Output Counts

- Number of annual statement of accounts issued.

ENFORCEMENT AND DAMAGES:
F. Recovery action leading to issue of Revenue Recovery Certificates.

Output Count

- Total number of revenue recovery certificate issued against defaulting employers in respect of PF, FP & EDLI (unexempted orgn.)

G. Compliance enforcement through R.C.'s speaking order.

Output Count

- Number of speaking orders issued for assessment of dues.

Inspection:

Inspection of establishments by inspectors for watching compliance and for new coverage.
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Output Count

- Number of inspection of un-exempted establishments.
- Number of inspections of exempted establishments.
- Number of inspections of uncovered establishments for purpose of coverage.
- Number of prosecution complaints (I.P.C.) prepared and launched for PF, FPS.
- Number of Industry Establishments surveyed for extension fo the PF Act 1952.

Damage Cell

Recovery of contribution and levy of damages for late payment of dues.

Output Count

- Number of speaking order issued for the levy of damages for PF, FPS and EDLI.
- Number of RRC issued for PF, FPS & EDLI U/S 14B

Cash

Preparation of cheques and money orders for settlement of claims, advances and transfer.

Output Count

Total number of cheques and money orders despatched for all schemes (PF, FPS, EDLI, Advances, Transfers.);

- Within 7 working days
- After 7 working day
Equalising Sub-factors

VIII.12 The factors in Account & Cash, and Inspection have sub-factors. There is a need to bring them to a common base within their respective main factors as the time required to perform various activities in each of these subfactors varies. Therefore, a simple arithmetic totaling of the data will not be appropriate. The sub-factors have been brought to a common base with their respective main factors applying weightages to all the sub-factors. Thus all the sub-factors Accounts have been converted into equivalent number annual statement of accounts issued equivalent number of all the sub-factors in Inspection converted into equivalent number inspections of unexempted establishment.

VIII.13 These weightages have been arrived at after consider the relative times taken for performing particular activities in the respective sub-factor. The time estimates required for performing various activities sub-factors were made on the basis of time studies carried out on sample cases.

Accounts:

Taking weightages for annual statement of accounts as 1,

i) All types provident claims except death types are taking as equivalent to 3.5 annual statement of accounts issued.

ii) Death claims, of provident fund is taken as equivalent to 8 annual statement of accounts issued.

iii) Family Pension benefit claim is taken as equivalent to 15 annual statement of accounts issued.

iv) Retirement/withdrawals/refund claims of family pension scheme are taken equivalent to 2 annual statement of account issued.

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v) EDLI claim is taken equivalent to 12 annual statement of account issued.
v) House building type of advance is taken as equivalent to 5 annual statement of account issued.
vii) Other types of advances are taken equivalent to 2 annual statement of account issued.
viii) Transfer of P.F. account involving actual transfer of P.F. accumulation is taken as equivalent to 3 annual statement of accounts issued.

Enforcement & Damages

Taking weightages for revenue recovery certificate as 1; speaking order issued for assessment of dues is taken as equivalent to 1 revenue recovery certificate filed.

BONUS SCHEME - I

VIII.14 For the purpose of designing the Bonus Scheme the productivity of the employees is proposed to be calculated in three stages as explained below:-

Factor Efficiency Index (FEI)

VIII.15 The first step is to work out efficiency in each of the factors during the years under consideration. The procedure to be adopted for finding out FEI is given below:-

i) Assigned manpower engaged in performing activities relating to particular factor (dealing hands, i.e. UDC & LDC in case of accounts and enforcement, inspectors in case of Inspection), including staff equivalent of overtime in hours.
ii) Find out work load per dealing hand/Inspector for each of the factors for all the years under consideration.
iii) Consider best work load per dealing
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hand/Inspector as 100 and taking that as base, convert all other years performance to this base year by following formula:—

$$\frac{WL/DH-I \text{ for concerned year}}{WI/DH-I \text{ for base year}} = FEI$$

Where WL/DH:I is the ratio between work load and Dealing Hand/Inspectors. The year considered are the last 3 years i.e. 1982-83 to 1984-85.

The National level factor Efficiency Index for each of the 5 factors for all the years under consideration have been worked out and are given in Table No. II, III, IV, V and VI. The Regional Factor Efficiency Index are similarly calculated from the data given in Table IX and are tabulated in Table X. Here the WL/DHI for base year is taken as that if national base year.

Total Performance Index (TPI)

VIII.16 The total performance Index applicable to all the employees of Employees Provident Fund Organisation have been worked out for all three years by the following formula:—

$$\frac{E_1 M_1 + E_2 M_2 + E_3 M_3 + E_4 M_4 + E_5 M_5}{M_1 + M_2 + M_3 + M_4 + M_5 + M_6} = T.P.I.$$
represent Enforcement Officer (P.F.I. Grade I & II). M6 is the manpower engaged in Administration Section in Regional Offices.

ASSIGNING MANPOWER

VIII.17 The manpower reckoned for the purpose of working out the formula are those of dealing hand (UDC & LADC) in position in Accounts Wing (i.e. Accounts DCB Section), Enforcement, Damage and Cash Section.

VIII.18 For Inspection side, the manpower reckoned are the Enforcement Officer (P.F.I. Grade I & II). These are the operative who are directly responsible for the accomplishment of corporate objectives which get reflected in factors pertaining to Accounts, Enforcement, Damage, Cash and Inspection and are in position as on 31st August of that year. These operatives account for about 65% of the total manpower at EP organisation. The rest of the staff i.e. staff in general administration at Regional Office and staff deployed at Central Office are contributing indirectly towards corporate objectives and to that they have been treated as indirect support staff. Their number is not reflected in the formula since their outputs which is essentially of a service type for supporting the efforts of direct operatives, have not been considered here. The region wise reckoned staff deployed in Accounts, Enforcement, Inspection, Damage and Cash is given in Table No. VIII. Staff equivalent of overtime for the operatives in Accounts, Enforcement, and Inspection, Damage Cell and Cash have also been considered for calculating the staff strength in Accounts and Enforcement etc. The covering of overtime into equivalent staff should be done based on the total number of O.T. hours worked divided by 1944 hours per year. This figure has been approximated based on actual
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working hours available after deducting, closed days National holidays and casual leave etc.

PAYMENT PLAN

VIII.19 It is proposed that the Productivity Linked Bonus Scheme be operated at two levels viz. National level for Head quarters and Regional level for concerned regions.

1. If the TPI National is 100 a Productivity Linked Bonus equivalent to 35 days wages shall be paid to the eligible employees in the Head Office of Central Provident Fund Commissioner.

2. In case the TPI National increases by 1% above 100, then an amount equal to 0.5 day wages will be added to 26 days wages.

3. If the TPI National crosses 120 then for every additional one point rise 1 day bonus will be declared.

4. In case the National TPI falls by 1% below 100, wages equivalent to 0.5 day will be reduced form 35 days,

5. In case TPI for a concerned region reaches a level of 100 an amount equivalent to 35 days wages will be paid.

6. In case the Regional TPI of a concerned region increases by 1% above 100, then an amount of 0.5 day wage per 1% increase will be added to 35 days wages.

7. If the Regional TPI crosses 120 then for every additional one point rise one day bonus will be declared.

8. In case the regional TPI of a concerned region falls by 1% below 100, then an amount of 0.5 days wage per reduction will be made. However, total payment, obtained after due calculation mentioned will be rounded of in terms of full day payment i.e. 5 days.
extra wages will be paid in place of 4.5 days with increase in E.P.I.

9. The E.P.I. will be rounded off to the nearest 0.5 e.g. 90.24 will be taken as 90 and 90.25 will be taken as 90.5, similarly 90.74 will be taken as 90.5 and 90.75 will be taken as 91.00. Based on this the sample payment schedule for the year 1984-85 is given in the following table.

10. In order to ensure that final accounts are prepared for submission to the audit by the end of June of the succeeding year, it is suggested that Bonus as worked out may be reduced by 1 day for every delay of 1 month beyond June for that concerned region.