CHAPTER - VI

EMPLOYEE REWARDS AND WELFARE IN LIC OF INDIA
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This chapter focuses on reward and welfare function in LIC of India. Attitude of employees on various factors of reward and welfare function are also analysed.

Introduction

Reward constitutes an important element in Human Resources Management. Reward Management is essentially about designing, implementing and maintaining pay systems which help to improve organizational performance. To do this, the system has to provide for competitive pay levels and structures and to ensure that rewards are linked explicitly to contribution, performance and potential. The emphasis today is on paying for performance in order to achieve productivity through people.

A number of theoretical considerations like public policy and legal framework, company objectives, labour market situation, pressures from unions and competition etc., affect the policies and programmes concerning reward function. The reward structure needs to be evolved carefully to provide for meaningful wage differentials and salary progression. Since 1930s a number of behavioural scientists have tried to examine relationship between work, reward and motivation by focusing on the objectives of the reward system, the content of the reward and process or rewarding. According to these theories rewards could be intrinsic
or extrinsic, but they need to satisfy a four-fold criteria if they are to motivate people for superior performance. These criteria are: (i) Equity (wages, wages should be equitable); (ii) valence (they must be valued); (iii) Salience (they should be make significant difference to the employees) and (iv) contiguous (they should be contiguous upon performance). Therefore, organizations are searching for means to find innovative approaches which give the desired flexibility and provide a measure of harmonization that contributes to positive attitudes and better performance besides making rewards simple fair and equitable. Compensation is an important factor affecting how and why people choose to work at one organisation over others. Employers must be reasonably competitive with several types of compensation to attract and retain competent employees.

Rewards to employees can be broadly divided into (a) pay (basic wage/salary and allowances); (b) incentives; and (c) benefits.

Pay

Base Pay: The basic compensation that an employee receives usually as a wage or salary is called base pay. The term ‘wage’ and ‘salary’ are sometimes considered as synonymous but they have slightly different meanings.

ILO defined the term wage as “the remuneration paid by the employer for the service of hourly, daily, weekly and fortnightly employees”. It also means that remuneration paid to production and maintenance or blue collar employees.

The term salary is defined as the remuneration paid to the clerical and managerial personnel employed on monthly or annual basis. The distinction between wage and salary does not seem to be valid in these days of human
resource approach where all employees are treated as human resource and are viewed at par. Hence two terms can be used interchangeably. As such, the term wage and / or salary can be defined "as the direct remuneration paid to an employee compensating his services to an organisation".

People paid salaries receive consistent payment each period regardless of the number of days worked. Some organizations maintain an all salaried approach with their administrative and clerical employees in order to create a greater sense of loyalty and organizational commitment.

The Elements of Salaries

Wage and salary system should have relationship with the performance, satisfaction and attainment of goals of an individual. Henderson identified the following elements of wage and salary system:

1. Identifying all available salary opportunities, their costs, estimating the worth of its members of these salary opportunities and communicating them to employees.

2. Relating salary to needs and goals.

3. Developing quality, quantity and time standards relating to work and goals.

4. Determining the efforts necessary to achieve standards

5. Measuring the actual performance

6. Comparing the performance with the salary received.

7. Measuring the job satisfaction gained by the employees.
8. Evaluating the unsatisfied wants and unreached goals of the employees.

9. Finding out the dissatisfaction arising from unfulfilled needs and unattained goals.

10. Adjusting the salary levels accordingly with a view to enabling the employees to reach unreached goals and fulfill the unfulfilled needs.

**Incentives**

An ‘incentive’ or ‘reward’ can be anything that attracts an employee attention and stimulates him to work. In the words of Burack and Smith, “An incentive scheme is a plan or programmes to motivate individual or group performance. An incentive programme is most frequently built on monetary rewards (incentive pay or monetary bonus) but may also include a variety of non-monetary rewards or prizes”.

An incentive plan may consisting both ‘monetary’ and ‘non monetary’ elements. The timing, accuracy and frequency of incentives and provision for encouragement individual performance are pre-requisites of a successful incentive plan.

**Types of Incentive**

Individual incentives are given to reward the efforts and performance of individuals. Some of the most common means of providing individuals variable pay includes piece-rate systems, sales commissions, and bonuses. Others include special recognition rewards such as trips or merchandise. Two widely used individual incentives focus on employee safety and attendance
When an organization rewards an entire work group or team for its performance, cooperation among the members usually increases. The most common team or group incentives are gain sharing plans, where employees teams that meet certain goals share in the gains measured against performance targets. Often, gain sharing programs focus on quality improvement, cost reduction, and other measurable results.

Organizational incentives reward people based on the performance results of the entire organization. This approach assumes that all employees working together can generate greater organizational results that lead to better financial performance.

Organisational incentives may be given as a lump-sum amount to all employees, or different amounts may be given to different levels of employees throughout the organization. The most prevalent forms of organization-wide incentives are profit sharing plans and employee stock plans.

Bonuses

Individual employees may receive additional compensation payments in the form of a bonus, which is a one-time payment that does not become part of the employee's base pay. Generally, bonuses are less costly to the employer than other pay increases because they do not become part of employees' base wages.

Bonuses also can be used to reward employees for contributing new ideas, developing skills, or obtaining professional certifications. When the skills or certification requirements are acquired by an employee, a pay increase or a one-time bonus may follow.
Special Incentive Programs

Numerous special incentive programs that provide awards to individuals have been used, ranging from one-time contests for meeting performance targets to reward for performance over time. For instance, safe-driving awards are given to truck drivers with no accidents or violations on their records during a year. Although special programs also can be developed for groups and for entire organizations, these programs often focus on rewarding only high-performing individuals.

Awards

Cash merchandise, gift certificates, and travel are the most frequently used incentive rewards. Cash is still highly valued by many employees because they have discretion on how to spend it. However, travel awards, particularly to popular destinations such as Disney World, Las Vegas, Hawaii and international locations, appeal to many employees.

Recognition Awards

Another type of program recognizes individual employees for their performance or service. For instance, many organizations in service industries such as hostels, restaurants, and retailers have established “employee of the month” and “employee of the year” awards.

Service Awards

Another common type of reward given to individual employees is the service award. Although these awards often may be portrayed as rewarding
performance over a number of years, in reality, they are determined by length of service, and performance plays little or no role.

**Sales Compensation and Incentives**

The compensation paid to employees involved with sales and marketing is partly or entirely tied to individual sales performance. Better-performance sales people receive more total compensation than those selling less. Sales incentives are perhaps the most widely used individual incentive.

**Advantages of Incentive Pay Programs**

1. Incentives focus employee efforts on special performance targets. They provide real motivation that produces important to employee and organizational gains.

2. Incentive payouts are variable costs linked to the achievement of results.

3. Incentive compensation is directly related to operating performance. If performance objectives (quantity and / or quality) are met, incentives are paid. If objectives are not achieved, incentives are withheld.

4. Incentives foster teamwork and unit cohesiveness when payments to individuals are based on team results.

5. Incentives are a way to distribute success among those responsible for producing that success.
Benefits

Management is concerned with attaching and keeping employees, whose performance meets minimum levels of acceptability; and at keeping ‘absenteeism’ and ‘turnover’ to tolerable levels. The provisions of ‘benefits’ and ‘services’ can be and are important in maintaining the employees and reducing or keeping turnover and absenteeism low.

It is important to note that ‘financial’ incentive is paid to specific employees whose work is above standard. ‘Employee benefits and services’ on the other hand, are available to all employees based on their membership in the organisation. The purpose of such benefits and services to retain people in the organisation and not to stimulate them to greater effort and higher performance. They foster loyalty and act as a security base for the worker.

These benefits are usually known as ‘fringe benefits’ - as they are offered by the employer to the employee as a “Fringe”. The term ‘Fringe Benefits’ refers to various extra benefits provided to employees, in addition to the compensation paid in the form of wage or salary. Balcher defines these benefits as, “any wage cost not directly connected with the employees’ productive efforts, performance, service or sacrifice”.

Different terms are used to denote fringe benefits. They are welfare measures, social charges, social security measures, supplements, sub-wages, employee benefits, etc. The term ‘fringe benefits’ covers bonus, social security measures, retirement benefits like provident fund, gratuity, pension, workmen’s compensation, housing, medical, canteen, co-operative credit, consumer stores,
educational facilities, recreational facilities, financial advice and so on. Thus fringe benefits cover a number of employee service and facilities provided by an employer to his employee and in some cases to their family members also.

**Reward Function in LIC of India**

When the Insurance Industry was nationalized different companies were paying different level of wages to the insurance employees. The trade unions of LIC employees launched the struggle for standardization of wages and succeeded in achieving the same in year 1957. Immediately after that the employee unions had to fight for bonus. The Government had taken up a policy decision that no public sector employee should be paid bonus. The struggle of the trade unions against this decision succeeded and LIC employees were given bonus. With this entire public sector workers attained the right to bonus.

With the crisis in the Indian economy manifesting in many ways, the Government started attacking the wages and service conditions of the workers. The LIC employees also could not escape the attack. The Bonus of LIC employees was attacked. The trade unions established a suit and upheld the Judgment as bonus is the property of LIC employees. Parliament was used to bring a legislation depriving the LIC employees even the right to collective bargaining. The unions of LIC of India forced the Government and the Management to negotiate and brought a good wage raise for the LIC employees. Thereafter employee unions reopened many issues and brought further gains to the employees. 100% DA neutralization up to the maximum of sub staff scales (Now available for all classes of employees), removal of ceiling on salary, removal ceiling on gratuity, fitment benefit to the employees where some of the major rewards. Since then
LIC employees has been securing wage revisions periodically by launching many struggles.

The LIC registered unprecedent progress since the last wage settlement of 01.08.2002. During this period LIC emerged as the truly world class customer centric organization. The LIC achieved the best ratios in terms of wage cost and management expenses in the Life Insurance Industry in the country. Its business retention and preservation ratio is also the best in the industry. The performance of LIC on these counts can be favourably compared with the best in the world. Making the best of the situation LIC employees secured a very magnificent wage revision with effect from 01.08.2007 that too without any conditions. It is the unprecedented wage revision in the history of LIC. The wage revision has brought unparallel monetary gains to the employees. LIC employees are able to secure an additional amenity in the form of meals coupons. The LIC employees raised the demand for pension and the Government agreed for introduction of a better pension scheme.

**Pay Scales and Allowances of LIC employees**

**Monthly Emoluments of Employees in LIC of India**

The Pay Scales were revised w.e.f. 01.08.2007 to the LIC employees. The revised Pay Scales are mentioned hereunder.

- **Peon**: 6180-250(5)-7430-265(8)-9550-315(1)-9865-325(2)-10515-390(3)-11685
Assistant / Typist: 7640-440(1)-8080-480(2)-9040-540(5)-11740-625(2)-12990-760(3)-15270-790(2)-16850-840(5)-21050.

Stenographer: 9580-540(4)-11740-625(2)-12990-760(3)-15270-790(2)-16850-840(8)-23570

Section Head: 9965-630(7)-14375-840(12)-24455

Higher Grade Assistants: 11425-755(3)-13690-840(15)-26290

Class-2: Development Officers: 11535-700(2)-12935-825(2)-14585-840(17)-28865

Assistant Administrative Officers: 17240-840(14)-29000-910(4)-32640

Administrative Officers: 23120-840(7)-29000-910(6)-34460

Assistant Divisional Manager: 28160-840(1)-29000-910(6)-34460-1200(4)-39260

Divisional Manager: 34460-1200(7)-42860

Senior Divisional Manager: 41660-1200(3)-45260-1350(2)-47960

Zonal Manager (O): 46610-1400(5)-53610

Zonal Manager (S): 52210-1400(2)-55010-1500(1)-56510-1640(1)-58150-1700(1)-59850

There will be stagnation increments from the cadre of Peon to the cadre of Assistant Divisional Manager for every 2 yrs or 3 yrs depending upon the cadre and restricted to max. of 2 to 7 such stagnation increment in entire
service again depending upon the cadre the employee is working in.

House Rent Allowance

The third important element of pay is HRA. This enables an employee to meet the expenditure on rented accommodation. It is paid at a fixed percentage on Basic Pay depending on the place of work of an employee. Employee working in Big cities and special places get higher rate of HRA when compared to those who work in other places. Depending upon the place of residence the rate ranges from 7 to 10 percent of the Basic pay as mentioned below. All employees / officers except those who are allotted Staff Quarters shall be paid HRA as under.

<table>
<thead>
<tr>
<th>Place of Posting</th>
<th>Rate of House Rent Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cities of Mumbai, Calcutta, Chennai, Delhi and Noida, Faridabad, Ghaziabad, Gurgaon, Navi Mumbai, Hyderabad, Bengaluru and other cities with population of 4.5 lakhs and above</td>
<td>10% of pay subject to the maximum of Rs. 3200/-pm</td>
</tr>
<tr>
<td>2. Cities with population exceeding 12 lakhs, but less than 45 lakhs and except those mentioned at 1) above and, any city in the State of Goa</td>
<td>8% of pay subject to the maximum of Rs. 2700/-pm</td>
</tr>
<tr>
<td>3. Other Places</td>
<td>7% of pay subject to the maximum of Rs. 2600/-pm</td>
</tr>
</tbody>
</table>

Officers / Employees allotted staff quarters are not eligible for HRA but they pay licence Fee @ 1.20% of the Basic pay at the minimum of the pay-scale.
Dearness Allowance

DA is second important component of pay of an employee. It is the monetary compensation given to an employee for neutralizing the effect of increase in cost of living. In India, for LIC employees as per Bipartite Settlements, DA is increased at a fixed percentage on quarterly basis every year in the months of February, May, August and November by taking into account average raise in consumer price index (Industrial workers) the following formula used for calculating DA rates for LIC staff.

Dearness Allowance Rate

Dearness Allowance rate applicable to all LIC employees for every four points in the quarterly average of the All India Consumer Price Index above 2944 points, employees shall be paid dearness allowance at the rate of 0.15 percent of basic salary.

Calculation of DA Slabs

Step1. Convert the index number of a month to 1960 base.

Step2. Average the corresponding three months figures as calculated below i.e., for e.g., (for May DA, take Jan, Feb & March index nos and multiply with 4.93 and average the index by dividing the result with 3).

Step3. Deduct 2944 (latest wage revision merger point) from the figure arrived in the second step.

Step4. Divide the figure arrived in third step by 4. This will be the no. of slabs for the quarter.
Step 5. Deduct these slabs from the previous quarter slabs to arrive at the increase / decrease in no. of slabs.

Special Allowance for Passing Professional / Technical Examinations to Class III employees

This is an incentive increment granted to class III employees who have passed professional / technical examinations. This special allowance is not treated as basic pay but shall count for D.A., H.R.A., P.F., Pension, Fixation on promotion from class III to Class I and encashment of PL.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Professional / Technical Examination</th>
<th>Special Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1. Licentiate</td>
<td>1. Rs. 180/- pm</td>
</tr>
<tr>
<td></td>
<td>2. Associateship</td>
<td>2. Rs. 490/- pm</td>
</tr>
<tr>
<td></td>
<td>3. Fellowship</td>
<td>3. Rs. 840/- pm</td>
</tr>
<tr>
<td>2.</td>
<td>Examination of the Institute of Actuaries, London</td>
<td>Rs. 180/- pm on passing each subject</td>
</tr>
<tr>
<td>3.</td>
<td>Examination of the Actuaries of India</td>
<td>Rs. 180/- pm on passing each subject</td>
</tr>
<tr>
<td></td>
<td>1. Intermediate</td>
<td>2. Rs. 600/- pm</td>
</tr>
<tr>
<td></td>
<td>2. Final Group 'A' or 'B'</td>
<td>3. Rs. 840/- pm</td>
</tr>
<tr>
<td></td>
<td>3. Final Group 'A' and 'B'</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>M.B.A.</td>
<td>Rs. 840/- pm</td>
</tr>
<tr>
<td>6.</td>
<td>Final Examination of the Institute of Company Secretaries of India</td>
<td>Rs. 840/- pm</td>
</tr>
</tbody>
</table>
Graduation Increment for Stenographers

The employees in the scale of Assistant and Stenographers who are graduates from a recognized university shall be granted two graduation increments as under:

i) Where an employee is already a Graduate at the time of appointment - from the date of appointment

ii) Where an employee becomes Graduate subsequent to his appointment in the above scale - from the 1st day of the month following the month in which results of examination is declared.

Graduation Allowance for Record Clerk

Where a Record Clerk becomes graduate he will be granted graduate allowance Rs. 320/- pm. If an employee is graduate before his promotion as Record Clerk (RC) he shall be granted the Graduation Allowance from the date of fixation of his salary as RC. If he becomes graduate thereafter, the graduation allowance shall be granted from the first of the following month from the date on which the results are declared. The graduation allowance payable to RC does not count as pay for any purpose.

Graduation Allowance for Assistants & Stenographers

The graduation allowance payable to Assistants and Stenographers shall count for the purpose of DA, HRA, Gratuity, P.F., Pension, encashment of PL and Fixation of salary on promotion.
Graduation Allowance for Assistant & Stenographer

<table>
<thead>
<tr>
<th></th>
<th>Amount of graduation allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where an employee becomes graduate of a recognized university after reaching maximum of the scale</td>
<td>Rs. 530/- pm.</td>
</tr>
<tr>
<td>On completion of one year after reaching maximum of the scale and who were in receipt of Graduation increment</td>
<td>Rs. 270/- pm.</td>
</tr>
<tr>
<td>On completion of two years after reaching maximum of the scale and who were in receipt of Graduation increment</td>
<td>Rs. 530/- pm.</td>
</tr>
</tbody>
</table>

Functional Allowance

LIC Employees are eligible for this Functional allowance as mentioned below

Class-I Officers Programmers or systems Analysts or programmes-cum-system Analyst in the scale of pay of AAO, AO or AMD are paid Functional Allowance Rs. 680/- pm. Officers posted in the Audit/Inspection Dept. with touring duties are paid Rs. 850/- pm.

Class II & Class IV Employees, Banda, Duplicating and Xerox Machine Operators in the scale of pay of Record Clerks are paid Rs. 90/- pm. Micro Processor Operators in the scale of pay of Assistants are paid Rs. 170/- pm. Higher Grade Assistant (Programmers) are paid Rs. 540/- pm. Franking machine operators in the scale of Sepoys are paid functional allowance Rs. 70/- pm.

Transport Allowance

All Class I employees of LIC of India will get transport allowance 800/- per month those who draw conveyance allowance under any scheme of the corporation. All Class III & IV employees of LIC of India will get transport allowance 275/- per month.
Special Allowance payable to Class III and IV Employees

Special Allowance payable where an employee of Class III and IV appointed in higher responsibility post in the same cadre he will be granted a special allowance for Assistants appointed as Cashier Rs. 1500/- pm. For HG as appointed as Internal Audit/Inspection Assistants for first 5 years Rs. 650/- pm. For the next 5 years Rs. 740/- pm. and for subsequent years Rs. 800/- pm will be granted.

City Compensatory Allowance

This is an allowance given to the LIC of India employees based on population of the city where employee is working.

<table>
<thead>
<tr>
<th>Place of Posting</th>
<th>Rate of City Compensatory Allowance</th>
<th>Class-I Max</th>
<th>Class-II Max</th>
<th>Class III &amp; IV Min</th>
<th>Class III &amp; IV Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Cities of Mumbai, Kolkata, Chennai New Delhi, Noida, Faridabad, Ghaziabad, Gurgaon, Navi Mumbai Hyderabad, Bengaluru, and other Cities with population of 45 lakhs and above</td>
<td>3% of Pay</td>
<td>800</td>
<td>675</td>
<td>205</td>
<td>635</td>
</tr>
<tr>
<td>ii. Cities with population exceeding 12 lakhs, but less that 45 lakhs and except those mentioned at i) above and, any city in the State of Goa.</td>
<td>2.5% of pay</td>
<td>760</td>
<td>625</td>
<td>170</td>
<td>595</td>
</tr>
<tr>
<td>iii. Cities with population of 5 lakhs and above but not exceeding 12 lakhs State Capitals with population not exceeding 12 lakhs, Chandigarh Mohali, Pondichery, Port Blair and Panchkula</td>
<td>2% of pay</td>
<td>590</td>
<td>545</td>
<td>125</td>
<td>510</td>
</tr>
</tbody>
</table>
Service Benefits

Daily Allowance

Daily allowance provided for class-I in the rank of DM and above payable shall be Rs. 1200 and for Officers in the rank of AAO, AO and ADM shall be Rs. 1000/- while on tour on official business at the four metros viz. Delhi, Mumbai, Kolkata and Chennai. Non metro cities are classified as A, B, and C classes.

a. "A" Class Cities - Cities with population exceeding 12 lakhs

b. "B" Class Cities - Cities with population of 5 to 12 lakhs

c. "C" Class Cities - Other cities not included in a) and b) above

For these non metro cities daily allowances will be provided as mentioned below, while on official business tour.

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Class of Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Officers of the rank of DMs and above</td>
<td>Rs. 1000/-</td>
</tr>
<tr>
<td>Officers in the rank of ADMs, AOs and AAOs</td>
<td>Rs. 800/-</td>
</tr>
<tr>
<td>Development officers, Class III Employees in the grade of HGA</td>
<td>Rs. 500/-</td>
</tr>
<tr>
<td>Other Class-III Employees</td>
<td>Rs. 375/-</td>
</tr>
<tr>
<td>Class-IV Employees</td>
<td>Rs. 325/-</td>
</tr>
</tbody>
</table>
Washing Allowance

Washing allowance Rs. 150/- pm. will be granted to all Class-IV employees in LIC of India.

Project Allowance

Project Allowance is payable for Class-I officers attached to engineering department and posted at Project Sites shall be allowed Rs. 240/- per month. Class-III employees attached to engineering department and posted at Project Sites shall be allowed allowance Rs. 170/- per month.

Officiating Cashier Allowance

Officiating cashier allowance will be granted for those employees pay is less than or equal to Rs. 20,210/- pm. @ 45/- per day. Officiating allowance will be paid for those employees pay is more than Rs. 20,210/- @ 55/- per day.

Incentive for Passing Hindi Exam

All classes of employees get an incentive as cash award for passing Hindi exams for Probodh-375/-, Praveen-525/-, Pragya-675/-, Hindi typing - 560/-, and for Hindi stenography-750/-. For all above Hindi examinations tuition fee and examination fee will be reimbursed by the corporation.

Cash Incentive for Family Planning

Cash incentive along with special leave granted to employees for family planning operations i.e., Vasectomy Rs. 100, and 6 days leave. For Tubectomy Rs. 200, and 14 days leave, not more than two children under going Vasectomy / Tubectomy will be awarded Rs. 250/- cash incentive.
Group Personal Accident Insurance Scheme of Employees Carrying Cash to and from Bank

For all LIC employees on duty cover of Rs. 10,00,000/- sum insured who carry cash/cheques to and from Banks and the employees who accompany them against accident. The policy covers both death and total / partial disability arising due to accident.

Productivity Linked Lumpsum Incentive

Productivity linked lumpsum incentive shall be distributed as a lumpsum annually on or after 1st April for each financial year. Grant of productivity lumpsum incentive shall depend upon performance of the division as a whole.

Relief fund to employees

The purpose of the Relief fund to employees scheme is to grant monetary relief to employees who suffer from prolonged ailments involving heavy medical expenses or to those who may be affected by natural calamities and also it is granted to the employees themselves or to the dependent children and spouse of the employees on above account as mentioned below:

<table>
<thead>
<tr>
<th>Person</th>
<th>Ex-Gratia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>Rs. 10,000</td>
</tr>
<tr>
<td>Spouse</td>
<td>Rs. 5,000</td>
</tr>
<tr>
<td>Dependent Children</td>
<td>Rs. 3,000</td>
</tr>
</tbody>
</table>
An interest free loan also provided to the employees as mentioned below under Relief fund scheme

<table>
<thead>
<tr>
<th>Person</th>
<th>Interest Free Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>Rs. 10,000</td>
</tr>
<tr>
<td>Spouse</td>
<td>Rs. 5,000</td>
</tr>
<tr>
<td>Dependent Children</td>
<td>Rs. 3,000</td>
</tr>
</tbody>
</table>

Meal Coupon Scheme

This is an allowance for all employees of LIC introduced from 01.09.2010.

For HGA Rs. 80/- per day, Asst. / Steno Rs. 70/- per day; RC Rs. 60/- per day, Class IV Rs. 50/- per day; RPTs Rs. 25/- per day.

It will be paid for working days including Saturdays. Will not be paid for days on Tour, Halfday CL, Strike, Suspension etc.,

Leave Travel Concession

LIC employees are eligible for this facility once in a block of two years. This facility can be availed by all the employees, subject to maximum reimbursement upto 2000 Kms. Each way by eligible mode of transport.

» The benefit of Leave Travel Concession (LTC) can be availed by the end of the following financial year for single block.

» LTC can also be availed by clubbing two blocks.
» Employees can travel by higher mode of transport where the reimbursement shall be restricted to the maximum eligible amount.

» Advance against LTC can be granted on production of reserved tickets / money receipts or 16 days before the commencement of journey.

» In case of official tour or LTC etc., the above deal/tour code is to be recorded at the appropriate place while booking flight tickets.

» In case of travel by taxi the requirement of submitting declaration that the taxi is owned by the travel agent is waived.
LTC can be availed by all the employees as mentioned in the following table.

<table>
<thead>
<tr>
<th>Category</th>
<th>Mode of Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By Train</td>
</tr>
<tr>
<td>Zonal Manager and above</td>
<td>I Class AC/II AC Sleeper Including Rajdhani</td>
</tr>
<tr>
<td>Other officers in Class-I cadre</td>
<td>I Class ordinary/IIAC Sleeper including Rajdhani</td>
</tr>
<tr>
<td>Development Officers</td>
<td>I Class or II AC Rajdhani Express/AC-III Tier Sleeper</td>
</tr>
<tr>
<td>Class III Employee drawing a Basic pay of Rs.11425/- and above</td>
<td>I class/II AC Rajadhahi Express/AC-III Tier sleeper</td>
</tr>
<tr>
<td>Class III Employee drawing a Basic Pay of less than Rs11425/-</td>
<td>II Class/Sleeper Class (other than Rajdhani Express) I Class / II AC in night journey is involved. AC III tier sleeper in Rajdhani Express if night journey is involved</td>
</tr>
<tr>
<td>Class IV Employee drawing a Basic Pay of Rs. 7640/- and above</td>
<td>I/II AC Rajdhani Express/III Tier Sleeper</td>
</tr>
<tr>
<td>Class IV Employee drawing a Basic Pay of less than Rs. 7640/-</td>
<td>II Class/Sleeper class (other than Rajdhani Express)</td>
</tr>
</tbody>
</table>

If any member of family whose age is 60 years and above for male and 58 years and above for female, Travel by train / taxi / bus - 70% of fare of the appropriate class of train for the eligible distance. Reimbursement will be paid considering them as senior citizens of employee family.
Special Allowance to Disable Persons (Physically Handicapped)

An allowance of 2.5% of basic pay is payable to physically handicapped employees subject to the maximum ceiling of Rs. 400 per month in addition to Transport Allowance.

Benefits Available to Different Classes of LIC Employees

Benefits available to Class IV employees

Uniforms are provided to confirmed Class IV employees as on 1st April. Five sets in a block of 2 years (1st year - 3 & 2nd year 2 sets) Maximum amount Rs. 670/- per set including stitching charges will be paid. For shoes maximum amount of Rs. 500/- per pair once in two years. For socks 2 pairs every year at Rs. 40/- per pair maximum Rs. 80/-. For Umbrella once in 2 years - Maximum Rs. 150/- will be paid.

Benefits to Regular Part Time Employees

For shoes one pair cost Rs. 500/- once in 2 years and for socks 2 pairs, cost Rs. 40/- per pair, each year and for uniforms 3 sets in 3 years and for umbrella once in 2 years cost Rs. 150/- will be paid.

Leave

Privilege Leave (PL) 1 day for every one month service. Max 30 days. Casual Leave (CL) 10 days in a year. Special Leave (SL) For each completed year of service. Max 160 days (half pay) special leave will be granted.

Medical benefit will be in the proportionate to number of hours of work. PF with drawl allowed 10% of proportionate basic. Washing allowance Rs. 90/- per
month will be paid. Festival advance 1 month salary - Max Rs. 8500/- can be drawn. Flood / Drought/Cyclone advance Rs. 12500/- or extent of damage whichever is less will be sanctioned.

Benefits to Class I Officers

Benefits such as reimbursement of cost of Brief case / leather bags to Class I officers. For AAOs - Rs. 1500/-, AOs/ADM - Rs. 1850/-, DMs/SDMs - Rs. 2150/-, ZMs / EDs - Rs. 2500/-, Once in 3 years. Reimbursement limit is inclusive of sales tax, if any will be paid.

Reimbursement of Expenses for serving Tea and Coffee

The class I officers are allowed reimbursement of expenses incurred for serving Tea/Coffee to visitors on official business ED / Chief-In-charge : No Limit, DZM : Rs. 600/-, ADM/DM : Rs. 500/-, AO/AAO : Rs. 350/-. Supply of Dailies

The officers are allowed full reimbursement of expenses towards purchase of dailies and magazines ZMs and above 2 dailies - 1 financial and non-financial, 2 Indian Magazines of repute, 1 Financial and 1 general. For ADMs and above 2 dailies - 1 financial and non-financial. For AAOs / AOs one daily of repute (either financial or non-financial)

All Class I officers will be entitled for reimbursement of full cost of daily/magazine as per the criteria above. Asper the circular Ref : (Cir : ZD/1044/ASP/2004 dt. 29.04.2004)
Preventive Health Check-up

Senior officers in the cadre of Divisional Managers and above are allowed reimbursement of expenses towards Preventive Health Check-up at periodic intervals. First check up before age 50, two check-ups between age 50 to 55, two check-ups between age 55 to 60, the maximum limit of reimbursement of per check-up is Rs. 2000/-. 

Benefits to Sports Persons in LIC

Refreshment Allowance

Refreshment allowance is payable to participants, official and members of the Tournament Committee for conducting Divisional level / Branch level Tournaments / meets Rs. 20/- per head, per day; irrespective of number of sessions per day.

Incidentals

a. Divisional level : Actual expenses or half of special sports allowance payable to participate at Divisional level Tournaments / Meets whichever is less for each completed journey.

b. Zonal / All India : Actual expenses or half of Special Sports Allowance payable to participants at Zonal / All India Level whichever is less for each completed journey.

Daily Allowance or Special Sports Allowance

The daily allowance Special Sports Allowance payables to the selected participants at various levels of Tournaments/Meets are as follows (with effect from 02.12.2005)
a. Divisional Level - Rs. 200/- per day

b. Zonal Level - Rs. 300/- per day

C. All India (Inter-Zonal) Level - Rs. 400/- per day

d. Representing LIC All India Teams - Rs. 500/- per day in Outside / Open Tournament / Meets.

No Distinction in class of employee or class of city. Special Sports Allowance is payable only to the participants representing their Branch in the Divisional Office (DO) Level Tournament / Meet. Participants in DO Headquarters/City area Branches are not eligible for Special Sports Allowance for participating in the D.O Level Tournament. The provision is paying Special Sports Allowance in full and without any deduction whatsoever should be continued at Zonal Tournaments/ All India Tournaments, even if staying arrangements are made at the Hotel by the Office. For local participants in Zonal Tournament / All India Tournaments, the Special Sports Allowance may be paid only if they stay in accommodation arranged by the Office.

Kit Allowance

Sports persons in LIC are eligible for Kit Allowance as under for purchase of sports material connected with the sports they are participating.

I. Those representing the Zone at the All India (Inter-Zonal Tournaments/Meet : Rs 1000/-)

II. Those representing LIC All India Teams in the outside / open Tournament/ Meet Rs. 1200/-
The reimbursement for purchase of Kit may be allowed only if any of the prescribed items are purchased. The Kit Allowance will be payable to the sports persons participating in LIC All India Tournaments/Meet conducted during the calendar year. The employees who participate in LIC All India Tournaments/meet and also those representing LIC in outside Tournament/Meet on account of their selection, will be eligible for Kit Allowance for both the occasions.

Employee Attitude towards reward management in LIC of India

Employees mostly concern the adequacy of the total salary to meet their various needs like living, children's education, medical aid and the like. Employees are satisfied with the job and feel happy, if their salaries are adequate to meet their requirement and the vice versa is true, if the salaries are not adequate.

A combination of internal and external factors can influence directly or indirectly, the rates which employees are paid. The internal factors that influence wage rates are the employers compensation strategy, the worth of job, and employee's relative worth in meeting job requirements, and an employers ability to pay. The major external factors that influence wage rates include labour market conditions, area wage rates, cost of living collective bargaining. If the employer is unionized and legal requirements such as Government legislating which affect wage fixation are the payment of wages act, 1936 and minimum wages act, 1948. In India wages are fixed by the a. Collective bargaining and Adjudication. b. Wage boards, c. Pay commissions (Sixth pay commission on October 5, 2006).

To acquire qualified personnel and to retain present employees to reduce employee turnover, to ensure internal and external quality, to control organization
operational costs, to comply with legal regulations and further for administrative efficiency. Management has to formulate and administer the salary policies on sound lines as: (i) most of the employees satisfaction and work performance are based on pay, (ii) internal inequalities in pay are more serious to certain employees, (iii) employees compare their pay with that of others, (iv) employees act only to gross external inequalities, and (vi) employee comparisons of pay are uninfluenced by levels of aspirations and pay history, and (vi) employees compare the pay of different employees with their skill, knowledge, performance, etc., as such employees opinion are collected to find out whether salaries are adequate to meet employees requirements or not.

Table 6.1: Employee Attitude Towards Reward Management in LIC of India

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Statement</th>
<th>Employees Rating (Weighted Averages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Your salary is at par with the Industry standards</td>
<td>3.61</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.44)</td>
</tr>
<tr>
<td>2.</td>
<td>Your salary is sufficient to meet needs of your family.</td>
<td>3.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.52)</td>
</tr>
<tr>
<td>3.</td>
<td>Your job gives economic security by way of regular Employment and Regular income</td>
<td>4.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.56)</td>
</tr>
<tr>
<td>4.</td>
<td>You receive sufficient incentives, Relevant Perks and benefits.</td>
<td>3.37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.43)</td>
</tr>
</tbody>
</table>

Source: Information collected through employee questionnaire
Note: Figures in parenthesis are standard deviation

Item no. 1 in table 6.1 is your salary at par with the industry standards. For this, the sample employees rated as 3.61. It is above the moderate extent. Thus it can be understood that the salary of LIC of India employee is at par with the Industry Standards.
Because of inflation, compensation rates have had to be adjusted upward periodically to help employees maintain their purchasing power. Employers make these changes with the help of the customer price index (CPI). The CPI is a measure of the average change in price over time in a fixed "market basket" of goods and services. The customer price index is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for medical services, and prices of other goods and services that people buy for day-to-day living.

The Bureau of Labour Statistics collects price information on a monthly basis and calculates the CPI for the nation as a whole. As such to know the attitude of the employees towards salary sufficiency a question posted as:

Item no. 2 in table 6.1 is your salary sufficient to meet needs of your family. For this, the rating given by the employees is 3.91. It is much above the moderate extent and nearer to the satisfactory level. Thus it can be understood that the salaries of LIC employees are sufficient to meet needs of their families.

Pay levels are limited by earning profits and other financial resources available to employers. Thus an organization’s ability to pay is determined in part by the productivity of its employees. This productivity is a result not only of their performance, but also of the amount of capital the organization has invested in labour-saving equipment. Generally, increases in capital investment reduce the number of employees required to perform the work and increase an employer’s ability to provide higher pay for those it employs.

Economic conditions and competition faced by employers can also significantly affect the rates they are able to pay. As such to know the attitude of employees on
regular employment and regular pay ability of employers a question is posted as Item no. 3 in table 6.1 is your job gives economic security by way of regular employment and regular income. For this, the rating given by sample respondent is 4.40. It is above satisfactory level. Thus it can be understood that the LIC employees are fully satisfied with their job provided economic security by way of regular employment and regular income.

For an incentive plan to succeed, employees must have some desire for the plan. This desire can be influenced in part of how successful management is in introducing the plan and convincing employees of its benefits. Encouraging employees to participate in developing and administering the plan is likely to increase their willingness to accept it.

Employees must be able to see a clear connection between the incentive payments they receive and their job performance. This connection is more visible if there are objective quality or quantity standards by which they can judge their performance. Commitment by employees to meet these standards is also essential for incentive plans to succeed. This requires mutual trust and understanding between employees and their supervisors, which can only be achieved through open, two-way channel of communication. Management should never allow incentive payments to be seen as an entitlement.

Instead, these payments should be viewed as a reward that must be earned through effort. This perception can be strengthened if the incentive money is distributed to employees in a separate check. In addition to incentive programmes, employees are often given special benefits and perquisites, or “perks”, are a means of demonstrating the employees importance to the organization while giving them
an incentive to improve their performance. Further more, perks serve as a status symbol both inside and outside the organization. Perquisites can also provide a tax saving to employees, since some are not taxed as income. Popular executive perks are company car, company plane, mobile phones, financial consulting, company paid parking, large insurance policies, income tax preparation, country club membership, estate planning. Less prevalent parquisites are chauffeur service, children education, spouse travel, personal house repairs, legal counselling, vacation cabins etc., are common perks offered to executives and employees. As such to know the attitude of employees towards incentives and perks provided to LIC employees a question posted as item no. 4 in table 6.1 are you receive sufficient incentives, relevant perks and benefits. For this, the rating given by the employees is 3.37 it is above to the moderate extent. Thus it can be understood that the LIC employees receive sufficient incentives, relevant personnel benefits along with the salary.

**Facility of Loans and Advances in LIC of India**

**Festival Advance**

An interest free festival advance can be granted to all permanent LIC employees Employees of Class I, II, III, IV - upto Rs. 17000/- and for RPTS upto Rs. 8500/- will be granted. This was recoverable in 10 installments.

**Flood / Drought Advance**

An interest free flood or drought relief advance can be granted to all LIC employees to the extent of damage of Rs. 25000/- which ever is less. This advance recoverable in 26 monthly installments.
Vehicle Advance

Vehicle advance will be granted to all LIC employees those were completed 5 years of service and Ex-servicemen with 3 years of service are eligible for full purchase price value (ex-showroom) of vehicle. An interest @ 5% per annum will be charged upto 35000/-, over and above 35000/- @ 9% interest per annum will be charged. This loan will be repayable in 60 monthly installments. The time lag will be 7 years between two vehicle advances.

Cycle Advance

Cycle advance is an interest free advance to be granted to the LIC employees three times during the entire service of all Class I, II, III & IV employees. The quantum of Rs. 1600/- or actual price of the cycle whichever is less will be sanctioned. This was repayable in 15 monthly installments.

Computer Advance

Computer advance to be sanctioned to all Class I, II, III & IV LIC employees three times during the entire service. A quantum of 36000/- or 80% of the cost of computer will be sanctioned. This loan was repayable in 36 monthly installments with interest @ 9% per annum.

Housing Loan

It is granted to all regular employees of all Class I, II, III & IV employees of LIC of India with interest @ 5% per annum. For Zonal Manager(s) upto 10,00,000/-, Zonal Manager (O) upto 9,00,000/-, Divisional Manager or Sub Divisional Manager upto 8,00,000/-, Asst. Divisional Manager upto 8,00,000/-, Administrative Officer
& Asst. Administrative Officer upto 7,00,000/-, Development Officers upto 6,00,000/-, Higher grade Assistants, Assistants, Stenos, upto 6,00,000/-, Record Clerks upto 5,00,000/- and Sweepers, Peons, Drivers upto 4,00,000/- Housing loan will be sanctioned.

Provident Fund (PF) with drawl

Provident fund with drawl permitted as repayable or non-repayable. Repayable PF with drawl permitted in the case of marriage, funeral expenditure, other religious ceremonies, six months salary amount can be drawn. For illness of members or for higher education 3 months salary amount can be drawn. Non repayable PF with drawl will be allowed for purchase of house, flat or plot subject to the following conditions.

a. For provident fund optees: 50% of employees contribution, APF and C.C. plus interest occurred on all the three after deducting outstanding P.F.

b. For pension optees: 50% of employees contribution APF with interest there on after deducting outstanding P.F.

Attitude of Employees on Loans and Advances

**Table 6.2 Employee Attitude Towards Loans & Advances**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Statement</th>
<th>Employees Rating (Weighted Averages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Do you feel that employees are provided sufficient loan facilities in LIC</td>
<td>2.49 (0.42)</td>
</tr>
<tr>
<td>2.</td>
<td>Do you feel that employees are provided sufficient Advances to meet needs</td>
<td>2.80 (0.47)</td>
</tr>
</tbody>
</table>

Source: Information collected through employee questionnaire

Note: Figures in parenthesis are standard deviation
Social security measures as a part of fringe benefits the organization has to be provided benefits like festival advances, flood & drought advances, vehicle advances, cycle advances, computer advances and so on to the employees. Welfare of employee and his family members is an effective advertising and also a method of buying the gratitude and loyalty of employer. Some employers provide these services over and above the legal requirements to make effective use of their work force. As such, to know the attitude of employees towards advance and loans some questions posted on table 6.2.

Item no. 1, do you feel that employees are provided sufficient advances to meet needs. For this, the rating given by the employees is 2.80. It is below to the moderate extent. Thus it can be understood that the LIC employees are not receiving sufficient quantum of advances for their needs. Amount has to be increased and procedure has to be made flexible to get early sanction of advances.

The objective of loan facilities to the employees to encourage thrift and provide loan facilities at reasonable terms and conditions. Loans are provided for housing, purchase of computer, vehicle purchase and so on. As such to know about the loan facilities in LIC a question asked as Item no. 2. Do you feel that employees are provided sufficient loan facilities in LIC. For this, the rating given by the LIC employees is 2.80. It is just below to the moderate extent. It can be understood that LIC employees are not satisfied with available loan facilities in the organization. It has to be improved by developing flexible loan facilities based on individual priorities.

Leave Facilities

As per LIC of India Revised Service Regulations, 2000 the following leave
facilities are available for LIC employees i.e., casual leave, privilege leave, sick leave, chapter VIII of factories act contains provisions about leave with wages.

Casual Leave

All regular employees of the LIC of India are eligible for casual leave on full emolument for a maximum 15 working days in a year. From 1st July to 30th June at any one time, not more than four days casual leave can be availed.

Privilege Leave

All regular employees in the LIC of India service are entitled to privilege leave at the rate of one day for every 11 days of service on duty. The privilege leave may be accumulated for an aggregate period of 240 days. An employee is eligible for full emoluments for the period of privilege leave availed by him. When an employee dies during the service, his legal representatives are eligible to claim payment of emoluments for the period of privilege leave accumulated and not availed by the employee at the time of his death. There is also facility of encashment of accumulated privilege leave at the time of retirement of an employee. For part time workmen 1 day for every completed month of service. Accumulation allowed upto 30 days.

Sick Leave / Medical Leave

Every officer or other employee shall be credited with sick leave/medical leave at the rate of 30 days for every calendar year subject to maximum of 16 months (480 days) with half pay during the entire period of service. An employee can at any time avail sick/medical leave for 30 days of full pay (i.e. 60 days of half-pay leave commuted into 30 days of full pay) or on half pay of 60 days on production of medical
certificate. For part timer 10 days (half-pay) for each completed year of service, subject to the maximum of 160 days (half-pay throughout the service).

**Converted Sick Leave or Additional Sick Leave (ASL)**

For all LIC employees unavailed casual leave as on 30th June will be converted into ASL with full pay subject to a max. of 60 days (120 H.P.) during service.

**Special Sick Leave (SSL)**

In case of major disease (Defined by LIC SSL upto 180 days of half pay may be allowed if the employee do not have sick leave or additional sick leave to his credit.

**Extraordinary leave**

Extraordinary leave may be granted to an officer or other employee when no ordinary leave is due to him and when having regard to his length of service, extraordinary leave may be granted to him. The duration of extraordinary leave to be granted shall not exceed 90 days on any occasion and 360 days during the entire period of service of an employee. In exceptional cases the Chairman with the approval the Board may grant extraordinary leave upto total period of 720 days during the entire period of service of an employee. In case of chronic sickness of an employee the Chairman may with the approval of the Board grant extraordinary leave beyond 720 days. Employees are not eligible for any pay and allowances during the period of extraordinary leave and the period of such leave shall not count for sanction of annual increment.
Special Casual Leave and Special Leave

An employee may be granted special casual leave and special leave for participation in sports, donation of blood, family planning operation, defending another employee in an enquiry, or for joining civil defence services or any other purpose as may be decided by the Board of accordance with the guidelines of the Central Government.

Maternity Leave

Leave upto a period of six months at a time may be granted to a female employee by way of maternity leave including in respect of postnatal period or at the time of miscarriage or abortion including termination of pregnancy. However, the total period of such leave which can be availed shall not exceed 12 months during entire period of service.

Maternity Leave for Adoption of Child

A childless female employee is allowed once during the service a maternity leave for adopting a child who is below 1 year of age. The maximum leave for this purpose shall be two months or till the child attains the age of 1 year whichever is earlier. This leave will be granted for adoption of one child and only if the adoption of the child is through a proper legal process and on submission of a certificate true copy of adoption deed to Corporation.

Quarantine Leave

Quarantine leave of maximum 21 days is granted if any of the family members is suffering from infectious diseases declared by the Local Health Authorities.
Encashment of Leave

Encashment of privilege leave (PL) is allowed to all classes of employees up to a maximum of 15 days at a time once in a block of two calendar years provided they avail of PL for not less than 15 days subject to availability of PL to his/her credit.

Employee Attitude towards Leave Facilities

It is generally agreed that vacations are essential to the well being of an employee. There are several ways in which employees may be compensated during periods when they are unable to work because of illness, injury, marriage, a death in the family or other personal reasons. While vacations are a relatively easy benefit to manage, employer should nevertheless remember that vacation scheduling must meet the employers state wage laws and State contract law principles. As such to know the employees attitude towards leave facilities in LIC of India a question was asked whether leave facilities are sufficient. For this, the rating given by the employees is 4.30. It is above satisfactory level. Thus it can be concluded that the LIC employees are satisfied with their leave facilities and organization has provided vacations with pay, paid holidays, sick leave, maternity leave, extraordinary leave and severance pay.

Safety and Heath

While the laws safeguard employees' physical and emotional well-being are certainly an incentive, many employers are motivated to provide desirable working conditions by virtue of their sensitivity to human needs and rights. The more cost-oriented employer recognizes the importance of avoiding accidents and illnesses wherever possible. Costs associated with sick leave, disability payments.
Accident Insurance, Health Insurance, Hospitalization, Life Insurance, Medical Care etc.

It's the law in India, the factories act 1948, stipulated certain requirements regarding working conditions with a view of provide safe working environment. Safety and health should be taken care of in order to protect the employee against accidents, unhealthy conditions and to protect workers' capacity. Workmens compensation act 1923. The act is intended to meet the contingency of invalidity and death of a worker due to an employment injury or an occupational disease specified under the act at the sole responsibility of the employer. Employees State Insurance act, 1948 deals comprehensively about the health benefits to be provided. Benefits under this act include sickness benefits, disablement benefits, dependent benefit, medical benefit, maternity benefit act, 1961 deals with maternity benefits. The payment of gratuity act, 1952 provides for the payment of gratuity at the time of retirement along with providing working conditions in all areas of employment that provide for the safety and health of their employees.

Safety and Health in LIC of India

To prevent losses such as absenteeism, increased health care costs, loss of productivity LIC of India management are concerned about limiting violence in the workplace for safety. The most common employee benefits offered by LIC organization is 15,000 to 1,20,000/- group term insurance scheme, 1,10,000 to 7,00,000/- group savings linked insurance scheme, 10,00,000 group personal accident insurance scheme for employees carrying cash to and from bank.
Prevention health checkup

Senior officers in the cadre of Divisional Managers and above are allowed reimbursement of expenses towards preventive health checkup periodic intervals. First checkup before age 50, two checkups between 50 to 55 and two checkups between age 55 to 60. The maximum limit of reimbursement of per checkup is Rs. 2000/-. 

Cash Medical Benefit for LIC employees

A fixed medical allowance is paid to all LIC employees Rs. 4000/- per annum along with January salary every year.

Mediclaim and Reimbursement for High Cost Diseases

LIC Group Mediclaim is Applicable for LIC employees, The Mediclaim Policy Covers Hospitalization Expenses. Pre-hospitalization expenses upto 30 days. Post hospitalization expenses upto 60 days. Diagnostic Tests without hospitalisation. a) MRI charges : Rs. 8000/- each insured. b) CT Scan charges : Rs. 5000/- each insured. c) Sonography charges : Rs. 2000/- each insured. Ambulance charges upto Rs. 1000/- per claim. For Cataract Operation Rs. 40000/- in “A” Class City, Rs. 25000/- in other cities.

In case of in-service employees the premium in respect of the employee, spouse and two-dependent children for the eligible basic Sum insured is shared between the employee and the Corporation as below
<table>
<thead>
<tr>
<th>Employee Class</th>
<th>Employee's Contribution of Premium</th>
<th>Corporation Contribution of premium (for basic sum insured in respect of employee, spouse &amp; two dependent children)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class-I</td>
<td>1/3rd</td>
<td>2/3rd</td>
</tr>
<tr>
<td>Class II, III &amp; IV</td>
<td>1/4th</td>
<td>3/4th</td>
</tr>
</tbody>
</table>

In case of all other members the premium in full has to be borne by the employee. Similarly in case of those in-service employees who have opted for higher sum insured shall be borne fully by the employee. For retired employees Corporation will bear 3/4th of the premium for the policy. The Corporation contribution for mediclaim premium will be available only to retired employee and his spouse.

**Special Cover for LIC**

Deletion of major exclusion such as

1. Pre-existing diseases, Waiting period of 30 days, First year exclusion for certain diseases like Hysterectomy, Cataract, Piles, Appendicitis, Sinusitis, Hernia, 9 months waiting period for Maternity.

2. New born child expenses covered under mother’s Sum Insured till the time they are confined to hospital, Congenital diseases and defects covered.

3. Children covered before 3 months for additional Sum Insured on confirmation by LIC. Maximum time limit for settlement of claim is 30 days after receipt of all documents, beyond which interest as per IRDA rules shall be paid and settlement on reimbursement basis only.
Ex-Gratia Payment in Case of High Cost / Protracted Treatment

All confirmed LIC employees, their non-earning spouse and two dependents (children are covered under Group Mediclaim Scheme. Reimbursement will be 90% of balance amount after settlement of Mediclaim subject to Max. of Rs. 3 lakhs (or) 70% of excess amount beyond 3 lakhs subject to overall limit of Rs. 5 lakhs. Reimbursement as above can be allowed twice during the entire service. An advance can had maximum of 80% of the estimated expenses, subject to Rs. 2 lakhs can be directly deposited in the hospital if hospital demands and gives the certificate in case of employee or family members is suffering from major diseases.

Managers at all levels are expected to know and enforce safety and healthy standards throughout the organization. They must ensure a work environment that protects employees from physical hazards, unhealthy conditions, and unsafe acts of other personnel. Through effective safety and health programmes, the physical and emotional well being of employees may be preserved and even enhanced.

Table 6.3 shows data on safety & health benefits in LIC of India. Item no.1 in table asked respondents. For this the rating given by employees is 2.88. It is below to the moderate extent. It reveals that the organization has to provide safety measures in the work place. Hence the LIC of India organization should provide occupational safety measures by promoting safety awareness, training programmes, maintaining safety records in a co-operative effort to make the safety programmes success.
Table 6.3: Attitude of Employees on Safety & Health Benefits

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Statement</th>
<th>Employees Rating (Weighted Averages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are you satisfied with safety measures in your organisation.</td>
<td>2.88 (0.45)</td>
</tr>
<tr>
<td>2</td>
<td>Are you satisfied with Medical Benefits in your organisation</td>
<td>2.80 (0.39)</td>
</tr>
</tbody>
</table>

Source: Information collected through employee questionnaire
Note: Figures in parenthesis are standard deviation

Along with improving working conditions that are hazardous to employee health, many employees provide health services and have programmes that encourage employee to improve their health habits. It is recognized better health not only benefits the individual, but also pay off for the organization in reduced absenteeism, increased efficiency, better morale, and other savings. An increased understanding of the close relationship between physical and emotional health and job performance has made broad health building programmes attractive to employers as well as to employees. As such a question posted in table 6.3 is employees are satisfied with medical benefits in LIC organization. For this, the rating given by the employees is 2.80. It is below to the moderate extent. It reveals that the LIC organization has not following sufficient medical benefits to the employees. Hence it is suggested that to improve medical benefits to the employees along with medical benefits. Fit book has to be distributed to the employees that include chapters on hazards of smoking and effect of alcohol and drug abuse, facts on nutrition and weight control, and guidelines for managing stress and learning to relax.

Terminal Benefits

The member leaving the service from LIC, the benefits are as follows:
For pension optees on retirement benefits are available for LIC employees in the form of Gratuity, Privilege Leave (PL) encashment upto maximum 240 days, group savings linked insurance scheme, pension, commuted pension, free insurance, provident fund employee contribution and interest.

On death benefits are available for LIC employees in the form of group gratuity, PL encashment upto maximum 240 days, group savings linked insurance scheme, group term insurance scheme, family pension, term assurance, provident fund employee contribution and interest.

**On Retirement Gratuity for Class III & IV Employees**

Gratuity will be paid to LIC class III and IV employees by using following formula

1. As per gratuity act, 1972. gratuity = Basic + Sp. Allowance + F.P.A. + Grad. Allowance + D.A Allowance + Addl. D.A. x 15/26 x No. of yrs of service completed. Maximum amount as per Act = Rs. 10,00,000.

2. As per staff regulation gratuity = Basic + FPA + Spl. Pay x No. of yrs of service limited to 20 yrs.

No ceiling gratuity amount as per staff regulation For 15 years completed service from confirmation full basic pay (spl. pay + FPA) will be paid. After 15 yrs of service half of Basic pay (spl. pay + FAP) (Max. payable for 10 yrs of actually completed service beyond 15 yrs which is less) will be paid.
Gratuity on Death

On death gratuity will be paid in addition to 1 and 2 above, group gratuity should also be worked out as per 3 hereunder and from 1, 2 & 3 whichever is higher is payable.

3. Group Gratuity (Basic Pay + DA + Spl. Allow + FPA) at the time of death x service upto death maximum as per Act.

Index - Linked Pension in Lieu of Corporation Contribution to Provident Fund

For this pension those are having eligibility of 10 years of active service for those who are retiring on superannuation. On Voluntary Retirement those employees having 20 years continuous active service will be paid this pension. Full pension will be paid for service of 33 years and above. If an employee has completed 20 years of service (including period of probation) he may be giving notice of not less than 90 days in writing to the Appointing authority, seek voluntary retirement from service. In case of voluntary retirement, additional qualifying service to the extent of maximum of 5 years or the number of years service left prior to superannuation whichever is less, is allowed

Commuted value = maximum of 1/3 of Basic Pension

Formula = Commutable Basic Pension x 12 x CV Factor

of age next birthday

for 58 years = 10.46 x 12 x 1/3 Basic Pension
for 59 years = 10.13 x 12 x 1/3 Basic Pension

for 60 years = 9.81 x 12 x 1/3 Basic Pension

a. On superannuation: following the date of retirement and any date thereafter

b. On Voluntary Retirement: following date of completion of notice period of 90 days and any date thereafter. Maximum 1/3 of Basic Pension can be commuted date on which commutation value falls due.

Provident Fund

Provident fund will be reimbursed employees contribution @ 10% along with interest and equal amount for Corporation if pension benefit is not opted (interest calculated at a prescribed rate) excess contribution by way of add. PF should not exceed 90% of Basic Pay.

It is summed up that historically, LIC has offered a holistic value proposition where ‘total rewards’ included: job security, a reasonable work-life balance, opportunity to save a large causes in the country, and job variety. However, compensation currently paid to LIC employees could become a matter of disenchantment. In the days before deregulation, the compensation & benefits to LIC employees, though modest, would set them apart from most people. However, since the early nineties, the Indian economy has grown exponentially, job-variety & opportunities have increased manifold and people’s aspirations seem to have changed. The nature of the ‘psychological contrast’ between employers and employees has become more like in the West i.e. not so much about ‘job security’ but one of ‘high pay’.
The above context accentuates the condition that despite superlative performance, compensation to LIC people has lagged the market. A comparison with public and government sector organizations indicate that LIC people earn less. The last pay-revision at LIC was affected as of the year 2002. In 2007, the next pay revision was due but is yet to be announced; meanwhile government-sector employees have been upgraded to more respectable compensation as per the ‘Sixth Pay Commission recommendations’ (2008). ‘inability to pay’ does not seem to be a probable reason. To attract and retain the brightest talent from future generations, it seems that LIC would need to offer compensation this is commensurate with its performance and to reiterate its holistic employee value proposition.
REFERENCES


8. AIIEA, Hand book, 2000, All India Insurance Employees Association, Bangalore Division.