



TO STUDY THE IMPACT OF FRINGE BENEFITS ON EMPLOYEE OF INDIAN INDUSTRIES

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Abstract: Employee remuneration comprises both direct and indirect elements. In the Industrial organization employees are getting several benefits. During the Second World War certain non-monetary benefits were extended to the employees as means of neutralizing the effect of inflationary conditions. These benefits includes shelter, health, education, recreation, credit etc., and have been increased from time to time as a result of the demands and pressures from trade unions. It has been recognized that these benefits help employees in meeting some of their life contingencies and meet the social the social obligations of employees. Employee's benefits and services include any benefits that the employee received in addition to direct remuneration. Finally this research article objects that searching Impact of Fringe Benefit on Employee in India and understand the concept, objective and various type of fringe benefit.

(Keywords: Fringe Benefit, Remuneration, Employment Security)

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Introduction: The aim of Fringe Benefit and services is to retain people in the organization and not to stimulate them to greater effort and higher performances. It is a means in the direction of ensuring, maintaining and increasing the income of the employee. It is a supplement to a workers ordinary wages, which is a greater value to them and their family members.

According to the employees Federation of India,fringe benefit include payments for nonworking time, the profits and bonus, legally sanctioned payments on social security schemes,workmen's compensation, welfare cost and the contribution made by employers under such voluntary schemes as cater for the post refinement, medical, educational, cultural and recreational needs of workmen. This terms also involve the monetary equivalent of free lighting, water, fuel etc. which are provided for worker, subsidized housing and related services||.

According to cockman, those benefits which are beneficial for an employee other than salaries, wages and time rated payments are provided by their employer.

Objectives and Research Methodology of the Study:The study is based on secondary data which is collected from the newspaper, Journals,Website etc.

Following are the objectives of the study:

- To analyse the concept of Fringe benefits.
- To search various reason of Fringe Benefits given to Indian Industries.
- To understand the Impact of Fringe Benefit on Employee of India.
- To search the types of Fringe Benefit.

Types of Fringe Benefit:

1. **Premium payment:** It is paid for the time a worker has worked such as payment on daily or weekly basis, holidays, overtime, pay, shift differentials, the cost of living bonus, and bonus in lieu of vacation.
2. **Payment for special duties:** Such as working on assignments like grievances, redressed procedure, labor contract, negotiations.
3. **Payment for health and security benefits:** It includes retirement plans, accident and sickness insurance, social security payments, saving plans, profit sharing plans, group life insurance, supplemental employment benefits, medical surgical and hospital insurance, disability insurance, old age and survivor insurance, unemployment compensation, payments under the workmen compensation Act.
4. **Payment for time not worked:** In includes payment for sick leave, under medical care, for holidays, vacations, witness time, voting time, excused absence, lunch periods, rest periods, work up time, reporting day, severance pay, for call in time, call back time, dressing time, portal to, portal time and wet time.
5. **Payment for employee services:** Includes cafeteria, subsidies, union credit, house financing, parking space operations etc.
6. **Other expenditure:** Such as incurred on making Christmas gift, offering Christmas bonus expenditure on educational reimbursements, employee uniforms, work clothes, safety equipment or allowances, laundry allowance, supper money or meal allowances. Dale Yoder and Paul D Standohar classified fringe benefit as under :
 - a. **Employment security:** Under employment security fringe benefit such as unemployment insurance, technological adjustment pay leave, travel pay, overtime pay, leave for negotiating, maternity leave, leave for grievances, holidays, living cost, bonus, call back

pay, lay off pay, retiring rooms, inheritance of jobs to sons or daughters of the employees so on given to the employees.

- b. **Health protection:** “Health is wealth”. For health protection of the employees’ benefits given such as accidents insurance, disability insurance, health insurance, hospitalization, lifeinsurance, mediclaim, sick benefits, sick leave etc.
- c. **Old age and retirement benefits:** It includes deferred income plans such as pension, gratuity, provident fund, old age assistance, old age counseling and traveling, medical benefits, concession for retired employees, jobs to sons or daughters of the deceased employee and so on.
- d. **Benefits for personnel identification, participation and stimulation:** It includes benefit such as anniversary awards, attendance, bonus, canteen facilities, educational facilities, housing income tax aid, counseling, quality bonus, recreational programs, stress counseling, safety measures etc.

Cockman has made a twofold classification of fringe benefits:

1. **Those which are offered on the basis of status:** It includes car, entertainment allowances, holidays with pay, foreign travel, telephone services, security insurance and medical benefits, children educational facilities and work benefits, company scholarships, office accommodation, secretarial services, management training and so on.
2. **Those which are key benefits:** it includes share schemes, profit sharing, retirement benefits, counseling services, house purchase facilities. On the basis of their identification, they are classified as under :

A. Employee security payments: These includes the following :

1. Employees contribution stipulated in legal enactments, old age, survivor disability, health and unemployment insurance.
2. Payments under the workman’s compensation Act.
3. Supplemental unemployment benefits.
4. Accident insurance
5. Pensions
6. Contribution to savings plan and health and welfare funds.

B. Payment for Time not worked: This includes call back and call in pay., clean up time, health in the leave, family allowance, holiday pay, layoff pay, medical time, paid lunch

periods, portal to portal time, pay for religious holidays, reporting pay, pay for rest periods, severance pay, paid sick leave, payment for time spent on collective bargaining and on the redressed of grievance, vacation pay, pay for the time spent for evidence in a court of law or other statutory bodies, payment for the time spent on casting ones vote at election time, educational leave, insurance for life, health and accident may be for individual or for the group.

C. Bonus and awards: bonus and awards involves holidays with pay, overtime and shift premiums, attendance bonus, Diwali bonus, good quality workmanship bonus, safety awards, profit sharing bonus and service bonus, suggestion awards, waste elimination bonus, yearend bonus.

Objectives of Fringe Benefit: The following are important objectives of fringe benefits.

1. To establish and improve sound industrial relations.
2. Fostering external competitiveness.
3. To enhance employee morale.
4. Increasing cost effectiveness.
5. To motivate the employees by identifying and satisfying their varied needs.
6. Meeting individual employees' needs and preferences.
7. To provide qualitative work environment and work life.
8. To provide security to the employees against social risks like old age benefits and maternity benefits.

Fringe Benefits Offered in India: Fringe Benefits given in India is broadly classified as follows:

1. Payment for time not worked
2. Employee security
3. Safety and health
4. Welfare recreational facilities
5. Old age and retirement benefits

All these benefits are indicated in the above chart as under which is self -explanatory.

Legal Aid: It includes assistance or aid regarding legal matters to employees as and when necessary through company lawyers or other lawyers.

Employee counseling: Under this organization provides counseling service to the employee regarding their personal problems through professional counselors. It helps in reducing absenteeism, turnover, and tardiness.

Welfare organizations welfare officers: Large scale organization set up welfare organizationsto provide all types of welfare facilities at one center and appointed welfare officers to provide the welfare benefits continuously, effectively and fairly to all the employees.

Provident Fund:The Insurance Act, 1952 provide the schemes of provident fund, family pension etc. to the employee of factories and various establishment. Both the employee and employer contributes to this fund.

Gratuity:Gratuity is a reward to an employee for his long service with his present employer.This benefit is to be provided to an employee either on retirement or at the time of physical disability and to the dependents of the deceased employee.

Impact of Fringe Benefit on Employee in Indian Organization:

The business organization have been extending the fringe benefits to their employees yearafter year for the. A variety of fringe benefits are demanded by the employees rather than pay hike. The benefits help not only to employee but to his family members also to face price index and cost of living. Moreover employees pay no income tax on these benefits and their real wages are increased. When there are more than one trade union in an organization, obviously there is competition amongst them which ultimately results in more and varied benefits to their members. If one union succeeds in getting one benefit the other union persuades management to provide a new fringe. Usually employees prefer to fringe benefits than pay hike. It definitely motivate the employees for better and greater contribution to the organization. Hence it increase the morale of the employees. There are a number risks while working such as contingences of life like accidents and occupational diseases, therefore the employees has to provide various benefits to safeguard the employees such as safety measure, compensation in case of accidents, medical facilities etc. All these provides security to employees against a number of contingencies. Basically fringe benefits satisfy the workers economic, social and psychological needs. Therefore it becomes easy to improve human relations between employer and employees.

Study after study shows that the more employee benefits a career professional receives, the happier and better they are on the job.

Access to good health will lead to a longer life expectancy. Getting fringe benefits like job training and educational assistance will give new skills that can be put to work in employee own vocation, and can lead to promotions, higher salaries, and better-paying posts. If employee are fortunate enough to get a company car, employee will not only save thousands of rupees on auto payments every year, employee will save big on vehicle insurance and maintenance, too.

Companies providing free meals or meal discounts is a boon to career professionals who love to eat well and save money. The more free meals employee consume in the workplace, the less employee are paying for breakfast, lunch or even dinner away from the job. Finally fringe benefits motivate employee and built high morale. This will increase the productivity of employee.

Conclusion: Fringes embraces a broad range of benefits and services that employees receive as part of their total compensation packages pay or direct compensation is based on critical job factors and performance. Benefits and services however are indirect compensation given to employees which are not directly related to performance. The benefits are usually known as Fringe benefits. Different terms have been used for the benefits such as Fringe benefits, wage supplements, welfare expenses, prerequisites other than wages, sub wages or social charges, extra wages, hidden pay roll, nonwage labor cost etc. fringe benefits motivate employee and built high morale. This will increase the productivity of employee.

Suggestions:

The following should be considered on the governing the administration of fringe benefits.

1. Fringe benefits and services must be provided to the employees in the protection and promotion of their wellbeing.
2. The benefit must satisfy the real need of the employees. The benefits which they did not like may be withdrawn or cancelled.
3. The benefits must be cost effective.
4. The benefits must be based on sound foundation.
5. A sound planning is must for effective administration of benefits.
6. The wishes of the employees must be considered while deciding the types of benefits to be given to them.

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