

## **Increment Policy**

The new increment policy is effective from 01.04.2018.

This policy will supersede increment policy, if any existing or prevailing.

### **Objectives:-**

The objective of the policy is to eliminate ambiguity and bring in standard streamlined procedure that will be realistic enforceable, practical & acceptable to all.

Increment or salary revision is Performance & Merit based increase and cannot be considered as a matter of right or entitlement by every employee.

### **Eligibility Criteria:-**

Employees who have completed more than 6 months but less than 1(one) year are eligible for increment effective the next financial year.

Employees who have been issued appointment letters & those who have completed six months of uninterrupted service from their date of joining are eligible for increment. For such employees, Increment will be pro-rate for 6 months only.

Employees who had been promised review on joining & have completed minimum 3 months of service will be considered as an exception. Such employees will also be eligible for pro-rate increment.

### **Increment Cycle:-**

The increment year & financial year is the same. i.e.; 1st. April to 31<sup>st</sup>.March. Therefore any employee who has joined on or before 30<sup>th</sup>.September is eligible for a pro-rate (6 months) increase. Similarly anyone who has joined on or after 01<sup>st</sup>. October will not be eligible for an increment effective 1st. April. However such employees will be eligible for an increment effective 1<sup>st</sup>.July of the next financial year again on a pro-rata basis. There may be a few CA's or Other employees who have completed 3 months or more but less than 6 months such cases may be considered based on the commitment made on or before joining to those individuals.

## **Increment Value & or Percentage Industry Standards,**

### **Norms:-**

While the % or value cannot be determined, decided or fixed each year as a matter of policy it is pertinent to note the objective, background & philosophy of salary revision.

- 1) Salary revisions or increments are basically to offset inflation,
- 2) Increments on merit based are highly motivating & mutually rewarding,
- 3) Recognize and reward performers & counsel low performers.
- 4) One of the objective of the exercise is to identify High Performers & Low Performers

Last but not the least to Strategize Corporate, Firms & Individual Vision, and Mission Goals.

Keeping these objectives in mind it is difficult for us fix a % or a sum that each individual will get as increase on becoming eligible.

Increments are based on:

- 1) Company Profits,
- 2) Company margins,
- 3) Department's contribution
- 4) Individual Contribution,
- 5) Industry Trends
- 6) Indian economic trends,
- 7) Stake holder's feedback. ( Colleagues, Peers, Sub-ordinates, Suppliers , Clients)

### **Performance Appraisal Methodology:**

There are different methods of assessing performance (Performance Appraisal)

Review by Manager, Peer Review, 360 degree review, etc., etc.

However the standard ones practiced are:

- 1) Self / Individual Appraisal,
- 2) Review by the Manager,
- 3) Joint Review,
- 4) HOD Review
- 5) Management (HOD) review with HR,

## 6) Final Review

### **Performance Ratings as a Criteria:**

Increments will be linked to individual performances.

The most ideal /common method of assessing the performance of each individual is Categorization:

A, B, C, D, E or 1, 2, 3, 4, 5 on a scale of 1(Lowest)-5 (Highest) or 1(Lowest)-10 (Highest)

In both the above A is highest & 5 is Highest (Outstanding or Excellent Performance category) & E & 1 are the least (Poor Performers)

Candidates who are assessed as Outstanding/ Excellent fall under **“Consistently Exceeds Expectations”** Category. Such employees qualify for Recognition & Rewards. & Poor Performers fall under **“Below Expectations”** category,

The above recommended policy is a guideline as such the same is subject to review /change from time to time.

Partner

CMRS & Associates

