SOURCES OF LAW

Definition of Law

Sources of Law

Preamble to Indian Constitution

Fundamental Rights and Fundamental Duties

I. Law: Meaning and Definition:

The word 'Law' has been derived from the Teutonic word 'Lag, which means 'definite'. On this basis Law can be defined as a definite rule of conduct and human relations. It also means a uniform rule of conduct which is applicable equally to all the people of the State. Law prescribes and regulates general conditions of human activity in the state.

Meaning

A **law** is commonly made by a government, which citizens must follow or face punishment.

Definition

1. "**Law is the aggregate set of rules set by a man as politically superior, or sovereign to men, as political subjects.** — Austin

2. "A Law is a general rule of external behaviour enforced by a sovereign political authority." -Holland

II. Nature/Features of Law:

1. Law is a general rule of human behavior in the state. It applies to all people of the state. All are equally subject to the laws of their State. Aliens living in the territory of the State are also bound by the laws of the state.

2. Law is definite and it is the formulated will of the State. It is a rule made and implemented by the state.

3. State always acts through Law. Laws are made and enforced by the government of the State.

4. Law creates binding and authoritative values or decisions or rules for all the people of state.

5. Sovereignty of State is the basis of law and its binding character.

6. Law is backed by the coercive power of the State. Violations of laws are always punished.

7. Punishments are also prescribed by Law.

8. The courts settle all disputes among the people on the basis of law.

9. In each State, there is only one body of Law.

10. Legally, Law is a command of the sovereign. In contemporary times laws are made by the representatives of the people who constitute the legislature of the State. Laws are backed by on public opinion and public needs.

11. The purpose of Law is to provide peace, protection, and security to the people and to ensure conditions for their all round development. Law also provides protection to the rights and freedoms of the people.

12. All disputes among the people are settled by the courts on the basis of an interpretation and application of the laws of the State.

13. Rule of law, equality before law and equal protection of law for all without any discrimination, are recognised as the salient features of a modern legal system and liberal democratic state.

III. Sources of Law*:*

1. Custom:

Custom has been one of the oldest sources of law. In ancient times, social relations gave rise to several usages, traditions and customs. These were used to settle and decide disputes among the people. Customs were practiced habitually and violations of customs were disapproved and punished by the society. Initially social institutions began working on the basis of several accepted customs.

Gradually, the State emerged as the organised political institution of the people having the responsibility to maintain peace, law and order; naturally, it also began acting by making and enforcing rules based upon customs and traditions. In fact, most of the laws had their birth when the State began converting the customs into authoritative and binding rules. Custom has been indeed a rich source of Law.

2. Religion and Morality:

Religion and religious codes appeared naturally in every society when human beings began observing, enjoying and fearing natural forces. These were accepted as superior heavenly forces (Gods and Goddesses) and worshiped.

Religion then started regulating the behaviour of people and began invoking "Godly sanction", "fear of hell", and "possible fruits of heaven", for enforcing the religious codes. It compelled the people to accept and obey religious codes. Several religions came forward to formulate and prescribe definite codes of conduct. The rules of morality also appeared in society. These defined what was good & what was bad, what was right and what was wrong.

The religious and moral codes of a society provided to the State the necessary material for regulating the actions of the people. The State converted several moral and religious rules into its laws. Hence Religion and Morality have also been important sources of Law.

3. Legislation:

Since the emergence of legislatures in 13th century, legislation has emerged as the chief source of Law. Traditionally, the State depended upon customs and the decrees or orders of the King for regulating the behaviour of the people. Later on, the legislature emerged as an organ of the government. It began transforming the customary rules of behaviour into definite and enacted rules of behaviour of the people.

The King, as the sovereign, started giving these his approval. Soon legislation emerged as the chief source of law and the legislature got recognition as the Legal Sovereign i.e. law-making organ of the State. In contemporary times, legislation has come to be the most potent, prolific and direct source of law. It has come to be recognized as the chief means for the formulation of the will of the State into binding rules.

4. Delegated Legislation:

Because of several pressing reasons like paucity of time, lack of expertise and increased demand for law-making, the legislature of a State finds it essential to delegate some of its law-making powers to the executive. The executive then makes laws/rules under this system. It is known as Delegated Legislation. Currently, Delegated Legislation has come to be a big source of Law. However, Delegated Legislation always works under the superior law-making power of the Legislature.

4. Judicial Decisions:

In contemporary times, Judicial Decision has come to be an important source of Law. It is the responsibility of the courts to interpret and apply laws to specific cases. The courts settle the disputes of the people in cases that come before them. The decisions of the courts – the judicial decisions, are binding on the parties to the case. These also get accepted as laws for future cases. But not all judicial decisions are laws.

Only the judicial decisions given by the apex court or the courts which stand recognized as the Courts of Record, (like the Supreme Court and High Courts of

India) are recognized and used as laws proper. Lower Courts can settle their cases on the basis of such judicial decisions.

5. Equity:

Equity means fairness and sense of justice. It is also a source of Law. For deciding cases, the judges interpret and apply laws to the specific cases. But laws cannot fully fit in each case and these can be silent in some respects. In all such cases, the judges depend on equity and act in accordance with their sense of fair play and justice. Equity is used to provide relief to the aggrieved parties and such decisions perform the function of laying down rules for the future. As such equity acts as a source of law.

6. Scientific Commentaries:

The works of eminent jurists always include scientific commentaries on the Constitution and the laws of each state. These are used by the courts for determining the meaning of law. It helps the courts to interpret and apply laws.

The jurists not only discuss and explain the existing law but also suggest the future possible rules of behaviour. They also highlight the weaknesses of the existing laws as well as the ways to overcome these. Interpretations given by them help the judges to interpret and apply Laws to specific cases.

The works of jurists like, Blackstone, Dicey, Wade, Phillips, Seeravai, B.Pi. Rau, D.D. Basu and others have been always held in high esteem by the judges in India. Scientific commentaries jurists always help the development and evolution of law. Hence these also constitute a source of law. Thus, Law has several sources.

However, in contemporary times law-making by the legislature constitutes the chief source of Law.

IV. Types of Law:

Kinds of Law:

(i) **National Law** i.e. the body of rules which regulates the actions of the people in society and it is backed by the coercive power of the State.

(ii) **International Law** i.e. the body of rules which guides and directs the behaviour of the states in international relations. It is backed by their willingness and consent that the states obey rules of International Law. It is a law among nations and is not backed by any coercive power.

iii) **Criminal law**- the body of law that relates to crime. It prescribes conduct perceived as threatening, harmful, or otherwise endangering to the property, health, safety, and moral welfare of people inclusive of one's self.

Preamble of Constitution of India: (5 Features)

The Constitution of India begins with a Preamble which describes the nature of the Indian State and the objectives it is committed to secure. K.M. Munshi describes the Preamble as the political horoscope of the constitution. Thakur Dass Bhargawa says Preamble is the most precious part and the soul of the constitution.

The Preamble reads:

We, the People of India having solemnly resolved to constitute India into a Sovereign, Socialist, Secular, Democratic, Republic and to secure to all its citizens;

Justice, social, economic, political;

Liberty of thought, expression, belief, faith and worship;

Equality of status and opportunity; and to promote among them all;

Fraternity, assuring the dignity of the individual and the unity and integrity of the nation ;

In our Constituent Assembly this, twenty sixth day of November 1949 do hereby Adopt, Enact and Give to ourselves this Constitution.

The words 'Socialist 'Secular" and 'Integrity were initially not there in the Preamble. These were added by the 42nd Amendment (1976) of the Constitution.

Preamble: Features:
I. The Source of Authority:

Popular Sovereignty:

The Preamble categorically accepts the principle of Popular Sovereignty. It begins with the words: 'We the people of India'. These words testify to the fact that the people of India are' the ultimate source of all authority. The Government derives its power from them.

II. Nature of State:

The Preamble describes five cardinal features of the Indian state:

(1) India is a Sovereign State:

The Preamble proclaims that India is a sovereign state. Such a proclamation denotes the end of rule over India. It testifies to the fact that India is no longer a dependency or colony or possession of British Crown. As a sovereign independent state, India is free both internally and externally to take her own decisions and implement these for her people and territories.

(2) India is a Socialist State:

In 1976, the Preamble was amended to include the word 'Socialism'. It is now regarded as a prime feature of the State. It reflects the fact that India is committed to secure social, economic and political justice for all its people. India stands for ending all forms of exploitation as well as for securing equitable distribution of income, resources and wealth. This has to be secured by peaceful, constitutional and democratic means. The term 'India is a Socialist state' really means, 'India is a democratic socialist state.'

(3) India is a Secular State:

By the 42nd Amendment, the term 'Secular' was incorporated in the Preamble. Its inclusion simply made the secular nature of the Indian Constitution more explicit. As a state India gives special status to no religion. There is no such thing as a state religion of India. India guarantees equal freedom to all religions. All religions enjoy equality of status and respect.

(4) India is a Democratic State:

The Preamble declares India to be a Democratic State. The Constitution of India provides for a democratic system. The authority of the government rests upon the sovereignty of the people. The people enjoy equal political rights. The people freely participate in the democratic process of self rule.

They elect their government. For all its acts, the government is responsible before the people. The people can change their government through elections. The government enjoys limited powers. It always acts under the Constitution which represents the supreme will of the people.

(5) India is a Republic:

The Preamble declares India to be a Republic. Negatively, this means that India is not ruled by a monarch or a nominated head of state. Positively, it means that India has an elected head of state who wields power for a fixed term. President of India is the elected sovereign head of the state. He holds a tenure of 5 years. Any Indian citizen can get elected as the President of India.

III. Four Objectives of the Indian State:

The Preamble lists four cardinal objectives which are to be "secured by the state for all its citizens".These are:

(1) Justice:

India seeks to secure social, economic and political justice for its people.

(i) Social Justice:

Social Justice means the absence of socially privileged classes in the society and no discrimination against any citizen on grounds of caste, creed, colour, religion, sex or place of birth. India stands for eliminating all forms of exploitations from the society.

(ii) Economic Justice:

Economic Justice means no discrimination between man and man on the basis of income, wealth and economic status. It stands for equitable distribution of wealth, economic equality, end of monopolistic control over means of production and distribution, decentralisation of economic resources, and securing of adequate opportunities to all for earning their livelihoods.

(iii) Political Justice:

Political Justice means equal, free and fair opportunities to the people for participation in the political process. It stands for the grant of equal political rights to all the people without any discrimination. The Constitution of India provides for a liberal democracy in which all the people have the right and freedom to participate.

(2) Liberty:

The Preamble declares liberty to be the second cardinal objective to be secured. It includes liberty of thought, expression, belief, faith and worship. The grant of Fundamental Rights (Part III) including the right to freedom is designed to secure

this objective. Liberty of faith and worship is designed to strengthen the spirit of secularism.

(3) Equality:

The Preamble declares Equality as the third objective of the Constitution. Equality means two basic things:

(i) Equality of status i.e. natural equality of all persons as equal and free citizens of India enjoying equality before law.

(ii) Equality of opportunity i.e. adequate opportunities for all to develop. For securing the equality of status and opportunity, the Constitution of India grants and guarantees the fundamental Right to Equality.

(4) Fraternity:

Promotion of Fraternity among the people is the fourth objective is to promote Fraternity among all the people. Fraternity means the inculcation of a strong feeling of spiritual and psychological unity among the people. It is designed to secure dignity of the individual and unity and integrity of the nation.

IV. Date of Adoption and Enactment:

In its final paragraph, the Preamble specifies the important historical fact that the Constitution was adopted on 26 November, 1949. It was on this day that the Constitution received the signatures of the President of the Constituent Assembly and was declared passed.

V. Self-made Constitution:

The Constitution of India is an adopted, enacted and self-made constitution. It was adopted and enacted by the Constituent Assembly acting as the elected representative body of the people of India. The Preamble states the philosophical foundations of the Constitution India and enumerates its objectives.

It constitutes a Key for the interpretation of the Constitution. It is a part of the Basic Structure of the Constitution. Through, it's Preamble, the Constitution a commits itself to Democracy, Republicanism, Socialism, Secularism, Liberalism and Welfare State. The Preamble states the objectives which the Constitution is committed to secure for all the people of India.

Fundamental Rights and Fundamental Duties

Meaning of Fundamental Rights:

Fundamental rights are **a group of rights that have been recognized by the Supreme Court as requiring a high degree of protection from government encroachment**.

The **Fundamental Rights in India** enshrined in the Part III of the Constitution of India guarantee civil liberties such that all Indians can lead their lives in peace and harmony as citizens of India. These include individual rights common to most liberal democracies, such as equality before law, freedom of speech and expression,

freedom of association and peaceful assembly, freedom to practice religion, and the right to constitutional remedies for the protection of civil rights by means of writs such as habeas corpus. Violations of these rights result in punishments as prescribed in the Indian Penal Code, subject to discretion of the judiciary. The Fundamental Rights are defined as basic human freedoms which every Indian citizen has the right to enjoy for a proper and harmonious development of personality. These rights universally apply to all citizens, irrespective of race, place of birth, religion, caste, creed, colour or sex. They are enforceable by the courts, subject to certain restrictions. The Rights have their origins in many sources, including England's Bill of Rights, the United States Bill of Rights and France's Declaration of the Rights of Man.

Fundamental Rights are enshrined in the Constitution. These are Constitutionally protected and guaranteed to the citizens while ordinary rights are protected by the ordinary law of the country. Fundamental Rights are inviolable in ordinary situation. Only under reasonable circumstances, these rights are suspended temporarily. Right to Life, Freedom of Speech and Expression, Right to Equality, Right to Religion, Right to Personal Liberty, Right to Education are some important Fundamental Rights of Indian citizen .Every state incorporates these Fundamental Rights in their own Constitution and citizens can enjoy them . If anybody's Fundamental Rights are violated by force he or she can go to the court seeking legal assistance. Democratic countries like India, Japan, France, Switzerland and many other countries

individuals without which democracy becomes meaningless. The Constitution of India has embodied a number of Fundamental Rights in Part III. Citizens can enjoy these rights within some definite limitations.

Features of Fundamental Rights

- Fundamental Rights are an indispensable part of our Constitution. Twenty-four articles are enjoined with these Fundamental Rights. Parliament can amend Fundamental Rights by a special procedure.

- Fundamental Rights are only for Indian citizens. No alien is permitted to enjoy these rights except right to life, liberty and personal property.

- Fundamental Rights are not absolute. Therefore within some reasonable restrictions citizens can enjoy them. Fundamental Rights without prescribed conditions may disrupt public order.

- Fundamental Rights are suspend able during the time of emergency and rights of the citizen are curtailed temporarily except right to life and personal liberty (article-20-21)

- Fundamental Rights are justifiable also. A citizen can go to the court for enforcement of his Fundamental Rights if some one violates them. Under Article 32 and Article 226 of the Indian Constitution, a citizen can approach the Supreme Court and High Court respectively in this regard.

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- Fundamental Rights are amendable also. Parliament can amend these rights by a special procedure.

- Some Fundamental Rights are positive while some others are negative in nature.

- Fundamental Rights aim at restoring collective interest along with individual interest.

- Fundamental Rights are superior to ordinary law of the land. They are conferred a special sanctity.

- Some Fundamental Rights are limited to citizens only, such as freedom of speech, assembly, and cultural and educational rights, but other rights like equality before the law, religious freedom etc are available to both citizens and aliens

- Some provisions of Chapter-III of the Indian Constitution are of the nature of prohibitions and place Constitutional limitations on the authority of the state. For instance, no authority of the state can deny to any person equality before the law or the equal protection of the laws.

Types of Fundamental Rights

There are six types of Fundamental Rights in our Constitution

I. Right to Equality

II Right to Freedom

III Right against Exploitation

IV Right to Religion

V Right to Culture and Education

VI Right to Constitutional Remedies

The six categories of Fundamental Rights are discussed below:

I. **RIGHT TO EQUALITY** : It implies equality before the law and equal protection of the laws within the territory of India. No man is above the law of the land. Every person is subject to the ordinary law and amendable to the jurisdiction of the ordinary tribunals. Any discrimination is prohibited and equality of opportunity in matters of public employment under the state is ensured. There is no distinction between officials and private citizen and no discrimination on the basis of caste, creed, religion, sex etc . But right to equality does not mean absolute equality or universal application .

II. **RIGHT TO FREEDOM** : This right is the most significant and important for the citizens. This right confers some positive rights to promote the ideal of liberty .Article-19 is the most important which guaranteed six freedom to all citizens .

These are – 19 (1) All citizens shall have the right-
(a) to freedom of speech and expression ;
(b) to assemble peacefully and without arms ;
(c) to form associations or unions ;
(d) to move freely throughout the territory of India ;
(e) to reside and settle in any part of the territory of India ; and
(g) to practice any profession , or to carry on any occupation, trade or business

III. RIGHT AGAINST EXPLOITATION (Article 23 – Article 24): Indian Constitution recognizes dignity of the individual against any form of exploitation either by the state or by the privileged section of the society. Therefore, Right against exploitation prohibited traffic in human beings and forced labour and employment of child in factories, mines or in any other 'hazardous employment'. No child below the age of fourteen years shall be employed to work in any factory or minds or engaged in any other hazardous employment (Article 24)
The provisions of Article 23 and Article 24 absolute and the state is firm on restoration of dignity and status of the individual against any immoral purposes.

IV. RIGHT TO RELIGION (Article 25- Article 28): Indian Constitution has adopted secular ideology and declared India as a secular state, which observes and attitude of neutrality and impartiality towards all religion . There is no state religion in India. The state will neither establish a religion of its own nor confer any special patronage upon any particular religion . Every person is guaranteed the freedom of conscience and freedom to profess, practice and propagate his own religion subject to public order, morality and health . Every religious group has been given the freedom to manage religious affairs, own and acquire movable and immovable property and administer such property in accordance with law. Right to religion is also subject to certain limitations. The state has the right and duty to intervene if any religious activity creates public disorder, immorality and so on.

V. RIGHT TO CULTURE AND EDUCATION (Article 29 – Article 30): The Constitution of India guarantees cultural and educational rights for all section of people irrespective of their religious, racial and cultural diversities. These rights are non-political in real sense. To reserve religious and cultural interest of each community, the Constitution of India incorporated these cultural and educational rights under Article 29 and Article 30. This right has also some limitations. The State can regulate its affairs in the interest of efficiency of instruction, discipline, morality and public order.

VI. RIGHT TO CONSTITUTIONAL REMEDIES (Article 32): A right without remedy is a meaningless formality. Indian Constitution enumerates various rights to its citizen and in order to make these rights effective, it includes some means or remedies in the form of the Right to Constitutional Remedies under Article 32. Article 32 guarantees to every citizen the right to move the Supreme Court or High Courts for enforcement of Fundamental Rights by Constitutional means. Both the Supreme Court under Article 32 and the High Courts under Article 226 can issue necessary writs for the purpose. When a citizen feels that his Fundamental Rights have been violated, he can move the court for redressal.

Fundamental Duties

When the Constitution came into force in 1950, no Fundamental Duties were enshrined in the Constitution of India. By the 42nd Amendment to the Constitution of India in 1976, ten Fundamental Duties have been added to our Constitution. These duties are important and necessary for the vital interest of our country.

These Fundamental Duties are covered by Article 51 A incorporated in a new chapter, Part IV-A of the Constitution. Under this Article, it shall be the duty of every citizen of India –

(i) to abide by the Constitution and respect the National Flag and the National Anthem;
(ii) to cherish and follow the noble ideals which inspired our national struggle for freedom;
(iii) to protect the sovereignty, unity and integrity of India ;
(iv) to defend the country ;
(v) to promote the spirit of common brotherhood amongst all the people of India ;
(vi) to preserve the rich heritage of our composite culture ;
(vii) to protect and improve the natural environment ;
(viii) to develop the scientific temper and spirit of inquiry ;
(ix) to safeguard public property ;
(x) to strive towards excellence in all spheres of individual and collective activity

Fundamental Rights V/S Fundamental Duties

Fundamental rights and Fundamental duties are two terms that appear to be one and the same when it comes to their meaning and concept. Strictly speaking they are not so. They are two different terms that are to be understood differently.

Fundamental rights are rights and freedoms guaranteed by constitutions of some countries of the world to their citizens. These rights have a legal sanction and are enforceable in a court of law.

The Fundamental Duties of citizens were added to the Constitution by the 42nd Amendment in 1976, upon the recommendations of the Swaran Singh Committee that was constituted by the government earlier that year...

On the other hand fundamental duty is the basic duty or responsibility bestowed on you as a citizen of the country. This is the most important difference between fundamental right and fundamental duty.

A fundamental right exists by virtue of the fact that you are a human being whereas a fundamental duty too exists as a responsibility on you as a human being.

Hence the primary difference between fundamental right and fundamental duty is that fundamental right is based on privilege granted to you whereas fundamental duty is based on accountability.

Any citizen for that matter is expected to carry out fundamental duties fully well so that the society as a whole will be benefited. On the other hand any citizen for that matter can make full use of his fundamental rights pertaining to right to life, freedom of speech and writing, etc.

It is interesting to note that freedom of speech is a fundamental right granted to a citizen by some of the democratic countries across the globe. Hence it is up to the individual to make use of the fundamental right granted to him.

Fundamental duties of every citizen include basic education, nurturing of children, social responsibility, official responsibility, payment of taxes, adherence to traffic rules and regulations and the like.

Evasion of fundamental duties leads a citizen to problems. Abuse of fundamental right also leads a citizen to unwanted problems. These are the differences between fundamental right and fundamental duty.

2.1 Definition: Contract

2.2 Difference between Agreement and Contract

2.3 Essentials of Valid Contract

2.4 Contract of Indemnity and Contract of Guarantee

2.1 Meaning of Contract

A contract is a legally enforceable agreement that creates, defines, and governs mutual rights and obligations among its parties.

Definition of Contract

Contract

- A contract is a legally binding or valid agreement between two parties. The Indian Contract Act, 1872 defines the term "Contract" under its section 2 (h) as "An agreement enforceable by law".

- A contract is an agreement, either written or spoken, between two or more parties that creates a legal obligation.

- A contract is created when there is an offer, consideration, and acceptance between two or more parties.

  Elements for a Contract

- **Offer** - A promise by one party to another that they will or will not perform a specific action in the future.

- **Acceptance** - Usually mirrors the terms of the offer—an expression, through words or deeds, that both parties agree to the terms of the contract.

- **Awareness** - Proof both parties clearly understand and agree to "the basic substance of the contract."
- **Consideration** -Entails something of value promised in exchange for the actions (or nonactions) defined in the offer, the most common of which is payment for goods delivered distinguishes a contract from a gift because it removes the voluntary nature of the act/non-act by requiring something of value in exchange for the promise.
- **Capacity** -Each signatory to the contract has demonstrated the "legal capacity" to understand what they are signing.
- **Legality-** All contracts are subject to the laws of the jurisdiction under which they operate.

The contract may be oral or written. The major types of contract are as under:

- Void Contract
- Voidable Contract
- Valid Contract
- Unilateral Contract
- Bilateral Contract
- Express Contract
- Tacit Contract
- Contingent Contract
- Implied Contract
- Executed Contract
- Executory Contract
- Quasi Contract

10 Essential Elements of a Valid Contract in Business Law

Essential elements of a valid contract in **business law** are explained below:
According to Sec. 10, "All agreements are contract if they are made by the free consent of parties competent to contract for a lawful consideration and with a lawful object and are not expressly declared to be void."

Thus, Sections 2(h) and 10 of the Act state that there are some essential elements of a valid contract. If any of these elements is not satisfied by an agreement, it will affect the validity and will not form a valid contract.

On analysing the contents of Sec. 10. It is revealed that the following are the essentials of a valid contract:-

1. Offer and acceptance.

2. Legal relationship.

3. Consensus-ad-idem.

4. Competency of parties.

5. Free consent.

6. Lawful consideration.

7. Lawful object.

8. Not declared to be void.

9. Certainty and possibility of performance.

10. Legal formalities.

1. Offer and acceptance:
In a contract there must be at least two parties one of them making the offer and the other accepting it. There must thus be an offer by one party and its acceptance by the other. The offer when accepted becomes agreement.

2. Legal relationship:
Parties to a contract must intend to constitute legal relationship. It arises when the parties know that if any one of them fails to fulfil his part of the promise, he would be liable for the failure of the contract.

If there is no intention to create legal relationship, there is no contract between parties. Agreements of a social or domestic nature which do not contemplate a legal relationship are not contracts.

3. Consensus-ad-idem:

The parties to an agreement must have the mutual consent i.e. they must agree upon the same thing and in the same sense. This means that there must be consensus ad idem (i.e. meeting of minds).

4. Competency of parties:

The parties to an agreement must be competent to contract. In other words, they must be capable of entering into a contract.

According to Sec 11 of the Act, "Every person is competent to contract who is of the age of majority according to the law to which he is subject to and who is of sound mind and is not disqualified from contracting by any law to which he is subject."

Thus, according to Section 11, every person with the exception of the following is competent to enter into a contract:-

(i) A minor,

(ii) A person of unsound mind, and

(iii) A person expressly declared disqualified to enter into a contract under any Law.

5. Free consent:

Another essential of a valid contract is the consent of parties, which should be free. Under Sec. 13, "Two or more parties are said to consent, when they agree upon the same thing in the same sense." Under Sec. 14, the consent is said to be free, when it is not induced by any of the following:- (i) coercion, (ii) misrepresentation, (iii) fraud, (iv) undue influence, or (v) mistake.

6. Lawful consideration:

Consideration is known as 'something in return'. It is also essential for the validity of a contract. A promise to do something or to give something without anything in return would not be enforceable at law and, therefore, would not be valid.

Consideration need not be in cash or in kind. A contract without consideration is a 'wagering contract' or 'betting'. Besides, the consideration must also be lawful.

7. Lawful objects:
According to Sec. 10, an agreement may become a valid-contract only, if it is for a lawful consideration and lawful object. According to Sec. 23, the following considerations and objects are not lawful:-

(i) If it is forbidden by law;

(ii) If it is against the provisions of any other law;

(iii) If it is fraudulent;

(iv) If it damages somebody's person or property; or

(v) If it is in the opinion of court, immoral or against the public policy.

Thus, any agreement, if it is illegal, immoral, or against the public policy, cannot become a valid contract.

8. Agreement not expressly declared void:
An agreement to become a contract should not be an agreement which has been expressly declared void by any law in the country, as it would not be enforceable at law.

Under different sections of the Contract Act, 1872, the following agreements have been said to be expressly void, viz :-

(i) Agreements made with the parties having no contractual capacity, e.g. minor and person of unsound mind (Sec. 11).

(ii) Agreements made under a mutual mistake of fact (Sec. 20).

(iii) Agreements with unlawful consideration or object (Sec. 23).

(iv) Agreements, whose consideration or object is unlawful in part (Sec. 24).

(v) Agreements having no consideration (Sec 25).

(vi) Agreements in restraint of marriage (Sec. 26).

(vii) Agreements in restraint of trade (Sec. 27).

(viii) Agreements in restraint of legal proceedings (Sec. 28).

(ix) Agreements, the meaning of which is uncertain (Sec. 29).

(x) Agreements by way of wager (Sec. 30). and

(xi) Agreements to do impossible acts (Sec. 56).

9. Certainty and possibility of performance:
Agreements to form valid contracts must be certain, possible and they should not be uncertain, vague or impossible. An agreement to do something impossible is void under Sec. 56.

10. Legal formalities:
The agreement may be oral or in writing. When the agreement is in writing it must comply with all legal formalities as to attestation, registration. If the agreement does not comply with the necessary legal formalities, it cannot be enforced by law.

Difference between Agreement and Contract

Comparison Chart

BASIS FOR COMPARISON	AGREEMENT	CONTRACT
Definition	An arrangement (usually informal) between two or more parties that is not enforceable by law.	A formal arrangement between two or more party that, by its terms and elements, is enforceable by law.
Validity Based on	Mutual acceptance by both (or all) parties involved.	Mutual acceptance by both (or all) parties involved.
Does it need to be in writing?	No.	No, except for some specific kinds of contracts, such as those involving land or which

		cannot be completed within one year.
Consideration required	No.	Yes
Legal Effect	An agreement that lacks any of the required elements of a contract has no legal effect.	A contract is legally binding and its terms may be enforceable in a court of law.

Meaning of Agreement

Agreement is the state or act of agreeing, meaning coming to a mutually approved arrangement.

Agreement is also used to mean a deal in which all parties accept the conditions or a unity of opinion.

Definition of Agreement

When a person (promisor) offers something to someone else (promisee), and the concerned person accepts the proposal with equivalent consideration, this commitment is known as the agreement.

When two or more than two persons agree upon the same thing in the same sense (i.e. Consensus ad idem), this identity of minds is agreement.

The following are the types of agreement are as under:

- Wagering Agreement
- Void Agreement
- Voidable Agreement
- Implied Agreement
- Express Agreement
- Conditional Agreement
- Illegal Agreement

It can also be defined as **the contract which lacks enforceability by law is known as the agreement**.

Examples

1. Mohan and Rishabh decided to go for lunch on Sunday. Mohan did not come for lunch, and this resulted in the waste of Rishabh's time. Now Rishabh cannot compel

Mohan for the damages as the decision to go for the lunch is not a contract but a domestic agreement.

2. Varun promises his younger brother Anuj to pay his debts, and the agreement was in writing as well as registered. This is a valid agreement and can be enforceable.

2.4 Contract of Indemnity and Contract of Guarantee

A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself, or by the conduct of any other person, is called a contract of indemnity.

The term 'indemnity' means "security or protection against a loss" or compensation. According to Section 124 of the Indian Contract Act, 1872 "A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself, or by the conduct of any other person, is called a contract of indemnity."

PARTIES TO THE CONTRACT OF INDEMNITY
A contract of indemnity has two parties.

1. The promisor or indemnifier
2. The promisee or the indemnified or indemnity-holder

The promisor or indemnifier: He is the person who promises to bear the loss.

The promisee or the indemnified or indemnity-holder: He is the person whose loss is covered or who are compensated.

Example

- P is the indemnifier or promisor as he promises to bear the loss of Q.
- Q is the promisee or the indemnified or indemnity-holder as his loss is covered by P.

ESSENTIALS OF CONTRACT OF INDEMNITY

1. **PARTIES TO A CONTRACT:** There must be two parties, namely, promisor or indemnifier and the promisee or indemnified or indemnity-holder.

2. **PROTECTION OF LOSS:** A contract of indemnity is entered into for the purpose of protecting the promisee from the loss. The loss may be caused due to the conduct of the promisor or any other person.
3. **EXPRESS OR IMPLIED:** The contract of indemnity may be express (i.e. made by words spoken or written) or implied (i.e. inferred from the conduct of the parties or circumstances of the particular case).
4. **ESSENTIALS OF A VALID CONTRACT:** A contract of indemnity is a special kind of contract. The principles of the general law of contract contained in Section 1 to 75 of the Indian Contract Act, 1872 are applicable to them. Therefore, it must possess all the essentials of a valid contract.

Contract of Guarantee

Contract of Guarantee refers to a contractual arrangement in which one party gives a guarantee for another regarding the fulfillment of a promise or repayment of the debt when the latter fails to discharge the liability or perform the undertaking.

Parties Involved in a Contract of Guarantee

The three parties that take part in a contract of guarantee are:

- **Principal Debtor**: He/she is the one who defaults in the payment of debt and therefore, guarantee is given by another party.

- **Creditor**: One who extends credit to the Principal Debtor and to whom the guarantee is given.

- **Surety**: The one who gives assurance to the creditor that he/she will pay the debt in case the principal debtor defaults.

Features of Contract of Guarantee

- 1. **Principal Debt**: The main objective of guarantee is to ensure payment of the loan amount, so there must exist a debt. Hence it is the nucleus of the contract of guarantee that someone must be liable for the payment of debt and surety commits to fulfil the liability when the former defaults. Therefore, in the absence of any principal debt, no valid guarantee can take place.

- 2. **Consideration**: A contract is always backed by adequate consideration, as without any consideration, the contract stands void. However, in the case of a contract of guarantee, no direct consideration exists amidst surety and

creditor. This is due to the fact that the consideration which the principal debtor obtains is adequate to the surety to provide a guarantee except when there is past consideration.

- 3. **Liability**: The existence of a liability or promise is a must, whose discharge or performance is assured by the surety. Also, the liability or promise must have legal enforceability and it is not invalidated on the grounds that the stipulated time has expired.
- 4. **Free from any misrepresentation or concealment**: When the guarantee is secured from the surety using misrepresentation made by creditor or concealment of a material fact of the transaction which the creditor has knowledge of, or any guarantee obtained by the creditor by remaining silent on the matter which is material, makes the contract invalid.
- 5. **Oral or written**: As per section 126 of the Indian Contract Act, 1872, the contract can either be expressed orally or in written form. So, the writing of a contract is not necessary.
- 6. **Co-sureties**: Guarantee given by the surety on the condition that another party must enter as a co-surety, and no one joins as a co-surety, in that case also, contract stands invalid.

Indemnity Vs Guarantee

1. Comparison Chart
2. Definition
3. Key Differences
4. Example
5. Conclusion

Comparison Chart

Basis For Comparison	Indemnity	Guarantee
Meaning	A contract in which one party promises to another that he will compensate him for any loss suffered by him by the act of the promisor or the third party	A contract in which a party promises to another party that he will perform the contract or compensate the loss, in case of the default of a their person, it is the contract of guarantee.

Defined in	Section 124 of Indian Contract Act, 1872	Section 126 of Indian Contract Act, 1872
Parties	Two, i.e. indemnifier and indemnified	Three, i.e. creditor, principal debtor and surety
No. Of Contracts	One	Three
Degree of liability of the promisor	Primary	Secondary
Purpose	To compensate for the loss	To give assurance to the promise
Maturity of Liability	When the contingency occurs.	Liability already exists

Example
Indemnity

Mr. Joe is a shareholder of Alpha Ltd. lost his share certificate. Joe applies for a duplicate one. The company agrees, but on the condition that Joe compensates for the loss or damage to the company if a third person brings the original certificate.

Guarantee

Mr. Harry takes a loan from the bank for which Mr. Joesph has given the guarantee that if Harry default in the payment of the said amount he will discharge the liability. Here Joseph plays the role of surety, Harry is the principal debtor and Bank is the creditor.

3.1 Definition: Agency, Agent and Principal
3.2 Rights and Duties of Principal and Agent

3.1 Definition: Agency, Agent and Principal

The Law Of Agency

An Agency is defined as a relationship between two parties called PRINCIPAL and AGENT, whereby, the function of the agent is to create a contract/s between the principal and third parties(or to act as the representative of the principal in other ways

Agency is the relationship that subsists between the principal and the agent, who has been authorized to act for him or represent him in dealing with others. Thus, in an agency, there is in effect two contracts i.e.

a) Made between the principal and the agent from which the agent derives his authority to act for and on behalf of the principal; and

b) Made between the principal and the third party through the work of the agent.

Definition :-

"An agent is a person employed to do any act for another or to represent another in dealing with third persons. The person for whom such act is done or who is so represented, is called the principal"

"The person who delegates the authority is known as principal.

"To whom the power is delegated is known as agent."

"The relationship that is created is known as agency."

"A person who act in place of another – Agent"

"The person on whose behalf he acts – Principal"

Duties of an agent

- To follow principal's directions – An agent must act within the scope of the authority conferred on him. An agent was instructed to insure goods. He failed to do so. The goods were destroyed. He was held liable to the extent of loss.

- To conduct business with reasonable care skill & diligence.

- To communicate with principal. Not to deal on his own account – If an agent wants to deal on his own account, he must seek the consent of the principal first & must acquaint him with all the material facts.

- Not to make secret profits (Bribe)

Rights of an agent

 - Right of retainer – The agent has a right to retain, out of any sums received all money due to him in respect of remuneration, advance made, expenses incurred in conducting business.

- Right to receive remuneration if he has completed his task. He is not entitled to any remuneration for part transaction.

- Right of lien – he has right to exercise particular lien over the goods, paper, property until the amount due to him for commission, expenses has been paid.

Duties & Rights of the Principal

- To pay remuneration to agent.

- To recover compensation for breach of duty by the agent

- To forfeit agent's remuneration where he is guilty of misconduct

- To receive any extra profit made by agent

- To enforce the various duties of the agent

- To receive all sums

Law of Bailment

4.1 Definition and Nature of Bailment
4.2 Rights and Duties of the Bailor and Bailee

Bailment

Bailment is a legal relationship in common law, where the owner transfers physical possession of personal property for a time, but retains ownership. The owner who surrenders custody to a property is called the "bailor" and the individual who accepts the property is called a "bailee".

The term bailment is derived from theFrench bailor, "to deliver." It is generally con sidered to be a contractual relationship since the bailor and bailee, eitherexpressly or impliedly, bind themselves to act according to particular terms. The bailee recei ves only control or possession of
the property while the bailor retains the ownership interests in it.

A bailment is not the same as a sale, which is an intentional transfer of ownership o f personal property in exchange forsomething of value. A bailment involves only a transfer of possession or custody, not of ownership. A rental or lease ofpersonal pr operty might be a bailment, depending upon the agreement of the parties.

 A gratuitous loan and the delivery of property for repair or safekeeping are also ty pical situations in which a bailment is created.

- **Bailor :** The person delivering the goods is called the 'bailor'.

- **Bailee :** The person to whom they are delivered is called the 'bailee'.

Classification of Bailment

There are five Kinds of Bailment are as under

1) Gratuitous Bailment

A Bailment made without any Consideration for the benefit of the bailor or for the benefit of the bailee is called Gratuitous Bailment. In simple words A

bailment with no consideration is Gratuitous bailment.

2) Non-Gratuitous Bailment:

Non-Gratuitous is a bailment for reward. It is for the benefit of both the bailor and bailee.

3) Bailment for the Benefit of the Bailor

In this case the bailor delivers his goods to a bailee for a safe custody without any benefit/ reward. It is called " the bailment for the benefit of the bailor".

4) Bailment for the exclusive Benefit of the Bailee

In this case Bailor delivers his goods to a bailee without any benefit for his use , it is called "the bailment for the exclusive benefit of the bailee"

5) Bailment for the Benefit of the Bailor and Bailee

In this case goods are delivered for consideration, both the bailor and bailee get benefit and hence it is called the bailment for the benefit of the bailor and bailee.

Rights and Duties of Bailor

Bailor has certain rights and also some duties to follow.

Rights of Bailor

1. Right to get his goods back.

2. Right to get the increase or profit from the goods bailed.

3. Right to get compensation.

4. Right to terminate the contract.

Duties of Bailor

1. It is the duty of bailor to disclose faults in goods bailed: It is the paramount duty of the bailor to express the fault of the goods to the bailee.

2. Duty of the bailor to give compensation to the bailee.

3. Duty to give expenses.

Rights and Duties of Bailee

Bailee has some rights that he can enjoy as well as some duties to follow.

Rights of Bailee

1. Right to get compensation.

2. Right to terminate the contract of bailment: If the terms and conditions are decided by the parties while making a contract and the goods are not according to terms and conditions of the contract, then the bailee has right to terminate the contract.

3. Right to get expenses: If the expenses are incurred by the bailee regarding the goods bailed, then afterwards the bailee is entitled to get the expenses.

Duties of Bailee

1. Duty to take care of the goods.

2. Duty to return goods: After the accomplishment of purpose, it is the duty of the bailee to return the goods to the bailor.

3. To make proper use of goods bailed: The use of the goods which are mentioned under the contract, the use must be according to the contract.

4. Duty not to mix his own goods with the goods of bailor.

5. Duty not to question the title of the bailor.

6. Duty of bailee to pay increase or profit from goods bailed. For Example, A gives a cow to B on bailment and after the bailment cow gives birth to a calf. It is the duty of the bailee to return cow as well as the calf to the bailor.

5. CONSUMER PROTECTION ACT

5.1 Objectives of the Act,
5.2 Definition: Consumer, Goods/Service, Consumer
Complaint, Consumer Dispute, Deficiency, Defect

5.1 Objectives of the Act:-

The objectives of the Consumer Protection Act is to promote protection of consumers with respect to

a. Safety, quality, purity, potency, healthfulness, durability, performance, repair ability, effectiveness, truthfulness, dependability, availability, and cost of any real or personal property or tangible or intangible goods, services, or credit;
b. Preservation of consumer choice and a competitive market;
c. Price and adequacy of supply of goods and services;
d. Prevention of unfair or deceptive trade practices;
e. Maintenance of truthfulness and fairness in the advertising, promotion and sale by a producer, distributor, lender, retailer or other supplier of such property goods, services, and credit;
f. Furnishing of full, accurate, and clear instructions, warnings and other information by any such supplier concerning such property, goods, services, and credit;
g. Protection of the legal rights and remedies of consumers;
h. Providing of estimates of the cost and benefits of programs and activities established by Federal Government regulations and legislation.
i. It is the purpose of section 24 of this Act to establish a means for estimating in advance the consumer cost and benefits of Federal legislation or rules that have substantial economic impact, and to prevent the adoption of Government programs whose costs to consumers outweigh their benefits.

Definitions:-
Who is a consumer ?

1.2 Section 2(d) of the Consumer Protection Act says that consumer means any person who—

(i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment, and includes any user of such goods other than the person who buys such goods for

consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or

(ii) hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment, and includes any beneficiary of such services other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person;

Explanation.—For the purposes of the sub-clause (i), "commercial purpose" does not include use by a consumer of goods bought and used by him exclusively for the purpose of earning his livelihood, by means of self-employment.

Goods & Services :-

Goods are tangible things that are produced, bought or sold, then finally consumed. Look around your home and you will see dozens of examples, from the microwave to the flat-screen television

Services are activities that other people or businesses do for you. When you book a holiday, visit the hairdresser or eat in a restaurant you are consuming one or more services. Services are sometimes referred to as intangible, in the sense that you can't touch or handle them.

Most businesses provide a service rather than make goods. That is particularly true of the small business sector. Take a flick through the Yellow Pages directory at home to see just how many small service businesses operate in your locality. There are some important differences in the skills required to run a business making goods compared with services. Here is a brief summary:

GOODS
Requires a production location - factory
The output from production is stock – which can be transported and/or stored for future sale
Production costs will include the costs or raw materials and other inputs into the production process
Requires close liaison with suppliers
Quality can built-in to the product through good design and production processes designed to ensure the right quality is achieved

Quite costly to set up. The production process needs to be in place and working before goods can be produced.

SERVICES

The location is where the service is provided – either physically (e.g. a builder) or virtually (e.g. tele sales or via a website)

Service is delivered at a point in time – it cannot be stored! A shop has to be open to sell. A hairdresser has to be there to cut hair

The main cost of a service business is the people involved

Require high levels of customer satisfaction

Quality is measured by the quality of customer service. Harder to manage

Relatively easy to start a service business, particularly using franchises, where a business format has already been established

Consumer complaint :-

A consumer complaint or customer complaint is "an expression of dissatisfaction on a consumer's behalf to a responsible party" (Landon, 1980). It can also be described in a positive sense as a report from a consumer providing documentation about a problem with a product or service.

Consumer Disputes:-

"A dispute where the person against whom the complaint has been made, denies or disputes the allegations contained in the complaint". The denial to the allegations would give rise to a consumer dispute, which would be subsequently be decided by an appropriate forum.

Deficiency & Defect :-

Defect = broken/faulty, basically. 'The product was defective' means it has some problem and doesn't work, or doesn't work properly.

5. PREVENTION OF FOOD ADULTERATION ACT

**6.1 Definition: Food, Adulterant, Adulteration, Misbranding
  and Label**
6.2 Food Inspector - Powers and Duties
6.3 Procedure to be followed by Food Inspectors

Definition:-
Food:- Any nutritious substance that people or animals eat or drink or that plants absorb in order to maintain life and growth.

Adulterant :- An adulterant is a chemical which acts as a contaminant when combined with other substances.

Adulterants are added to pure substances to extend the quantity while reducing the quality.
Examples: When water is added to alcohol, the water is an adulterant.
Adulteration:-
Adulteration usually refers to mixing other matter of an inferior and sometimes har mful quality with food or drink intended tobe sold. As a result of adulteration, food or drink becomes impure and unfit for human consumption.

Misbranding

Section 502 of the Federal Food, Drug and Cosmetic Act (FFDCA) contains provisions on misbranding including some that relate to false or misleading labeling. A device's labeling misbrands the product if:

- Its labeling is false or misleading in any particular;

- It is in package form and its label fails to contain the name and place of business of the manufacturer, packer, or distributor and an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count;

- Any required wording is not prominently displayed as compared with other wording on the device, or is not clearly stated;

- Its label does not bear adequate directions for use including warnings against use in certain pathological conditions or by children where its use may be dangerous in health or against unsafe dosage, or methods, or duration of administration or application;

- It is dangerous to health when used in the dosage or manner or with the frequency or duration prescribed, recommended or suggested in the labeling; or

- It does not comply with the color additives provisions listed under Section 706 of the FFDCA;

- The device's established name (if it has one), its name in an official compendium, or any common or usual name is not prominently printed in type at least half as large as that used for any proprietary name;

- The establishment is not registered with FDA as required by Section 510 of the FFDCA and has not listed the device as required by Section 510(j) of the FFDCA or obtained applicable premarket notification clearance as required by Section 510(k) of the FFDCA;

- The device is subject to a performance standard and it does not bear the labeling prescribed in that standard;

- There is a failure or refusal to comply with any requirement related to notification and other remedies prescribed under Section 518 of the FFDCA, if there is a failure to furnish any materials or information required by, or requested by the Secretary pursuant to, Section 519 of the FFDCA, or if there is a failure to furnish materials or information relating to reports and records required by Section 522 of the FFDCA; or

- There is any representation that creates an impression of official approval because of the possession by the firm of an FDA registration number.

False or Misleading Labeling

Section 502(a) declares that a drug or device is misbranded if its labeling proves false or misleading in any particular. Section 201(n) states that if an article is alleged to be misbranded because the labeling or advertising is misleading, then in determining whether the labeling or advertising is misleading, there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, or any combination thereof, but also the extent to which the labeling or advertising fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the article to which the labeling or advertising relates under the conditions of use prescribed in the labeling or advertising thereof or under such conditions of use as are customary or usual.

Duties of Food Inspectors:-

 1. To inspect establishment for licence for manufacture, storage or sale of food article and satisfy that the conditions and provisions of the Act are complied with

2. To make enquiries on receipt of complaints about the quality of food and conduct inspection accordingly
3. To procure the sample of food and send to public analyst as and
    when required.
4. To investigate into matters of specific complaints given in writing.
5. To maintain the records of inspection properly and keep inform
    higher authorities about inspection.

Powers of Food Inspectors:-

- The food inspector can prohibit sale of food article in public interest
   for a specific period- can also stop the vehicles carrying adulterated or
    misbranded food, -
  seize the samples of food articles prepared in contravention with the
    provisions of the Act,
- enter the premises within the reasonable time of business and seize
   the sample or
- break open any package containing adulterated or misbranded food.

7. INDUSTRIAL DISPUTES ACT

7.1 Objectives and Applicability
7.2 Definition: Industry, Workmen, Industrial Dispute, Strike,
Layoff, Lockout, Closure, Misconduct
7.3 Causes and Effects of Industrial Dispute
7.4 Kinds of Punishments: Minor and Major

The objective of the Industrial Disputes Act 1947 is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations. This act deals with the retrenchment process

of the employees, procedure for layoff, procedure and rules for strikes and lockouts of the company.

What is an industrial dispute?

According to Section 2A: Where any employer discharges, dismisses, retrenches or otherwise terminates the services of an individual workman, any dispute or difference between that workman and his employer connected with, or arising out of, such discharge, dismissal, retrenchment or termination shall be deemed to be an industrial dispute not withstanding that no other workman nor any union of workmen is a party to the dispute.

Industrial Disputes have adverse effects on industrial production, efficiency, costs, quality, human satisfaction, discipline, technological and economic progress and finally on the welfare of the society. A discontent labour force, nursing in its heart mute grievances and resentments, cannot be efficient and will not possess a high degree of industrial morale. Hence, the Industrial Dispute Act of 1947, was passed as a preventive and curative measure.

Workmen

Section 2(s) defines workman as any person (including an apprentice) employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical, or supervisory work, for hire or reward, terms of employment be express or implied and includes any such person who has been dismissed, discharged or retrenched in connection with, or as a consequence of dispute. It excludes persons employed in army/Navy/Air Force/Police and those employed in mainly managerial or administrative, supervisory capacity and drawing wages of more than INR 6500.

Industrial Dispute:

Industrial Dispute in India: Definition, Causes and Measures to Improve Industrial Relations!

According to Sec. 2 of the Industrial Dispute Act, 1947, "Industrial dispute means any dispute or difference between employers and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person" Industrial disputes are of symptoms of industrial unrest in the same way that boils are symptoms of a disordered body.

Whenever an industrial dispute occurs, both management and workers try to pressurize each other. The management may resort to lock-out and the workers may resort to strike, gherao, picketing, etc.

Strike:-

A work stoppage; the concerted refusal of employees to perform work that their employer has assigned to them in order toforce the employer to grant certain demanded concessions, such as increased wages or improved employment conditions.

A work stoppage is generally the last step in a labor-management dispute over wages and working conditions. Because employees are not paid when they go on strike and employers lose productivity, both sides usually seek to avoid it. Whennegotiations have reached an impasse, however, a strike may be the only bargaining tool left for employees.

Employees can strike for economic reasons, for improvement of their working conditions, or for the mutual aid and protectionof employees in another union. In addition, even if they do not have a union, employees can properly agree to stop workingas a group; in that case they are entitled to all the protections that organized strikers are afforded.

labor unions do not have the right to use a strike to interfere with management prerogatives or with policies that theemployer is entitled to make that do not directly concern the employment relationship. A strike must be conducted in anorderly manner and cannot be used as a shield for violence or crime. Intimidation and coercion during a strike are unlawful.

Layoff:-

A work stoppage; the concerted refusal of employees to perform work that their employer has assigned to them in order toforce the employer to grant certain demanded concessions, such as increased wages or improved employment conditions.

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Lock Out & Closure

Lock-Out means the temporary closing of a place of employer, whereas Closure means the permanent closing down of a place of employment.

In the case of Lock-Out, the employer closes the place of business, whereas in the case of Closure the employer closes the business itself.

Further, in the case of Lock-Out there is suspension of work, whereas in the case of a Closure there is discontinuation of the business.

Misconduct:-

In law, misconduct is wrongful, improper, or unlawful conduct motivated by premeditated or intentional purpose or by obstinate indifference to the consequences of one's acts. Misconduct can be considered an unacceptable or improper behavior, especially or professional person.

Causes and Effects of Industrial Disputes:-

If industrial relations are poor employees will be a lot less motivated and productivity low with a high labor turnover.
If Industrial relations are good employees will be well motivated and as a result morale and productivity will be high.

Causes Industrial Disputes

(1) Economic Causes: Really, the most common causes of industrial disputes are economic causes. These are as follows:
 (a) Wages:
1.The demand for wage increase is the prime-most cause of the industrial disputes. A large number of strikes are being organized to raise a voice against the rise in prices and cost of living.

2 .The real wages of the workers decline faster with the increase in price level and they feel dissatisfied with their present emoluments and struggle for the improvement in wages. By having a cursory glance on the history of industrial disputes; it becomes clear that cause of most of the industrial disputes was wages. The Indian employer has no clear-cut and enlightened wage policy.

(b) Dearness Allowance and Bonus: Increase in cost of living was the main cause of the demand of dearness allowance by the workers to equate their wages with the rise in prices. Bonus also plays an important role as a cause of industrial dispute. It is interesting to note that in 1966, 49 percent of the disputes were related to wages and bonus. Both the quantum and the method of bonus payment have led to a number of disputes. There is an increasing feeling among the workers that they should have a greater share in the profits of the concern and this fact has not been recognised by the employees and non-acceptance of this fact has been a source of friction among employers and employees. (c) Working Condition and Working Hours: The working conditions in Indian industries are not hygienic. There is not ample provision of water, heating, lighting, safety etc. Working hours are also greater. The demand of palatable working conditions and shorter hours of work are also responsible for labor disputes.

(d) Modernization and Automation of Plant and Machinery: The attempt at modernization and introduction of automatic machinery to replace labour has been the major cause of disputes in India. Workers go on strike, off and on, to resist rationalization and automation. A strike in cotton textile industry in Kanpur in 1955 is an example of such disputes. Workers in Life Insurance.

(e) High Industrial Profits: During and after the world wars, prices of the commodities went up and the industrialists earned huge profits. In order to get share in the prosperity of the industry, it naturally led to the resentment on their part. The increased profits also led to the demands of higher wages and bonus. Now in the changing world, concept of labor has changed considerably. They think themselves as a partner of the industry and demand their share in the profits.

(f) Demand for Other Facilities: 3 Demand for other facilities for meeting out their basic needs such as medical, education, housing, etc., encourage the workers to resort to direct action because such facilities were denied by the employers. (2) Managerial Causes of Industrial Disputes: These causes include autocratic managerial attitude and defective labour policies etc.

(a) Denial of Recognition to Trade Unions: Failure on the part of the employer to recognize the trade unions or to recognize the rival union for representation, insult of trade union leaders by the employers are some of the examples of autocratic managerial attitude worth mentioning as the causes of industrial disputes. The attitude of employers towards the labor associations had never been sympathetic. They want to divide them and rule. Moreover, the management is generally not

willing to talk over the dispute with the workers or workers' representatives or refer it to 'arbitration' even when the workers are willing to do so.

(b) Defective Recruitment Policies: The recruitment practices in Indian industries are defective. Recruitment is generally made by the contractors who exploit the workers and suppress their individuality. The defective promotion, demotion, transfer and placement policies encourage dissatisfaction among workers.

(c) Irregular Lay-Off and Retrenchment: Lay-off and retrenchment are reasons to be mentioned for encouraging industrial disputes. Indian employers follow the policy of 'Hire and Fire'. As a matter of practice, workers are not made permanent for a pretty long time to deprive them of their legitimate rights.

(d) Defiance of Agreements and Codes: The employers regularly defy the provisions of collective bargaining agreements and code of conduct and code of discipline with a view to harass or exploit the employees and just encourage strife.

(e) Defective Leadership: Inefficient leadership is also one of the causes of disputes. Leadership from the management and from the workers is quite incompetent to induce the workers to get them worked. The employers' representatives are not delegated sufficient authority to negotiate with the workers.

4 They are not in a position to commit anything to workers on behalf of the management. Defective management leadership ignored the labour problems and inefficient labour leadership could not coordinate the efforts of their fellow members, so disputes arise.

Effect of Industrial Dispute

  (i)   Loss of wages,
  (ii)   Physical injury or death on account of violence during labour unrest
  (iii)   Excesses by employers
  (iv)   Economic losses
  (v)   Bitterness in relations
  (vi)   Adverse effect on career

INDUSTRIAL EMPLYOEMENT (STANDING ORDERS) ACT

8.1 Definition: Standing Orders

8.2 Model Standing Orders
8.3 Procedure for Disciplinary Action

Definition: Standing Orders
This Act is to require employers in industrial establishments to formally define conditions of employment under them and submit draft standing orders to certifying Authority for its Certification. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. And the Central Government is the appropriate Government in respect of establishments under the control of Central Government or a Railway Administration or in a major port, mine or oil field. Under the Industrial Employment (Standing Orders) Act, 1946, all RLCs(C) have been declared Certifying Officers to certify the standing orders in respect of the establishments falling in the Central Sphere. CLC(C) and all Dy.CLCs(C) have been declared Appellate Authorities under the Act.

What are Standing Orders?

Section 2(g) "Standing orders" means rules relating to matters set out in the Schedule;

'Standing Orders' means rules of conduct for workmen employed in industrial establishments.

The object of the Act is to require employers in industrial establishments to formally define conditions of employment under them.

Model Standing Orders

• Classification of Workers
• Publication of Work Time, Holidays, Pay Days and Wage Rates
• Shift Working
• Attendance and Late Coming
• Leave and Holidays
• Casual Leave
• Payment of Wages
• Stoppage of Work
• Termination of Employment
• Disciplinary Action for Misconduct
• Suspension

• Dismissal
• Complaints

Procedure for Disciplinary Action

The disciplinary procedure involves the following steps:

a. **Preliminary Investigation:**

First of all, a preliminary inquiry should be held to find out whether a prima facie case of misconduct exists.

b. **Issue of a Charge-sheet:**

Once the prima facie case of misconduct is established, charge sheet is issued to the employee. Charge sheet is merely a notice of the charge and provides the employee an opportunity to explain his conduct. Therefore, charge sheet is generally known as a show cause notice.

In the charge sheet, each charge should be clearly specified. There should be a separate charge for each allegation and charge should not relate to any matter which has already been decided upon. The charges so framed should be communicated to the individual along with the statement of allegations on which the charges are based.

c. **Suspension Pending Enquiry:**

Depending on the gravity of charges, an employee may be suspended along with serving him the charge sheet. The various circumstances which may warrant suspension of an individual are:

  i. When disciplinary proceeding is pending or contemplated.
  ii. When engaged in the activities prejudicial to the interest or security of the state.
  iii. Where a case in respect of any criminal offence is under investigation, inquiry or trial.
  iv. Where continuance in office will prejudice investigation/ inquiry/trial.
  v. When the presence of the employee in office is likely to affect discipline.

vi. When his continuous presence in office is against the wider public interest.

vii. Where a prima face case has been established as a result of criminal or departmental proceedings leading to the conviction, revival, dismissal, etc.

viii. **In case of the following acts of misconduct:**
- Moral Turpitude
- Corruption, embezzlement
- Serious negligence in duty resulting in loss
- Desertion of duty
- Refusal or failure to carry out written orders

According to the Industrial Employment (Standing Orders) Act, 1946, the suspended worker is to be paid subsistence allowance equal to one-half of his wages for the first ninety days of suspension and three-fourths of the wages for the remaining period of suspensions, if the delay in the completion of disciplinary proceedings is not due to the worker's own conduct.

d. **Notice of Enquiry:**

In case the worker admits the charge, in his reply to the charge sheet, without any qualification, the employer can go ahead in awarding punishment without further inquiry. But if the worker does not admit the charge and the charge merits major penalty, the employer must hold an enquiry to investigate into the charges. Proper and sufficient advance notice should be given to the employee indicating the date, time and venue of the enquiry so that the worker may prepare his case.

e. **Conduct of Enquiry:**

The enquiry should be conducted by an impartial and responsible officer. He should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the worker to cross-examine the management witnesses.

f. **Recording the Findings:**

On the conclusion of the enquiry, the enquiry officer must record his findings and the reasons thereof. As far as possible, he should refrain from recommending punishment and leave it to the decision of the appropriate authority.

g. **Awarding Punishment:**

The management should decide the punishment purely on the basis of findings of the enquiry, past record of the worker and gravity of the misconduct.

h. **Communicating Punishment:**

The punishment awarded to the worker should be communicated to him in written and the earliest available opportunity. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned.

9. FACTORIES ACT

9.1 Definition: Factory, Occupier
9.2 General Duties of the Occupier
9.3 Health, Safety and Welfare Provisions

FACTORIES ACT, 1948

The Factories Act, 1948 provides safeguard for workers to protect health, provides for safety at the workplace when dealing with machinery, improves the physical conditions of the workplace, and provides welfare amenities. Only factories are covered by the Act.

The Act also restricts the hours of work, provides for overtime and spread of working hours, and employment of young persons and women.

Night Shifts and women

In general, the act prohibits employment of women in night shift. The Act has been recently amended to allow work in night shift by women in certain sectors including the Special Economic Zone (SEZ), IT sector and Textiles. This is subject

to the condition that the employers shall be obligated to provide adequate safeguards in the workplace, equal opportunity, their transportation from the factory premises to the nearest point of their residence.

Prohibitions on Employment of Women on or Near Machineries in Motion

The Act indirectly bans employment of women workers on or near machineries in motion. It lays down that where in any factory it becomes necessary to examine any part of machinery referred to in Section 21, while the machinery is in motion, such examination shall be carried out only by a specially trained adult male worker. (Section 22)

Also, it provides that no woman shall be allowed to clean, lubricate or adjust any part of a prime mover or of any transmission machinery while the prime mover or transmission machinery is in motion, if that would expose the woman to risk of injury from any moving part either of that machine or of any adjacent machinery. (Section 22)

Furthermore, it provides that no woman shall be employed in any part of a factory for pressing cotton in which a cotton-opener is at work. (Section 27)

Maternity Leave and Creche Facility

The Act makes provision for maternity leave with wages for expecting mothers for a maximum period of 12 weeks. (Section 79)

The Act provides that every factory with more than 30 women employees shall provide and maintain suitable room/s and feeding breaks and free milk or refreshment or both for children below 6 years for these women. (Section 48)

Definition of Occupier

Section 2(n) of the Factories Act, 1948 defines "Occupier" as follows:

"Occupier" of a factory means the person who has ultimate control over the affairs of the factory

Provided that-

i. in the case of a firm or other association of individuals, any one of the individual partners or members thereof shall be deemed to be the occupier;

ii.   in the case of a company, any one of the directors shall be deemed to be the occupier;

iii. in the case of a factory owned or controlled by the Central Government or any State Government, or any local authority, the person or persons appointed to manage the affairs of the factory by the Central Government, the State Government or the local authority, as the case may be, shall be deemed to be the occupier. Provided further that in the case of a ship which is being repaired, or on which maintenance work is being carried out, in a dry dock which is available for hire,-

1. the owner of the dock shall be deemed to be the occupier for the purposes of any matter provided for by or under-

a. section 6, section 7, section 7A, section 7B section 11 or section 12;
b. section 17, in so far as it relates to the providing and maintenance of sufficient and suitable lighting in or around the dock;
c. section 18, section 19, section 42, section 46, section 47 or section 49, in relation to the workers employed on such repair or maintenance;

2. the owner of the ship or his agent or master or other officer- in- charge of the ship or any person who contracts with such owner, agent or master or other officer- in- charge to carry out the repair or maintenance work shall be deemed to be the occupier for the purposes of any matter provided for by or under section 13, section 14, section 16 or section 17 (save as otherwise provided in this proviso) or Chapter IV (except section 27) or section 43, section 44 or section 45, Chapter VI, Chapter VII, Chapter VIII or Chapter IX or section 108, section 109 or section 110, in relation to-

a. the workers employed directly by him, or by or through any agency; and
b. the machinery, plant or premises in use for the purpose of carrying out such repair or maintenance work by such owner, agent, master or other officer- in- charge or person"

General duties of the occupier

(1) Every occupier shall ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

(2) Without prejudice to the generality of the provisions of sub-section (1), the matters to which such duty extends, shall include-

(a) the provision and maintenance of plant and systems of work in the factory that are safe and without risks to health;

(b) the arrangements in the factory for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;

(c) the provision of such information, instruction, training and supervision as are necessary to ensure the health and safety of all workers at work;

(d) the maintenance of all places of work in the factory in a condition that is safe and without risks to health and the provision and maintenance of such means of access to, and egress from, such places as are safe and without such risks;

(e) the provision, maintenance or monitoring of such working environment in the factory for the workers that is safe, without risks to health and adequate as regards facilities and arrangements for their welfare at work.

(3) Except in such cases as may be prescribed, every occupier shall prepare, and, as often as may be appropriate, revise, a written statement of his general policy with respect to the health and safety of the workers at work and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision thereof to the notice of all the workers in such manner as may be prescribed.

Provisions for Health

The following sections deal with the health provisions for factory workers.

Sec. 11 Cleanliness

- Floor must be cleaned every day, if possible, by disinfectant.
- If the floor is wet and cannot be drained, special provisions must be made to drain the water.
- Walls must be regularly cleaned. They must be whitewashed every 6 months. If an oil-based paint/varnish is used, it must be cleaned every year and must be repainted every 3 years.
- Doors, windows, and railings must be cleaned periodically.
- A register must be maintained that logs all the cleaning activities performed.

Sec. 12 Waste and Affluents
All the waste and affluents generated in the factory must be removed from the factory with proper treatment.

Sec. 13 Temperature and Ventilation
The temperature of the working place must be maintained. Special care must be taken to not let the temperature increase where any work that use or produces heat is performed. Fresh air must be circulated through adequate ventilation.

Sec. 14 Dust and Fumes
Proper steps must be taken to remove the dust and fumes from the working area. Gases or exhaust fumes generated by any equipment such as diesel generator should be routed and released outside the workplace.

Sec. 15 Artificial Humidity
Any place where humidity is increased artificially, proper instruments must install to record the humidity.

Sec 16 Overcrowding
A factory established before this act must have at least 9.1 sq ft of space per person, while new factories must have 14.2 sq ft. The maximum capacity of a room or enclosure must be posted outside the room and a log must be maintained.

Sec 17 Lighting
Proper lighting arrangements must be made to ensure that it does not cause glare in eyes. Light source must be such that a shadow is not created in the work area.

Sec 18 Drinking water
Clean safe drinking water must be provided. Water must be kept away from any dirty place. No waste should be routed from the place where drinking water is kept. At least six meters away from latrines, urinals, washing place. "Drinking water" must be written in bold and legible to all.

Sec 19 Latrines and Urinals
A separate place must be created for men and women. Height must be the floor and walls must be properly tiled. It must be cleaned every day.

Sec 20 Spittoons
Spittoons must be placed at several appropriate locations.

The following sections 21 to 41 deal with the safety provisions for factory workers.

State of Gujarat vs. Jethalal 1964 SC - (Sec 21 – Fencing of machinery.) That someone without the approval or knowledge of the occupier has removed a safety mechanism, is no defense.
Finch vs Telegraph Construction and Maintenance Co - (Sec 35 - Protection to eyes) - Only hanging of goggles is not enough but the workers must be informed of their whereabout.

The following sections 42 to 50 deal with the welfare provisions for factory workers.

Sec 42 Washing Facilities

Sec 43 Facility for drying and storage of clothes

Sec 44 Facility for sitting

Sec 45 First Aid Appliances

Sec 46 Canteen
Bengal Water Proof Workers vs State of West Bengal 1970 - Held that the liability of a company is only to set up a canteen so that workers can take advantage of it. The terms and conditions of service of the staff of the canteen do not come under that liability.

Sec 47 Shelter, rest rooms, and lunch rooms

Sec 48 Creche

Sec 49 Welfare Officer

Sec 50 Power to make rules to supplement this chapter: This includes requiring any factory or class of factories to involve workers representatives in the management of welfare activities for the workers. It also allows the state to exempt certain factories from welfare provisions, provided that alternative arrangements are made.

Health and Safety In Mines - Mines Act 1952
Sec. 19 - Drinking Water

Sec. 20 - Conservancy (Latrines and Urinals)
Sec. 21 - Medical Appliances
Notice, Prevention, and investigation of Accidents and Diseases.

Health and Welfare In Plantations - Plantations Labor Act 1951
Heath
Drinking water, conservancy, medical facilities, Annual leave with wages, sickness and maternity benefits.

Welfare
Canteens for 150+ workers, creches, recreational, educational, and housing facilities.

Provisions for welfare of Women

Given in Factory Act :
Sec. 19 - Toilets and Urinals,
Sec. 27 - Prohibition of employing women and children near cotton openers.
Sec. 48 - Creches
Sec. 66 - Further restrictions on employment of women - no flex on working hrs, no change of shifts except after holiday.

Maternity Benefit Act 1961

Equal Remuneration Act 1976

Provisions for welfare of Children and Young Persons
Adult - As per section 2 (a), a person who has completed his 18th year of age.
Adolescent - As per section 2 (b), a person who has completed his 15th year of age but not 18th.
Child - As per section 2 (c), a person who has not yet completed his 15th year of age.
Young Person - As per section 2(d) A person who is a child or an adolescent.

Regulations on employment of young persons (Sections 67 to 77):
Sec. 23 - (y) Employment of young persons on dangerous machines.

Sec. 67 - A child who has not completed his 14th yr. of age is prohibited from working in a factory.

Sec. 68 - As per this section, a person who has completed 14th yr of age or is adolescent shall not be allowed to work in a factory unless he is certified by a surgeon. This certificate must be provided by a certifying surgeon as per section 69, and must be kept with the manager and the person should be given a token containing the reference of this certificate while working.

Sec. 69 - A certifying surgeon should examine the person and issue a certificate of fitness upon request by the young person or his parents. If the child has completed 14th yr of age and has attained prescribed physical standards, he can be given the certificate of fitness to work as a child. If the child has completed 15th yr of age and is fit for full day's work in the factory, he can be given the certificate to work as adult.

Sec 70 says that even if a person has been given a certificate to work as an adult and who has not completed the age of 17 yrs., he can be allowed to work only between 6 AM to 7 PM.

Sec. 71 - This section prohibits a child from working for more than 4 and a half hours in any day and only between 6am to 10pm. Further that a child will not be allowed to work in a day if he has worked in the same day in another factory. No female child is allowed to work except between 8 AM and 7 PM.

Sec. 72 - Notice period of work for children.

Sec. 73 - Register of child workers.

Sec. 74 - No child shall be allowed to work except in the hours mentioned in the notice periods given in section 72 and 73.

Sec. 75 - Power to require medical examination. An inspector has the power to serve a notice on the employer required that any person or young person shall be examined by a certifying surgeon.

Sec. 76 - This section empowers the state govt. to formulate rules for physical standards, procedures, and other conditions for giving fitness certificate.

Sec. 77 says that the regulations in this act are in addition to Employment of Children Act 1938.

Provisions for Hazardous Processes in Factory Act (Section 41 A to 41 H)
Sec. 41 A Constitution of Site Appraisal Committee
Sec. 41 B Compulsory disclosure of information by occupier
Sec. 41 C Specific Responsibility of the occupier in relation to hazardous process
Sec. 41 D Power of central govt. to appoint Inquiry Committee
Sec. 41 E Emergency Standards
Sec. 41 F Permissible limits of exposure of chemical and toxic substances
Sec. 41 G Worker's participation in Safety management
Sec. 41 H Right of workers to warn about imminent danger.

10. BOMBAY SHOPS AND ESTABLISHMENTS ACT

10.1 Definition of Establishment, Commercial Establishment
10.2 Procedure for Registration

For the interest and to regulate the working condition of the employees engaged in Shops, Commercial Establishments, Hotel, Theatres and other Establishments, the Bombay Shops and Establishment Act, 1948 come into the force on 11th January 1948.

This Act restricts timing of opening and closing hours of Shops and Commercial Establishment. It keeps control on daily and weekly hours of work of the employees, interval for rest, Spread over. It provides overtime wages, paid holiday and Leave with wages to employees. It also provides Health and Safety. It prohibits employment of Young persons and woman during certain period of Child Labour, Employees working in Shop, Commercial Establishment of Child Labour, Employees working in Shops, Commercial Establishment and Industrial Establishment get the benefits of payment of Wages Act, Workman Compensation Act, Industrial Employment (Standing Orders) Act and Maternity Benefit Act for Woman employees under the provision of this Act. Government may grant exemption under this Act to particular Shop or the Commercial Establishment or class of Shop or Commercial Establishment or class of Shops or class of Commercial Establishment Applied for it.

In order to ensure Ease of doing Business the Government of Maharashtra has simplified the process of issuing the registration of the shops and establishments under the Maharashtra Shops and Establishments Act, 1948.

Accordingly the Labour Department of Government of Maharashtra has issued Notification Dtd. 18.05.2015 regarding issuance of the Registration Certifcate and Renewal of Registration under the Maharashtra Shops and Establishments Act, 1948 within Seven working days from the date of receipt of the application. Failing of which the Registration or Renewal of the Registration of the establishment shall be deemed to have been granted.

Definition:-

Establishment:-
"Establishment" means a shop, commercial establishment, residential hotel, restaurant, eating house, theatre, or other place of public amusement or entertainment to which this Act applies and includes such other establishment as the State Government may, by notification in the Official Gazette, declare to be an establishment for the purposes of this Act;

Commercial Establishment:-
"Commercial establishment" means an establishment which carries on, any business, trade or profession or any work in connection with, or incidental or ancillary to, any business, trade or profession and includes an establishment of any legal practitioner, medical practitioner, architect, engineer, accountant, tax consultant or any other technical or professional consultant and also includes a society registered under the Societies Registration Act, 1860(XXI of 1860), and a charitable or other trust, whether registered or not, which carries on whether for purposes of gain or not, any business, trade or profession or work in connection with or incidental or ancillary there to but does not include a factory, shop, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment;

Procedure for Registration:-

What is an Establishment? Includes a shop, commercial establishment, residential hotel, restaurant, eating house, theater, or other place of public amusement or

entertainment to which this Act applies and includes such other establishment as the State Government may, by notification in the Official Gazette, declare to be an establishment for the purposes of this Act.

What is a Shop? Shop means any premises: • where goods are sold, either by retail, wholesale, or • Where services are rendered to customers. • It includes an office a store-room, godown, warehouse or work place, whether in the same premises or otherwise, used in connection with such trade/ business A shop does not include a factory, a commercial establishment, residential hotel, restaurant, eating house, theater or other place of public amusement or entertainment;

Registration of Shops & Establishments: As a business owner of a shop or establishment, you are compulsorily required to get the same registered under the Shops and Establishment Act. Here are the specific rules: • Submit an application in the prescribed form to the Inspector of the area within 30 days of starting any work in your shop/establishment. The application is to be submitted along with the prescribed fees and should contain the following information: o Your name as the employer and the name of a manager, if any; o The postal address of your establishment; o The name of your establishment; o Such other particulars as may be prescribed. • Upon receiving the application for registration and the fees, the Inspector shall verify the accuracy and correctness of the application. Once suitably satisfied, he shall enter the details in the Register of Establishments and issue a registration certificate of your establishment to you. This certificate will be valid for 5 years and has to be renewed thereafter. • Remember, the registration certificate must be prominently displayed at your establishment.

Communication of Change to the Inspector: In case of any change in respect of any information given during the application for registration, the same has to be notified to the Inspector's office within 15 days after the change has taken place. Once again, the Inspector will verify the correctness of the details furnished, make the related change in the Register of Establishments, amend the registration certificate, or issue a fresh registration certificate, as he may deem fit.

Closing of Establishment to be Communicated to Inspector: In case you are planning to close your establishment, within 15 days of closing the establishment, notify to the Inspector in writing the date of such closure and return the registration

certificate. After due verification, the Inspector shall remove the name of your establishment from the Register of Establishments and cancel your registration certificate.

Working Hours:-

OBLIGATIONS OF THE EMPLOYER

1. Obtain a license from the authorities.
2. Display it in the premises.
3. Inform the authority of any changes.
4. Renew the license to maintain validity.
5. Opening Hours not earlier than 8.30 AM.
6. Closing hours not later 8.30 PM.
7. Working Hours: Maximum 9 hours a day and 48 hours in any week
8. Rest interval: At least 1 hour – Within 5 hours from starting time.
9. Spread-over in a CE shall not exceed 11 hours
10. Overtime at double the rate of payment for work done beyond the limits of hours of work.
11. Special provisions regarding hours of work, etc. for 'Young persons' (those are more than 15 years of age but are less than 17 years)
12. A paid weekly-off if employee has put in employment for 6 days.

Unit : 2 (Human Resource Development)

1. Introduction to Human Resource Development
2. Evolution of Human Resource Management
3. Importance of Human Resource Management
4. HRD Culture and Climate
5. Job analysis and job design
6. Job description
7. Job Specification
8. Human Resource Planning
9. HRIS
10. HRIS Audit

1.1 Introduction to Human Resource Development:-

INTRODUCTION

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. it is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

Scott, Clothier and Spriegel have defined Human Resource Management as that branch of management which is responsible on a staff basis for concentrating on those aspects of operations which are primarily concerned with the relationship of management to employees and employees to employees and with the development of the individual and the group.

Human Resource Management is responsible for maintaining good human relations in the organisation. It is also concerned with development of individuals and achieving integration of goals of the organisation and those of the individuals.

French Wendell, defines ―Human resource management as the recruitment, selection, development, utilization, compensation and motivation of human resources by the organisation.

According to Edwin B. Filippo, —Human resource management is the planning, organizing, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished. This definition reveals that human resource (HR) management is that aspect of management, which deals with the planning, organizing, directing and controlling the personnel functions of the enterprise.

NATURE OF HUMAN RESOURCE MANAGEMENT:-

1. Inherent Part of Management: Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather that by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

2. Pervasive Function : Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

3. Basic to all Functional Areas : Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

4. People Centered : Human Resource Management is people centered and is relevant in all types of organizations. It is concerned with all categories of personnel from top to the bottom of the organisation. The broad classification of personnel in an industrial enterprise may be as follows : (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

5. Personnel Activities or Functions : Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organizations.

6. Continuous Process : Human Resource Management is not a _one shot' function. It must be performed continuously if the Organisational objectives are to be achieved smoothly.

7. Based on Human Relations : Human Resource Management is concerned with the motivation of human resources in the organisation. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work.
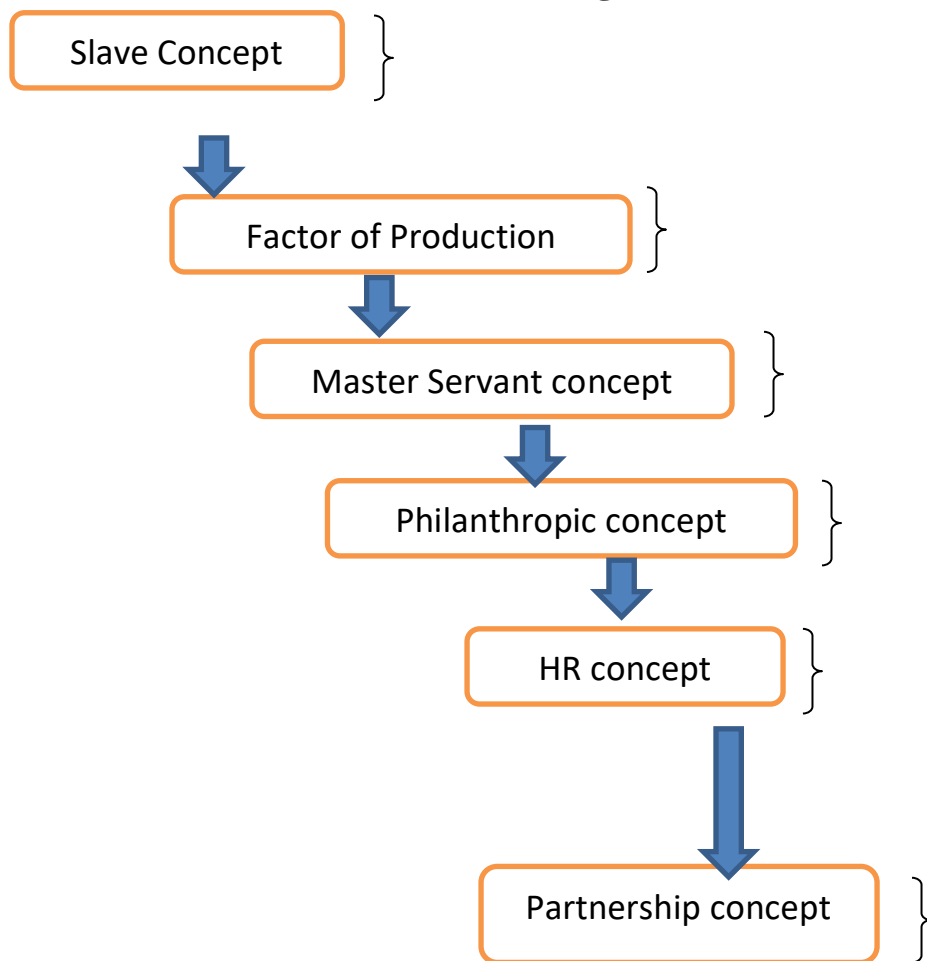
Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

Personnel Management VS Human Resource Management :

HRM	Personnel Management
Human resource management is a modern approach of managing people and their strengths in the organization.	Personnel management is a traditional approach of managing people in the organization.
Human resource management focuses on acquisition, development and maintenance of human resource in the organization.	Personnel management focuses on personnel administration, employee welfare and labor relation.
Human resource management assumes people as an important and valuable resource for achieving desired output.	Personnel management assumes people as an input for achieving desired output.
Under HRM administrative function is undertaken for goal achievement.	Under personnel management, personnel function is undertaken for employee's satisfaction.
Under HRM, employees are provided with more training and development opportunities.	Under personnel management, employees are provided with less training and development opportunities.
In HRM decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment etc.	In personnel management, decisions are made by the top management as per the rules and regulations of the organization.

HRM is concerned with all level of managers from top to bottom.	Personnel management is concerned with personnel manager.

HRM is a strategic function	Personnel management is a routine function
In HRM decisions are made collectively after considering employee participation, authority, decentralization competitive environment.	In personnel management decisions are made by the top management as per the rules and regulations of the organization.

Evolution of Human Resource Management

Slave Concept

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Factor of Production

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Master Servant concept

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Philanthropic concept

↓

HR concept

↓

Partnership concept

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The main functions of human resource management are classified into two categories: (a) Managerial Functions and (b) Operative Functions

(a) **Managerial Functions Following are the managerial functions of Human Resources Management**.
1. Planning : The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.
2. Organisation : Under organisation, the human resource manager has to organize the operative functions by designing structure of relationship among jobs, personnel and physical factors in such a way so as to have maximum contribution towards Organisational objectives. In this way a personnel manager performs following functions : (a) preparation of task force; (b) allocation of work to individuals; (c) integration of the efforts of the task force; (d) coordination of work of individual with that of the department.
3. Directing : Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organisation to get its function performed properly. A personnel manager guides and motivates the staff of the organisation to follow the path laid down in advance.
4. Controlling : It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

(b) **Operative Functions : The following are the Operative Functions of Human Resource Management**
1. Procurement of Personnel : It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organisation goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc.

2. Development of Personnel : Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

3. Compensation to Personnel : Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, inventive and premium plans, bonus policy and co-partnership, etc. It also assists the organisation for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

4. Maintaining Good Industrial Relation : Human Resource Management covers a wide field. It is intended to reduce storifies, promote industrial peace, provide fair deal to workers and establish industrial democracy. It the personnel manager is unable to make harmonious relations between management and labor industrial unrest will take place and millions of man-days will be lost. If labor management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-a-visa nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

5. Record Keeping : In record-keeping the personnel manager collects and maintains information concerned with the staff of the organisation. It is essential for every organisation because it assists the management in decision making such as in promotions. 6. Personnel Planning and Evaluation : Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organisation and its practices, personnel audit, morale, survey, and performance appraisal, etc.

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

1. It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
2. It supplies skilled workers through scientific selection process.
3. It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
4. It prepares workers according to the changing needs of industry and environment.
5. It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
6. Through innovation and experimentation in the fields of personnel, it helps in reducing casts and helps in increasing productivity.

7. It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.

8. It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

Thus, the role of human resource management is very important in an organisation and it should not be undermined especially in large scale enterprises. It is the key to the whole organisation and related to all other activities of the management i.e., marketing, production, finance etc.

FUTURE CHALLENGES BEFORE THE MANAGERS

1. **Increasing Size of Workforce** : The size of organizations is increasing. A large number of multinational organizations have grown over the years. The number of people working in the organisation has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

2. **Increase in Education Level :** The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

3. **Technological Advances :** With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem, of unemployment resulting from modernization will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

4. **Changes in Political Environment :** There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

5. **Increasing Aspirations of Employees :** Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher-level needs and this awareness would intensify further in the future workers.

6. **Changing Psychosocial System :** In future, organizations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organizations were designed to achieve technical functions with a little consideration given to the psychosocial

system. But future management would be required to ensure effective participation of lower levels in the management of the organisation system.

7. **Computerized Information System :** In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerized information system
on management. This revolutionary development would cover two primary areas of personnel management which are as follows : (a) The use of electronic computers for the collection and processing of data, and (b) The direct application of computers in the managerial decision-making process.

8. **Mobility of Professional Personnel :** Organizations will expand the use of —boundary agents‖ whose primary function will be achieving coordination with the environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organizations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organizations in the environment.

9. **Changes in Legal Environment :** Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organizations so that greater utilization of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

10. **Management of Human Relations** : On the industrial relations‘ front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of malunions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry.

Functions of Human Resource manager are as follows :

1**. Human Resource Man as an Intellectual :** The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man‘s skill lies in his command over the language. A personnel man has to deal with employees and he
must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organisation. This means that he would require the

mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say.

2. **Human Resource Man as an Educator :** It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realize their full potential. In order to harmonies the growth of individuals with that of the organisation, a personnel administrator must not only provide opportunities for his employees to learn, get the required training and assimilate new ideas but also, he himself should be a teacher. A personnel man who simply pushes files and attends labor courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

3. **Human Resource Man as a Discriminator** : A human resource administrator must have the capacity to discriminate between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organisation.

4**. Human Resource Man as an Executive** : The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up the administration and set standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organisation.

5. **Human Resource Man as a Leader :** Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organisation, a Human resource man must not shirk the role of leadership in an organisation. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organisation.

6. **Human Resource Man as a Humanist :** Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and

partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

7. **Human Resource Man as a Visionary :** While every leading function of an organisation must evolve its vision of the future, the primary responsibility for developing the social organisation towards purposive and progressive action fall on the personnel man. He should be a thinker who sets the pace for policy-making in an organisation in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organisation and the society.

Organizational Culture and Climate:-

What is Organizational Culture?

Organizational culture is a set of values, beliefs, behaviors, customs and attitudes that govern how people behave within organizations. The culture of an organization provides boundaries and guidelines that help the employees of the organization to know the correct way of performing their jobs.

The culture of an organization is ingrained in the behavior of the employees within an organization and in a way it shows the 'personality' of the organization. The unique culture of an organization creates a distinct atmosphere that is felt by the people who are a part of the group, and this atmosphere is known as the climate of an organization.

Types of Organizational Culture

There are four types of cultures that can be identified in organizations as follows:

• **Clan culture** – It is where employees are behaving as an extended family, mentoring, nurturing and participation can be seen.

• **Adhocracy culture** – It is where employees of the organization are dynamic, risk-taking and innovative.

• **Market Oriented culture** – It is where employees are result oriented and focus on the job, competition and achievements.

• **Hierarchically oriented culture** – It is where the employees undergo a rigid structure, controls, former rules and policies. They expect to maintain stability, consistency and uniformity in their processes.

For example, an educational institute has a hierarchically oriented culture. It is the way all the activities function and also people perceive, think, and feel about things at the institute.

What is Organizational Climate?

Organizational climate is about the the perception and feeling of each regarding the culture of a particular organization. The climate of an organization is subject to change frequently with the direct influence of top management within the organization. Organizational climate is much easier to experience and measure than organizational culture.

Types of Organizational Climate

There are different types of climates that have been created by the culture of an organization that can be categorized as follows:

• **People-oriented climate** – It is a climate that focuses on perceptions of individuals who are working in the organization.

• **Rule-oriented climate** – It is a climate based on established rules, policies and procedures in an organization.

• **Innovation-oriented climate** – It is a climate that encourages creative or new ways of doing tasks.

• **Goal-oriented climate** – It is a climate that focuses on achieving organizational goals.

What is the difference between Organizational Culture and Climate?

• Organizational climate can be clearly identified with the perceptions of individuals regarding the quality and characteristics of the organizational culture.

• Culture represents the true image of the organization, whereas climate represents individuals' perceptions, although there might be differences between each of their ideas.

• Organizational culture is concerned with the macro vision of an organization, whereas organizational climate is very much concerned with the micro image of the organization.

Job Analysis

Meaning of Job Analysis

Job analysis is the process of gathering and analysing information about the content and the human requirements of jobs, as well as, the context in which jobs are performed.

Definition

The **Job Analysis** is a systematic process of gathering complete information about the job duties and responsibilities required to perform a specific job. The job analysis is concerned only with the job and not with the job holders, but however, the information about the job is gathered from the incumbents.

Process of Job Analysis

1. **Defining the objectives:** The foremost step in the process of job analysis is defining the objective of the job analysis. The objective could be either of the following:
   - Redesign the job description
   - Revise the compensation program
   - Change the organization structure
   - Redesign the job in a particular department Once the objective is selected, it should be well communicated to the top management because with its support only, the changes can be made in the organization.

2. **Preparing the job Analysis:** After setting an objective, the kind of jobs that are to be analyzed are selected, whether the clerical jobs, managerial jobs, division specific

job, etc. Also, the members who are included in the analysis and the methods to be used are identified. At this stage, the complete review of the existing job description is done to have a fair insight of the duties, responsibilities, organization chart, working conditions, hazards, etc. that exist in a particular set of jobs.

3. **Performing the Job Analysis:** The next stage in the process of job analysis is to perform or begin with the job analysis. Here, the sufficient time should be allotted for collecting the job details from the employees. The information from the employees can be collected through questionnaires, interviews, or through an observation method. Once the information gets collected it needs to be sorted on the basis of its nature, division, department.

4. **Designing Job Descriptions and Job Specifications**: At this stage, the job analyst prepares a draft of the job description and the specifications. After sorting of the information, the changes that need to be made in the jobs is identified and is written on paper. Once the draft gets prepared, it is circulated to the managers, supervisors, and the employees.

5. **Control Job Descriptions and Job Specifications:** This is the last step in the process of job analysis wherein the job descriptions, and the specifications are timely checked and modified according to the changing needs of the organization.

The job analysis results in the **job description** and the **job specification**. The Job description comprises of job duties, the level of responsibilities, working conditions, etc. and whereas the job specification talks about the skills, education, background, qualification, training, communication skills required to perform a specific job.

Job Analysis is a primary tool to collect job-related data. The process results in collecting and recording two data sets including job description and job specification. Any job vacancy cannot be filled until and unless HR manager has these two sets of data. It is necessary to define them accurately in order to fit the right person at the right place and at the right time. This helps both employer and employee understand what exactly needs to be delivered and how.

Both job description and job specification are essential parts of job analysis information. Writing them clearly and accurately helps organization and workers cope with many challenges while onboard.
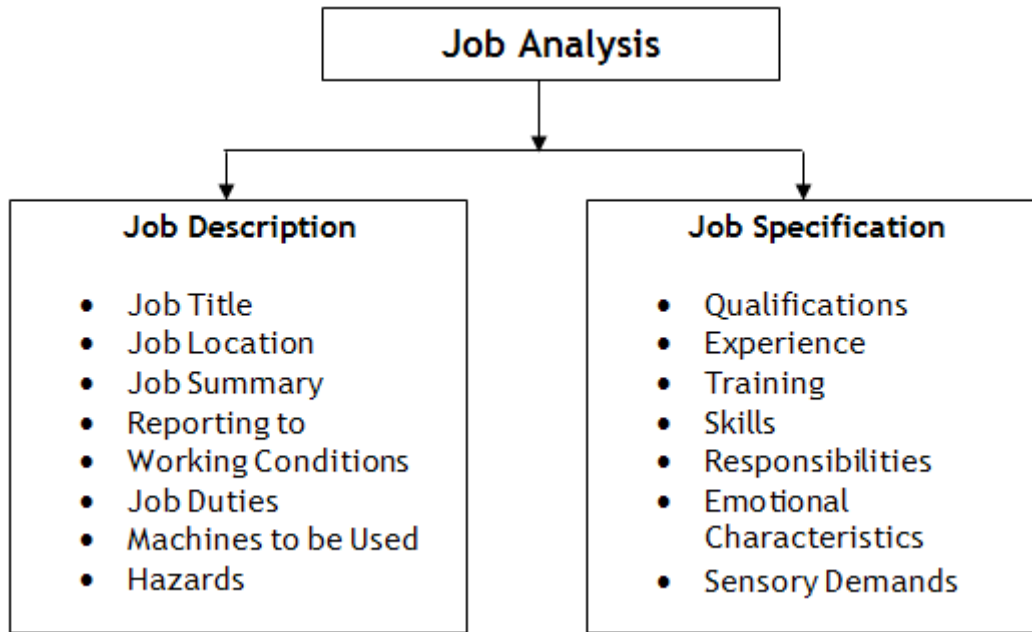
Though preparing job description and job specification are not legal requirements yet play a vital role in getting the desired outcome. These data sets help in determining the necessity, worth and scope of a specific job.

Job Description

Job description includes basic job-related data that is useful to advertise a specific job and attract a pool of talent. It includes information such as job title, job location, reporting to and of employees, job summary, nature and objectives of a job, tasks and duties to be performed, working conditions, machines, tools and equipment's to be used by a prospective worker and hazards involved in it.

Purpose of Job Description

The main purpose of job description is to collect job-related data in order to advertise for a particular job. It helps in attracting, targeting, recruiting and selecting the right candidate for the right job.

It is done to determine what needs to be delivered in a particular job. It clarifies what employees are supposed to do if selected for that particular job opening.

It gives recruiting staff a clear view what kind of candidate is required by a particular department or division to perform a specific task or job.

It also clarifies who will report to whom.

Job Specification

Job Specification is known as employee specifications.

A job specification is a written statement of educational qualifications, specific qualities, level of experience, physical, emotional, technical and communication skills required to perform a job, responsibilities involved in a job and other unusual sensory demands. It also includes general health, mental health, intelligence, aptitude, memory, judgment, leadership skills, emotional ability, adaptability, flexibility, values and ethics, manners and creativity, etc.

Purpose of Job Specification

Described on the basis of job description, job specification helps candidates analyze whether are eligible to apply for a particular job vacancy or not.

It helps recruiting team of an organization understand what level of qualifications, qualities and set of characteristics should be present in a candidate to make him or her eligible for the job opening.

Job Specification gives detailed information about any job including job responsibilities, desired technical and physical skills, conversational ability and much more.

It helps in selecting the most appropriate candidate for a particular job.

Job description and job specification are two integral parts of job analysis. They define a job fully and guide both employer and employee on how to go about the whole process of recruitment and selection. Both data sets are extremely relevant for creating a right fit between job and talent, evaluate performance and analyze training needs and measuring the worth of a particular job.

Job Design - Meaning, Steps and its Benefits

Job design follows job analysis i.e., it is the next step after job analysis. It aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives. It also outlines the methods and relationships that are essential for the success of a certain job. In simpler terms it refers to the what, how much, how many and the order of the tasks for a job/s.

Job design essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job

responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialized.

There are various steps involved in job design that follow a logical sequence, those that were mentioned earlier on. The sequence is as follows:

1. What tasks are required to e done or what tasks is part of the job?
2. How are the tasks performed?
3. What amount are tasks are required to be done?
4. What is the sequence of performing these tasks?

All these questions are aimed at arriving upon a clear definition of a specific job and thereby make it less risky for the one performing the same. A well-defined job encourages feeling of achievement among the employees and a sense of high self-esteem.

The whole process of job design is aimed to address various problems within the Organisational setup, those that pertain to one's description of a job and the associated relationships. More specifically the following areas are fine-tuned:

- Checking the work overload.
- Checking upon the work under load.
- Ensuring tasks are not repetitive in nature.
- Ensuring that employees do not remain isolated.
- Defining working hours clearly.
- Defining the work processes clearly.

The above mentioned are factors that if not taken care of result into building stress within the employees.

Benefits of Job Design

The following are the benefits of a good job design:

1. Employee Input: A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits, and circumstances in the workplace.
2. Employee Training: Training is an integral part of job design. Contrary to the philosophy of "leave them alone' job design lays due emphasis on training people so that are aware of what their job demands and how it is to be done.

3. Work / Rest Schedules: Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.
4. Adjustments: A good job designs allows for adjustments for physically demanding jobs by minimizing the energy spent doing the job and by aligning the manpower requirements for the same.

Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace. The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace.

Approaches to Job Design

Job design is the next step after job analysis that aims at outlining, and organizing tasks and responsibilities associated with a certain job. It integrates job responsibilities and qualifications or skills that are required to perform the same. There are various methods or approaches to do this. The important ones are discussed below:-

Human Approach

The human approach of job design laid emphasis on designing a job around the people or employees and not around the organizational processes. In other words, it recognizes the need of designing jobs that are rewarding (financially and otherwise) and interesting at the same time.

According to this approach jobs should gratify an individual's need for recognition, respect, growth and responsibility. Job enrichment as popularized by Herzberg's research is one the ways in human approach of job design. Herzberg classified these factors into two categories - the hygiene factors and the motivators.

Engineering Approach

The engineering approach was devised by FW Taylors et al. They introduced the idea of the task that gained prominence in due course of time. According to this approach the work or task of each employee is planned by the management a day in advance. The instructions for the same are sent to each employee describing the tasks to e undertaken in detail. The details include things like what, how and when of the task along with the time deadlines.

The approach is based on the application of scientific principles to job design. Work, according to this approach should be scientifically analyzed and fragmented into logical tasks. Due emphasis is then laid on organizing the tasks so that a certain logical sequence is followed for efficient execution of the same. The approach also lays due emphasis on compensating employees appropriately and training them continuously for work efficiency.

The Job Characteristics Approach

The job characteristics approach was popularized by Hackman and Oldham. According to this approach there is a direct relationship between job satisfaction and rewards. They said that employees will be their productive best and committed when they are rewarded appropriately for their work. They laid down five core dimensions that can be used to describe any job - skill variety, task identity, task significance, autonomy and feedback.

- Skill variety: The employees must be able to utilize all their skills and develop new skills while dealing with a job.
- Task Identity: The extent to which an identifiable task or piece or work is required to be done for completion of the job.
- Task Significance: How important is the job to the other people, what impact does it create on their lives?
- Autonomy: Does the job offer freedom and independence to the individual performing the same.
- Feedback: Is feedback necessary for improving performance.

These are different approaches but all of them point to more or less the same factors that need to be taken into consideration like interest, efficiency, productivity, motivation etc. All these are crucial to effective job design.

Motivators include factors like achievement, work nature, responsibility, learning and growth etc that can motivate an individual to perform better at the work place.

Hygiene factor on the other hand include things like working conditions, organizational policies, salary etc. that may not motivate directly but the absence of which can lead to dissatisfaction at the work place.

A well-defined job will make the job interesting and satisfying for the employee. The result is increased performance and productivity. If a job fails to appear compelling or interesting and leads to employee dissatisfaction, it means the job has to be redesigned based upon the feedback from the employees.

Broadly speaking the various factors that affect a job design can classified under three heads. They are:

1. Organizational Factors
2. Environmental Factors
3. Behavioral Factors

1. Organizational Factors

Organizational factors that affect job design can be work nature or characteristics, work flow, organizational practices and ergonomics.

- Work Nature: There are various elements of a job and job design is required to classify various tasks into a job or a coherent set of jobs. The various tasks may be planning, executing, monitoring, controlling etc and all these are to be taken into consideration while designing a job.
- Ergonomics: Ergonomics aims at designing jobs in such a way that the physical abilities and individual traits of employees are taken into consideration so as to ensure efficiency and productivity.
- Workflow: Product and service type often determines the sequence of work flow. A balance is required between various product or service processes and a job design ensures this.
- Culture: Organizational culture determines the way tasks are carried out at the work places. Practices are methods or standards laid out for carrying out a certain task. These practices often affect the job design especially when the practices are not aligned to the interests of the unions.

2. Environmental Factors

Environmental factors affect the job design to a considerable extent. These factors include both the internal as well as external factors. They include factors like employee skills and abilities, their availability, and their socio economic and cultural prospects.

- Employee availability and abilities: Employee skills, abilities and time of availability play a crucial role while designing of the jobs. The factors of employees who will actually perform the job are taken into consideration. Designing a job that is more demanding and above their skill set will lead to decreased productivity and employee satisfaction.

- Socio economic and cultural expectations: Jobs are nowadays becoming more employee centered rather than process centered. They are therefore designed keeping the employees into consideration. In addition, the literacy level among the employees is also on the rise. They now demand jobs that are to their liking and competency and which they can perform the best.

3. **Behavioral Factors**

Behavioral factors or human factors are those that pertain to the human need and that need to be satisfied for ensuring productivity at workplace. They include the elements like autonomy, diversity, feedback etc. A brief explanation of some is given below:

- Autonomy: Employees should work in an open environment rather than one that contains fear. It promotes creativity, independence and leads to increased efficiency.
- Feedback: Feedback should be an integral part of work. Each employee should receive proper feedback about his work performance.
- Diversity: Repetitive jobs often make work monotonous which leads to boredom. A job should carry sufficient diversity and variety so that it remains as interesting with every passing day. Job variety / diversity should be given due importance while designing a job.
- Use of Skills and abilities: Jobs should be employee rather than process centered. Though due emphasis needs to be given to the latter but jobs should be designed in a manner such that an employee is able to make full use of his abilities and perform the job effectively.

Human Resource Planning

Human Resource Planning (HRP) is the process of forecasting the future human resource requirements of the organization and determining as to how the existing human resource capacity of the organization can be utilized to fulfill these requirements. It, thus, focuses on the basic economic concept of demand and supply in context to the human resource capacity of the organization.

It is the HRP process which helps the management of the organization in meeting the future demand of human resource in the organization with the supply of the appropriate people in appropriate numbers at the appropriate time and place. Further, it is only after proper analysis of the HR requirements can the process of recruitment and selection be initiated by the management. Also, HRP is essential in successfully

achieving the strategies and objectives of organization. In fact, with the element of strategies and long-term objectives of the organization being widely associated with human resource planning these days, HR Planning has now became Strategic HR Planning.

Though, HR Planning may sound quite simple a process of managing the numbers in terms of human resource requirement of the organization, yet, the actual activity may involve the HR manager to face many roadblocks owing to the effect of the current workforce in the organization, pressure to meet the business objectives and prevailing workforce market condition. HR Planning, thus, help the organization in many ways as follows:

- HR managers are in a stage of anticipating the workforce requirements rather than getting surprised by the change of events
- Prevent the business from falling into the trap of shifting workforce market, a common concern among all industries and sectors
- Work proactively as the expansion in the workforce market is not always in conjunction with the workforce requirement of the organization in terms of professional experience, talent needs, skills, etc.
- Organizations in growth phase may face the challenge of meeting the need for critical set of skills, competencies and talent to meet their strategic objectives so they can stand well-prepared to meet the HR needs
- Considering the organizational goals, HR Planning allows the identification, selection and development of required talent or competency within the organization.

It is, therefore, suitable on the part of the organization to opt for HR Planning to prevent any unnecessary hurdles in its workforce needs. An HR Consulting Firm can provide the organization with a comprehensive HR assessment and planning to meet its future requirements in the most cost-effective and timely manner.

An HR Planning process simply involves the following four broad steps:

- **Current HR Supply:** Assessment of the current human resource availability in the organization is the foremost step in HR Planning. It includes a comprehensive study of the human resource strength of the organization in terms of numbers, skills, talents, competencies, qualifications, experience, age, tenures, performance ratings, designations, grades, compensations, benefits, etc. At this stage, the consultants may conduct extensive interviews with the managers to understand the critical HR issues they face and

workforce capabilities they consider basic or crucial for various business processes.

- **Future HR Demand**: Analysis of the future workforce requirements of the business is the second step in HR Planning. All the known HR variables like attrition, lay-offs, foreseeable vacancies, retirements, promotions, pre-set transfers, etc. are taken into consideration while determining future HR demand. Further, certain unknown workforce variables like competitive factors, resignations, abrupt transfers or dismissals are also included in the scope of analysis.

- **Demand Forecast**: Next step is to match the current supply with the future demand of HR, and create a demand forecast. Here, it is also essential to understand the business strategy and objectives in the long run so that the workforce demand forecast is such that it is aligned to the organizational goals.

- **HR Sourcing Strategy and Implementation**: After reviewing the gaps in the HR supply and demand, the HR Consulting Firm develops plans to meet these gaps as per the demand forecast created by them. This may include conducting communication programs with employees, relocation, talent acquisition, recruitment and outsourcing, talent management, training and coaching, and revision of policies. The plans are, then, implemented taking into confidence the mangers so as to make the process of execution smooth and efficient. Here, it is important to note that all the regulatory and legal compliances are being followed by the consultants to prevent any untoward situation coming from the employees.

Hence, a properly conducted process of HR Planning by an HR Consulting Firm helps the organization in meeting its goals and objectives in timely manner with the right HR strength in action.

Processes in Human Resource Management

Objectives of human resource planning

human resource planning must be matched with overall organizational plans. It should be concerned with filling future vacancies rather than matching existing personnel with existing jobs.

Current manpower stock:

- Current manpower stock must be continuously maintained by every department. Manpower inventory must have the detailed bio data of each individual .This record not only help in employee development but also in the finding out the surplus/ shortage of manpower.

Demand/ supply forecasting:

- **Forecasting human resource demand** is the process of estimating the future human resource requirement of right quality and right number.

- **Forecasting Human Resource Supply** is the process of estimating future quantity and quality of manpower available internally and externally to an organisation.

HR Demand Forecast

- process of estimating future quantity and quality of manpower required for an organisation.

- **External factors** - competition, laws & regulation, economic climate, changes in technology and social factors

- **Internal factors** - budget constraints, production levels, new products & services, organizational structure & employee separations

HR Supply Forecast

Supply Analysis

- Existing Human Resources

- Internal Sources of Supply

- External Sources of Supply

- **Determining net requirement:** human resource manager must check the demand and supply of the manpower before deriving at any conclusion.

- **Redeployment and redundancy:** in redeployment the surplus employees in one department can be transferred to another department where deficit of employees estimated and in case of redundancy where surplus employees cannot be redeployed, they can be offered voluntary retirement scheme.

- **Employment program:** here it is required to prepare program of recruitment, selection, transfer, and promotion to achieve organization goal.

- **Training and development:** it is very necessary for the employees to keep them updated in the job they are doing.

- **Evaluation of Human resource planning:** after doing all the above steps it is necessary to evaluate the effectiveness of human resource planning.

Human Resource Information Systems (HRIS)

A human resource information system (HRIS) is a software package developed to aid human resources professionals in managing data. Human resource professionals utilize these systems to facilitate work flow, improve efficiency and store and collect information. Several companies offer HRIS packages to employers. HRIS packages can be customized to the specific needs and requirements of the employer.

Various components of the HRIS

1. Database

HRIS core offering includes a database to store employee information. HR professionals can input all personnel data into the system which can be accessed from anywhere, round the clock. Types of data that HR professionals collect in the database include compensation history, emergency contact information, and performance review. The core database can also be viewed as an online backup for paper files.

2. Time and Labour Management

Activities like time and labour management can highly time consuming. HRIS package allows employees to input their own hours worked and allows managers to immediately verify vacation requests, and the data is directly fed to the payroll. Time and labour management also improves the HR department's ability to track punctuality and attendance.

3. Payroll Function

Payroll function is yet another major component of a HRIS model. HR can easily download or unload employee hours, and issue cheques or payroll deposits to employees. Salaried employees can also be paid with substantially reduced risk of errors. The HRIS payroll software usually improve tax compliance for locations with multiple tax levels.

4. Benefits

Some HRIS employers allow employers to establish and maintain medical benefits and retirement investments through their software. Such applications allow employers to have one-stop shopping experience for all their human resources data management needs. Other HRIS packages facilitate medical benefits and retirement investment deductions for payroll but not the establishment of those benefits.

5. Employee Interface

Most HRIS packages allow for an employee to have limited user access. Employee users access a part of the database where they can update their personal information, review pay scales, change retirement benefit programs, update direct deposit information, or download benefit election documents.

6. Recruitment and Retention

Finally, it can be said that recruitment and retention are the most important components of HRIS. It goes without saying that it is the anchor of all HR policies

and systems. Finding new talent, acquiring them, keeping them engaged and finally being able to retain them are the major task of a HR person. HRs also have to ensure that employees are not only able to do their work, but they are also provided with the required training; receives proper compensation and benefits from the organization.

Meaning -Human Resource Audit

Human Resource Audit is a comprehensive method of objective and systematic verification of current practices, documentation, policies and procedures prevalent in the HR system of the organization. An effective HR audit helps in identifying the need for improvement and enhancement of the HR function. It also guides the organization in maintaining compliance with ever-changing rules and regulations. HR audit, thus, helps in analyzing the gap between 'what is the current HR function' and 'what should be/could be the best possible HR function' in the organization.

Objectives of HR Audit:

(1) To review every aspect of management of HR to determine the effectiveness of each programme in an organisation.

(2) To seek explanation and information in respect of failure and success of HR.

(3) To evaluate implementation of policies.

(4) To evaluate the performance of personnel staff and employees.

(5) To seek priorities, values and goals of management philosophy.

Need for Human Resource Audit

(1) The managements of organisations have realized the need for HR audit because of powerful influence on motivation of employees at work due to participation of employees in decision making.

(2) Growth of organisation needs HR audit. Large organisation requires continuous feedback for improvement in performance of its employees.

(3) Mounting pressures from trade unions of employees and their participation in formulating employment policy and questioning of managerial competence have raised the need for HR audit.

(4) An effective two-way communication system has also facilitated the need for HR audit.

Many plants are located at large distances. This also made the HR audit compulsory.

(6) The HR audit becomes essential because of delegation of authority and decentralization of power.

Process of HR Audit

The following procedure will be followed for the audit of human resources:

- **Step 1-** The first step should be an examination of the company's nature, whether it is a professional's enterprise or a general business enterprise; then,
- **Step 2-** Conduct a conference with the top managerial cadre to collect information and facts related to human resource assessment. An adequate provision should be made for the depreciation of human assets.
- **Step 3-** The company's balance sheet should be thoroughly checked whether the correct values are placed or not.
- **Step 4-** Thereafter, an Internal control system of the company should be inspected with respect to the facts of the human resources for examining its efficiency.
- **Step 5 –**At the time of value assessment of human resources, all the contingencies should be considered, which may impact the valuation.

Unit : 3 (Action Area)

Action Area
− Recruitment and Selection
− Orientation and Placement
− Training and Development
On the job training
Off the job training
− Performance Appraisal
Meaning and Purpose
Limitations of Performance Appraisal
Methods of Job Appraisal
− Transfer, Promotion and Reward Policies
Challenges of Human Resource Management
   − Absenteeism and Turnover
   − Balancing work with Life
   − Managing Diversity
   − Ethical Issues in HRM

Meaning of Recruitment

Recruitment in HRM is a systematic process for Hiring Talent. It start from identifying, attracting, screening, short listing interviewing, selecting and finally hiring the most potential candidate for filling up the vacant job vacancies in an organization.

Recruitment actually means a way to search the future employees of the organization and stimulate qualified people to apply for the job. It helps to create a pool of job seekers and improve the scope of recruitment of better employee.

Recruitment activity brings together the people who are qualified and looking for job and the organizations which are searching for prospect employees. The properly executed recruitment process leads to joining and selection of suitable manpower in the organization.

Types of Recruitment

There are majorly two types of recruitment adopted and often used by the organizations in their recruitment process i.e., Internal and External recruitment.

Internal recruitment

This type of recruitment refers to hiring the employees within the organization internally. Various internal sources of recruitment are:

- Promotion
- Transfer
- Recruiting former employees
- Job posting / job advertisement
- Employee referrals
- Previous applicants

External recruitment

External recruitment refers to hiring employees outside the organization. Various types of external recruitment are:

- Direct recruitment
- Employment exchange
- Employment agencies
- Advertisements
- Professional association
- Campus hiring
- Advertisement through word of mouth

Importance of Recruitment

The following points will help to understand the importance of Recruiting:

1. The process is important to encourage and attract candidates and get ample amount of application for the job vacancies.
2. It is an effective way to create information pool about the prospective candidates who are suitable for the talent needs of the organization.

3. It is very important step of planning and analysis about the present and future manpower requirement of the organization.
4. It bridges the gap between employers and their future employee.
5. It is a less expensive way of gathering information about the talented manpower in the industry.
6. It helps to improve the selection process by proper sorting of suitable candidate for the job.
7. It reduces the turnover of employees due to correct matching of candidate expectations and the rewards offered by the organization.
8. It also helps the organization to meet the social and legal obligation of maintaining the manpower composition.
9. It determines the appropriate candidates through the different channels of recruitment.
10. It helps the organization to create different sources of attracting the right candidate for the job profile.

Advantages of Internal Sources:

1. Organizations are familiar with these employees.
2. It is aware about their strengths and areas of improvement.
3. Company is able to make better use of its internal talent.
4. Internal recruitment is cheap and economical.
5. Internal recruitment serves as a motivator for employees and gives them a sense of belongingness.

Disadvantages of Internal sources:

Internal recruitment limits the choice to the talent available within the organization. This system protects the internal candidates from outside the organization. Thus can develop a tendency among employees to take promotion without showing extra performance.

With the feeling that internal candidates will be promoted in the long run their skill may become stagnant or obsolete. This in-turn will reduce the efficiency of the organisation.

Conflicts and controversies surface among candidates whether or not they deserve promotion.

External sources: Organizations turn to external sources when internal sources are exhausted. Following are some of the external sources of recruitment.

Employment agencies: In addition to government agencies there are private agencies who register candidates for employment and furnish a list of suitable candidates from their data bank as and when sought by prospective employers. For example Datamatics, Ferguson Associates, S.B. Bilimoria are some of the popular private agencies in India. They select personnel for supervisory and higher levels. The final decision on selection will be taken by the employers. This method is cheaper and saves a lot of time.

Professional associations: They are used for attracting highly skilled and professional personnel for certain professional or technical positions. They are also known as 'headhunters. Indian Institute of Engineers, India Medical Associations etc. are few examples. For this they prepare either a list of job seekers or publish or sponsor journals or magazines containing ads for their members. However, this method is not very popular in India.

Advertisement: It is the most widely used method for generating applications. This is because its reach is very high. This can be used for jobs like clerical, technical, and managerial. If the position is higher, skills are sophisticated, supply of candidates is short the ad will be more widely dispersed. For example, the search of top executive might include ads in national daily 'The Hindu'. An ad must attract Attention, gain Interest, stimulate Desire and result in Action (AIDA). However, many organizations do not mention complete details about job positions, the wordings are not clear which may generate irrelevant applications that may result in cost increase.

Campus placements: Today colleges, universities, research labs and educational institutions have become fertile ground for recruiters. It is a very common phenomenon particularly in USA but a recent one. Of late companies like, HLL, HUL, Citi Bank etc. have started visiting educational institutions like IIT, IIM etc. in India. Under this method there are several advantages like most of the candidates are available at one place, interviews can be arranged at a short notice, companies can interact with teaching faculty members, it gives an opportunity to sell the organization to large number of students. However, there are also disadvantages like

companies can only recruit candidates for entry level positions and interview candidates having similar education and experience.

Internship: It is an opportunity that employers offer to students interested in gaining work experience in a particular industry. It is an opportunity offered by an employer to potential employee known as an intern. Interns work for a fix limited time period. Interns are undergraduates and internship last between one week to twelve months. It can be part-time or full-time. They are usually part-time if offered during a university semester. The intern has a good opportunity to gain experience in a particular field, create network of contacts or determine if he or she has an interest in a particular career. If the company is happy with the performance of the intern, it may select that intern post his or her degree.

E-Recruiting: It involves screening candidates electronically, directing potential hires to a website for online skill assessment, conducting background checks over the internet, interviewing candidate's vis video- conferencing and managing the entire process with a web-based software.

Job portals: It is also known as a career portal. It is a modern name for an online job board that helps applicants find jobs and help employers in their mission to locate ideal candidates. Portals serve as meeting points for recruiters and job seekers. Here both try to meet their individual requirements. They can be compared to a market place where demand meets the supply. Career websites such as Monster, Indeed and Simply Hired have portals that offer broad range of jobs in vast fields. Some companies and institutes have their own private portals that can be accessed on organization's websites.

Deputation: Under this method services of an experienced employee is borrowed for a fixed period of time. This source popular in government departments and public sector organizations. It is useful because it provides ready expertise and the government does not have to incur the initial cost of induction and training. The disadvantage in this is that the deputation period of two to three years is not long enough for the deputed employees to prove their worth on one hand and develop commitment with the organization to become a part of it on the other.

Poaching: This is another method of recruitment whereby the rival firm by offering better terms and conditions try to attract qualified and talented employees to join them. This method is very common in Indian organizations. For example, several employees of HMT in the past left to join Titan Watch Company. It is considered to

be unethical as employees carry with them sensitive information that could hurt the interest of the former organization.

Unsolicited or casual applications: Often government organizations receive unsolicited applications for jobs in form of telephone calls, letters, e-mails or walk-ins. These applications are stored and used as prospective source of manpower.

Special events recruiting: When supply of employees is short, when the organization is new or not popular then this method is used for recruitment. Organizations attract applicants with special events comprising of job fares (exhibitions and cultural events), seminars, etc. One of the most popular among the above is a Job fair. Here a group of firms sponsor a meeting or exhibition where each company has a booth to publicize the jobs available. The following are its advantages:

Job fairs can reduce recruiting costs. For example Ford Motor Company has attracted employees through sponsored cultural events and saved cost up to 80%.
It can be scheduled on holidays or weekends to reach college students.
Job fairs are especially useful for smaller, less well-known employers.
They can appeal to job seekers who wish to locate in a particular area and those wanting to minimize travel and interview time.

Advantages of External Sources:

This approach attracts large number of applicants which in turn widens its option of selection.
It introduces new blood and talent within organizations.
With a large pool of applicants, the selection process becomes more competitive and this increases the prospects for selecting best candidates.
External candidates are supposed to be more trained and efficient. They work with positive attitude. They create healthy competition and conducive work environment.

Disadvantages of External Sources:

External sources are expensive and time consuming.
People coming from outside are not familiar with the work culture of the organization.
Recruiting people from outside demotivates existing employees and makes them unsecured about their growth and this results in lower productivity.

Steps in the process of Selection:

The main objective of a selection process is to determine whether an applicant meets the qualifications for a specific job and choosing the most desirable applicant who will match with the needs and requirements of the organization. Although companies differ in terms of selection procedures most of them follow a fairly standardized process. Following are the various steps involved in the process of selection:

Step 1 - Preliminary Interviews: Preliminary (initial) interviews are conducted by the HR, with all those candidates, whose applications have been shortlisted in the recruitment process. This is done for filtering further the unwanted candidates. This is the first contact of an individual with the organisation. Hence it is important that staff who are involved in this process are extremely courteous and polite with rejected candidates. Those candidates who are suitable are given an application blank (form) to fill. This form will have information pertaining to educational qualifications, age, experience, hobbies, interests etc. Organizations these days have their own application blanks which will help them to store information pertaining to candidates systematically in the HRIS.

Step 2 – Selection Tests: A selection test attempts to measure certain characteristics, such as aptitude, intelligence, and personality. Since it is very expensive to develop a test to measure these kinds of characteristics many firms purchase such tests. The tests conducted in an organization shall depend upon factors like budget, knowledge, skills, abilities, number and quality of the applicants and job complexities. There are different types of tests conducted to evaluate candidates. Some common types of tests conducted are Job Sample Performance Tests, Technical Tests, Aptitude Tests, Personality Tests, and Interest Tests. Selection tests are very advantageous to check the certain aspects related to candidates such as mental ability, experience, suitability for a job, character, Behaviour, mental framework etc.

Step 3 - Subsequent rounds of technical interviews: These follow the selection tests. These is a formal in-depth conversation conducted to evaluate the applicant's acceptability. Those candidates who clear the tests successfully are called for subsequent rounds of technical interviews conducted by the middle management and the top management. It is an excellent selection drive, it is very flexible and can be adapted to all kinds of candidates, it is a two-way exchange of information. Interviews serve three purposes:

It gives an opportunity to get additional information about the candidate and determine his or her suitability.

It provides information about the organization, expectations and policies.
Helps to maintain friendly relations with the candidates and motivates suitable candidates to join the organization.

Although employment interview is a very popular tool doubts have been raised as regards its reliability in selecting the right candidate.

Group discussion:

In today's time GDs play an important role in shortlisting suitable candidates in the process of selection. It is widely used at entry level jobs, high value jobs and for jobs that involve strong element of teamwork. It plays a critical role in the process of selection to determine whether a candidate has certain required traits or skills desired by the organization. It is a discussion by a group of people. It involves a free exchange of ideas and thoughts among members. The number of participants vary between 8 to 15 numbers. The usual time limit is 20 to 30 minutes. Through group discussions following attributes of candidates are assessed:

Social skills
Intellectual skills
Attitude
Initiative taken
The ability to generate new ideas
The ability to influence others through sound reasoning
The ability to sort out conflicts amicably without disturbing the flow of the discussion
Ability to take leadership
Ability to reach out to others through effective communication
Ability to end the GD within the given time limit by summarizing effectively

INDUCTION, ORIENTATION AND PLACEMENT

Induction and orientation:

When a new employee joins the organization, the first few days are ones of great uncertainty. A new employee carries with him a lot of anxiety about the place, the job, his/her colleagues, Organisational culture, and so on. Even the calmest and the most competent employee feels nervous, anxious and insecure. It is very difficult for new employees to get started as they are unfamiliar about, coworkers, culture,

surroundings, procedures and expectations. Hence most organizations offer some kind of induction programme to help new employees get acquainted with the company and make a productive beginning on the job. Induction programmes are commonly referred to as orientation programmes.

Michael Armstrong defines induction as "the process of receiving and welcoming employees when they first join the company and giving them basic information, they need to settle down quickly and happily and start work".

Importance or benefits of an induction programme:

1. It makes the entry of the new employee in the organization a smooth one as initially everything is strange and unfamiliar to him/her.
2. It helps the new employee to establish a favorable attitude towards the company due to which he or she will stay with the company for a long time.
3. It will help the new employee to quickly adjust to the organizational culture which will enable him/her to contribute effectively in shortest possible time.
4. Research has found out that employees are far more likely to resign during the first few months after joining the organization. An effective induction programme increases the likelihood to reduce employee turnover.
5. It helps the new employee to overcome the problem of change and makes him feel that the new place is worth working. This will increase the commitment level of the employee towards the organisation.
6. It makes all the new joiners understand the rules, regulations, norms and values of the organization. It provides an opportunity to inform the new joiners about the way things work in the organization. This will further reduce the doubts and misconceptions in the minds of new joiners.
7. A good induction programme breaks the ice and helps to build a cordial relationship between the new joiners and old employees.
8. It provides other necessary information pertaining to location of cafeteria, toilets, rest periods and facilities.
9. It guides the new employees in a direction that is compatible with the firm's mission, goals, culture.
10. It makes sure that a new joined is on the right track, has a positive attitude right from the beginning towards the organization and has a positive experience that will build a long lasting bond with the organization.

Induction cum orientation programme conveys the following information:

1. Organization's geography/layout
2. Organizational set up (Structure)
3. Profile of the organization
4. Working environment of the organization
5. History
6. Objectives, products and services, etc
7. Introduction to colleagues, immediate superiors, subordinates and top management.
8. Importance of jobs to the organization
9. Policies, procedures and work rules
10. Employee benefits
11. Mission, vision and goals

General Steps followed in the process of Induction and Orientation:

In smaller organizations, HR along with the operating managers conduct this programme. In unionized organizations, union officials also join hands in it. Few line managers and senior management too are also involved in these programmes.

a) Welcome the new joiners to the organization.
b) Explain about the company.
c) Give the company's manual to the recruit.
d) Provide details about various work groups and the extent of unionism within the company.
e) Give details about pay, benefits, holidays, leave, etc.
f) Emphasize the importance of attendance or punctuality.
g) Explain about future training opportunities and career prospects.
h) Clarify doubts, by encouraging the employee to come out with questions.
i) Take the new joiners around for a property tour.
j) Show the location/department where the new recruits will work.
k) Finally hand them over to their respective supervisors/mentors.

Important points to be considered in the Induction and Orientation programme:

It should begin with most relevant kind of information and then proceed to more general policies of the organisation.

a. The most important part is the human side and building inter-personal relations, hence the new employees should be given knowledge of what various supervisors and co-workers are like, how long it takes to reach standards of effective work and finally encouraging them to seek advice when needed.
b. The new employees should be directed in the immediate environment by an experienced supervisor or worker who can answer all their queries during early stages.
c. New employees should be given detailed introduction of other employees but slowly and gradually.
d. New employees should be given sufficient time to stand on their own feet.
e. Finally, the new employees should be introduced to the main work for what they are hired.

Feedback process:

a. One way to know the effectiveness of orientation cum induction programme is to design a feedback form which will be filled in by the new employee preferably in form of a checklist.
b. It will be signed by the new employee.
c. This will be then checked by the respective supervisor/mentor and signed by him/her.
d. Finally, the supervisor/mentor and the new employee must sit together and discuss after the new employee completes the first month, to check how well he/she is adjusting in the organisation and make changes in the programme if required.

Placement:

Once an employee undergoes induction and orientation, he/she will be placed in a particular department. This process is known as placement. It is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

Advantages of a well-organized and executed placement strategy:

a) It improves the employee morale.
b) It helps in reducing employee turnover.
c) It helps in reducing absenteeism.
d) It helps in reducing accident rates.

e) It avoids misfit between the candidate and the job.
f) It helps the candidate to work as per organizational objectives.

A wrong placement means the organisation is not using the capabilities of an employee to its benefit. If an employee is wrongly placed all the above mentioned advantages change to disadvantages. Theoretically though placement is placing of an employee in a particular department, but practically it starts at the time of recruitment itself.

TRAINING AND DEVELOPMENT

The concept of HRD:

Manpower or human resource is employed in organizations to accomplish different goals and objectives directed towards its ultimate vision and mission. Hence the human resource within an organization needs to be fully developed through various developmental initiatives like training, management development, organizational development, mentoring, expatriate assignments, career planning, succession planning and motivating. This will enable positive contribution towards the success and stability of an organization. HRD is an organized learning experience, designed by an organization aimed at providing overall learning opportunities to help its employees grow. It prepares employees for the future. It is intended at matching the organizational needs, with individual need for career growth and development. It is a process involving series of learning activities designed to acquire the desired level of competence among employees for meeting present and future manpower needs of an organization. In the recent years HRD has become the focus of planners, decision-makers and managers. In today's time, learning and development or L&D is a term that is popularly used in organizations.

Training an important developmental tool:

Training is an important element of HRD. It is aimed at developing skills and capacity of the employees to work at higher levels and positions. It is concerned with imparting of specific skills to do current job well. Training is a planned effort by a company to facilitate employees' learning of job-related competencies, including knowledge, skills or behaviors that are critical for successful job performance. It is a gap bridging exercise. It is time bound. It has a specific content and objective. It relates to knowledge, information, technical skills, social skills, admin skills, conceptual skills and finally a positive attitude. Expenditure on

training and development (T&D) or learning and development (L&D) is an investment and gives rich dividend to employees and organizations in the long run. It makes an organization capable to face new challenges from time to time. It is the watchword (motto) of the present dynamic world.

There are 4 stakeholders to a training programme-

a) trainee
b) trainer
c) training coordinator
d) ancillary support or infrastructure

As per Edwin Filippo training is defined as "the act of increasing the knowledge, roles or skills that result in improved performance at work".

According to Wayne Cascio, "Training consists of planned programmes undertaken to improve employee knowledge, skills, attitude and social behaviour so that the performance of the organization improves considerably".

Goals of a training programme:

a) To ensure that a trainees acquire the required knowledge, skills and competencies.
b) Once the employees complete their training and start working again, they should be able to apply the same at their workplace.
c) To ensure that knowledge and skills acquired lead to improved job performance.

Importance or benefits of training:

a) Leads to improved profitability and/or more positive attitudes towards profit orientation.
b) Improves the job knowledge and skill levels of employees within organization.
c) Helps employees to identify with organizational goals.
d) Helps to create a better corporate image.
e) Aids in understanding and carrying organizational policies.
f) Facilitates employees to get promotions and achieve their career goals within their workplace.
g) Develops a sense of responsibility towards the organization among the workforce for being competent and knowledgeable.

h) Enables the company to reduce external consulting costs by utilizing competent internal consultation.
i) Creates an appropriate climate for growth, communication and overall development.
j) Organization will hone its decision-making and problem-solving skills through effective training programmes.
k) It helps employees to adjust to changes within the company.
l) It helps in handling conflicts thereby helping to prevent stress and tension.

Methods to conduct Training Programmes:

On the Job Training:

It is the most widely used method of training. 60% of training occurs on the job. The employee will be placed in the real work situation and will be trained. This is conducted by the departmental manager or a line manager from the other departments.

Steps involved:

a) Preparation: This step involves putting the participants at ease and finding out what they already know and getting them interested of learning the job.
b) Presentation: This step involves the actual conducting of the training.
c) Test the trainees: This step involves asking the trainees to demonstrate what has been presented and taught to them, questioning them to make sure that they have learnt the skill thoroughly well and observing the participants.
d) Follow-up: Periodical supervision and follow-up to ensure that the trainees are applying what they have been trained for.

On the job Training Methods:
a) Job Rotation: It implies shifting of an employee from one job to another, this will reduce monotony and boredom and at the same time it will make an incumbent an all-rounder. When a job is no longer challenging it is always advisable to rotate an employee to another job at the same level, which has similar skill requirements. The company tracks the employee's performance on every job and decides whether he/she can perform the job in an ideal manner. Based on this the employee will be appraised and promoted. Sometimes before giving a final posting to an employee, he/she will be rotated for experience and to understand in which department he/she is good. For example, Mr. A join a company where he is asked to work in the marketing

department for the first 6 months, where he learns all the jobs to be performed related to marketing at his level. Post 6 months he is shifted to the sales and then to finance and so on and so forth. At the end of one year, he is finally placed in the sales department as the organization's finds him best suited for sales.

b) Planned Progression: This is similar to job rotation except that every movement from one job to another involves a higher pay, position and higher responsibilities with authority. In rotation every movement involves more or less the same pay. Planned progression is more likely to occur at higher managerial levels, whereas job rotation occurs at lower levels.

c) Coaching: Under coaching a manager will guide and develop his/herjunior in terms of skills and competencies by playing the role of a coach. The superior may assign challenging tasks to his/her subordinate for the purpose of training. The coach may also advice and assist the trainees to complete the assigned tasks.

d) Counselling: It is processing whereby a manager will assist and guide his/her junior to resolve personal, or work related problems and difficulties faced by the junior which are interfering in his/her productivity at the work place. Under counselling a manager will help his/her junior see things more clearly, possibly from a different point of view. This will help the junior to focus on feelings, experiences or Behaviour with a goal to facilitate positive change. It is a relationship of trust between the manager and the junior who is counselled. Confidentiality of information is the paramount to successful counselling.

e) Understudy Position: Under this method the subordinate is trained to perform the duties and responsibilities his superior or manager because the junior is likely to take up his/her position. The understudy person is asked to supervise a group of employees to experience leadership qualities. He/she will attend executive meetings in place of the superior. He/she will investigate and make recommendations about problems related to the department.

f) Junior Board: These are formed to train executives. It permits promising young middle-level managers to experience problems and responsibilities faced by the top-level executives. About 10 to 12 executives from diverse functions within the organization serve on the board for a term of say 6 months or more. The board is allowed to study any problem faced by the organization,

relating to personal policies, design, structure, conflicts etc and to make recommendations to the senior BOD.

g) Programmed Instructions and Computer Aided Instructions: PI is a method where training is offered without the intervention of a trainer. Information is provided to the trainee in blocks either in a book form or through a teaching machine. After reading each block of material the trainee must answer questions about the lesson learnt. Feedback will be provided in form of correct answers. Thus PI involves:

- Presenting questions, facts and problems.
- Allowing the trainee to respond.
- Providing feedback on accuracy of answers.
- If answers are correct the trainee will proceed to the next book.

CAI is the extension of PI method where training is imparted with the aid of computers in the form of emails, internet, video conferencing, distant training/learning etc.

Advantages:

- It is self-placed.
- Trainees can progress at their own speed.
- Material offers a scope for practice.
- Trainee can do self-learning.
- It is easily accessible by everybody and very convenient compared to PI.

Off the Job Training:

It is conducted at a place away from the shop floor. This is required to get people away from their work environment, to a place where stress, frustration and bustle of work is eliminated. These trainings can be conducted by internal trainers within the organization or external trainers from outside the organization. These can be conducted within the premises of the organization or at a venue away from the organization premises.

Methods to conduct off the Job Training:

1. Assessment Center:

This concept was first used by German military in 1930s for appraising employees. Later on, this concept was further developed in UK and USA in 1940s. Today this tool is mainly used to hire executives, managers, to train managers, evaluate their performance (appraisals)and decide eligibility for further promotions. This concept is gaining popularity in India also. Companies like Crompton Greaves, Modi Xerox. HUL etc are making use of these widely. It is a center location where managers may come together to participate in training programmes comprising of job-related exercises, games etc. These programmes target development and enhancement of various skills like communication, inter-personal, decision-making ability, creativity. It could also target towards improvement in the attitude and Behaviour of managers at work without letting them know.

Testing methods used by assessment centers:

a) Interviews
b) Work sample tests and simulations
c) Paper-and-pencil tests of abilities and attitudes

Process:

a) Groups of approximately 12 participants will undergo this process.
b) Individual and group activities are observed and evaluated.
c) Multiple methods of assessment are used.
d) Assessors are usually a panel of line managers for the organization, consultants, or outsiders trained to conduct the assessment.

e) Assessors then evaluate each individual on a number of dimensions, such as organizational and planning ability, decisiveness and flexibility, resistance to stress, good posture and personal style, communication and creativity and conflict resolution and handling stress. Rater's judgments are based on observation and detailed discussion before being developed into a final report.

Merits: Assessment Centers help the management to identify the capabilities of the participants in terms of:

a) Qualifications
b) Promotability
c) Team work
d) Decision making ability
e) Handling stress
f) Communicating

Demerits:

a) Relatively expensive because the participants are away from their jobs, while the company pays for their travel, boarding, lodging etc. The evaluators are company managers who also will be away from their jobs and the company will also incur similar expenses on them. Sometimes psychologists also accompany the evaluators and they charge a high fee. Hence this process is cost effective only for large organizations.
b) Sometimes the raters are strongly influenced by certain skills of the participants due to which the report generated could be a biased one. Further employees who receive a poor report may react negatively which would ultimately affect his/her work and people working with him/her.
c) It could create a strong and unhealthy competition among the participants.
d) The solid performers often feel suffocated in a simulated environment.
e) It could have a negative impact on those who are not selected for this process in form of jealousy.

2. Lectures: It is a verbal presentation of information by an instructor to a large audience. The lecturer is presumed to possess a considerable depth of knowledge of the subject at hand. A virtue of this method is that it can be used for very large groups and hence cost per trainee is less. This method is mainly used in colleges and universities. Its application is restricted in training factory employees. Its popularity is very low. It mainly involves one way communication. There is no feedback from the audience. It is likely to bore the audience. To break the boredom lecturers often use jokes, stories, anecdotes etc. This method can be made effective if it is combined with other methods.

3. Presentations using audio-visuals and simulations: It is using of a PowerPoint presentation with the help of an overhead projector and sound system accompanied with films, management games, live industry examples, case-studies, role plays, group discussions etc. by a trainer to conduct a training. Following are its advantages: It is very effective and popular way to impart training. It is more advantageous as it will have a better impact on trainees.

Trainees can co-relate better and learn better. It is interesting and does not bore the audience. The only disadvantage is that it is costly. A simulator is any kind of equipment or a technique which duplicates the actual conditions encountered on the job. It creates realistic decision-making environment for the trainees. Following are the most popular kind of simulation exercises:

- In basket techniques: It is a technique to develop decision making ability of the participants. The participants are given typical items from a specific manager's mail, email, and telephone list. Important and pressing matters like customer complaints, out of stock positions etc are mixed in with routine business matters like request to speak at dinner etc. All the above are real and not hypothetical.

  The participants are analyzed and critiqued on the number of decisions made in the time allotted. The quality of the decisions made. The priorities chosen for taking decisions.

- Management games: Management games are used by a trainer while conducting training sessions to focus on the important learning of the programme. Through games the trainer will ensure that the learning sticks to the trainees for life. They emphasize on applications of important aspects of a training programme. It also involves testing of participant's ability to take decisions, to plan, to strategize, to apply the learning of the training programme effectively.

- Vestibule training: It utilizes equipment's which closely resemble the actual ones used on the job. However, it takes place away from the work environment. For example, training the stewarding staff for dish washing in a separate designated area, with the help of a dish washing machine that resembles the one actually used at the hotel.

4. Outdoor oriented training programmes /Wilderness training: Outdoor, action-oriented programmes are becoming increasingly popular now-a-days. Leadership, teamwork, and risk-taking are top-priority items in these programmes. Through these programmes the trainer will try to develop certain skills, competencies but in an environment which is not a working environment but an outdoor location. For example, a training on team building can be conducted within the company premises through activities and games or by taking the participants to a hill station and making them participate in various activities like boat races, rock climbing, tracking, river rafting, etc. and

inculcating skills pertaining to team work through these activities. These kind of training programmes are action packed, they involve healthy exercises and they are conducted in an open environment that is not working environment.

5. **Sensitivity training:** This technique is sometimes referred to as T-group training or human relations laboratory training. Its objective is to bring out in the participants greater self-awareness through sensitivity and understanding others by improving inter-personal skills. It shows the participants how others perceive them and what effect their Behaviour has on others. Trainees meet in small groups for a few hours daily. Training takes place at a suitable place and trainees are removed out of their daily routine work. Trainers will play a passive role. There is no agenda or a format. In the beginning the discussion is very vague and unstructured. With passing of time the participants begin to discuss themselves pointing out their likes, dislikes, strengths and weaknesses. Thus, they examine feelings, experiences, expressions, gestures, behaviors, thoughts which are often taken for granted. It must be done with care. It can prove traumatic for some individuals.

Performance Appraisal :-

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raise, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.

4. To provide feedback to employees regarding their performance and related status.
5. To provide feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

Method of Job Appraisal

It is said that job appraisal is an investment for the company which can be justified by following ways:

1. **Promotion & Transfer**: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation/Rewards:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances, and pre-requisites are dependent on performance appraisal.

Challenges of Human Resource Management

1. Absenteeism and Turnover:-

Absenteeism is a pattern or habit of an employee missing work, often for no good reason. When an employee fails to report for duty on time without prior intimation or approval, then the employee is marked as "absent". Absenteeism hurts productivity and costs money. Moreover, most of the absences are paid leave, which means even though production is down, labor costs remain the same.

Turnover is the number or percentage of an employer's workforce that must be replaced due to the voluntary and involuntary separation of employees from employment. Voluntary turnover includes leaving employment to retire, illness, returning to school and better career opportunities, while involuntary turnover includes layoffs and terminations for poor performance or disciplinary problems. Loss of these employees not only hurts productivity but weakens the company strategically because of the specialized skills and creativity that the employees brought with them. Even if the company can find the same quality of workers, the search, training and time involved costs serious cash.

2. Balancing Work with Life

Work life balance is a method which helps employees of an organization to balance their personal and professional lives. Work life balance encourages employees to divide their time on the basis on priorities and maintain a balance by devoting time to family, health, vacations etc along with making a career, business travel etc. It is an important concept in the world of business as it helps to motivate the employees and increases their loyalty towards the company.

Importance of work life balance

Working on a job for a company and making a career can be an extremely time-consuming duty for any employee. Employees are busy at their offices throughout the day and sometimes even on weekends. This gives them very little time to interact with their family. Because of high pressure of work, often family members get neglected. Also, stressful jobs cause the health of employees to deteriorate. This is where work life balance come into the picture. Work life balance concept allows an employee to maintain a fine balance in the time he or she gives to work as well as to personal matters. By having a good balance, people can have a quality of work life. This helps to increase productivity at workplace as the employee is relaxed about his personal commitments. It also allows the employee to give quality time with family to spend vacations, leisure time, work on his/her health etc. Hence work life balance is extremely important for employees and increases their motivation to work for the company.

Steps to improve work life balance

1. Creating a work leisure plan: Where an individual has to schedule his tasks, and divide time appropriately so that he has allocated appropriate time to his work and his career development goals and at the same time allotted time for leisure and personal development.
2. Leaving out activities that waste time and energy
3. Set enough time for relaxation:
4. Prioritizing work

Benefits of Work Life Balance

There are several advantages of work life balance. Some of them are discussed below:

1. Work life balance increases the motivation of employees and helps them perform better at job

2. It helps people to relieve their stress as they can spend leisure time with their near and dear ones

3. Companies can maximise productivity from an employee who is rejuvenated and refreshed as compared to a over worked employee

4. Healthy lifestyles can be maintained by having a work life balance. This includes a good diet, regular exercises etc

5. Employees who are highly motivated can help the business grow as they are more attached to their job and careers

3. Managing Diversity

When an organization has employees of different ethnicities and a large proportion of women than the industry average, naturally the question arises as to how to combine the differences between these employees without causing too much friction in daily interactions.

Dimension of Workforce Diversity:
1. Age
2. Gender
3. Education
4. Culture
5. Psychology

Workforce diversity management is significant for the following reasons:
- Ability to Deal with Diverse Market:
- Better Decision-Making:
- Better Human Relations:
- Preventing Unnecessary Labour Turnover:
- Building of Goodwill of the Enterprise

Ethical Issues in HRM

HR Manager not only recruit people and placed them in the right position but take care of various issues. HR manager looks for the settlement and comfort ability of the employees, their way of understanding the work. HR manager can't treat employee in the same way. He has taken care of gender, age, education and position of the employee while making them understand company policies. Following are the list of ethical issues faced by HR manager:

- o Human Resource Planning & Job Design
- o Recruitment and selection
- o Performance Appraisal
- o Privacy , Safety and Health
- o Training and Development
- o Employees Discriminations
- o Managing Diversity

Human resource information systems help organizations use an integrated set of HR modules to automate the multi-faceted complexities of HR processes. HRIS has gained a considerable amount of traction among businesses of all sizes for their centralized approach to managing HR management needs.

It collects, stores, manages, and interprets employee-related data from various business units to eliminate data duplication and provide a single source of truth. An HRIS is an ideal solution for automation, streamlining, and optimization of HR processes. Yet, with an array of HRIS options available, each seemingly tailored with various features, selecting the right HRIS is hard.

OBJECTIVES OF HUMAN RESOURCE INFORMATION SYSTEM

The objectives of a human resources information system software are to collect data and make it easily accessible. HRIS typically collects and manages employee data: names, addresses, Social Security numbers or equivalent identifiers, visa information and records on dependents.
HRIS also has functions for managing recruiting, applicant tracking, attendance, time management, performance appraisals and benefits.

HRIS may also provide employee self-service options for requesting reimbursement or applying for benefits. That saves HR time spent dealing with your other employees and it's often quicker to process the requests.

BENEFITS OF HRIS

The importance and benefits of having HRIS within an organization are that it makes finding and managing information easier for HR, which benefits the employees they work with too.

- **Organization**. With all the information in a single database, it's easier for HR to find the information they need, track how it's handled and update it when necessary.
- **Accuracy**. If HR has to transfer information between multiple software systems or software and paper files, errors inevitably creep in. Using one single system eliminates that problem. As more functions are automated, there's less need for manual data entry, which also reduces errors.
- **Security**. Paper files are easy to access, even by people who have no right to the information. HRIS can restrict access to those who need to know.
- **Saving time**. Accrued time off and the unused balance are easier and faster to track and adjust with a computer than with a spreadsheet.
- **Compliance**. Good HRIS vendors keep the software updated to comply with relevant government regulations.
- **Employee satisfaction.** The easier it is for employees to deal with HR and get information like their PTO balance, the happier they'll be working for you.

TYPES OF HRIS

Operational HRIS
HRIS functions that help stakeholders perform certain operations are commonly referred to as Operational HRIS. For example, the employee information stored on all employees helps the manager and the organization to fetch them for performing certain functions like placing the employees in the right place within the organizational structure. Knowing the information on their performances to manage it and review it are also part of the Operational HRIS.

Tactical HRIS
Tactical HRIS takes care of the processes that help in decision-making for the managers with respect to the usage of the resources. This includes actions like Recruiting, Job and Design Analysis, Employee Training and Compensation/Benefits in the organization.

All these actions require information on the employees, vacancies in the organization, etc., which is done using Tactical HRIS.

Strategic HRIS

Strategic HRIS comes of use when a company is looking to expand or grow, strategically. Strategic HRIS helps in the proper planning of the workforce and stay aware about the labour resources available. As a part of this, Strategic HRIS holds information that supports workforce planning and a specialized HRIS system on the whole with certain HR functions to help manage and understand labour resources.

Comprehensive HRIS

Comprehensive HRIS is more of everything involved in HR actions, including the above three types. It acts as a combined platform with all HR files, employee information, open positions, hiring and job details, job analysis and design files, guidelines files on employee safety, etc., It acts as a place with all information that can be produced at any time to perform any action.

Human Resource Audit is a comprehensive method of objective and systematic verification of current practices, documentation, policies and procedures prevalent in the HR system of the organization. An effective HR audit helps in identifying the need for improvement and enhancement of the HR function. It also guides the organization in maintaining compliance with ever-changing rules and regulations. HR audit, thus, helps in analyzing the gap between 'what is the current HR function' and 'what should be/could be the best possible HR function' in the organization.

Objectives of HR Audit:

(1) To review every aspect of management of HR to determine the effectiveness of each programmes in an organisation.

(2) To seek explanation and information in respect of failure and success of HR.

(3) To evaluate implementation of policies.

(4) To evaluate the performance of personnel staff and employees.

(5) To seek priorities, values and goals of management philosophy.

Need for Human Resource Audit

(1) The managements of organisations have realized the need for HR audit because of powerful influence on motivation of employees at work due to participation of employees in decision making.

(2) Growth of organisation needs HR audit. Large organisation requires continuous feedback for improvement in performance of its employees.

(3) Mounting pressures from trade unions of employees and their participation in formulating employment policy and questioning of managerial competence have raised the need for HR audit.

(4) An effective two way communication system has also facilitated the need for HR audit.

Many plants are located at large distances. This also made the HR audit compulsory.

(6) The HR audit becomes essential because of delegation of authority and decentralization of power.

Process of HR Audit

The following procedure will be followed for the audit of human resources:

- **Step 1-** The first step should be an examination of the company's nature, whether it is a professional's enterprise or a general business enterprise; then,
- **Step 2-** Conduct a conference with the top managerial cadre to collect information and facts related to human resource assessment. An adequate provision should be made for the depreciation of human assets.
- **Step 3-** The company's balance sheet should be thoroughly checked whether the correct values are placed or not.
- **Step 4-** Thereafter, an Internal control system of the company should be inspected with respect to the facts of the human resources for examining its efficiency.
- **Step 5 –**At the time of value assessment of human resources, all the contingencies should be considered, which may impact the valuation.

Meaning of Recruitment

Recruitment in HRM is a systematic process for Hiring Talent. It start from identifying, attracting, screening, short listing interviewing, selecting and finally hiring the most potential candidate for filling up the vacant job vacancies in an organization.

Recruitment actually means a way to search the future employees of the organization and stimulate qualified people to apply for the job. It helps to create a pool of job seekers and improve the scope of recruitment of better employee. Recruitment activity brings together the people who are qualified and looking for job and the organizations which are searching for prospect employees. The properly executed recruitment process leads to joining and selection of suitable manpower in the organization.

Types of Recruitment

There are majorly two types of recruitment adopted and often used by the organizations in their recruitment process i.e., Internal and External recruitment.

Internal recruitment

This type of recruitment refers to hiring the employees within the organization internally. Various internal sources of recruitment are:

- Promotion
- Transfer
- Recruiting former employees
- Job posting / job advertisement
- Employee referrals
- Previous applicants

External recruitment

External recruitment refers to hiring employees outside the organization. Various types of external recruitment are:

- Direct recruitment
- Employment exchange
- Employment agencies
- Advertisements
- Professional association
- Campus hiring
- Advertisement through word of mouth

Importance of Recruitment

The following points will help to understand the importance of Recruiting:

- The process is important to encourage and attract candidates and get ample amount of application for the job vacancies.
- It is an effective way to create information pool about the prospective candidates who are suitable for the talent needs of the organization.
- It is very important step of planning and analysis about the present and future manpower requirement of the organization.
- It bridges the gap between employers and their future employee.
- It is a less expensive way of gathering information about the talented manpower in the industry.
- It helps to improve the selection process by proper sorting of suitable candidate for the job.
- It reduces the turnover of employees due to correct matching of candidate expectations and the rewards offered by the organization.

- It also helps the organization to meet the social and legal obligation of maintaining the manpower composition.
- It determines the appropriate candidates through the different channels of recruitment.
- It helps the organization to create different sources of attracting the right candidate for the job profile.