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Approved By : Anindo Gupta

Date : 7<sup>th</sup> September 2013

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**Harrisons Malayalam Ltd. (HML)**

Approved By :

Date :

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## 1 Introduction

### 1.1 Background

HML is part of The RPG Enterprises, one of the largest business conglomerates in India with business interests ranging from tyres, cables, power transmission, telecommunications, pharmaceuticals ,specialty chemicals to retail and consumer marketing, hotel, tourism and entertainment .

An integrated agriculture operation giant Harrisons Malayalam Limited is India's largest producer of rubber, South India's largest cultivator of Tea and perhaps the largest farmer of Pineapple in the region. It is also a major processor of other agricultural produce from neighboring farmlands.

The company also produces smaller quantities of a variety of other exotic horticultural crops like Areca nut, Banana, Cardamom, Cocoa, Coffee, Coconut, Pepper and Vanilla as well as limited quantities of Organic tea and Spices. These operations altogether are called FSO (Fruits, Spices and Others).

Microsoft Dynamics AX 2012 system would help Harrisons Malayalam Limited (HML) to integrate functionalities of all business lines with Finance to progress to a upgraded system environment with its Head Office in Cochin.

As a part of Up gradation Project, PricewaterhouseCoopers (PwC) has been appointed by HML to review their current processes and existing system (AX 4.0) in the following areas and help in streamlining them keeping in line with their current vision and strategy:

- Inventory
- Trade and Logistics
- Production
- Payroll and Budgeting
- Finance

The key focus of the assignment is to understand the existing business processes and finalizing the To-be processes with regard to the AX 2012 system. Main area to be studied is the direct fitment of the existing customizations into base features of AX2012 and incorporates as much of base features as possible & feasible and the rest to migrate into the new system. This would be followed by the upgradation of AX 4.0 to AX 2012 to meet the identified requirements.

In this document, **Payroll** processes are explained in line with the functional requirements.

## 1.2 Purpose of the Document

The Functional Requirements Document (FRD) lays out the functional requirements of HML, which will be used as a reference in the enhancement of the Microsoft Dynamics AX system. This document refers to the processes of Payroll. The purpose of the document is to freeze and finalize the requirements specification based on which the Microsoft Dynamics AX 2012 system will be configured, tested and implemented. The FRD contains the following details:

1. Payroll business processes related to Harrison's Malayalam
2. To-Be process flows with respect to Microsoft Dynamics AX 2012
3. Gap fitment for these processes in Microsoft Dynamics AX 2012

## 1.3 Sources of Inputs

The processes in this document have been envisaged based on the following inputs:

- Interviews conducted with the key users of HML
- As-Is documentation
- To-Be Processes
- Issues and Expectation list Consideration

## 1.4 Scope of the Document

The document describes only about the workers payroll. Payroll for the head office staff is out of scope. It will be assumed that the entire Fitment is applicable on MS Dynamics AX 2012 and anything which might be available in AX 2012 is considered as a standard fitment. Also related process customizations which have been already done before will be adapted to the extent mentioned in the document.

Any customization will be applicable only on AX 2012.

List of Abbreviations:

- Harrison's Malayalam Ltd. – HML



### 1.5 Fitment Types Notation

- C : Customization
- SF: Standard Feature
- E: External
- W: Workaround

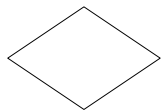
### 1.6 Flowchart Notations & Shapes



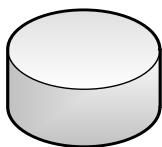
**Start / Stop**



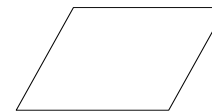
**Process**



**Decision**



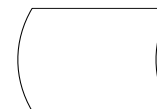
**Database**



**Data**



**Predefined  
Process**



**Stored Data**



**Master /  
Setup Data**



**Easy Weigh**

## **2 Company Setup & Configuration: An Overview**

This is a customized area hence the standard setups and configurations would not be applicable. Any setup related information would be described in the Payroll specific setup and not in the company setup.

## **3 Business Processes**

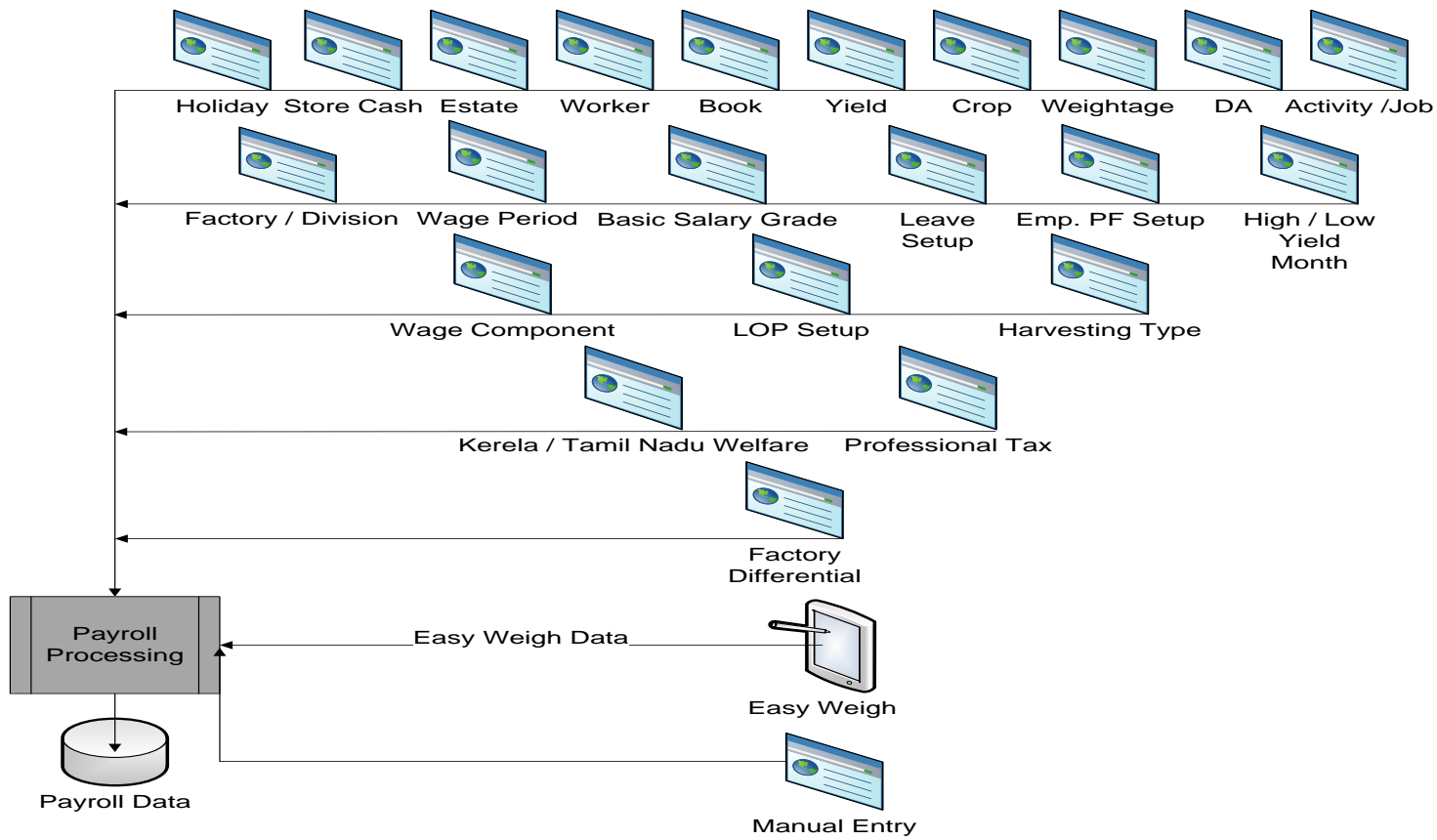
### **3.1 Payroll: Business Process Description**

The payroll process is desired for the workers in different estates. Currently the worker wise detail is captured in easy weigh and the information is pulled into the legacy system at each estate. The system generates a file which is then imported into current ERP for generating the financial journal data. It is desired to rule out the legacy system at each estate and use the ERP for the payroll processing. The Easy weigh data would be imported directly into the ERP system at each Estate. In the event of failure of easy weigh machine the data is manually entered into the system. In case of rubber the Easy weigh data would create the payroll data along with the movement journal. The movement journal should get stamped with the batch numbers from the easy weigh

#### **3.1.1 Master & Setup Creation**

Payroll calculation would require creation and maintenance of various masters and setups. The application would require relevant information from masters & setups during the payroll processing. Failing to get any such information which is related to a master /setup environment, application should show relevant error info message so that the master / setup can be updated accordingly.

3.1.1.1 Business Process Flow -Business Process Map



## 3.1.1.2 Business Process Description - Gap Fitment

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
1	HML/PYL/001-01	Worker Master	The worker information is stored in the current ERP system. The same can be used for the new version	Y	The worker master of the system can be used with some customization. A flag "Store cash Required" should be defined. Default value should be TRUE however the user can override. Adhaar Card No. and Bank Account No. should be captured. The system should not have any restrictions on Adhaar Card No. and Bank Account No.	C
2	HML/PYL/001-02	Emp. PF Setup	The Worker PF code (easy weigh worker code) should be maintained against each worker code. The history of PF codes should be captured.	Y	A custom interface to capture the PF code and the effective date for each worker code. Access to the interface should be available from the worker master interface. This should be defined for each worker. In case of worker transfer a new record should be inserted with effective date.	C
3	HML/PYL/001-03	Estate	The estate is captured as dimension. The new ERP system would inherit the same.	N		SF
4	HML/PYL/001-04	Holiday	In the starting of every calendar year the Holiday master should be updated with specific dates. This can be used to mark the festivals and also Estate specific non working days.	Y	The system should reduce Sundays and Estate holidays from the wage period (user defined) to arrive at the 'Estate Working Days'. Estate Working Days would be then used to calculate the wages for monthly paid workers in payroll calculation.	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
					Payroll Processing should always check the presence of Holiday Calendar and if not found, should show an error info message. User should not be allowed to enter / remove the holiday detail against a month for which the payroll processing has been done in the system. The Holiday Calendar should be defined with respect to Estate & Division.	
5	HML/PYL/001-05	Yield	Crop wise field wise yield per hectare should be maintained.	Y	This should have the information stored state wise. It should have the provision to store the slabs of yield and corresponding statutory and overweight kilos (OV1, OV2, and OV3) and their rates.	C
6	HML/PYL/001-06	Wage Period	Wage periods are not consistent across estates. Hence there should be a master to define estate wise wage period. The wage period can be 1'st to 30'th of the month or 7'th to 6'th of next month etc.	Y	A custom interface required to capture the wage periods for each Estate.	C
7	HML/PYL/001-07	Wage Component	Wage component should be maintained in this master.	Y	This should hold the information of the wage, type (additive / deductive), Category (Daily / Monthly), Component Type (Basic, DA, Weightage.....). For each component there should be a column for arrear also so that any component specific arrear can be	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
					added to have impact on statutory components. The system should not allow negative values in the column for arrears. . Arrear should be system suggested (for promotions effective last month). In any case if the value in arrear is manually updated, the system should store the earlier value in that field in a separate column for audit trail.	
8	HML/PYL/001-08	DA Slab	DA slabs to be maintained in the system.	Y	DA Slab should be an additional interface opening from the Wage Component if the component type is of type “DA”. This slab should be defined with respect to the following parameters—State, Crop, Wage Category (Daily/Monthly) & Period.	C
9	HML/PYL/001-09	Weight age Slab	Weight age slabs to be maintained in the system	Y	The service weight age slab should be defined for daily & monthly wagers. For daily wagers certain weight age should be defined for a range of service years. However for monthly wagers the weight age is in terms of additional increment. For Kerela some additional rules to be defined which are as follows 1) For joinees upto 1995 weightage is shown in the basic. 2) For joinees after 1995 weightage is shown separately as “Personal Pay”. The above rule is applicable for	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
					monthly paid workers. The weight age post 1995 to be shown separately. There is no weight age for Monthly paid workers in Tamil Nadu.	
10	HML/PYL/001-10	LOP Setup	Loss of pay rules should be captured in the system. This should be applicable for monthly paid workers.	Y	<p>Following Rules should be configured in the system.</p> <p>N = Number of days the worker has worked. It includes days under “ALW” (advance leave) and “BAL” (Balance leave)</p> <p>S =Wage for number of Sundays to be deducted.</p> <p>Estate working days = 24</p> <p>If the estate working days for the wage period is 22 or 23, then the upper limit of “24” should be substituted with “22” or “23” as the case may be.</p> <p>1) <math>N \geq 24 \rightarrow S=0</math>                      2) <math>18 \leq N &lt; 24 \rightarrow S=1</math>                      3) <math>12 \leq N &lt; 18 \rightarrow S=2</math>                      4) <math>6 \leq N &lt; 12 \rightarrow S=3</math>                      5) <math>N &lt; 6 \rightarrow S=4</math></p>	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF
11	HML/PYL/001-11	Harvesting Type	The Harvesting type should be defined in the master.	Y	The Statutory kilos and the over kilos are defined with respect to the harvesting type and the month (High/Medium/Low) yield. It should be maintained Estate Wise, crop wise. Following Harvesting type should be maintained in the system. 1) Plucking 2) Shear 3) Mechanical	C
12	HML/PYL/001-12	Crop	The estate is captured as dimension. The new ERP system would inherit the same.	N		SF
13	HML/PYL/001-13	Basic Salary Grade	System should capture the Basic Salary Grade	Y	Basic Salary Slab should be an additional interface opening from the Wage Component if the component type is of type "Basic". This slab should be defined with respect to the following parameters— State, Crop. Three slabs have to be captured as shown below with effective date range. 1. Supervisors & Drivers 2. Other Categories 3. Crèche attendants For Tamil Nadu Daily Rated category A & B, wage scale needs to be defined. For Monthly paid wagers the system should capture the basic as on 1995.	C



Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF
					This is for arriving at the increment in weight age.	
14	HML/PYL/001-14	Leave Setup	The system should capture the Leave codes and Description.	Y	<p>The System should have a Leave master. The leave code should have certain rules defined in the master which are as follows. Leave should be based on Calendar Year.</p> <ol style="list-style-type: none"> <li>1) One day leave for every 20 days for workers. This is applicable for permanent workers.</li> <li>2) 18 Days in a year for Supervisors in Kerala. This is applicable for permanent monthly paid supervisor category.</li> <li>3) 21 Days in a year for supervisors in Tamil Nadu. This is for permanent workers. For temporary workers 7% is given as leave wages.</li> <li>4) 15 Days in a year for other categories. This is for permanent workers.</li> <li>5) Leave with Wages for temporary daily rated workers is 5 % of total leave earnings and 6% for temporary monthly paid (percentage would be applicable on dependent wage component defined in the setup for leave wages).</li> <li>6) Following formulae to calculate</li> </ol>	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF
					<p>the Leave wages</p> <p><b>Kerala Permanent</b>                      ALW (Daily) - Basic + DA + Weightage + TA + Ppay+ Stat. wages + Over wages + GTR                      ALW(Monthly) - (Basic + DA + Suprv.incentive +Weightage + TA) / 30                      For Kerala the Terrain allowance component = 0</p> <p><b>Tamil Nadu Permanent</b>                      ALW(Daily)- Basic + DA + Weightage + TA + Ppay)                      ALW(Monthly) - (Basic + DA + Weightage + TA+ Ppay) / 30</p> <p><b>Kerala Temporary</b>                      ALW - (Basic + DA + Weightage + TA + Ppay+ Stat. wages + Over wages + GTR + Suprv.incentive) x (ALW %)</p> <p><b>Tamil Nadu Temporary</b>                      ALW - (Basic + DA + Weightage + TA + Ppay) x (ALW %)                      In Tamil Nadu Estates daily rated workers the factory differential paid for factory day should be excluded from leave</p>	

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
					earnings..	
15	HML/PYL/001-15	Activity	The system should capture the Activities. Currently the ERP system captures this in Job Code. Same should be used in the New ERP system. Job Differential is based on Job Code and defined against each Job. Job Differential rate is defined per day of work done for that job.	N		SF
16	HML/PYL/001-16	Book	The Book is a categorization of workers. The easy weigh also captures the data book wise. The payroll processing should be done book wise.	Y	<p>The book master should capture the book along</p> <p><b>Monthly paid</b> Book no. 1-- Permanent. Book no. 2--Temporary.</p> <p><b>Daily Rated Permanent</b> Book no. 3--Permanent Men. Book no. 4--Permanent Women.</p> <p><b>Daily Rated Temporary</b> Book no. 6--Temporary Men. Book no. 7--Temporary Women</p>	C
17	HML/PYL/001-17	Division	In the current system Division is maintained as a dimension. The same would be continued in the new ERP system.	N		SF

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
18	HML/PYL/001-18	Kerela / Tamil Nadu Welfare	This is recovered in June and December which will be flagged estate wise and all the workers who worked during the payroll period will be deducted with the amount. A double amount will be disbursed from HML account as a contribution to the fund.	Y	There should be a custom interface to capture the amount for each state. Once the welfare amount is deducted in a year the payroll should keep a track so that the system does not creates a recovery entry for that worker in the same period. No of Months should be defined. There should be provision to define the months in which the recovery to be made. The information has to be captured with respect to Estate, Worker category (Monthly, Daily, permanent & temporary). This should be recovered from all permanent workers active in the worker master and temporary workers who have been engaged during the wage period. For a permanent worker the recovery is irrespective of the attendance. For temporaries the recovery is to be done from those workers who have worked during the wage period only.	C
19	HML/PYL/001-19	Professional Tax	This is a tax recovered every six month from the worker. Bonus & arrears also considered for tax computation.	Y	There should be provision to capture the professional tax against Kerala & Tamil Nadu. Total earnings during six wage period immediately preceding current wage period should be considered for arriving professional tax. Tax slab should be maintained with Wage ranges	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF
					(beginning wage, ending wage and tax). The beginning & ending wage should be the sum of gross wage of the worker for last six month. The System should keep a track of the tax paid every six month. This should be recovered on total earnings during the six months. It includes bonus and arrears. Whether to include Bonus & Arrears should be an option. The information has to be captured with respect to Estate, Worker category (Monthly, Daily, permanent & temporary).	
20	HML/PYL/001-20	Store Cash Setup	Store cash is disbursed every week as per the store cash disbursement period. The store cash eligibility should be maintained in the system.	Y	<p>A custom interface required to capture the eligibility. The setup should be maintained with respect to following parameters</p> <ol style="list-style-type: none"> <li>1) Estate</li> <li>2) Effective Date</li> <li>3) Store Cash Period (w.r.t days-Sunday, Monday)</li> <li>4) No of Days Worked</li> <li>5) Store Cash Amount</li> </ol> <p>Qualifying working days for store cash eligibility should be sum of working days, holidays, leave days and layoff days.</p>	C

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
21	HML/PYL/001-21	Factory Differential Setup	Any factory worker gets the factory differential throughout the month. A field worker gets factory differential for the number of days the worker has worked in the factory	Y	A custom interface required to capture the Factory differential. Following are the parameters which should be captured in the Factory differential setup <ol style="list-style-type: none"> <li>1. From Date</li> <li>2. To Date</li> <li>3. Worker Location (Factory/General/Estate)</li> <li>4. Job Location (Factory/General/Estate)</li> <li>5. State</li> <li>6. Factory Differential Amount</li> <li>7. GTR</li> </ol>	C

#### Sample Setup for Basic Salary Grade for Permanent workers

- Tea
  - Supervisors and selected Special Category workers
    - 2560-31-2746-36-2962-41-3208-47-3490-54-3814-61-4180-69-4594
  - Other Special Categories
    - 2520-31-2706-36-2922-41-3168-47-3450-54-3774-61-4140-69-4554
  - Creche attendants
    - 2480-31-2666-36-2882-41-3128-47-3410-54-3734-61-4100-69-4514
- Rubber
  - Supervisors and selected Special Category workers
    - 2657-31-2843-34-3047-37-3269-40-3509-43-3767-45-4037-48-4325
  - Other Special Categories
    - 2618-31-2804-34-3008-37-3230-40-3470-43-3728-45-3998-48-4286
  - Creche attendants
    - 2553-31-2739-34-2943-37-3165-40-3405-43-3663-45-3933-48-4221

**Sample Slab for Rubber Yields**

Class	Yield Slab	Statutory Kgs Per Day	Statutory Rate (Rs / Kg)	Latex (Rs /Kg)	Scrap (Rs / Kg)
Class-I	Upto 170	2	17.4	3	0.78
Class-II	171-270	4	8.7	3	0.78
Class-III	271-400	6.5	5.3538	3	0.78
Class-IV	>400	8	4.35	4.25	0.78

**Sample Slab for Shear Plucking**

Yield Per Hectare	Statutory KG	OV1 (0.45/kg)	OV2 (0.6/kg)	OV3 (1/kg)	Plucking Type
1-400	23	24-33	34-48	49 & above	Shear
401-800	31	32-46	47-62	63 & Above	Shear
801-1600	36	37-56	57-71	72 & Above	Shear
1601-above	39	40-61	62-81	82 & Above	Shear

The above setup can also be used for hand plucking by changing the plucking type and the corresponding values in other columns.

## Sample Setup for Mechanical Harvesting

Est <sub>te</sub> ID	Crop ID	Field Clas s	Plucki ng Type	From Date	Mont h	Fro m Sla b	To Sla b	Rate Per Day	Statu tory KG	Statu tory Rate	OV 1	OV1 Rate	OV 2	OV2 Rate	OV3	OV3 Rat e	Latex Rate (Rs / Kg)	Scrap Rate (Rs / Kg)
E1	TEA		SHEA R	1-Jan- 13	Jan	1	401		23		10	0.6	15	0.8	1000 00	1		
E1	TEA		MECH	1-Jan- 13	Jan			150	89		14	0.65	19	0.85	1000 00	1.2		
E1	TEA		HAND	1-Jan- 13	Jan				23		9	0.5	14	0.75	1000 00	0.9		
E1	TEA		SHEA R	1-Jan- 13	Feb	801	160 0		36		20	0.6	15	0.8	1000 00	1		
E5	RUB BER	CLA SS-I	TAPPI NG	1-Jan- 13	Jan	0	170		2	17.4							3	0.78

### 3.1.2 Worker Promotion/Retirement/Removal: Business Process Description

**Promotion:** - The worker designation changes over a period of time and so do his/her wage scale.

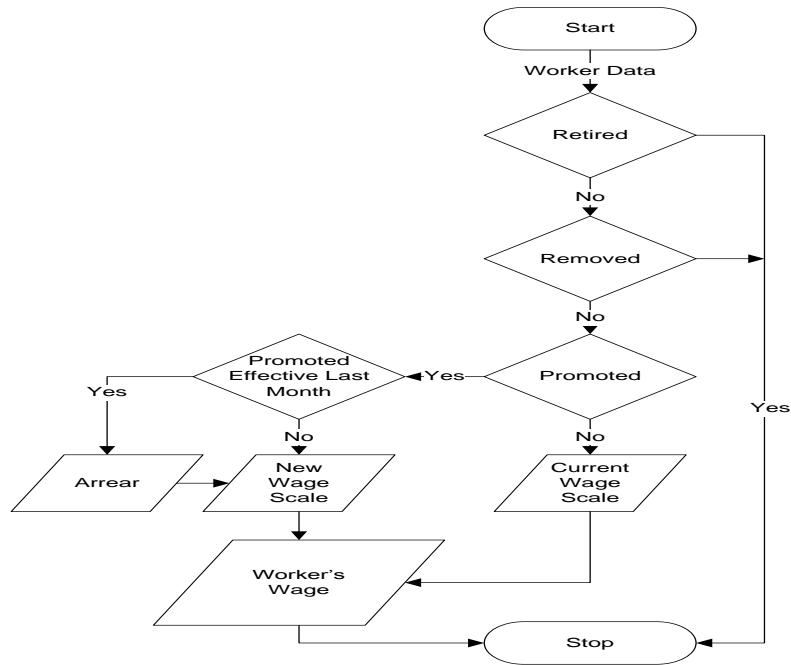
**Retirement:** - The worker might retire post completion of the service tenure. Such workers should not be included in the payroll calculation.

**Removal:** - A worker may be removed or terminated from the service. Such worker should not be included in the payroll calculation.

In case of both retirement and removal, wages during the last wage period should be computed and should stop thereafter.



**3.1.2.1 Business Process Flow -Business Process Map**



**3.1.2.2 Business Process Description -Gap Fitment**

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF

1	HML/PYL/002-01	Promotion	The Promotion of a worker should be captured along with the history of the same.	Y	System should have the provision to change the wage scale of a worker and also maintain the history of the same. There should be provision to attach the wage scale with each worker in the worker master along with the effective wage period or effective date.	C
2	HML/PYL/002-02	Retirement	There should be provision to capture the retirement date in the system.	Y	A field "Retirement Date" required in the worker master. Once Retired the Wage calculation for such worker should happen till date of retirement and not be processed through system in subsequent wage period. Full & Final settlement of such worker should be a system suggested gratuity amount. There should be provision to enter the reason for leaving the service. It should be a drop down.	C
3	HML/PYL/002-	Removal/Termination	The worker removal/ termination should be captured in the system	Y	A field "Termination Date" required in the worker master. Once terminated the Wage calculation for such worker should happen	C

					till date of retirement and not be processed through system in subsequent wage period. Full & Final settlement of such worker should be a system suggested gratuity amount. There should be provision to enter the reason for leaving the service. It should be a drop down.	
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### 3.1.3 Worker Lending Process

Workforce movement from one estate to another happens to manage the labor shortfall. The attendance is captured with respect to the estate reference. These dimensions are used to book the cost while posting the payroll journal. In case of worker transfer the cost is booked with respect to the borrower estate however the pay slip should be generated at the parent estate.

Following example illustrates the cost booking at the estates.

Parent Estate: - E1  
 Borrower Estate: - E2  
 Net Salary: - 2500

Following Payroll journal should be created at the Estate E2 while wage computation

Inter Unit A/C	2500		E1
Wage Provision A/C		2500	E1
Payroll Expenditure A/C	2500		E2
Inter Unit A/C		2500	E2

The above journal lines would also have cost center, sub ledger (wherever applicable), purpose code (wherever applicable) & field dimensions.

**3.1.3.1 Business Process Flow -Business Process Map**

N/A

**3.1.3.2 Business Process Description -Gap Fitment**

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF
1	HML/PYL/003-01	Identification of borrowed Worker	The borrower estate should have the provision to enter the details of the lent worker.	Y	The data entry in such cases should be done through Custom interface and not through Easy weigh. The custom interface should enable the Borrower to access the worker Master and select the worker from Parent estate and enter attendance/crop data for the day.	C
2	HML/PYL/003-02	Daily Cost Booking	The easy weigh captures the attendance of the borrowed worker with respect to the borrowed estate code. The same information is used to create the payroll journal and hence the cost is booked against the borrower estate.	N		SF
3	HML/PYL/003-03	Pay Slip Creation	The Pay slip for the worker is to be created at the parent estate.	N	In the centralized database, the payroll processing would happen against the common worker ID	SF

					(worker master id) and not the estate specific PF codes. Since the PF codes would be linked to the common worker codes, the pay slip can be generated at the parent estate for the worker.	
--	--	--	--	--	--	--

**3.1.4 Leave Process**

The workers enjoy the leave benefits in Harrisons Malayalam. Following leaves are available for the workers.

- 1) Annual Leave
- 2) Sickness Leave
- 3) Maternity Leave
- 4) Authorized Leave

**Annual Leave:** - Based on the last calendar year working days, 1 day leave is given for every 20 days worked. This can be availed during the year and the balance can be carried over to next year. The leave that is carried forward is called Balance annual Leave. Whatever Balance leave is left un availed before the end of subsequent calendar year gets lapsed.

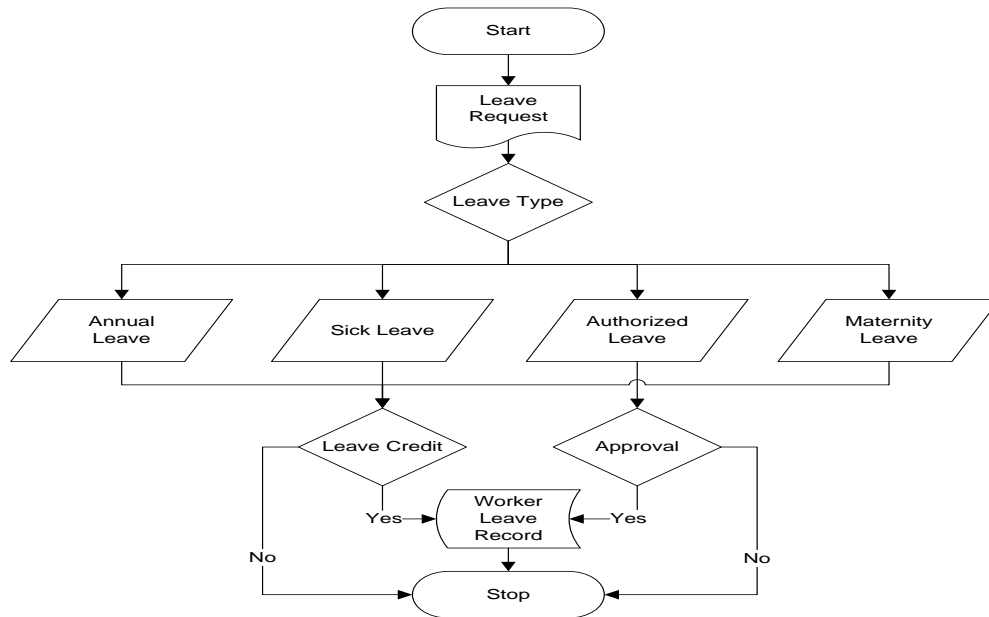
**Sickness Leave:** - Workers are eligible for sickness leave for certain days in a calendar year. A worker who is absent from job under advice from the estate hospital doctor is eligible for 2/3 rd of the normal wage.

- For any in-patient treatment either in the estate hospital or outside, a by-stander (from HML payroll) is allowed to accompany the patient. In such cases normal wages are paid to the by-stander. This by-stander is termed as ‘Sick Attendant’.
- An employee who meets with an accident while on job is eligible for getting the ‘Workman’s Compensation’. However such compensations are outside pay-slip.

**Maternity Leave:** - A female worker can avail the maternity leave. Up to 84 days of paid leave can be availed at the time of delivery.

**Authorized Leave:** - This is also known as long leave. When a worker needs leave beyond the available leave credit in the leave account, it needs approval from the management. Such approved leave needs to be captured in the system and the start and end date of the leave must be recorded against the worker. Such leaves are without wages.

**3.1.4.1 Business Process Flow -Business Process Map**



**3.1.4.2 Business Process Description -Gap Fitment**

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/W/E/SF

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
1	HML/PYL/004-01	Worker Leave Record	The leave records are captured in the easy weigh system or attendance register.	N	The leave record can be obtained from the data captured from the easy weigh data or attendance register. A manual interface is also required to capture the leave details of those workers who work in the factory or whose attendance does not gets captured through easy weigh.	SF

### 3.1.5 Advance Salary, Overtime & Cash Wage Process

Salary advances are given to the workers and the same is recovered in subsequent wage periods from their salary. Workers might also get society loans. Society loans are sanctioned against society name but since no interest is charged against these sanctions it can be termed as society advance. These advances are adjusted against the wages in subsequent month. Some of the recoverable are to be marked as “Mandatory Recovery” in the master. The application should recover these even if there is no credit in the worker’s salary. In such cases the “Advance to be recovered” is debited instead of “Advance recovered” and when the actual recovery is made, manual vouchers are passed to credit the ‘Advance to be recovered’ account.

Cash wages are the cash paid for work done in addition to the normal work. Cash wages do not attract statutory contributions.

Overtime is the wages paid for the additional work done after the normal working hours. Rate applicable will be two times the normal rate.

#### 3.1.5.1 Business Process Flow -Business Process Map

N/A

## 3.1.5.2 Business Process Description -Gap Fitment

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
1	HML/PYL/005-01	Salary /Society advance disbursement	There should be provision to give salary / society advance to the workers. However the payroll should keep a track of such advances.	Y	There should be a custom interface to capture the worker code, advance amount, Date of disbursement, No. of Installment. In case of society advance the society name must be captured. No of installment should be entered and the system should create number of lines accordingly and should define the monthly installment for each line. The last installment should handle the rounding impact. The installment amount should be downward rounded to rupee. However the last installment should be the leftover amount.	C
2	HML/PYL/005-02	Advance Salary Adjustment	Pa-slip to show the advance salary adjustment as deduction.	Y	Payroll calculation should check whether to adjust any advance salary against a worker. Each installment amount to be adjusted in the subsequent wages of the worker. Partial recovery would not be allowed during adjustment with wages. If there is no salary credit then the installment should be postponed to the next month. Some of the advances must be marked as "Must be Recovered". Such advances must be recovered even if there is no credit in the salary. In such cases the account "Amount to be Recovered" is debited instead of "Amount Recovered". Recovery done against such cases would	C



					be handled by passing vouchers manually.	
3	HML/PYL/005-03	Overtime Capturing	Overtime details are captured through the easy weigh data. Payroll should have the provision to account for the overtime.	Y	The overtime rates are double than that of the normal working hours. Custom interface also required to capture the overtime details of a worker. The user needs to put the data manually in such interface.	C
4	HML/PYL/005-04	Cash Wage	Cash Wages details are captured through the easy weigh data.	Y	The Cash wages are to be accounted in the payroll journal and not shown in the pay slip. Custom interface also required to capture the overtime details of a worker. The user needs to put the data manually in such interface.	C

**3.1.6 Wage Calculation Process**

Wage calculation is done for the monthly and the daily wagers. Salary is processed on a daily basis for the daily wagers however the disbursement happens on a monthly basis after adjusting the store cash provided to them. The salary disbursement depends on the wage period. The wage period could be the start date and end date of a month or a period overlapping the two months. Monthly wagers salary is processed on a monthly basis. Estate working days is calculated and used for monthly wagers only.

Salary components applicable for the Monthly wagers is as follows

- 1) Basic
- 2) D.A.
- 3) Weight age
- 4) Leave with Wages
- 5) Incentive Wages

Salary Component applicable for the Daily wagers is as follows

- 1) Basic



- 2) D.A.
- 3) Weight age
- 4) Leave with Wages
- 5) Job Differential
- 6) Holiday Wages
- 7) Weather protective allowance for temporaries. It is a fixed allowance per day
- 8) Crop wages for pluckers/tappers
- 9) Statutory Wages
- 10) GTR,
- 11) Over wages

Wage calculation should happen on a daily basis for both the daily & monthly wagers. However the system should maintain the cumulative figure of the wage till date for the given period. The system should decide upon the current day wage by subtracting the cumulative wage till date and the wage paid till date.

#### Wage Calculation of a Monthly Wager (processed on a daily basis)

- 1) Gen. Wages (Basic) ----> Basic Salary Rate (Per Day) \* 1
- 2) DA ----> DA Rate (Per Day) \* 1
- 3) Personal Pay (Weight age) ----> Weight age Rate (Per Day) \* 1
- 4) Incentive Wages ----> For Tea-->
  - (Incentive Days) \*
  - ((Total estate over kilos in all slabs \* 0.0375) / Estate Working Days) \*
  - No of Supervisors)
  - For Rubber-->
    - (Incentive Days) \*
    - ((Total latex over kilos \* 0.13) / Estate Working Days) \*
    - No of Supervisors)

(Incentive wage is applicable for supervisors when they do field job.)

- 5) Total Bonus Earnings ----> Gen. Wages (Basic) + D.A + Personal Pay (Weight age) + Incentive Wages
- 6) P.F. Earnings ----> Total Bonus Earnings + Holiday Pay + Leave with Wages.

(PF Earnings should be a setup where state wise the users can define the wage components. Similar to Total Earnings 1, total Earnings 2, Bonus Earnings, Gratuity Earnings)

Basic Salary Rate ---> Monthly Basic Salary / 30  
DA Rate ---> Monthly DA / 30  
Weight age Rate ---> Monthly Weight age / 30

Arrear ---> The application would have component specific column for arrear.  
The arrear can be of following type  
1. System Suggested  
2. User Suggested

System Suggested: - The system should suggest the component specific arrear in case of payroll processing at month end for those workers whose salary increment is with effect from previous month/s

User Suggested: - The user can always override the value in the component specific arrear column. However the system would keep a track of the initial value. Before making any changes. Following example illustrates the change audit trail maintained by the system.

**System Suggested Arrear Value :-**

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	500	0
DA	1000	250	0

User overrides Arrear Values :-

(First Change)

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	300	500
DA	1000	250	0

(Second Change)

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	350	500
DA	1000	200	250

**User Suggested Arrear Value :-**

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	500	0
DA	1000	250	0

User overrides Arrear Values :-

(First Change)

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	300	0
DA	1000	250	0

(Second Change)

<u>Wage Component</u>	<u>Value</u>	<u>Arrear</u>	<u>Initial Arrear Value</u>
Basic	2000	350	0
DA	1000	200	0

Holiday Pay

----&gt; A= Basic + DA + Weight age

B= Previous month's total earnings / Previous month total working days

Holiday Wages = A or B whichever is greater.  
 Holiday Pay is applicable to daily wagers only based on eligibility.

Leave with wages

----> following example shows the calculation of leave wages for permanent workers.

Total Leave (calendar year) = 13 (Jan-Dec 2013)  
 Leave availed in Jan = 1 day (value as per Jan wage rate is 100)  
 Leave availed in Mar = 2 day (value as per Jan wage rate is 235)  
 Leave availed in Nov = 3 day (value as per Jan wage rate is 350)

Total Value of Leave availed =  $100 + 235 + 350 = 685$

Leave Credited for Jan-Dec 2013 on Jan 2014  
 Leave Value of Total Leave = Total leave (Calendar year) \* Current Rate  
 =  $13 * 150$   
 = 1950

Bal. Leave Carried forward =  $13 - 6$   
 = 7 Days

Bal. Leave Value =  $1950 - 685$   
 = 1265

Bal. Leave Rate = 180.71

Leave wages for next 7 days should be at the rate of 180.71.

Advance leave would not be given as long as Bal. leave is available. Bal Leave gets lapsed by 31<sup>st</sup> of December.

The leave wages should have wage components defined in the setup based on which the system would calculate the rate.

For Temporary workers the leave wages is calculated on a daily basis based on the percentage defined in the leave setup. In Kerala, statutory wages, GTR, over wages, wage differential & supervisors incentive should be considered for leave earning Rate for any given period. In Tamil Nadu Factory Differential should be excluded from the leave earnings.

Provident Fund Calculation

---> PF is employee's & employers contribution.  
 Employee's contribution is 12 % on the PF earnings

## Gratuity Parameters

---&gt;

Employer's contribution towards pension is 8.33 % of PF earning to a maximum of 6500.

The balance of (12% – 8.33%) is deposited in the employer's contribution of PF account. The PF period is from March to February.

Gratuity is applicable to permanent workers only. System should generate a report to show the gratuity figures. The voucher should be posted manually by the user based on the amount suggested by the gratuity report. Following parameters should be taken into consideration while gratuity computation.

- 1) Should have completed 5 years of service from the date of permanency till date of discharge.
- 2) For Monthly paid and Time rated the rate as on last day of work is considered.
- 3) Gratuity can be processed only after processing the wages for the last working month of the worker.
- 4) If the worker (plucker & tapper) has worked at least 1 day preceding the 90 day period from the date of leaving then the average earnings for the 90 day period is considered for the rate.
- 5) If the worker (plucker & tapper) has not worked during the 90 days preceding the date of leaving then date of last work done to be found out and average earnings within 90 days prior to the date of last work to be considered for rate.

**Gratuity Calculation for Monthly Paid**

Rate = (Last drawn Basic + last drawn DA + weight age) / 26

**Gratuity Calculation for Daily Paid**

Rate = (Last drawn Basic + last drawn DA + weight age + Job Diff)

Amount = Rate \* 15 \* No of Years of Service

In the Gratuity report the system should suggest the number of years of service based on the joining date of the employee, Retirement Date or Termination Date. The system should also reduce the number of days from the long leave. However there should be provision to override the system suggested value in the “No. of Year of Service”. The system might not suggest correct value in the number of years of service for those whose long leaves are not captured in the system. In such cases the user must override the value suggested by the system.

Payroll Voucher Creation ----> Each Job code would be mapped with the Chart of Account, Cost Centre and other dimensions. The payroll Journal should be created grouped by dimensions. Following entries should be created.

Worker Payroll Ac                      --Dr  
Provision A/c                              -- Cr

The voucher would be grouped by the dimensions (cost centre, sub ledger & purpose code, Field No.) defined in the Job Master. The voucher should also capture the man days and this should be updated in the posted ledgers.

### Wage Calculation of a Plucker (Daily Wager)-- Hand/Shear Harvesting

- |                            |   |
|----------------------------|---|
| 1) Statutory Wages (Basic) | ----> (Statutory KG * Statutory Rate) + Weight age                        |
| 2) Weight age              | ----> Plucking Days * Weight age per day                                  |
| 3) Over Wages              | ----> (OV1 * OV1 Rate) + (OV2 * OV2 Rate) + (OV3 * OV3 Rate)              |
| 4) GTR                     | ----> Plucking Day * GTR per day  |
| 5) DA                      | ----> Plucking Days * Current DA per day                                  |
| 6) Total Bonus Earnings    | ----> Statutory Wages + Over Wages + GTR + DA + Weight age + Diff Wages   |
| 7) PF Earnings             | ----> Total Bonus Earnings + Holiday Pay + Leave with Wages + Cash Credit |

### Wage Calculation of a Plucker (Daily Wager)—Mechanical Harvesting

The worker works for 5 days at a rate of 150

- |                       |   |
|-----------------------|---|
| 1) Salary Eligibility | ----> Plucking Days * Rate (150)                              |
| 2) Basic              | ----> Plucking Days * Field Rate (Rate per day)               |
| 3) DA                 | ----> Plucking Days * Current DA                              |
| 4) Weight age         | ----> Plucking Days * Weight age per day                      |
| 5) Differential Wage  | ----> Salary Eligibility – (Basic + DA + Weight age)          |
| 6) PF Earnings        | ----> Basic + DA + Weight age                                 |
| 7) Over Wages         | ----> (OV1 * OV1 Rate) + (OV2 * OV2 Rate) + (OV3 * OV3 Rate)  |
| 8) Total Earnings     | ----> Basic + DA + Weight age + Differential Wage + Over Wage |

### Wage Calculation of a General Worker (Daily Wager)

- |                          |   |
|--------------------------|---|
| 1) General Wages (Basic) | ----> Working Days * General Rate                           |
| 2) Weight age            | ----> Working Days * Weight age per day                     |
| 3) DA                    | ----> Working Days * Current DA                             |
| 4) Diff Wages            | ----> Working Days * Diff Rate                              |
| 5) Total Bonus Earnings  | ----> General Wages + DA + Weight age + Diff Wages          |
| 6) PF Earnings           | ----> Total Bonus Earnings + Holiday Pay + Leave with Wages |

- |                 |  |
|-----------------|--|
| Holiday Pay     | ----> Calculation is same as explained for monthly wagers  |
| Leave with Wage | ----> Calculation is same as explained for monthly wagers.   |
| Cash Credit     | ----> Cash Credit can be a miscellaneous credit given to the worker. This should be manually added in the payroll. |

### Calculation of over kilos - Rubber

Consider a case where the Total Kilos brought in by a Tapper (in class 4) who has worked for 13 days is 125.5 Kgs (95.5-Latex,30-Scrap)

The calculation will be as follows :

1. Statutory Kgs =  $13 \times 8 = 104$



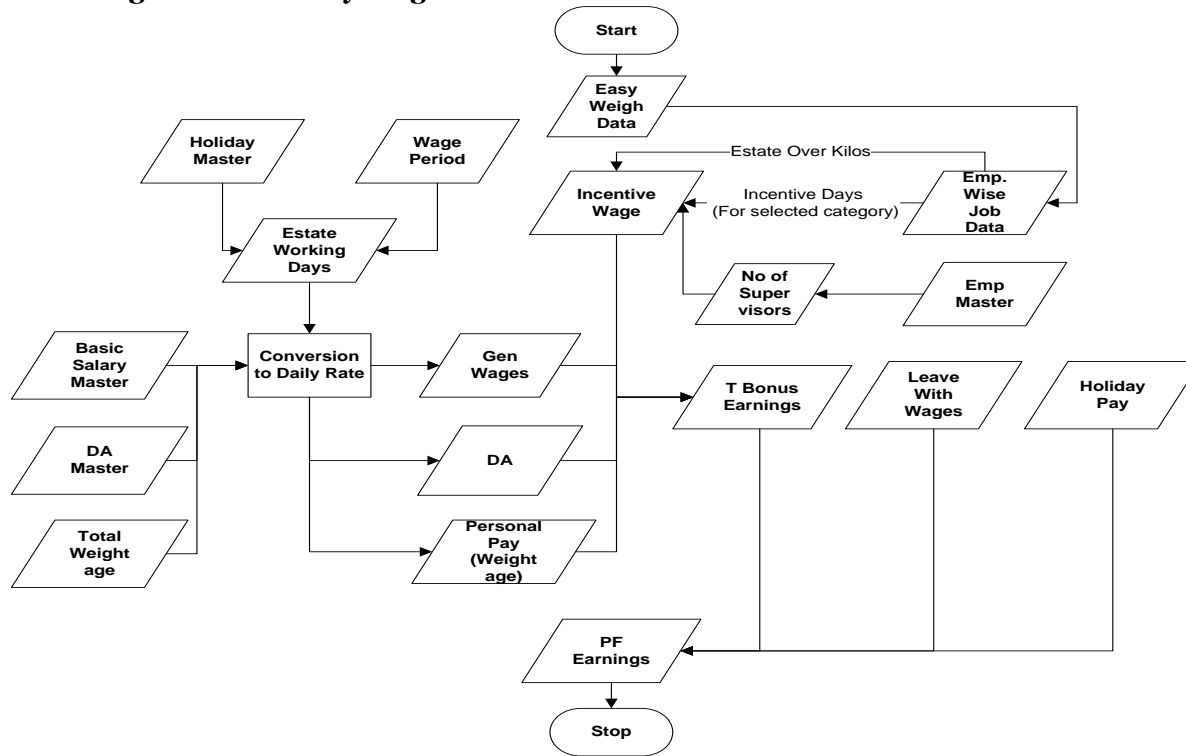
2. Latex over kg =  $((125.5-104) / 125.5) \times 95.5 = 16.36$
3. Scrap over kg =  $21.8 - 16.36 = 5.44$
4. Statutory wages =  $103.7 \times 4.814$
5. Latex over wages =  $16.36 \times 4.25$  (class 4 Latex over rate)
6. Scrap over wages =  $5.44 \times 0.78$

If the tapped kilo is less than the statutory kg specified against a particular class the a special formula is applied

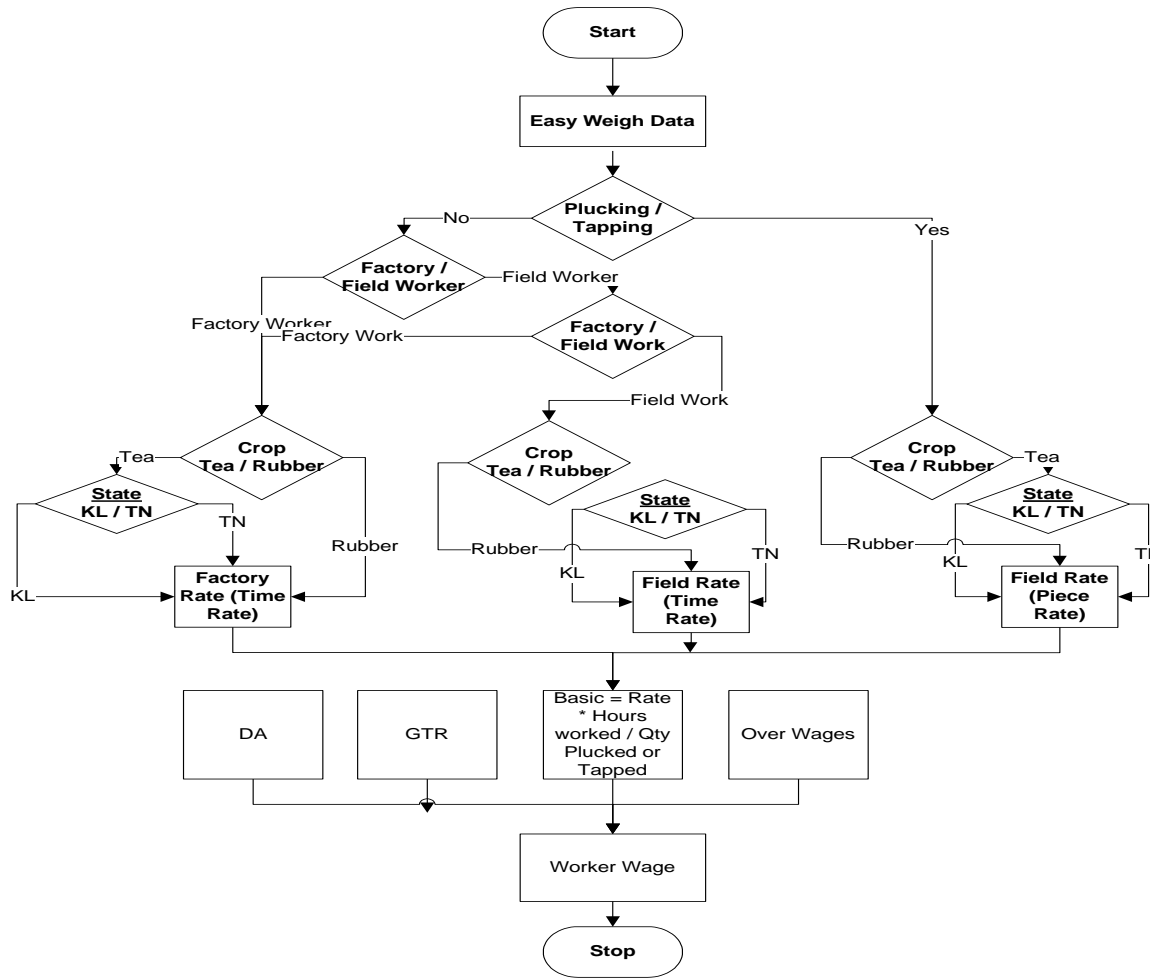
1. Statutory Kgs = Total Crop / Total Tap. Days in a particular field
2. Statutory Rate =  $(\text{Basic} - \text{GTR}) / 90\% \times (\text{Statutory Kgs})$
3. Total Qty = Latex + Scrap
4. Total Statutory Kg = Tapping Days \* Statutory Kgs
5. Total Over Kilos = Total Qty – Total Statutory Kgs

3.1.6.1 Business Process Flow -Business Process Map

Flow Diagram of Monthly Wager



Flow Diagram of Daily Wager



3.1.6.2 Business Process Description -Gap Fitment

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
1	HML/PYL/006-01	Wage Calculation	The system should calculate the wages of the daily and monthly wagers.	Y	<p>There should be a custom interface to calculate the wages and populate the journal data. The user should run the wage calculation on a daily basis for both monthly and daily wagers. The wage component figures should be cumulative. For Daily wage calculation the Sunday wages have to be incorporated. In Multiple of six days, one Sunday credit has to be given to arrive at Sunday eligibility. Work days include ALW, BAL and holiday. For those workers whose wage calculation is skipped, system should show a log.</p> <p>Any worker who has worked continuously for 10 days (without leave/ holiday) should be processed outside the system. In such cases the cumulative figures of the wage components should not</p>	C

					include the 10 <sup>th</sup> day's salary. The system should generate a log file (either text or excel) for such workers. The continuous period of 10 days should be considered excluding ALW, BAL, SB, SA and holidays.	
2	HML/PYL/006-02	Manual Entry	The system should have the provision to enter the attendance of each worker manually. There should be provision to upload the data from excel template. This would be used in case of failure of easy weigh machine.	Y		C

**3.1.7 Recovery Process**

There are some recoverable adjusted against the wages of the worker.

**Electricity Charge:** - Workers get accommodation provided by the organization in the garden. The electricity consumption is borne by the occupant hence the recovery is made against the wages given to the worker.

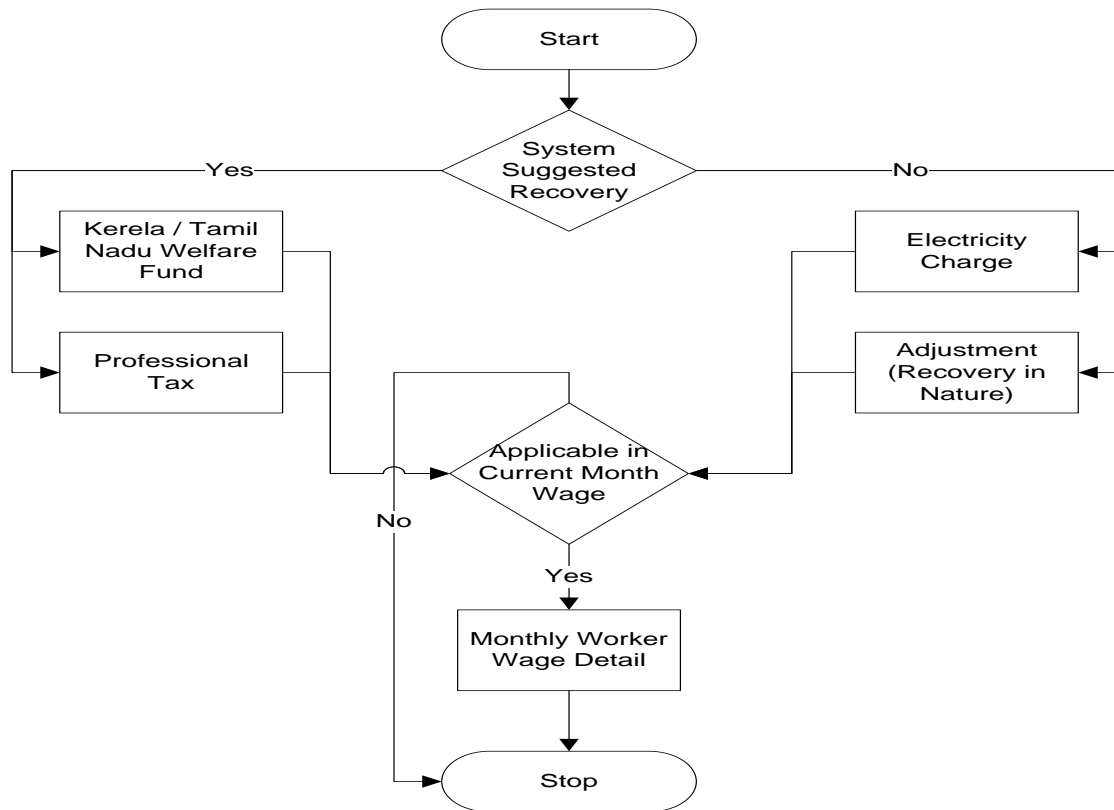
**Kerala / Tamil Nadu Welfare Fund:** - This is a onetime recovery in June / December which will be flagged estate wise and all the workers who worked during the payroll period will be deducted with the amount. A double amount will be disbursed from HML account as a contribution to the fund. Refer the Master section for details

**Professional Tax:** - This is a tax recovered every six month from the worker. Bonus & arrears also considered for tax computation.

**Adjustment:** - Provision to make manual adjustments in the monthly wage of a worker is required.

**3.1.7.1 Business Process Flow -Business Process Map**





3.1.7.2 Business Process Description -Gap Fitment

Sl. No.	Reference Process ID	Activity Name	Activity Description	Gap (Y/N)	Gap Description	Fitment Type C/ W /E /SF
1	HML/PYL/007-01	Electricity Charge	The electricity charge should be captured and recovered from the worker wages.	Y	A Custom interface required to capture the worker code, consumer number, units, total amount, Bill date, Due Date, Filter option should be on consumer number. The payroll should consider the amount and show as deduction.	C
2	HML/PYL/007-02	Kerala / Tamil Nadu Welfare Fund	This is recovered twice a fiscal year.	Y	Worker wise record to be maintained. The payroll should suggest the amount as deduction.	C
3	HML/PYL/007-03	Professional Tax	This is a tax recovered every six month from the worker. Bonus & arrears also considered for tax computation.	Y	A customized table required to capture the worker wise professional tax deduction. The payroll should calculate the professional tax for each worker every six month and keep a trace of the same to avoid duplicate calculation within the period of six month.	C
4	HML/PYL/007-04	Adjustments	Provision to make adjustment in the net salary and the statutory components is required.	Y	Additional column required to capture the component wise deductions. For any kind	C

					of adjustment the user should have the provision to enter the value in the adjustment column manually and reprocess the wage calculation for that worker. This should handle the net salary as well as the statutory calculations.	
5	HML/PYL/007-5	Eight Day Reduction	There should be provision to capture the eight day reduction in the payroll.	Y	Eight day reduction can be handled through adjustment column. The user can manually put the amount for the applicable workers. The amount corresponding to eight day reduction should be calculated outside the system. Uploading through excel would not possible for such case.	C

**3.1.8 Reports**

A separate FRD would be released for consolidated reporting requirements as a part of 50 reports that we will be delivered.

**3.1.8.1 Business Process Flow -Business Process Map**

N/A





**3.1.8.2 Business Process Description -Gap Fitment**

N/A

**FRD Sign-off**

**Client Name**

---

Name:  
Designation:  
Date:

**Client Name**

---

Name:  
Designation:  
Date:

