

EMPLOYEE RELATED ACCOUNTING AT NFL

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ABSTRACT

India houses almost 57 fertilizer plants to cater demand for production etc. NFL is one of the major contributor towards the manufacturing. Their product Kisan Urea has the major demand among the masses. The present paper is an attempt to discuss about the Employee Related Accounting at NFL. It entails a discussion about the different departments like P&A, Time Office and Establishment Account section involved in the Employee Related Accounting Process. An elaboration about the treatment of medical reimbursement claim, arrear salary payment, leave encashment, travel claim, LTC etc has also been presented.

Key words: Arrear Salary Payment, Employee Related Accounting, Leave encashment, NFL, etc.

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1. INTRODUCTION

Fertilizer industry still has an indispensable demand and several interconnected factors like production, governmental policies, demand, supply etc still pose a major impact. Disparity between the present and past state can be understood with the help of following:

- Surge in prices of commodities.
- Connection of commodity market with other market
- Standard achieved due to abundant material availability

Following table summarises the world nutrient balance:

World nutrient balance per region, 2007/8-2011/12 ('000 tonnes)						
Region	N,P,K	2007/08	2008/09	2009/10	2010/11	2011/12
Africa	N	677	1 397	1 566	1 776	3 184
	P ₂ O ₅	5 278	5 765	6 105	6 684	7 064
	K ₂ O	(468)	(485)	(497)	(509)	(516)
America	N	(7 014)	(7 736)	(7 833)	(7 461)	(8 094)
	P ₂ O ₅	1	(124)	(197)	(241)	(418)
	K ₂ O	4 689	3 370	4 312	4 527	5 917
Asia	N	(2 132)	206	1 972	5 078	7 374
	P ₂ O ₅	(5 327)	(5 146)	(5 076)	(4 983)	(3 820)
	K ₂ O	(9 057)	(9 614)	(9 568)	(10 014)	(10 543)
Europe	N	12 468	12 748	12 816	13 069	13 587
	P ₂ O ₅	742	695	677	430	372
	K ₂ O	10 963	11 106	11 241	12 370	12 317
Oceania	N	(714)	(772)	(848)	(912)	(992)
	P ₂ O ₅	(307)	(283)	(294)	(306)	(326)
	K ₂ O	(373)	(384)	(394)	(404)	(415)
World	N	3 286	5 843	7 673	11 550	15 059
	P ₂ O ₅	387	907	1 216	1 584	2 873
	K ₂ O	5 754	3 993	5 094	5 970	6 760

In India too, agriculture is one of the prime sector, without which survival is difficult. Several vital elements are manufactured in India only, for which it is a global supplier. Indian industry aims that both primary and secondary elements are manufactured at appropriate levels, in order to survive as fittest.

Indian fertilizer industry has successfully catered the demand of different chemical fertilizers except for MOP. At present 57 fertilizer plants are housed in the nation manufacturing wide array products like nitrogenous, phosphate etc fertilizers.



Figure 2 Location of Fertilizer Companies in India

Source: <https://business.mapsofindia.com/national-fertilizers/>

1.1. ABOUT NFL

Incorporated on 23rd August, 1974; NFL is a money-spinning public sector undertaking operational under Ministry of Chemicals & Fertilizers. Their one of the famous product Kisan Urea has tremendous demand among the users. Other product categories include Kisan bio-fertilizer, Kisan Khad, nitric acid, neem coated urea, methanol, liquid nitrogen, carbon slurry etc.

NFL has a thrust for quality, safety and environmental protection that's why NFL is an ISO-9001 & ISO-14001 certified organization. OHSAS-18001 Safety standard has also been attained for its Bathinda and Panipat plant.

2. LITERATURE REVIEW

There is a dearth of research over employee related accounting. However, an insight has been tried over the same. Mathews M.R. (1997) reviewed 25 years of literature related to social and environmental accounting and utilised the time frame of 1971-1980;1981-1990 and 1991-1995. This area has the prevalence of tremendous success however an advanced undergraduate and graduate curriculum is a major task which needs to be undertaken. Hence, educational programmes over this field are much desired. Fields T.D et al (2001) discussed the future opportunities and implications about different accounting choices, as the researcher believe that there is lack of understanding about accounting choice due to limitations of research design. Ittner C.D. et al (2001) proposed a value-based management framework in order to critically review about managerial accounting. Zimmerman J.L. (2001) believed that there is absence of functional structure on managerial accounting. There is lack of researchers' incentives and empirical testable theories. Kader M.A et al (2006) utilised large-scale questionnaire as well as descriptive statistics to investigate about management accounting practices over British food and drinks industry. Research concluded that Direct costing is a popular method in contrast to ABC and full absorption costing. Rarely 40% of the companies employ non-financial performance measure like The Balanced Scorecard etc., although perceived as important.

3. EMPLOYEE RELATED ACCOUNTING

All the payroll activities of NFL are dealt by Establishment Accounts Section.

NFL constitutes two different employee cadres:

- Executive Cadre
- Non-Executive Cadre

These are further sub-divided into different grades, upon which their salary is based.

Entire employee related transactions are handled by:

- Personal & Administration Department: This department handles information related to pay scale of employees. Records pertaining to employee appointment, promotion, transfer, resignation etc are taken care by this department. Employee Information System provides employee an ease of accessibility.
- Time Office: Records of attendance, leave etc in order to facilitate the payroll preparation, returns to be submitted to governmental agencies and cost centre distribution is the task of time office. Time Office also accounts for the preparation of attendance sheets, leave application, overtime and absenteeism statement.
- Establishment Account Section: All the claims of employees for instance Leave Travel Concession, it's encashment, medical reimbursement, any other perks, allowances etc are scrutinized by this Establishment Account Section. It is also responsible for recovery of TDS.

Evaluation of bonus, incentive, gratuity etc claim are also conducted. The relevant details are updated at Employee Information System in order to provide an ease of accessibility.

NFL employs following processes to entail the employee transactions:

- Arrears of Salary Payment- Any employee with change in its entitlements or so leads to the development of Arrear of Salary. As soon as the pay fixation orders are received from P&A department, the Establishment Accounts Section apprises it on the computerised system as well.
- Medical Reimbursement Claim- Employee can derive medical benefits through indoor and outdoor treatment and hence needs to submit its case for reimbursement. Rest the Controlling Officer will sanction and forward it to P&A department.
- Employee Leased Accommodation Payment- Normally two categories of lease are followed:
 - Bipartite: An employee owned house and agreement is entered between employee and company.
 - Tripartite: Employee does not own the house and agreement is entered between employee and house owner.
- Leave Encashment during service- The process for leave encashment is different for retired or terminated employees. Rules in relation to leave encashment for retired and terminated employees are different. Employees can easily encash their Earned leave and Half Pay leave provided to the condition that it do not exceed the 240 days accustomed towards the full pay into which half pay leave is also a component.
- Overtime Payments- Specific employees as per Company policy, are eligible to receive overtime payments for the overtime hours, but with prior approval of Controlling Officer
- Shift Allowance- Prepared by Time Office, shift allowance is permissible whenever night duties are performed. Such an allowance is entailed in almost every department.
- Local Conveyance Reimbursement- With the verification of journey details, Controlling Officer permits for the reimbursement of local journey. Entitlement goes as per the TA rules.
- Leave Travel Concession- Employee can exercise the LTC option for the entire block of 4 years. Payment release is monthly basis. Some verifications inclusive of the following are conducted:
 - Employee entitlement w.r.t block year
 - Employee entitlement w.r.t scheme
 - Sanctioned leave application etc
- Travel Claim Submission- Such reimbursements are normally handled in cash/cheque. Employee need to submit the Tour TA bill within 15 days of the journey to the Competent Authority with the prescribed format.
- Staff Advances and its recovery- Employee may avail the following loans & advances:
 - Education Advance
 - House building Advance
 - Conveyance Advance
 - Pay Advance
 - Existing house's Repair & Renovation Advance
- Issuance of LPC (Last Pay Certificate): P&A initiates with the process of transfer order for the employee following with the issuance to even non-finance departments like Township Administration, Library etc. Employee need to obtain No Due Certificate (NDCs) from such departments as well. Payroll system are even updated then. A copy is even contained by the transferee department and P&A department of the transferor and transferee unit as well.

4. CONCLUSIONS

Employees are the cornerstone of an organization. NFL considers employees as one of the gemstone of it. Hence, employee related accounting is held with the help of a computerised system. Timely upgradations make it more convenient. Any alterations in the rates are updated in the manual as well as in the computerised system as well. Furthermore, there is a dearth towards the literature development for employee related accounting into which further research can be done.

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