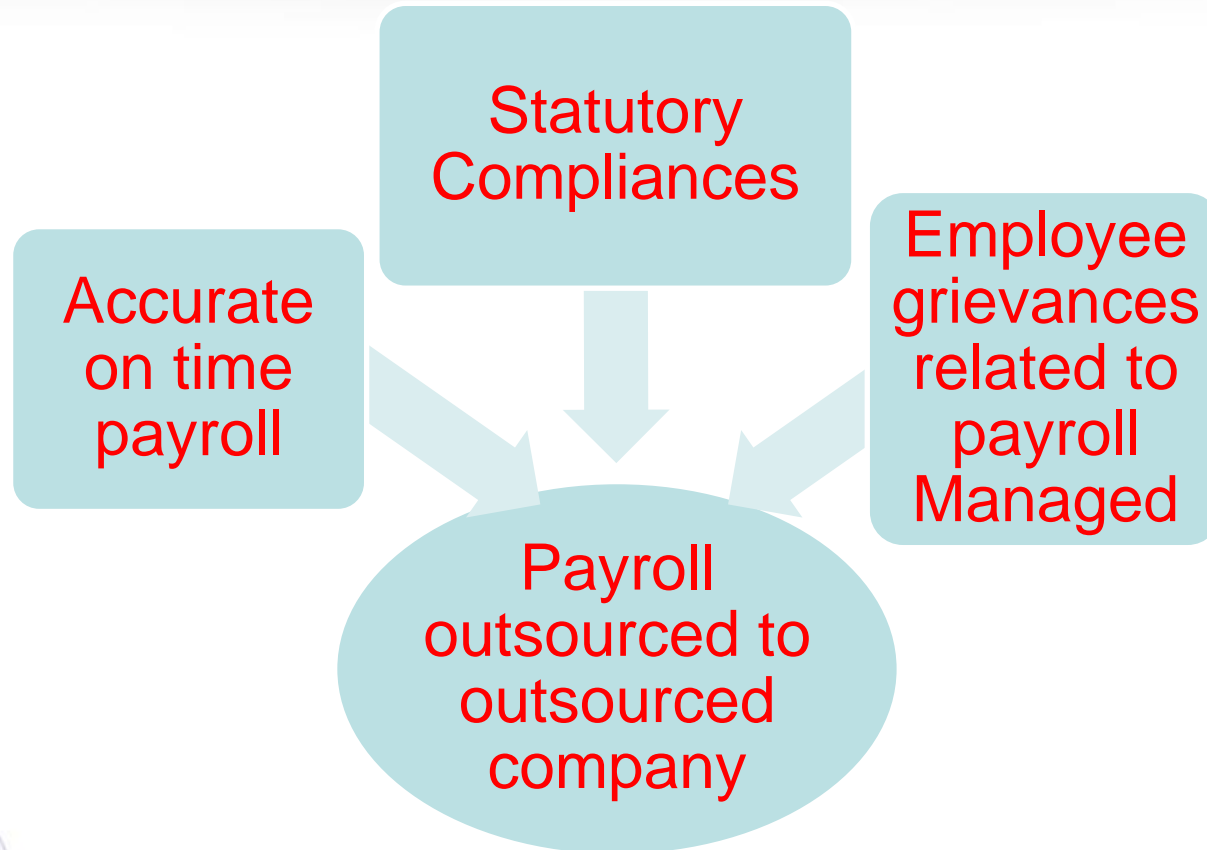




PAYROLL OUTSOURCING (in India)



Payroll Outsourcing - Structure



Payroll Outsourcing – Categories!

- Payroll Outsourcing is categorized into two categories –
 1. Only payroll and statutory compliances are outsourced (employee remains on the rolls of parent company)
 2. Employee is transferred on the rolls of new company. Employee keeps working with the parent company, but derive all the benefits from the new company.



Payroll Outsourcing – how lucrative!

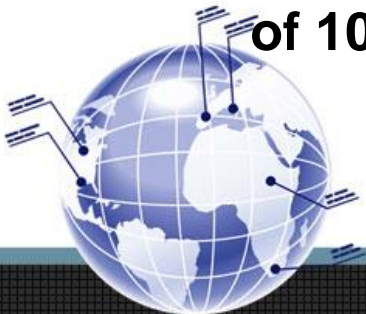
- Payroll Outsourcing is recognized as a very lucrative business world over.
- Margins –

1) USA

Case (a) Where only payroll is shifted to new company. The margin in that case is in between USD 25 to USD 200 per employee

Case (b) Where employee is transferred on the rolls of a new company. The margins in this case are in the bracket of 10 – 15% over and above the salary and other costs.

(source:www.resourcenation.com)



Payroll Outsourcing – how lucrative!

2) India

Case (a) Where only payroll is shifted to new company. The margin in that case is in between INR 1,000 to INR 1,500 per employee

Case (b) Where employee is transferred on the rolls of a new company. The margins in this case are in the bracket of 10 – 12% over and above the salary and other costs.

Some of the recognized payroll outsourcing companies in India are – Osource India Pvt Ltd, PMRY consultants (P) Ltd, Talent Pro India Pvt Ltd, Synergy Business solutions Pvt Ltd etc. Figures for India are sourced from these companies.





Payroll Outsourcing – Pune (India)

- To take the outsourcing work in Pune (India), a company has to comply with –
 - 1) Get registered under the Maharashtra (Bombay) Shops and Establishment Act, 1948
 - 2) Get licence under Contract Labour Regulation and Abolition Act.
 - 3) Comply with other statutory compliances as defined under the local municipal and industrial laws





Payroll Outsourcing Pune (India) - Compliances

- Various compliances that a company has to keep in mind while payrolling and to calculate its margins are -
- PF – If a company employs more than 20 employee, act is applicable on employee getting salary of upto Rs. 6,500 per month
- ESI - If a company employs more than 20 employee, act is applicable on employee getting salary of upto 15,000 per month



(contd:)



Payroll Outsourcing Pune (India) - Compliances

- Bonus - If a company employs more than 20 employees, act is applicable on employees getting salary of upto 10,000 per month
- Leaves – 21 days minimum in a year as per The Bombay Shops and Establishment Act.
- Termination –
 - For employee less than 3 months – no notice required as per The Bombay Shops and Establishment Act.
 - For employee more than 3 months – 14 days notice required as per The Bombay Shops and Establishment Act.

(contd:)





Payroll Outsourcing Pune (India) - Compliances

For employee more than 1 Year – 30 days notice required as per The Bombay Shops and Establishment Act.

- Maternity benefit – 12 weeks benefit to be given to female employee.
- Professional Tax – Applicable in Pune. Deduction of INR 2,500/- per annum
- Labour Welfare Fund – Applicable on those who are getting salary and wages less than INR 3,500/- per month



Payroll Outsourcing (India) – Margin calculation

- Here is how margins are calculated –

Particulars	Rates
Salary (A)	A
PF	-
Leave Cost	(12%) A
Notice Cost	(2.77%) A
Employee cost	(114.77%) A
Add Fixed Cost	
Insurance (on coverage of 3 lacs to 10 lacs)	1000 -3000
Professional tax	200
CTC (B)	B
Margin (15% of CTC) (C) (15% standard margin)	(15%)B
Bill Rate (B +C)	D



Thank you!

