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COMPARATIVE STUDY OF BENEFIT PLANS FOR EMPLOYEES IN INDIA AND THE UNITED STATES OF AMERICA

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What are Employee Benefits?

Employee benefits are employee compensation packages that include extras such as health insurance, retirement saving plans, paid vacation to list some out of the many. The primary purpose of employee benefits is to hire and retain top talent and increase the productivity and efficiency of working which is in turn beneficial to the company. Employee benefit plans are an integral part of the overall compensation package as a lot of studies and surveys have concluded that employees who feel valued at their place of work turn out to be more productive and motivated to work and also, benefit plans are one of the most important factor that employees take into consideration when they have to decide whether or not to stay with the current employer. For example, a recent survey conducted by the Society for Human Resource Management found that 90% of the people surveyed feel that healthcare benefits are an extremely crucial employee benefit and 83% said that flexible work time is very important.[576] A study by the International Foundation of Employee Benefit Plans concluded that companies with high level of productivity and engagement offer benefits such as paid vacation, healthcare benefits, flexible time, etc. to the employees.

[576] Forbes Advisor, Employee Benefits In 2024: The Ultimate Guide, https://www.forbes.com/advisor/business/employee-benefits/#what_are_employee_benefits_section.

Types of Employee Benefit Plans

The four main types of employee benefit plans recognised around the world and adopted by the major companies include:

1. **Health and Wellness Benefits** which include health and dental insurance, prescription drug coverage, vision insurance, employee assistance programs etc.
2. **Financial and Retirement Benefits** which include 401(k) plans, pension plans, employee stock ownership plans, financial planning programs.
3. **Time-off and Leave Benefits** which include paid vacation, sick leave, maternal and paternal leave, etc.
4. **Work-life balance Benefits** which include flexible work arrangements, telecommuting, childcare assistance, etc.

There are also some benefits that are required by law, such as workers' compensation, unemployment insurance, and Social Security. In the US, The Affordable Care Act (ACA) also requires employers with 50 or more full time employees to provide health insurance plans. The Family and Medical Leave Act (FMLA) is a federal law that gives employees job-protected unpaid leave per year for family and medical reasons. Employees who have stayed with the company for more than 12 months are eligible. Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that allows employees to continue their group health insurance coverage even after they leave their job or otherwise lose their employer-sponsored health coverage. COBRA applies to employers with 20 or more employees.

On a similar view, in India[577]The Employees' State Insurance Act, 1948 (ESI Act) covers that factories or establishments with 10 or more employees need to provide for comprehensive medical plans for the employees and their families. Employees' Provident Fund and Miscellaneous Act, 1952 which applies to establishments with over 20 employees. Employees earning less than Rs. 15000 per month have to contribute to schemes under this Act, whereas an income group of above Rs. 15000 per month can opt out. The payment of Gratuity Act, 1972 contemplates payment of gratuity to all employees engaged in establishments in which 10 or more persons are employed. An employee is entitled to gratuity if he/she has rendered continuous services for at least 5 years.

Thesis

This paper offers a thorough comparative study of employee benefit plans and stock option plans (ESOPs) in the US and India, with an emphasis on organizational tactics, tax ramifications, and legislative frameworks that affect employee engagement and incentive. The research assesses the principal distinctions between the two regions' shareholder approval procedures, governance, and ESOP eligibility requirements. It goes into more detail about how benefit plans improve employee retention, happiness, and organizational performance—especially in large, international companies like Deloitte—and makes recommendations for how cross-border business practices might benefit both parties.

What are ESOPs and its Advantages?

Employee Stock Option Plans (ESOPs) are one of the most popular employee reward and retention strategies which have been used globally since decades by employers. The ESOPs were first invented in the United States of America in 1956 by Louis Kelso, a capitalist corporate lawyer. With the advent of the technology sector in India in the late 1990s, ESOPs have gained popularity in India.

What is an ESOP? How does it work? Well, an ESOP is essentially a tool to attract, incentivize

[577] L&E Global, "Employee Benefits in India", https://leglobal.law/countries/india/employment-law/employment-law-overview-india/11-employee-benefits/.

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and retain talent in the company by offering to the employees an opportunity to purchase shares of the company usually at a future point in time based on fulfilment of certain conditions, which usually are linked to time or performance. The ESOP shares are ordinarily issued at a predetermined price, the price of which is usually lower than the market price of the share. In practice, most companies offer ESOPs free of cost to the employees of the company to inculcate a feeling of employee ownership and bring about a sense of belongingness and reward them for their efforts by helping in wealth creation for the employees. ESOPs often help employees plan for after-retirement as well.

KPMG International Limited had conducted a survey in India in 2021, in which out of the 200 companies who participated in the survey, 68% had already implemented ESOPs or were in the process to implement ESOPs.[578] This survey also indicates that the main sectors that have implemented ESOPs are information, communication, and entertainment (30%), followed by manufacturing and consumer goods (26%).[579] In the recent years, even the Government of India has incentivized startups to implement ESOPs by granting various sorts of exemptions, grants and relaxations. This initiative has been started as India, being one of the most populous countries in the world, produces one of the largest workforces. Hence, to retain talent within the country, this incentive is not only being encouraged but also actively promoted by the Government.

As compared to this, in the United States, more than 6,300 companies (over 5800 private and 450 public) have an ESOP, and about 250 more are created yearly. ESOPs are found in all industries but particularly in ones like manufacturing. About 10.7 million employees, or almost 8% of the private-sector workforce, are ESOP participants, plus several million more participants who have left employment and are not fully paid out yet.[580]

ESOPs have benefits for not only employees, but also the employers which in turn is beneficial for the entire economy.[581] The employees are benefited by receiving shares of the company at a discounted price (or free of cost) which boosts pride and makes them feel valued and part of the ownership. They enjoy dividend income from these shares which provides financial stability to them even post-retirement. To the employer, he receives loyalty from the employees as they are incentivized to work hard in order to receive the benefits of ESOPs. This leads to productive growth and retention of employees as the company's success translates into financial rewards for the employees. It may also lead to attraction of new talent as in recent times, companies providing ESOP pool are becoming increasingly popular. All this is part of the bigger picture, as retention of employees and productivity growth in turn boosts the entire economy of the nation.

Mechanism of ESOPs

We have understood what ESOPs are and how they benefit the employee, employer and the economy of the nation. Moving on, now let us understand how ESOPs work and how they are allotted.

By way of ESOPs, a company grants the employee with a right to buy certain number of shares of the company at a predetermined price[582] after the employee fulfils the prerequisites to receive the stock option which are usually performance based. This is the vesting period in which the employee has to fulfil the prerequisites which could include continuous employment for a stipulated duration, achievement of performance targets,

[578] KPMG ESOP Survey Report 2021. https://kpmg.com/in/en/home/insights/2021/05/esop-survey-report-2021.html.

[579] ibid

[580] National Center for Employee Ownership, A Statistical Snapshot of ESOPs: Company and Participant Numbers, and Industry Distribution, https://www.esop.org/infographics/statistical-snapshot-esops.php.

[581] King Stubb & Kasiva, "ESOPs- The Mechanism of Employee Stock Option", https://ksandk.com/labour-employment/the-mechanism-of-employee-stock-option/.

[582] Regulation 2(1) (p) of the SEBI (Share Based Employee Benefits) Regulations, 2021.

etc. Once 'vested'[583]employee holds the right to "exercise the option and be allotted shares of the company. Exercising an option means the process by which a vested option is converted into shares by payment of exercise price[584]. The employee with the option to exercise is not allotted dividends or voting rights, unless he exercises his option and is allotted the shares.

Commonly used ESOPs in India and The US

Employee Stock Option Plans (ESOPs) is an umbrella term. ESOPs may be of several types:

- **Employee Stock Option Scheme (ESOS)**: An employee stock option is a grant to receive shares of a company at a predetermined price. ESOS is the most traditional ESOP structure globally.
- **Employee Stock Purchase Scheme (ESPS)**: These are company-run programs, where the participating employees are provided the option to purchase company shares at a discount. Contribution of the employees is made through payroll deductions.
- **Incentive Stock Option (ISO)**: ISO is a statutory stock option used in the USA in which the employer gives employees an opportunity to purchase stock at a fixed price during a specified period. The term of this option is statutorily fixed.
- **Non-qualified stock option (NSOs)**: This is an ESOP scheme used in the USA which involves an offer by the employer to sell its stock to an employee for a specified price at any time during a specified period. In exercising stock options, an employee incurs a tax liability equal to the difference between the market and exercise price that is reported as wages.
- **Share Incentive Plan** ("**SIP**"): A SIP is a tax-advantaged ESOP under which shares are held by a special employee benefit trust on behalf of the employee. Under SIP, companies may structure four different types of share award depending on the intended beneficiaries: free shares, partnership shares; matching shares and dividend shares.

In India, ESOS continues to be the most common. There could also be monetary benefits linked to the shares or securities of a company, such as:

- **Stock Appreciation Rights** ("**SARs**"): SARs are performance-based incentives linked to the performance of the company and assessed in terms of the company's share value. At the time of exercising the option, the company may issue shares or cash equivalent of the shares.
- **Phantom Stock Options** ("**PSOs**"): SARs which provide for cash-based payouts are referred to as PSOs. This is a type of deferred compensation that gives employees the right to a cash payment based on the value of the company's stock at a future date.

Applicable Laws

India: The laws that primarily govern the issue of ESOPs in India are:

(i) Section 2 (37) of the Companies Act, 2013[585] which defines an "employee stock option" to mean an option given to directors, officers or employees of a company, which give them the benefit to subscribe at a future date, the securities offered by the company at a predetermined price. The Companies (Share Capital and Debenture) Rules, 2014 ("**SCDR**") regulates ESOPs issued by unlisted and private companies.

[583] Regulation 2(1) (xx) of the SEBI (Share Based Employee Benefits) Regulations, 2021.
[584] Regulation 2(1) (l) of the SEBI (Share Based Employee Benefits) Regulations, 2021.
[585] The Companies Act, 2013 Section 2(37).

(ii) The Security and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(iii) The Security and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 provide guidelines about issuing of various types of ESOPs and other benefits[586]. These regulations are applicable to any company listed on any recognised stock exchange of India.

(iv) Reserve Bank of India Regulations under the Foreign Exchange Management Act, 1999 which regulate the issue of foreign securities to Indian employees and vice versa.

USA: The laws that govern ESOPs in the United States:

(i) ESOPs are qualified under Section 401(a) of IRC. IRC Section 401(a)(14) deals with the distribution provisions that ESOPs must comply with. Also, ESOPs must comply with Section 409(o) of the IRC provision. [587]

(ii) The Corporate Transparency Act, which became effective on January 1, 2024 states that companies must provide information about their beneficial owners to the U.S. Financial Crimes Enforcement Network. (FinCEN). [588]

(iii) A few states have enacted laws that offer ESOPs tax advantages or other incentives. For instance, S. 802 in North Carolina permits ESOPs to be eligible for the state's business set apart program provided that at least 51% of participants are members of under-represented social and economic groups or members of minorities. Tax credits are offered by Colorado's H.B. 21-1311 to help pay for the expert services required for the shift to employee ownership.

ESOPs by Indian Listed Companies and Unlisted/Private Companies

Indian Listed Companies:

The key considerations and restrictions laid down under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are:

I. Eligibility to Participate:

All permanent employees (including those of a subsidiary or holding company) except an employee who is a promoter [589]or belongs to a promoter group[590], and all non-independent directors including non-executive directors, are eligible to participate in the ESOP[591] of the company subject to approval of the compensation committee.[592]

A director who himself or through a relative or anybody holds more than 10% of the outstanding equity shares is not eligible to participate in the ESOP[593].

II. Compensation Committee[594]:

The company is required to constitute a compensation committee for ESOP administration.

The compensation committee must consist of 3 or more non-executive directors out of which at least 50% should be independent directors.

This Compensation Committee must form detailed terms and conditions of the ESOP and ensure that there are no violations.

[586] Regulation 1(3), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[587] Employee stock ownership plans determination letter application review process, Employee stock ownership plans determination letter application review process | Internal Revenue Service.

[588] BizTech Law Blog, The Corporate Transparency Act and its Impact on ESOPs, The Corporate Transparency Act and its Impact on ESOPs.

[589] Regulation 2(1) (cc), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[590] Regulation 2(1) (dd), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[591] Regulation 2(1) (i), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[592] Regulation 4, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[593] Regulation 2(1) (i) (iii) (b), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

[594] Regulation 5(1), 5(2), 5(3), 5(4), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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III. Shareholder Approval:

ESOPs cannot be offered to employees unless the shareholders approve of the ESOP scheme.[595]

IV. Pricing:

The company has the freedom to determine the exercise price of shares subject to conforming to the prescribed accounting policies.[596]

V. Vesting Period[597]:

Minimum vesting period is one year. During the vesting period, the employee shall not have the right to receive any dividend, or enjoy the benefits of being a shareholder till such shares are issued.

VI. Transferability of Option[598]:

Stock options or any other benefits granted to employees are non-transferable, cannot be pledged, mortgaged, or otherwise alienated. In case of death of an employee, all benefits granted to that employee are vested in the legal heir.

VII. Variation of Terms of ESOP[599]:

Terms of an ESOP can be changed by the company by way of special resolution, provided the variations in deliberation are not detrimental to the employees' interest. No requirement of approval by way of special resolution is needed if changes made are to comply with regulatory requirements.

VIII. Failure to Exercise Option:

The amount payable by the employee at the time of grant of option may be forfeited by the company if the option is not exercised within the exercise period. [600]

[595] Regulation 6(1), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
[596] Regulation 17, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
[597] Regulation 19, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
[598] Regulation 9, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
[599] Regulation 7, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
[600] Regulation 20, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Indian Unlisted and Private Companies:

The key considerations and restrictions under the Companies (Share Capital and Debenture) Rules, 2014 are:

I. Eligibility to Participate[601]:

All permanent employees except employees who are promoters or belong to the promoter group , and all non-independent directors are eligible to participate in ESOPs.

A director who either by himself or through a relative or anyone, holds more than 10% of the shares is ineligible to participate in the ESOP.

II. Shareholder Approval[602]:

Stock Options cannot be offered to the employees unless the shareholders of the company approve the scheme by passing a special resolution in a general meeting.

III. Pricing[603]:

The company has the freedom to determine the exercise price subject to conforming to the prescribed accounting policies.

IV. Vesting Period:

The SEBI Guidelines mandate a minimum period of one year between the grant of options and vesting of option[604].

An employee shall not have the right to receive any dividend, to vote or in any manner enjoy the benefits of being a shareholder till such shares are issued.

V. Transferability of an Option:

Stock options granted to an employee are non-transferrable. They cannot be pledged, mortgaged, or otherwise alienated in any other manner.

In the event of death of an employee, all options granted shall vest on the legal heirs.[605]

[601] Regulation 12(1), Companies (Share Capital and Debenture) Rules, 2014.
[602] Regulation 12(2) & (4), Companies (Share Capital and Debenture) Rules, 2014.
[603] Regulation 12(3), Companies (Share Capital and Debenture) Rules, 2014.
[604] Regulation 12(6), Companies (Share Capital and Debenture) Rules, 2014.
[605] Regulation 12(8), Companies (Share Capital and Debenture) Rules, 2014.

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VI. Variations of Terms of the ESOPs[606]:

The company may amend the terms of the ESOP offered in accordance with a previous resolution of the general body, but not yet exercised by the employee, by special resolution in a general meeting, provided that the employee's interests are not adversely affected. The complete text of the proposed variation, including with its justification and the identities of its beneficiaries, must be disclosed in the notice for approving such a special resolution.

VII. Failure to Exercise Option:

The amount payable by the employee, if any, at the time of grant of option may be forfeited by the company if the option is not exercised by the employee within the exercise period. Alternatively, the amount may be refunded to the employee if the option is not vested due to non-fulfilment of condition relating to vesting of option as per the ESOP.[607]

ESOPs by US Companies

I. Eligibility to Participate:

Employees may have to complete a year of service before being eligible to participate in ESOP, although employers may allow employees to participate in the ESOP before completion of one year of service.

Certain categories of employees are excluded from participating which include independent contractors, nonresident aliens, collectively bargained employees.

Directors or Promoters with more than 10% of shares are not eligible to participate in ESOPs.

II. Shareholder Approval[608]:

The Board of Directors of the Company first approves the ESOP plan. Subsequently, the shareholders of the company approve and adopt this plan. This happens through a Shareholder's Resolution to Adopt Share Option Plan by either a general meeting, or, if the company has only one shareholder, he may pass a written resolution.

III. Vesting Period:

Vesting period of an ESOP in the US is typically four years, but can vary depending on the company, from one year to five years or more.

If an employee leaves the company before their options have vested, they forfeit any unvested options.

IV. Transferability of an Option:

Legally speaking, "the option granted to an employee shall not be transferable to any other person. The option granted to an employee shall not be pledged, hypothecated, mortgaged or alienated in any manner whatsoever."

In the event of death of an employee, all options granted shall vest on the legal heirs.

V. Failure to Exercise Option:

If the employee does not exercise the option within the allotted exercise period, the company may forfeit any payment that was due from them at the time of option grant. If, on the other hand, the ESOP-specified conditions for option vesting are not met, the employee may be eligible for a refund of the money.

Sweat Equity

The meaning of sweat equity shares is "contributing towards the operations of a company or a startup by an individual or entity without receiving any monetary benefits. These shares are issued to those who do not want any financial perks. Such an agreement includes time and effort rather than salary or commission." For example, suppose an entrepreneur started a business a year ago, now valued at Rs 40 lakhs. A venture capitalist wants to invest Rs 50 lakhs for a 20% stake, valuing the company at Rs 2.5 crores. After the funding, the entrepreneur will be entitled to 80%,

[606] Regulation 12(5), Companies (Share Capital and Debenture) Rules, 2014.
[607] Regulation 12(7), Companies (Share Capital and Debenture) Rules, 2014.
[608] Zegal, "Shareholder's Resolution to Adopt Share Option Plan", Shareholders' Resolution to Adopt Share Option Plan | Zegal.

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i.e., Rs 2 crores, including Rs 40 lakhs and a profit of Rs 1.6 crores, i.e., the sweat equity. [609]

As defined by Section 2(88) of The Companies Act, 2013, "sweat equity shares means such equity shares as are issued by a company to its directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called." [610]Since the value of the shares rises in line with the company's growth, employers utilise them to align employee interests with the company's. This may drive workers to put in more effort and make greater contributions to the continued growth of the company's operations. Through the issuance, businesses can hire experts without having to reduce their capital. Section 54 of The Companies Act 2013 deals with the issue of sweat equity shares. The issue of sweat equity shares has to be passed by a special resolution. When the equity shares of a company are listed on a recognised stock exchange, the sweat equity shares are issued in accordance with the regulations made by the Securities and Exchange Board.

In the US, sweat equity are dealt with by multiple provisions, including:

Reformed Uniform Partnership Act Section 403 allows individuals to become partners through sweat equity.

42 U.S. Code Section 12805 states a sweat equity model that provides grants to organizations to help low-income families acquire, rehabilitate, and construct housing.

Section 409A of the Internal Revenue Code regulates the non-qualified deferred compensation plans.

Tax Implications/Benefits of ESOPs

In India, the tax implications on Employee Stock Option Plans (ESOPs) arise at two stages: allotment and transfer.

At Allotment (Perquisite Tax): The difference between the shares' Fair Market Value (FMV) on the exercise date and the amount paid is considered a taxable perquisite when employees exercise their ESOPs. This falls under the "salary" head of taxation. Based on this perquisite value, the employer is required to deduct TDS. Whether the shares are listed or unquoted has an impact on FMV, which is calculated according to Rule 3.

At Transfer (Capital Gains Tax): Capital gains tax is due at the time employees sell their shares. The holding period begins on the date of allocation, and the cost of acquisition is equal to the fair market value on the exercise date. The capital gain is calculated as the difference between the sale price and the FMV.

Tax on ESOP benefits may be postponed for up to 48 months for qualified startups after the conclusion of the assessment year in which the shares were distributed, or until the employee sells the shares or quits, whichever comes first. This lessens the initial tax burden on workers in startups who might not see a cash benefit right away.[611]

ESOPs offer significant tax benefits for both companies and employees in the US. Contributions of company stock to the ESOP are tax-deductible, allowing businesses to issue new or treasury shares and improve cash flow, although this may dilute existing ownership. Cash contributions to the ESOP are also deductible, whether used to buy shares or build reserves for future use. Additionally, when an ESOP borrows money to purchase shares, the company's contributions to repay the loan are tax-deductible, allowing ESOP financing to occur with pretax dollars.

For C corporations, if the ESOP owns 30% or more of the company, sellers can defer capital gains taxes by reinvesting sale proceeds in other securities. In S corporations, the portion of profits corresponding to ESOP ownership is exempt from federal and often state income

[609] 5Paisa, "Sweat Equity", https://www.5paisa.com/stock-market-guide/stock-share-market/sweat-equity#Stock3.

[610] The Companies Act 2013, Section 2(88).

[611] *Taxation of Employee Stock Option Plan (ESOP)*. (2023). https://dit-live.taxmann.com/tutorials/50.taxation-of-esops.pdf.

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tax, providing considerable tax savings. Fully ESOP-owned S corporations pay no federal income tax on profits. Dividends used to repay ESOP loans or distributed to employees are also tax-deductible.[612]

Employees benefit by paying no taxes on ESOP contributions until they receive distributions, which can be rolled over into an IRA or other retirement plans. Distributions are subject to income tax but potentially at favourable capital gains rates, with penalties only for early withdrawal before retirement age.

Case Study- Deloitte USA vs Deloitte India- "Do the Benefit Plans for Employees vary in the Two Nations?"

Deloitte is a multinational professional services network based in London, England. Deloitte is the largest professional services network by revenue and number of employees in the world and is considered one of the big four accounting firms along with EY, KPMG, and PwC. Deloitte provides audit, consulting, financial advisory, risk advisory, tax and legal services with an approximate workforce of 460,000 employees globally, and operates in over 150 countries. In FY 2024, the network earned revenues of US $67.2 billion in aggregate.[613] Employing over 460,000 people globally, Deloitte has one of the largest workforce in the world. Do you think that it is easy just to attract and retain such large numbers of employees? What do you think is Deloitte's strategy? The answer to these questions is simple. Deloitte makes the employees at its offices feel valued, feel like they belong to the place. And how does Deloitte manage to do that? By providing employees with one of the most elaborate and comprehensive benefit plans, which covers all aspects of physical, mental and financial well-being. Deloitte also has a very diverse workforce representation with people from different races, genders, people with disability, etc. Apart from winning a number of awards for its services provided, Deloitte has also won awards in categories relating to a good place of employment. In 2019, Fortune Magazine ranked Deloitte among the top 100 companies in the world in the category "Best Company to work for". The main aspect of this case study is not only to show the various aspects of the benefits provided by Deloitte to its employees but also compare the vast differences between benefit plans of the same organization, Deloitte, in two different nations, The United States of America and India. Let us first have a look at the Benefit plan devised by Deloitte for its employees in the US and later delve into the Benefit plans for the Indian subcontinent that Deloitte offers.

Deloitte USA: The total FY 2023 workforce in USA is about 85,679[614]. Deloitte US offices constitute about almost 17% of the global workforce representation. Deloitte US states that the mission behind their comprehensive reward program is to deliver a distinctively Deloitte experience that empowers their professionals/employees to thrive physically, mentally and financially- and live their purpose. Let us discuss the program devised for the US based employees.[615]

The first category is Life and Family. Under this category, Deloitte offers its employees Family Leave, in which they offer up to 16 weeks of paid time off to eligible professionals to bond with a child as a result of birth and/or to care for a spouse/domestic partner, parent, child, and/or sibling with a serious health condition. Deloitte provides reimbursement of upto US $50,000 for expenses associated with the adoption of a minor or birth through surrogacy. Deloitte also provides up to 30 days of emergency back-up care for the child/adult care in case you need to be at work and regular care is unavailable. Apart from this, they also provide Sabbaticals, in which professionals can go on a three-to-six month sabbatical for career development and receive 40% of pre-sabbatical base salary that

612 *How an Employee Stock Ownership Plan (ESOP) Works | NCEO*. (n.d.). https://www.nceo.org/articles/esop-employee-stock-ownership-plan.

613 Deloitte, "Deloitte reports FY2024 revenue", Deloitte reports FY2024 revenue | Deloitte Global.

614 Deloitte, "Workforce representation", US Workforce Representation Data | Deloitte US

615 Deloitte, "Benefits and rewards | Deloitte US Careers", Benefits and rewards | Deloitte US Careers.

they were receiving. Pet Insurance is also provided as for many people, pets are also part of their family and Deloitte recognises the need for this which attracts a lot of goodwill towards the organization.

Deloitte US also offers Mental, Dental and Vision Care for employees. It provides 100% coverage for in-network preventive services and certain cancer screenings and immunizations. There is also prescription drug coverage and protection against catastrophic illness or injury. They also provide three free dental cleaning a year, and coverage for major dental work. Deloitte also provides top vision benefits at no cost to the participant.

The next category of benefits provided by Deloitte US include Life Insurance and Disability Support. This also includes insurance for Business Travel Accidents that may occur to employees at no additional cost.

Another category of Benefits include Health Care spending accounts which help employees to save a certain amount of money on health expenses.

Deloitte also offers Well-being subsidy program which reimburses employees upto US $1000 annually on well-being items of personal choice of the employee.

Retirement plans , that is Deloitte's Wealth Accumulation Program includes a 401(k) savings plan and a cash balance plan. Together, these plans provide a solid foundation for eligible professionals' long-term financial future.

Apart from these plans, Deloitte also offers additional benefits which include student loan financing and personal loan solutions, Discount purchase program, long-term care, Employee Personal Umbrella Liability program (PUL), Military leave program and non- monetary reward and recognition program through its mobile application called "Thank it Forward".

Therefore, this extensive and comprehensive benefit plan devised for the US workforce has yielded good results as its offices situated in America are performing at the top level and at the same time, employee satisfaction and retention is also very high.

Deloitte India: The total workforce in Deloitte India is about 120,000 employees which constitutes around 25% of the global workforce at Deloitte Offices. Deloitte India also provides benefit plans for employees which include four categories[616]:

The first category is Thriving Physically. Under this category, there are benefits such as Bright beginning which provide maternity assistance to the female employees. Health screenings are provided for you and your family across leading hospitals and centres at discounted rates. Deloitte also provides a comprehensive Medical Insurance for you and your family with multiple voluntary buy options.

The second category of benefits is Thriving Mentally. The two programs offered under this are Live Well Program and Sabbatical Program. The Live Well Program helps employees and their families with many of their well-being needs, whether dealing with a life challenge, mental health, managing stress, or needing advice on making other healthy lifestyle changes, along with one-on-one confidential counseling services. The Sabbatical Program is an unpaid leave of absence meant to offer eligible USI employees an opportunity to pursue full-time unpaid volunteerism or fulfil their aspirations to serve society through volunteerism while continuing to be a part of the organization.

The third category is the Thriving Financially category. This category help employees plan financially for the present and future so that they can lead a meaningful and comfortable life. This category involves providing employees with Provident fund, Gratuity, Personal Accident Insurance, Life and Theft Insurance, Car Lease Program (CL4 employees and above), Loans and Salary Advances, Employee Discount

[616] Deloitte, "Benefits and Rewards | Deloitte US- India Offices", [Benefits and Rewards | Deloitte US-India Offices](#).

Program etc. are some of the Wealth Accumulation Programs that Deloitte offers.

The fourth category is the category of Empowered Well-Being. Under this, Deloitte offers Well-being subsidy just like at the US Offices, but instead of providing US $1,000, Deloitte India only provides upto INR 25,000 annually towards employees on well-being product purchases. The well-being program also includes work reduction programs, in which employees can ask for 40% reduction in workload to manage personal problems, stresses. There are also flexible work arrangements provided to employees to balance work and personal life. Various Sessions and Resources are provided to help employees understand the need for a fit mental well-being including sessions with specialists.

Additional Benefits in Deloitte India only include Communication Bill Program with monthly reimbursement of INR 1500, Gym facilities at certain locations and relocation assistance which happens at the request of Deloitte itself.

Therefore, to conclude, Deloitte US and Deloitte India both have comprehensively devised Benefit Plans for their employees depending upon the needs and requirements of the workforce in these countries. Still, in terms of the variety of benefits offered to the US Workforce, we can see that Deloitte India does not provide those many numbers and varieties of benefits to the employees as Dental, Vision, post-retirement plans are not yet inculcated into the benefit plans yet for the Indian workforce.

Recommendations

Recommendations for Indian Companies:

Increase Benefits for Workers' Well-Being: Overview of All-inclusive Health Benefits: Even though Indian businesses offer basic health insurance, they might gain from offering more comprehensive plans that include dental, vision, and mental health coverage—all of which are common in US businesses like Deloitte. Employee satisfaction will rise as a result, and attrition will decline. Businesses should also expand mental health support. Employees will have the opportunity to concentrate on their mental health, volunteerism, or personal development through the implementation of programs akin to US companies' Live Well and Sabbatical Programs. This will promote employee loyalty and boost output.

Provide More Flexible Leave Policies: Indian businesses could think about implementing more accommodating family leave policies, like to those provided by US businesses, which might include ample paid time off and emergency care. In order to retain top personnel, these steps contribute to the development of a positive work environment.

Put in place Non-Monetary Recognition Programs: Indian businesses can take advantage of non-cash incentives by using Deloitte's "Thank it Forward" program. These platforms promote peer recognition, which raises spirits without adding a lot of expenses.

Improve Financial Planning for Retirement and the Long Term: US corporations provide retirement savings choices such as 401(k) plans, such as Deloitte. It is recommended that Indian enterprises, particularly those in the startup phase, improve their employee financial planning programs by providing provident fund top-ups or comparable retirement savings schemes.

Recommendations for US Companies:

Adopt More Stricter Shareholder Approval Procedures: US corporations should implement more stringent shareholder approval procedures, akin to those seen in India, to guarantee improved governance when creating exchange-traded plans. By requiring special resolutions, the corporation gives shareholders a powerful say in its remuneration policies, perhaps enhancing openness and confidence.

Diverse Workforce Representation in ESOP Eligibility: By extending ESOP eligibility to a wider range of workers, including those from underrepresented groups, Indian enterprises could serve as an example for US corporations. This strategy can assist businesses in creating a more engaged workforce in addition to helping them achieve diversity and inclusion goals.

Recommendations for Indian Startups to Become More Desirable;

Provide Employee Stock Options at an Early Stage; Indian startups can imitate US companies' ESOP models by providing stock options to staff members at an early stage, encompassing all levels of staff members, not just senior ones. Employees feel more invested in the organization and their goals are in line with its long-term success as a result.

Introduce Flexible pay Models: American companies' flexible pay plans, which include performance-based bonuses and employee-customizable incentives like health subsidies or insurance upgrades, can be imitated by startups.

Startup Tax Benefits: Indian companies could also advocate for more government tax breaks on employee stock options (ESOPs), akin to the US tax deferral programs. This can increase a startup's attractiveness to potential workers searching for better options for financial planning.

Conclusion

Indian companies could also advocate for more government tax breaks on employee stock options (ESOPs), akin to the US tax deferral programs. This can increase a startup's attractiveness to potential workers searching for better options for financial planning.

Startup Tax Benefits: There are important lessons to be learned for both countries from the comparison of employee benefit plans (ESOPs) and US employee benefit plans. Indian businesses, particularly startups, stand to benefit greatly from growing their financial planning and well-being initiatives, implementing more extensive health benefits, and providing flexible work schedules. In the interim, US businesses may find it advantageous to implement some of the Indian legal heir arrangements and shareholder governance frameworks. Businesses may establish a productive, inclusive, and inspiring work environment that guarantees employee retention and happiness and eventually propels higher performance and growth by merging the best practices from both nations.