

Do's and Don'ts While Signing Your Job / Employment Contract

JOB



1. Understand the Full CTC Breakdown:

- Ensure the Cost-to-Company (CTC) structure is clearly outlined, including basic pay, allowances (HRA, transport, etc.), variable pay, and deductions.

2. Check Statutory Benefits:

- Verify your entitlement to Provident Fund (EPF), Employee State Insurance (ESI), and any Professional Tax (PT) contributions. Confirm employer's matching contributions for EPF.

3. Review Health & Leave Policies:

- Make sure the medical leave, annual leave, sick leave, and maternity/paternity leave policies are well-defined. Understand if they are paid or unpaid and if they carry forward.

4. Confirm Gratuity & Other End-of-Service Benefits:

- If you stay long-term, ensure policies related to gratuity and retirement benefits are transparent and compliant with Indian laws.

5. Clarify Working Hours & Overtime Rules:

- Check standard working hours, overtime pay rates, and whether compensatory offs are provided.

6. Assess Performance Linked Incentives (PLI):

- Verify the metrics for performance bonuses and the frequency of performance reviews.

7. Check Non-Compete & Non-Solicitation Clauses:

- Understand duration and scope. Confirm that these clauses are reasonable and lawful, not overly restrictive to future employment.

8. Examine Bond Period & Penalties:

- If there is a contractual bond, be clear about the duration and exit penalties.

9. Understand Intellectual Property (IP) Rights:

- Clarify how IP rights for any creations or inventions during your tenure are handled.

10. Get All Agreements in Writing:

- Ensure that all verbal assurances (promotions, increments, role changes) are included in the written contract.

Contract



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DON'T

1. Don't Sign Without Reading Every Clause:

- Avoid rushing. Take the time to read the entire contract thoroughly, even the fine print.

2. Don't Overlook Ambiguous Language:

- Any vague terms about your role, salary, or benefits should be clarified in writing before you sign.

3. Don't Ignore Notice Period Details:

- Do not skip understanding notice period length, payout terms during resignation, and termination conditions.

4. Don't Fail to Check Leave Encashment Policies:

- Don't assume unused leave will be encashed; verify how carryover and encashment works.

5. Don't Ignore Minimum Wages & Legal Compliance:

- Ensure the offered compensation meets or exceeds the state's minimum wage and complies with labor laws.

6. Don't Accept Verbal Promises Without Documentation:

- If the employer promises future hikes, perks, or stock options, insist on documenting these terms.

7. Don't Overlook Mandatory Deductions & Taxation:

- Don't miss checking deductions like TDS, Professional Tax, and whether salary is structured tax-efficiently.

8. Don't Sign if Non-Compete Is Unreasonably Broad:

- Avoid signing if it restricts you from working in your field for an overly long period or large geographic area.

9. Don't Forget to Check Travel & Transfer Policies:

- If relocation or transfers are possible, confirm the terms and whether related expenses will be reimbursed.

10. Don't Hesitate to Seek Clarification:

- If something is unclear, don't proceed without consulting a legal or HR professional.

Key Points to Verify Before Signing:

- CTC Components & Monthly In-Hand Salary
- Leave Structure, Medical Benefits & Insurance Coverage
- Non-Compete & Non-Disclosure Agreement Terms
- Bond Period & Penalties for Early Exit
- EPF, ESI, Gratuity & Other Social Security Benefits

- Intellectual Property Ownership & Confidentiality Clauses
- Performance Review & Increment Frequency
- Travel/Transfer/Reassignment Policies
- Terminations, Severance Pay & Notice Period Clauses
- Compliance with Indian Labor Laws & Statutory Minimums



JOB

