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MANAGEMENT PROGRAMME

Term-End Examination

December, 2014

MS-27 : WAGE AND SALARY ADMINISTRATION

Time : 3 hours *Maximum Marks :* **100**

(Weightage **70%***)*

Note : *(i) Attempt* ***any three*** *questions from* ***Section-A****.* ***All*** *questions carry* **20** *marks.*

(ii) ***Section-B*** *is* ***compulsory*** *and carries* **40** *marks.*

SECTION - A

1. Explain the constitutional perspective on wages. Discuss the role of International Labour Organisation on protection of wages.

2. Briefly discuss the notion of equal pay to equal work. Discuss how minimum wage differs from need-based minimum wage ?

3. Explain the meaning and classification of incentives. Describe the pre-requisites of effective incentive schemes and their merits and demerits.

4. Define and distinguish between tax planning and tax avoidance. Briefly explain the basic features of tax planning for employee compensation.

5. Write short notes on **any three** of the following :

(a) Executive Compensation

(b) Profit Sharing

(c) Pay surveys

(d) Employee's Deposit-Linked Insurance

(e) Voluntary Retirement Scheme

SECTION - B

6. Read the case given below and answer the questions given at the end.

P & Company is an engineering industry, engaged in manufacturing of drawing office equipments products, for the past three decades. The products are very well received in the market. The market share for the product used to be around seventy five per cent and during the earlier part of the decade, the Company had been enjoying a monopolistic market. To retain the status in the market, the management laid down great stress on quality and productivity from the initial stage itself. The Company had been monitoring the productivity levels closely and had an individual incentive scheme during the last two decades.

During the last ten years, the life cycle of the Company came to a sudden halt with the advent of electronic systems like CAD/CAM. The Company had, therefore, to launch some new products. This new product entailed additional investments on machineries. The Company had also to induct additional manpower. The additional manpower were all raw hands requiring training - an extra expenditure. The bonus, as per The Payment of Bonus Act, depended on allocable and allowable surpluses. A dispute with regard to the bonus had arisen. During the year in dispute, since there has been a heavy investment on the new project, the interest charges and the depreciation completely wiped out the profits. Therefore, as per the Payment of Bonus Act, the maximum bonus of 8.33 per cent only was to be offered. This was not acceptable to the workers as they have been receiving bonus of a minimum of 20 per cent all these years and were reluctant to accept a cut in the monetary rewards. They had thus, served a strike notice.

The Personnel Officer suggested that, since the Payment of Bonus Act is finance oriented, it does not necessarily reflect the productivity efforts of the employees, since during the year, the profits could be depressed due to depreciation and interest charges on account of heavy investments. The Management should also ensure maximum cooperation from the employees to maximise productivity and employment. The Personnel Officer felt that if the payments are made based on the Bonus Act, it will only result in de-motivating the employees during a crucial period. He suggested to link the bonus with productivity.

This had, thus become a grievance and he suggested that the Management should pay 20 per cent as bonus, part of the payment being paid under the pretext of good industrial relations.

Questions :

(a) What are the unique issues in this case study ?

(b) Do you agree with the suggestions of the personnel officer ? Explain with reasons.

(c) If you were the personnel officer, how would you arrive at the settlement and solve the issue ?