

Chapter 3

Labour Cost / Employee Cost

Meaning of Labour Cost: Cost of labour is the amount paid by an employer to cover an employee's wages and benefits, plus related payroll taxes and benefits. Labour costs represent the total expenditure incurred by employers for the employment of employees.

Types

1. Direct Labour Cost: The labour cost incurred on the workers who are directly involved in the production activities of converting raw materials into finished goods are called direct labour cost.

Example: Wages of a machine operator, wages paid to tailor in factory manufacturing ready-made garments

2. Indirect Labour Cost: The labour cost incurred on the employees who are not directly involved in the production activities of converting raw materials into finished goods are called indirect labour cost.

Example: Salaries given to the staff in the office, supervisors, inspectors, clerks, instructors, peons, watchmen and cleaners.

Organisation for accounting and control of labour cost: There are mainly five departments in an organisation which deal with labour. These are as follows:

1. Personnel department: This is a service department and is mainly concerned with the following functions:

- Recruitment and selection of workers
- Training of workers and development of human resources
- Placement of workers according to their abilities
- To plan for efficient use and control of labour

2. Engineering department: This department performs the following functions:

- Specifications of jobs
- Makes job analysis
- Conducts time and motion studies
- Makes provision for safe working conditions
- Supervises production department

3. Time keeping department: This department is concerned with recording of workers time of arrival, departure and time spent on different jobs. The recording of time put in by the workers is required not only for attendance and wage calculation purpose but also for the purpose of cost analysis and apportionment of labour cost over various jobs.

4. Payroll department: This department maintains a record of job classification and wage rate of each employee and performs the function of computation of wages payable to them by preparing payroll or wage sheet. It is also responsible for disbursement of wages.

5. Cost accounting department: This department accumulates and classifies all cost data of which labour is one important element. It analyses the payroll and prepares routine and special labour cost reports for submission to management so that proper control may be exercised on labour cost.

Attendance Procedure

1. Time Keeping: It means recording time for attendance purpose and for calculation of wages. This is an important department in an organization which helps in controlling cost. The main objective of this department is to identify whether any time is lost unnecessarily by the workers. It records the time the workers comes to factory and at what time he leaves the factory. It also denotes how much time the workers spend on each job.

2. Time Booking: It means recording time spent on different jobs or processes for determining labour cost of jobs/processes. This is analysis of total time spent by the worker for which he is paid. Time booking refers to the time actually utilized by the worker in the concerned department, job, process or operation.

Time Keeping

Objectives

1. Preparation of payroll
2. Attendance records to meet statutory requirements
3. Computing labour cost of a job or process
4. Computing overhead cost of jobs, if based on wages or labour hours
5. Statistical analysis of labour records for determining productivity and control of labour cost

Methods

1. Manual Method

- a. **Attendance Register Method or Muster Roll:** Here attendance register is kept at the entrance of the factory gate. As the workers enter they sign the register thus the presence of the worker in the factory is noted. In a big organization, where there are several departments with more number of workers separate attendance register will be maintained. If it is a small business concern, then one register will serve the purpose. This method is the cheapest for recording to presence of the workers.
- b. **Token or Disc Method:** Here the personnel department allot numbers to the workers which will be imbedded on the tokens. These tokens with the prescribed numbers of the workers will be placed on hooks on a board provided either at the gate or at the entrance of the department. On entering the factory gate, the worker removes the disc bearing his number from the board and places it in a box kept for this purpose. The box is removed as soon as normal reporting time is over. A worker coming late will pick up the disc and put it in the late box provided in the department. Such late box is normally changed every half an hour upto the maximum late attendance time allowed. The timekeeper records the attendance in the register on the basis of these discs.

2. Mechanical Method

1. **Time recording clocks:** It is a mechanical method of recording attendance and proves quite useful when the number of workers is fairly large. Under this method, attendance cards are used in time clocks installed at the entrance of the factory or department. On entering the factory, the workers take his card from out racks and press it inside the clock, which will print arrival time in column. He then places it in the rack of the department where he reports for duty. Late attendance is normally reported in red ink. Similarly when the employer leaves the

factory, he collects the card from the In Rack and punches the time in the clock and keeps it in the out rack. Some of the recent time clocks are hooked with mainframe computer, so that recording of time, the data is automatically processed for the purpose of the payroll as well as daily, weekly and monthly reports.

Advantages of time recording clock

- Correct recording of attendance of workers are made.
 - Where payment is made by results such as by piece rate method, it would still be necessary to receive correctly the in and out timing.
 - Based on time worked, workers will be paid for the exact time worked.
 - This method is not expensive.
 - There will be no disputes in case of workers regarding their payment of wages. But in case of small concerns this procedure prove to be costly.
2. **Biometric Attendance System:** It is a new generation technique which is fast replacing the old type of time recording clock. Biometric system uses fingerprint of employee to verify the identity of the person clocking in and out. Under this technique, the worker simply places his finger or hand on the Fingerprint Reading Sensor and his attendance time is recorded in the machine. This device completely eliminates the time and effort required in the time clock activity at punch in or out time, leading to considerable cost saving and improved productivity.

Attendance of Biometric Attendance System

- It eliminates time card.
- It eliminates proxies.
- It eliminates early or wrong punch time.
- It leads to automatic payroll processing.
- It saves time on payroll calculation.
- It ensures accurate records.

Time Booking

Objectives

1. To ensure that the time for which a worker is paid is properly utilized
2. To ascertain the labour cost of work done
3. To provide a basis for apportionment of overheads
4. To ascertain the idle time so as to control it

Methods

1. Job Card or Job-Ticket: A job card is used to record the time spent on each job, having a specified work order or job order number. Job cards may be of two types

- a. Job order cost card which contains information regarding material consumption as well as time spent by operators.
- b. Job ticket which is issued to an operator by the supervisor and contains only the operation details.

At the end of each day the time-keeper collects all these cards and records the time for each job or process or operation.

2. Daily Time Sheet: Each worker is daily issued a time sheet in which the time spent on each job during the day is recorded. The sheet must be completed on the same day and handed over to the foreman for signature. The main drawback of this method is that it needs a lot of paper work as considerable amount of time will be taken in preparing time sheets and in consolidating these records for the purpose of ascertaining labour cost. It is suitable where the workers have to frequently change their jobs in a day, e.g., maintenance workers.

3. Weekly Time Sheet: Weekly time sheets are similar to daily time sheets with the difference that the worker records all jobs undertaken during the week. Here record of work done is entered on a weekly basis. It has less paper work as compared to daily time sheets. This method is useful where the jobs are big e.g., building and construction work, internal decoration etc. The entries in the weekly time sheets may not be accurate as some workers may make entries for 2 or 3 days together at one sitting and in this process may forget time booked on certain jobs.

4. Combined Time and Job Card: This card combines two in one – the clock card and job card that is this card records both the attendance time as well as time spent on different jobs. Idle time is automatically revealed as the difference between attendance time and work time.

5. Piece Work Card: This card is allotted to the workers who are paid on piece basis. This card may be made either for each individual job or for recording the work done on several jobs. If group system of piece work is in vogue, the card may be allotted to each group of workers.

Idle Time

Meaning of Idle Time: Idle time represents the loss of labour time. It represents the time for which workers are paid but no production is obtained. Idle time refers to that portion of hours paid which are not utilized for productive purpose. Idle time can be classified into normal and abnormal idle time.

Normal Idle Time

Meaning of Normal idle time: It represents inevitable loss of labour hours arising out of normal situations. Examples are

- Time lost between factory gate and place of work, lunch break etc.
- Time lost in shifting the machines, tools, change-over from one job to another.
- Time lost in power failure, machine breakdown, waiting for material etc.

Causes of Normal Idle Time: A part of idle time is unavoidable and is considered as a normal occurrence in the factory

- Travelling time from one job or department to another
- The distance covered between the factory gate and actual place of work
- Elapse of time between finishing one job and starting another job
- Time spent to overcome fatigue, Tea and lunch breaks
- Machine or job setting-up time etc

Accounting Treatment of Normal Idle Time: The wages paid for the normal idle time period is treated as production overhead and absorbed into cost of product by adopting an absorption rate. The normal idle time in tool setting etc. can be charged at inflated rate. Jobs are charged at inflated rate.

Abnormal Idle Time

Meaning of Abnormal Idle Time: It represents any loss of time beyond the normal allowed hours are called abnormal idle time. Examples are

- Strikes, lockout, fire, floods etc
- Excessive internal power failure etc

Causes of Abnormal Idle Time

- Temporary lack of work
- Machine breakdown
- Power failures
- Shortage of raw materials
- Waiting for tools
- Waiting for jobs due to unplanned production
- Stoppage of work due to managerial policy decisions
- Strikes and lockouts
- Floods, earthquakes, etc

Controlling Idle time

- Production should be properly planned so that imbalances in production are avoided or reduced
- Repairs and maintenance of plant and machinery should be regularly undertaken so as to avoid break down
- Raw materials, tools and instructions should reach the worker well in time so that no time is wasted in their waiting.
- Supervision should be tightened

Accounting Treatment of Abnormal Idle Time: The wages paid for the abnormal idle time can be avoided by taking proper care and caution. It is not treated as part of cost and excluded from cost accounts and it is straight away debited to Costing Profit and Loss Account.

Overtime

Meaning of overtime: Overtime is the extra time put in by workers who work beyond their normal hours of work. It is normally paid at a rate higher than normal wages. Usually it is one and half or double the normal wage rate. The extra amount over the normal wage-rate is called overtime premium.

Accounting of Overtime Premium

- If overtime is paid to complete a job at the request of the customer, overtime premium is charged to the job order concerned.
- If overtime is undertaken in order to cope up with increased production, overtime premium is treated as factory overheads.
- If overtime is paid for any capital order, such as fabrication of a machine to be used internally, the overtime premium shall be charged to capital work order account.
- If overtime is worked to recover production loss due to abnormal conditions such as strike, lockout, floods etc. the premium should be charged to costing profit and loss account.

Controlling Overtime

- First, authorization should be obtained before overtime is allowed.

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- A statement of overtime work must be prepared in advance in case of overtime is unavoidable.
- Overtime hours with normal working hours should be reported daily.
- Where overtime is becoming frequent and substantial, it is necessary for the costing department to analyse causes and report the same to the management.
- The cost of overtime work should be received periodically.

Employee Turnover

Meaning of employee or labour turnover: Labour turnover refers to the change in the labour force in an organization during the given period of time.

Definition: Labour turnover is defined as “the rate of change in the composition of the labour force in an organisation.”

Reasons for employee turnover

1. Work-life imbalance: Increasing with economic pressures, organizations continue to demand that one person do the work of two or more people. This is especially true when an organization downsizes or restructures, resulting in longer hours and weekend work. Employees are forced to choose between a personal life and a work life.

2. The job did not meet expectations: It has become all too common for a job to significantly vary from the initial description and what was promised during the interviewing stage.

3. Employee misalignment: Organizations should never hire employees (internal or external) unless they are qualified for the job and in sync with the culture and goals of the organization.

4. Feedback are lacking: Effective managers know how to help employees improve their performance and consistently give coaching and feedback to all employees.

5. Lack of decision-making ability: Far too many managers micromanage to the level of minutia. Micromanagers appear insecure regarding their employees' ability to perform their jobs without the manager directing every move.

6. People skills are inadequate: Many managers were promoted because they did their jobs very well and got results. However, that doesn't mean they know how to lead ..

7. Raises and promotions: Over the years, studies have shown that money isn't usually the primary reason people leave an organization, but it does rank high when an employee can find a job earning 20 to 25 percent more elsewhere.

Causes of employee turnover

1. Avoidable Causes

- Dissatisfaction with job
- Unsatisfactory working conditions
- Lack of future prospects and growth
- Dissatisfaction with remuneration
- Relationship with superior and co-workers not pleasant
- Lack of transport facilities
- Lack of accommodation, medical and other facilities
- Lack of amenities like sports and recreation centres, schools etc

- Lack of incentives
- Unsympathetic management and job insecurity

In the above causes, the management can take remedial action to keep such turnover at the minimum

2. Unavoidable Causes

- Redundancy due to seasonal nature of business
- Lack of work
- Shortage of resources like material, power, finance etc
- Change of plant location
- Fall in market demand for the product
- Discharge for disciplinary action
- Discharge on continuous long absence
- Change of service for personal betterment
- Retirement due to old age and ill health
- Death
- In case of women employees, domestic responsibilities, pregnancy or marriage

In the cases listed above, the employer has to ask some of the employees to leave the organization

Effects of employee turnover: Generally high labour turnover results in increased cost and low productivity due to the following situations

- Fall in production this lower rate of production will increase overall cost of production
- Dislocation of even flow of production
- Increase in selection and training costs
- Increase of scrap, defective work, and additional suppression cost
- Higher accident rates
- Mishandling of machines
- Instability of labour and low team spirit
- It disturbs regular work force
- Increase in orientation expenses
- Breakdown of machines frequently

Measurement of employee turnover

1. Separation method: This method takes into account only those workers who have left the organisation during the particular period.

$$\text{Labour Turnover Rate} = \frac{\text{No. of workers left during a period}}{\text{Average No. of workers during the period}} \times 100$$

$$\text{Average Number} = \frac{\text{No. of workers in the beginning} + \text{No. of workers at the end of the period}}{2}$$

2. Replacement method: This method takes into account only those workers who have joined in place of those who have left the organisation.

$$\text{Labour Turnover Rate} = \frac{\text{No. of workers replaced during the period}}{\text{Average No. of workers during the period}} \times 100$$

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3. Flux method: This shows the total change in the composition of labour force due to separation and replacement of workers. In other words this method takes into account both those workers who have left the organisation during the particular period and those workers who have joined in place of those who have left the organisation.

$$\text{Labour Turnover Rate} = \frac{\text{No. of workers left} + \text{No. of workers replaced}}{\text{Average No. of workers}} \times 100$$

Cost of employee turnover

1. Preventive Cost: Preventive costs refer to all those which are incurred by the firm to keep the labour force contented so that excessive labour turnover may be prevented. These costs include the following

- Increase in remuneration or emoluments
- Increasing incentives
- Medical benefits given to employees
- Perquisites like car facilities, HRA etc. provided
- Increasing expenses to keep the working environment clean and tidy
- Welfare measures like subsidized canteen facilities, recreation facilities, any development programmes
- Attractive security and retirement benefits
- Good working conditions and Personnel administration

2. Replacement Cost: The replacement costs are those costs which arise due to labour turnover. The expenses start with advertisement costs in newspaper followed by other recruitments process and ends with the newcomer being indicated into an organization. The following are the main replacement costs

- Loss of output due to some time taken in obtaining new labour
- Loss of output and quality due to inefficiency of new labour
- Employment department expenses
- Cost of recruitment
- Cost of training
- Loss of production due to the time lag between separation and recruitment and low productivity of the new workers
- Cost of excessive defectively and spoilage
- Cost associated with abnormal coverage of tool and machineries, spillage or pilferage by the newcomer
- Cost of additional supervision required for the newcomer
- Cost of excessive scrap and defective work
- Cost of accidents

Control of excessive labour turnover

- An adequate and satisfactory wage system
- A sound personnel policy for recruitment, induction and training of labour
- A satisfactory level of amenities and welfare measures like canteen facilities, medical services, recreation, etc

- A satisfactory security scheme like family pension, provident fund, accident compensation, etc
- A satisfactory policy for transfers and promotions
- A grievance procedure by which the workers can get their grievances redressed and all the disputes may be discussed between workers and management
- Labour participation in management and joint consultation scheme. A continuous study is essential to analyse the factors responsible for high labour turnover and steps may be taken as against those particular factors

Labour Remuneration

Wage: A wage is the remuneration paid to an employee, usually on an hourly, daily, or piece rate basis.

Wage sheet or payroll: Wages sheet is a statement which lists the workers showing gross wages earned by them for a particular period and actual wages payable to them after making necessary deductions. Time or clock-cards are the basis for the preparation of wages sheets. The main function of payroll department is to prepare payroll sheet or what is more commonly known as wages sheet.

Payroll Department: The payroll department is responsible for making payment of salary or wages to each employee. Payroll accounting mostly involves computation of gross and net amount payable to each employee. Payroll and pay slip are prepared for this purpose.

Functions: The important functions of payroll department in the accounting and control of labour costs may be listed as follows

- To maintain a record of job classification, department and wage rate for each employee
- To verify and to summarise the time of each worker as shown on the daily time cards
- To prepare the payroll and compute the wages earned by each employee
- To compute the payroll deductions
- To maintain a permanent payroll record of each employee
- To disburse wage payments

Features of a good wage system

- The wage system should be simple.
- It should be practical and flexible.
- It should provide adequate incentives to workers.
- It should be fair and equitable.
- It should be acceptable to all workers.
- A guaranteed minimum wage should be assured to all workers.
- Escalation clause providing for an automatic rise in wages to be provided.
- The administrative and other cost should be minimum.
- It should adhere to labour laws and local and national regulation.
- There should be prepare reward for the work done.
- The system should provide quantity of the product.
- The system should control waste of materials as well as defective.

Remuneration: Remuneration is the reward for labour and service.

Methods of wage payment (Labour remuneration)

1. Time Rate System
2. Piece Rate System

Time Rate System: This is the oldest of the wage payment systems. In this system, time is made the basis of payment. Labour is paid for the time worked irrespective of the volume of production during that time. Payment may be based upon the hour, the day or the week. The formula for calculating wages under this system is:

Wages = Hours worked x Rate per hour

or

Wages = Days worked x Rate per day

Advantages

- 1. Simplicity:** The system is simple and calculation of wages is easily understood by the workers.
- 2. Security to workers:** Workers are assured of a certain amount of wages payable even if there is stoppage of work due to power failure, machine breakdown, etc. This gives security of wages to workers.
- 3. Quality of work:** As this method does not consider quantity of work done, workers can concentrate on the quality of goods produced. Thus the quality of work under this method is better.
- 4. Accepted by trade unions:** Trade unions generally favour this method because it treat all workers alike and does not make any distinction between efficient and inefficient workers.
- 5. Economical method:** This method does not require detailed records to be maintained of work done by workers. This results saving in clerical costs. Moreover, workers avoid over-speeding and cause less damage to plant and machinery and also materials. This also results in economy.

Disadvantages

- 1. No incentive:** It does not offer any inducement to workers to improve performance because it does not make a distinction between efficient and inefficient workers.
- 2. Low quantity:** When workers are paid on time basis, they tend to be slow in work. This results in lower production quantity.
- 3. Extra supervision costs:** Under this method extra supervision is needed so that workers do not waste time. Appointment of additional supervisors increases cost.
- 4. Costing difficulties:** From costing point of view, it creates difficulties in the calculation of labour cost per unit because the output is quite fluctuating.
- 5. Idle time:** Workers waste a lot of time resulting in increase in idle time.

Piece Rate System: Wages under this system are paid according to the quantity of work done. A rate is fixed per unit of production and wages are calculated by the following formula:

Wages = Rate per unit x Number of units produced

Suitability

- Where production is standardised and repetitive in nature
- Where the aim is continuous maximum production

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- Where the output of workers can be measured
- Where workers continue at the same job for long periods
- Where the standard time required to complete a job can be measured accurately

Advantages

1. Incentive to efficient workers: As remuneration is in proportion to the worker's effort, the method provides a strong incentive to work more.

2. Increase in production: Each worker tries his best to produce more to earn more wages. This results in increase in production.

3. Lower cost: On account of increase in production, fixed cost per unit is decreased because of higher production.

4. Equitable: This system is more equitable than time rate system because wages are paid according to the efficiency of each worker.

5. Decrease in supervision: Strict supervision is not necessary because the workers are themselves interested in maximising their earnings through the maximisation of output.

6. Simplifies costing: As wages are paid at a rate per unit, this method simplifies cost ascertainment because labour cost per unit is known in advance.

7. Simple and easy: This method is simple and is easily understood by the workers.

Disadvantages

1. Poor quality of work: This method lays too much emphasis on quantity of production and ignores quality of work. In order to maximise their wages, workers try to produce more and more without caring for the quality of production.

2. No security of wage: This system does not guarantee a minimum wage to a worker. If a worker is not able to complete his day's work, for any reason, he is paid less wages. Thus, earnings of workers are uncertain.

3. Misuse of materials and equipment: In the greed to produce more, workers cause extra wastage of materials and damage plant and machinery.

4. Injurious to health of workers: In an effort to earn more wages, workers try to work excessively with speed. This proves injurious to the health of workers.

5. Opposed by trade unions: Piece rate system is generally opposed by trade unions because it creates inequality in the wages of workers. Slow and inefficient workers feel jealous of the higher wages of their fellow workers.

6. Difficulties in fixing piece rate: Fixing equitable piece rate is quite a difficult task and may require considerable amount of work in the form of time studies.

7. Unsuitable in certain cases: This method does not suit where work is of artistic and refined nature.

Incentives: Incentives is a motivation for extra effort to perform more effectively by way of monetary or non-monetary inducements. Monetary Incentives refer to those payments which are made in excess

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over perquisites. Monetary incentives refer to those payments which are made in excess over time-rates and piece-rates and are related to the output of either an individual or a group.

Incentive schemes

1. Halsey Plan
2. Rowan Plan
3. Taylor's Plan

Halsey Plan: Introduced by F.A.Halsey, it is a simple combination of time and piece methods of wage payment. Under this plan, amount of bonus depends upon the time saved by the worker. A standard time is fixed for each job and if a worker completes the job in less than the standard time, he gets wages for the time worked plus a bonus equal to 50% of the value of time saved. But if a worker completes the job in full standard or more than standard time, he gets wages at the time rate. Thus wages according to time basis are guaranteed. Calculation of bonus and total earnings is done by the following formulae

Bonus = 50% (Time saved x Rate per hour)

Total earnings = (Time taken x Rate per hour) + 50% (Time saved x Rate per hour)

Time saved = Standard time - Time taken

Advantages

1. This plan is easy to understand and workers can calculate their own wages.
2. This guarantees minimum wages according to time rate thus provides a sense of security to workers.
3. The benefit of time saved is equally distributed between workers and employers.
4. It provides plan provides a strong scope incentive to earn to bonus increase on production.
5. This plan provides scope to earn bonus on each individual job and the time saved on one job is not set off against extra time taken on some other job.

Disadvantages

1. Workers do not like to share the benefits of their efforts in saving time with the employer.
2. The workers may be encouraged to rush through work and thus neglect the quality of production in order to earn extra bonus.
3. The incentive is not so strong as with piece rate system.

Rowan Plan: This plan was introduced by David Rowan and is similar to Halsey Plan, except in the calculation of the amount of bonus. In this plan, bonus is that proportion of the wages of the time taken which the time saved bears to the standard time. Thus, Rowan plan also assures wages according to time basis. Its formula is:

Bonus = Time saved / Standard time x Time taken x Rate per hour

Total earnings = (Time taken x Rate per hour) + Bonus

Advantages

- It guarantees wages according to time basis.
- Upto 50% of the time saved, it provides a higher bonus than under Halsey plan.
- It offers protection to the employer when standard has not been properly fixed.
- As the bonus increases at a decreasing rate, at higher levels of efficiency, the worker is not induced to rush through the work.

Disadvantages

1. It is a complicated method and it is not easily understandable by the workers
2. Where the time saved is more than 50% of the standard time, the total earnings start decreasing

Taylor's Differential Piece Rate System: Taylor's differential system was devised by F.W. Taylor as a part of the scheme of scientific management. Under this system, the standard task is established after careful time and motion study and two piece rates are set. The low rate is for sub-standard performance and high rate for standard and above standard performance that is rates are 80% of the piece work rate for inefficient workers and 120% of the piece rate for efficient workers.

Advantages

1. Taylor's plan is not difficult to understand and operate.
2. It is advantageous from the point of view of the employer, since it helps him in increasing production by offering higher rates to more efficient workers.
3. It attracts efficient workers.
4. Where the overheads are high, its incidence per unit cost is reduced because of increased production.

Disadvantages

1. It penalises very severely the slow or inefficient workers as a slight fall in production will considerably affect their earnings.
2. It makes wide discrimination between efficient and inefficient workers and thus creates rivalry and disturbance among workers.
3. It does not guarantee the minimum day wages and this insecurity affects the morale
4. Labour cost will differ between the two levels of performance because of two different rates.

Assignment Questions

Section A

1. Differentiate between time keeping and time booking.
2. State the causes of idle time and methods of labour turnover.
3. State the basis of apportionment of
 - a. Motive power
 - b. Insurance of plant
 - c. Indirect wages
 - d. Labour welfare expenses
4. How do calculate bonus under Halsey plan? (Other plans can be asked)
5. What do you mean by piece rate system, wage sheet, overtime and idle time?
6. How over time premium, normal and abnormal idle time are treated in cost accounting?

Section B

1. What is idle time? Give reasons for it.
2. Explain the causes of labour turnover.
3. What are the essentials of good wage payment system?

Section C

1. Explain the methods of wage payment. (Merits and demerits of individual methods can be asked)
2. Explain the incentives schemes. (Merits and demerits of incentive scheme can be asked)
3. Explain the methods of time keeping and time booking.