Topic → Labour Remuneration.

L-2, D.B.

Please see my previous lecture (L-1) wherein I discussed Halsey premium plan and bonus allowed for time saved was 50%.

There is one Halsey-Weir plan where this bonus rate is 33.33%. This is same as like as Halsey plan.

Rowan plan: It is similar to the Halsey plan where standard time is fixed and bonus is paid in respect of time saved.

$$\text{Bonus} = \frac{\text{Time taken}}{\text{Time allowed}} \times \text{Time saved} \times \text{Time rate}.$$

Example: Calculate bonus under Rowan plan.

Time allowed 6 hrs
Time taken 4 hrs
Hourly rate Rs. 30

$$\text{Bonus} = \frac{\text{Time taken}}{\text{Time allowed}} \times \text{Time saved} \times \text{Time rate}$$

$$= \frac{4}{6} \times 2 \times R.30$$

$$= R.40.$$

Total Earnings: Time taken × Rate + Bonus.

$$= 4 \times R.30 + R.40$$

$$= R.160.$$

Examples:

① Normal wages per hour Rs. 40
Units produced – 6000
Time allowed for 100 units 0.8 hrs.
Actual time taken 42 hrs.

Bonus calculated as in the proportion of time taken to time allowed of the time saved. Calculate total earnings.

Ans. Actual time taken 42 hrs.
Time allowed → 0.80 hrs for 100 units
i.e. for 100 units → 0.80 hrs.
1 " → $\frac{0.80}{100}$ hr.
6000 " → $\frac{0.80}{100}$ hr. × 6000 hr.
= 48 hrs.

Time saved = 48 hrs – 42 hrs = 6 hrs.

Time wages = 42 hrs × R.40 = R. 1680

Bonus → 6 hrs. × $\frac{42 \text{ hrs}}{48 \text{ hrs}}$ × Rs. 40
= R. 210

Total earnings = R. 1680 + R. 210
= R 1,890 Ans.

Example: Say, an worker has taken 80 hours to complete a job and time was allowed for that 100 hrs. Daily rate is Rs. 2.50 per hour. Material cost Rs. 120, Factory overhead is 125% of wages. Calculate total works cost if he is paid time rate.

A. Here Wages cost → Rs. 2.50 × 80 hrs
= Rs. 200

So, Material cost = Rs. 120
Wages → = R. 200
Factory overhead = R. 250
125% on wages.
Works cost → 570

Pl. note: In cost sheet we have seen what is works cost.

Material cost - - -
+ Labour cost - - -
Prime cost xx
+ Factory overhead xx
Works cost → xxx

So, please note wages cost of any method should be added with material cost.

Now, suppose this Problem is different one. Say, here Rowan plan is to follow. What should be total remuneration / wages here and what should be works cost.

Time taken 80 hrs.
Time allowed 100 hrs.
Time saved - 100 hrs - 80 hrs = 20 hrs.
Per hour rate R. 2.50.

Ans.

Normal wages = 80 hrs × R. 2.50 = Rs. 200

Bonus → $\frac{\text{Time taken}}{\text{Time allowed}}$ × Time Saved × Rate Per hour

→ $\frac{80 \text{ hrs.}}{100 \text{ hrs}}$ × 20 hrs × R. 2.50

→ R. 40

Total wages = Rs. 200 + R. 40 = R. 240.

Now, Mat Cost - Rs. 120
Wages → R. 240
Factory O/h → R. 300
125% × R. 240
Value of works cost 660

Uttamen.