CLASS XII (COSTING)

TYPES OF REMUNERATION

Piece rate methods

1. **Straight piece rate method**
2. **Taylor differential piece rate method**
3. **Merrick multiple piece rate method**

Straight piece rate method

Total earnings/wages = no of units produced X rate per piece

IN a factory M produced 1600 units, N produces 1000 units and O produces 800 units

Rate per piece is given as ₹1.50

For worker M earnings = no of units produced X rate per piece

= 1600 units X ₹1.50= ₹2400

For worker N earnings = no of units produced X rate per piece

= 1000 units X ₹1.50= ₹1500

For worker O earnings = no of units produced X rate per piece

= 800 units X ₹1.50= ₹1200

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Q.5

Units produced in 8 hours = 480 units

Standard production per hour = 50 units

Wage rate per hour = ₹20.00

Normal piece rate = rate per hour /no of units produced in 1 hour

= ₹20/50units = ₹0.4

Wages of kishore kumar = No of units produced X rate per piece

= 480 units X ₹0.4

= ₹192

Q6.

Units produced in a day of 8 hours = 2500 units

Standard production per hour = 250 units

Wage rate per hour = ₹150.00

Piece rate = ₹0.60

Wages of hari Prasad = no of units produced X rate per piece

=2500 X 0.60 = ₹1500

Q4.

Rate per piece = ₹15.00

Material cost = ₹45.00

IN 8 hours	rakhal produces 4 units	upendra produces 3 units
In 1 unit	total working hours/units produced	
	8/4 = 2 hours	8/3 = 2.7 hours
Over head expenses	4.50 X 2 = ₹9.00	4.50x 2.7 = 12.15
Material cost	45	45
Wages	15	15
	69	**72.15**

Rakhal is efficient than upendra.

Two workers

Sunny & binny

Standard time to produce 1 unit = 36 seconds

Rate per hour is ₹3.00

Sunny produces 900 units

Binny produces 800 units

Working hours – 8 hours

Standard time to produce 1 unit 36 seconds

In 1 hour no of seconds = 60 x60 = 3600 seconds

So standard production in 1 hours = 3600/36 = 100 units

Rate per hour = ₹3.00

So normal piece rate = rate per hour/no of units produced in 1 hour

= 3.00/100 = 0.03

Sunny earnings = no of units produced X rate per piece

= 900 units X 0.03 = ₹27.00

BInny earnings = no of units produced X rate per piece

= 800 units X 0.03 = ₹24.00.

Standard time to produce 1 unit = 4 min

Rate per hour = ₹75.00

X produces 600 units

Y produces 720 units

Z produces 900 units

Calculate their earnings.

In 4 min 1 unit produced

So 1 hours no of unit produced = 60/4 = 15 units

Rate per hour = ₹75

Normal piece rate = rate per hour/no of units produced in 1 hour = 75/15 = ₹5.00

X earnings = no of unit produces X rate per pice

= 600 x 5 = 3000

Y earnings = no of unit produces X rate per pice

= 720x 5 = 3600

Z earnings = no of unit produces X rate per pice

= 900 x 5 = 4500

Taylor differential piece rate system

Find out efficiency level of each labour = Actual Production/Standard Production X 100 (%)

<100% then the wages applicable will be 80% of normal piece rate

>=100% then the wages applicable will be 120% of normal piece rate.

Normal ₹10 per piece

80% of ₹10.00

>=100 120% of ₹10.00

Standard production in 8 hours = 48 units

Wage rate per hour = ₹72

X produces 40 units

Y produces 60 units

Calculate the earnings of X and Y under TDPRS.

Standard production in 8 hours = 48 units

So in 1 hour standard production will be = 48/8 = 6 units

Rate per hour = ₹72.00

Normal piece rate = 72/6 = ₹12

X

EFFICIENCY = AP/SP x `100 = 40/48 X 100 = 83%.

WORKER X EFFICIENCY LEVEL <100% SO APPLICABLE PIECE RATE WILL 80% OF ₹12 = ₹9.6

EARNINGS = NO OF UNITS PRODUCED x RATE PER PIECE

40 X 9.6 = ₹384

y

EFFICIENCY = AP/SP x `100 = 60/48 X 100 = 125%.

WORKER Y EFFICIENCY LEVEL >=100% SO APPLICABLE PIECE RATE WILL 120% OF ₹12 = ₹14.4

EARNINGS = NO OF UNITS PRODUCED x RATE PER PIECE

60 X 14.4 = ₹864