

CLASS XII (COSTING)

TYPES OF REMUNERATION

1. ORDINARY TIME RATE SYSTEM OF WAGE PAYMENT

TOTAL EARNINGS = T X R

HERE T = TIME TAKEN /SPENT BY THE LABOUR IN THE FACTORY

AND R = RATE PER HOUR

Q1. CALCULATE THE EARNINGS OF A WORKER FROM THE FOLLOWING ADOPTING ORDINARY TIME RATE SYSTEM.

TIME ALLOWED TO DO THE JOB 30 HOURS

TIME TAKEN TO COMPLETE THE JOB 20 HOURS

HOURLY RATE ₹20

TOTAL EARNINGS =T x R

$$= 20 \text{ HOURS} \times ₹20 = ₹400.00$$

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Q1.

LABOUR NAME : AMAR

TIME TAKEN/SPENT

MON TO FRI = 8 HOURS X 5 DAYS = 40 HOURS +(SAT 4 HOURS)= 44 HOURS

RATE PER HOUR = ₹20

TOTAL EARNINGS OF AMAR = T X R

$$= 44 \text{ HOURS} \times ₹20$$

$$= ₹880.00$$

2. GRADUATED TIME RATE SYSTEM:

Calculate the earnings of a worker from the following adopting graduated time rate system.

Time allowed = 30 hours

Time taken = 20 hours

Rate per hour = ₹20.00

The workers are also entitled 25% of the basic as dearness allowance to match the cost of living.

Total earnings = T X R

T = 20 HOURS

R = ₹20 + 25% OF ₹20 = ₹25.00

20 HOURS X ₹25.00 = ₹500

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NORMAL WORKING HOURS = 48 HOURS

HOURS WORKED = 58 HOURS

OVERTIME HOURS = 58 HOURS – 48 HOURS = 10 HOURS

T = 58 HOURS

R = ₹15.00

R FOR OVERTIME = 3/2 OF ₹15.00 = ₹22.5

TOTAL EARNINGS = T x R + OVERTIME WAGES

= 48 x 15 + (10 x 22.5)

= 720 + 225 = ₹945.00

Q3.

WORKER NAME = X

Hours worked : 40 hours

Rate per hour = ₹20.00

Earnings as per ordinary time rate = T X R

= 40 hours X ₹20.00 = ₹800.00

Dearness allowance = 60 % of ₹800 = ₹480.00

So Total Earnings = ₹ 800 + ₹480 = ₹1280.00

WORKER NAME = Y

Hours worked : 44 hours

Rate per hour = ₹15.00

Earnings as per ordinary time rate = T X R

$$= 44 \text{ hours} \times ₹15.00 = ₹660.00$$

Dearness allowance = 50 % of ₹660= ₹330.00

So Total Earnings = ₹ 660+ ₹330 = ₹990.00