

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2012**

**MS-27 : WAGE AND SALARY ADMINISTRATION**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage 70%)*

**Note :**

- (i) *There are two Sections A and B.*
- (ii) *Attempt any three questions from Section-A. All questions carry 20 marks each.*
- (iii) *Section-B is compulsory and carries 40 marks.*

**SECTION - A**

1. Give an account of wage theories developed by the economists. Discuss their relevance. Discuss.
2. Explain the various components of industrial wage structure in India. Laying down a suitable wage system and its implementation is one of the most complex assignments in an organisation. Elucidate.

3. What are the different types of performance - linked reward schemes ? Discuss the steps involved in designing a performance-linked reward system, with examples.
4. Discuss the salient features of the payment of Bonus Act, 1965 and Equal Remuneration Act, 1976.
5. Write short notes on *any three* of the following :
  - (a) Compensation differentials
  - (b) Compensation survey
  - (c) Voluntary Retirement Schemes (VRS)
  - (d) Tax planning
  - (e) Emerging issues and trends in compensation.

## SECTION - B

6. Read the following case and answer the questions given at the end :

A financial institution has just decided to open a branch at Bhimunipatnam, an exclusive resort located about 30 kms from Visakhapatnam, a large city. There is no bank at present in Bhimunipatnam.

The financial institutions is anxious to determine the appropriate wage structure for the clerical staff it expects to hire. Clerks in the city office at Visakhapatnam receive a starting salary of Rs. 5,000 per month. As a matter of company policy these salary rates have been set at mid-point of the range for financial institutions in Visakhapatnam.

A survey of local establishments at Bhimunipatnam indicates that the 'going rate' for qualified clerical personnel varies between Rs. 6,500 to Rs. 6,800 a month. The higher rate at Bhimunipatnam may be attributed, in part, to the substantially higher cost of living in this resort town, the limited number of young people seeking employment, and the fact that there are no other financial institutions in Bhimunipatnam. Banks in Visakhapatnam have traditionally paid lower

salaries than other establishments, on the ground that banks offer better working conditions and higher prestige.

*Questions :*

- (a) Identify the main features of the case in general.
  - (b) What factors should be considered while fixing different pay rates.
  - (c) What would be the legal implications of two different salary structures in the same region ?
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