

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2015**

**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. Each question carries 20 marks.*

(iii) *Section - B is compulsory and carries 40 marks.*

**SECTION - A**

1. Explain the concept of compensation. What are the functions and responsibilities of a compensation programme ?
2. Explain the norms for fixation of wages and wage differentials. Discuss the salient features of Payment of Wages Act, 1936.
3. Explain the concept of job evaluation. Briefly discuss the various methods of job evaluation.
4. Explain the concept of performance linked reward system. Discuss the various steps involved in designing a performance linked reward system.

5. Write short notes on **any three** of the following :
- (a) Tax planning
  - (b) Stock options
  - (c) Pay surveys
  - (d) Executive compensation
  - (e) Down sizing and VRS

### SECTION - B

6. **Read the case given below and answer the questions given at the end.**

#### CASE

A financial institution has just decided to open a branch at Bhimunipatnam, an exclusive resort located about 20 miles from Visakhapatnam, a large city. There is no bank at present in Bhimunipatnam.

The financial institution is anxious to determine the appropriate salary for the clerical staff it expects to hire. Clerks in the city office at Visakhapatnam receive a starting salary of ₹ 3,000 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 ₹ 3,500 to ₹ 3,800 a month. This higher rate in 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 amount should the financial institution fix as its hiring rate for clerical personnel ?
  - (c) What factors should be considered in making the decision ?
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