CHAPTER 2

LABOUR

Question #1 LABOUR MQP J23

Calculate total monthly remuneration of three workers, A, B and C from the following data.

- Standard production per month per worker – 1000 units, actual production during the month, A – 850 units, B – 750 units and C – 950 units.
- Piecework rate ₹10 per unit [actual production]
- Additional production bonus is ₹10 for each percentage of actual production exceeding 80%
- Dearness pays fixed ₹ 50 per month

Question #2 LABOUR MQP J23

In a factory bonus to workman is paid according to Rowan Plan. Time allotted for a job is 40 hours and the normal rate of wages is ₹ 125 per hour. The factory overhead charges are ₹50 per hour for the hours taken. The factory cost of a work order, executed by a worker is ₹ 1,700. The cost of material in each case is ₹ 1,000.
Calculate the hours of time taken by the workman to complete the work order.

Question #3 LABOUR MQP J17/ D23/D24; PTPJ23/J25

Two workmen, Gyani and Jeetu, produce the same product using the same material. Their normal wage rate is also the same. Gyani is paid bonus according to the Halsey System, while Jeetu is paid bonus according to the Rowan System. The time allowed to make the product is 40 hours. Gyani takes 25 hours while Jeetu takes 32 hours to complete the product. The factory overheads are charged @ 125% of direct labour cost. The factory cost for the product for Gyani is ₹ 8,925 and for Jeetu it is ₹ 9,456. You are required to:

(i) find the normal rate of wages;
(ii) find the cost of materials;
(iii) Prepare a statement comparing the element wise factory cost of the products as made by the two workmen.

Question #4 LABOUR MQP D23; PTP D23

The management of XYZ Ltd is worried about the increasing Labour Turnover in the factory and before analysing the causes and taking remedial steps; they want to have an idea of the profit foregone as a result of Labour Turnover during the last year. Last year's sales amounted to ₹83,03,300 and the profit / volume ratio was 20%. The total number of actual hours worked by the direct labour force was 4.45 lakhs. As a result of the delays by the personnel department in filling vacancies due to Labour Turnover, 1,00,000 potentially productive hours were lost. The actual direct labour hours included 30,000 hours attributable to training new recruits, out of which, half of

the hours were unproductive. The cost incurred consequent on labour turnover revealed, on analysis the following: Settlement cost due to leaving: ₹43,820, recruitment costs: ₹26,740, selection costs: ₹12,750 and training costs: ₹30,490. Assuming that the potential production lost as a consequence of Labour Turnover could have been sold at prevailing prices, compute the profit foregone last year on account of Labour Turnover.

Question #5 LABOUR PTP J23/J24

M/s Peacock Ltd. is in the process of evaluation of employees' welfare scheme of the company. In this regard, it has selected three workers — K, L, and M to study their wage earnings. The company furnishes the following particulars for the month of April, 2023 as under:

		K	L	M
(a)	Job completed (Units)	10,000	8,000	14,400
(b)	Out of above output rejected and unsaleable (Units)	400	160	1,600
(c)	Time allowed for 100 units	2 Hrs. 36 Min.	3 Hrs.	1 Hr. 30 Min.
(d)	Basic wage rate per hour (%)	25	40	30
(e)	Time taken (Hours)	200	216	184

The normal working hours per month are fixed at 176 hours. Bonus is paid @ 60% of the basic wage rate for gross time worked and gross output produced without deduction for rejected output. The rate of overtime for first 20 hours is paid at time plus 1/3 and for next 20 hours is paid at time plus 1/2.
From the above information, you are asked by the management to calculate the following for each worker:

(i) Number of bonus hours and amount of bonus earned;
(ii) Total wages earned including basic wages, overtime premium and bonus;
(iii) Direct wages cost per 100 saleable units.

Question #6 LABOUR MQP J24; PTP J17

A manufacturing unit produces two products X and Y. the following information is furnished:

Particulars	Product X	Product Y
Units produced (quantity)	20,000	15,000
Units sold (quantity)	15,000	12,000
Machine Hours utilized	10,000	5,000
Design charges	15,000	18,000
Software development charges	24,000	36,000

Royalty paid on sales ₹54,000 [@ ₹2 per unit sold, for both the products]; Royalty paid on units produced ₹35,000 [@ ₹1 per unit produced, for both the products], Hire charges of equipment used in manufacturing process of Product X only ₹5,000. Compute the direct expenses.

Question #7 **LABOUR** **MQP J25**

ZINTES LTD. a manufacturing company has its factories at two locations. Rowan plan is in use at location A and Halsey plan at location B. Standard time and basic rate of wages are same for a job which is similar and is carried out on similar machinery. Time allowed is 60 hours.

Job at location A is completed in 36 hours while at B, it has taken 48 hours. Conversion costs at respective places are ₹1224 and ₹1500. Overheads amount to ₹20 per hour.

(i) Calculate the normal wage rate, and

(ii) Compare conversion costs.