

Study of Salary & Wages Administration with References to Vidarbha Vinkar Shetkari Sahkari Sut Girni Ltd

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The demand for cotton Industry in today's world has widely been increased due to its inheritable advantages like reduce installation cost, minimum space consumption, easy extension, aesthetic benefits, and its increased productivity options. So, Cotton Industry plays a vital role as a Textile hub. Salary & wages are a basic need of human beings. Currently in cotton Industry, human beings are replaced by machineries. So labour cost is decreased. To compensate for that existing employees should get all salary benefits. As money is the prime need for human beings to meet their basic needs, everyone tries to earn as much money as possible. Base wages and salaries are defined as the hourly, weekly and monthly pay that employees receive for their work in an Organization. This paper explores an overview of study of salary & Wages administration with reference to cotton Industry "Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd."

Key Words: Textile, Cotton, Salary, Wages.

I. INTRODUCTION

"Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd." was established in the co-operative sector at Wani, Yavatmal, a major cotton growing district in the western Indian state of Maharashtra near the Wardha and Penganga rivers. With 10000 spindles capacity, the mill produces 10 tonnes of 100% cotton yarn per day. The mill has a complete range of Lakshmi Rieter Spinning machinery from Blow Room to Spinning, LUWA air-conditioning system, Process cones from Murata, Japan and Yarn Clearers & Laboratory Equipment's from Zellweger Uster, Switzerland.



Fig 1: Actual Set up of Sut Girni

MEANING OF WAGES:

Wages means all remuneration capable of being expressed in terms of money, which would, if the terms of contract of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment. It includes house rent allowance but does not include the value of any house accommodation, supply or light, water, medical attendance or other amenity or service excluded by general or special order of appropriate Government; contribution paid by the employer to Pension/ Provident Fund or under scheme of social insurance; traveling allowance or value of traveling concession; sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or any gratuity payable on discharge. As of now there is no uniform and comprehensive wage policy for all sectors of the economy in India. Wages in the organized sector are determined through negotiations and settlements between employer and employees. In unorganized sector, where labour is vulnerable to exploitation, due to illiteracy and having no effective bargaining power, minimum rates of wages are fixed/ revised both by Central and State Governments in the scheduled employments falling under their respective jurisdictions under the provisions of the Minimum Wages Act, 1948. A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. From the point of a business, salary can also be viewed as the cost of acquiring human resources for running operations, and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll accounts. The payment of wages and salary is an inbuilt system with human force for their activity performed. To what extent the payment of wages & salary is reasonable and adequate in consonance to the nature of the work performed, is a question mark. The reason attributed, is the existence of very

large labour force and availability of abundant work force whether it is a farm sector or industrial sector. The supply of labour is more than the demand and with the result there is exploitation of cheap labour policy. Later the advent of trade unionism helped to improve the working conditions of labour. Until the Second World War, even the Government adopted a "LAISSEZ – FAIRE" policy in this regard. It was as late as in 1947 that the industrial unrest becomes so uncontrollable that a tripartite conference was convened of

- (1) Central and State Govt.
- (2) Employers, and
- (3) Employees,

Wages Vs Salary:

Payment made to labour is generally referred to as wages. Money paid periodically to persons whose output cannot to be easily measured, such as clerical staff as well as supervisory and managerial staff, is referred to as salaries. Salaries are thus paid generally on a monthly basis and at the times the elements of incentive is introduced in the form of commission, for e.g. paid to salesmen in addition to their salaries. However, it is in area of labour that there are several types of methods of wage payment. Systems of Wage Payment in "**Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.**" : In case of worker, the wages are depend generally on the rates of wages which may be barely rate or time rate or leased on a piece rate, that is, dependent on worker's output. There are also various combinations of not only time & piece rate systems, but also several premium plans adopted with a view to incorporate the incentive element and motivate the worker. In addition, there are collective wage payments also.

II. WAGES & SALARY ADMINISTRATION IN "VIDARBHA VINKAR SHETKARI SAHAKARI SUT GIRNI LTD."

The main objective of wages and salary administration is to have scientific study about rational and balanced wages and salary in "**Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.**" .

The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure. Its secondary objective is the establishment and maintenance of an equitable labor cost structure i.e., an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximized and conflicts are minimized. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards Managers, therefore, analyze and interpret the needs of their employees so that reward can be individually designed to satisfy these needs. Labor was always looked upon as a commodity governed by the law of supply and demand. Certain theories were propounded for determination of wages but these could not stand the test of time. People in professional jobs are initially compensated primarily for the knowledge they bring to the organization. Because of this, the administration of compensation programs for professionals is somewhat different than for managers. Many professional employees eventually become managers. For those who do not desire this form of career progression, some organizations have created a dual track of compensation. The dual track provides a separate pay structure for professionals, which may overlap a portion of the managerial pay structure. By and large, it may be said, that the pay-scales of Government employees in India compare favorably with the scales in private unemployment. For organized crafts, the rates of payment in public service are the same as in private. For clerical and other posts of lower category, Government scales of pay are usually better than those of private employment. For the middle posts, they are the same as those in private business or industry. The remuneration of the higher, particularly, the highest, posts in Government is generally lower than that obtaining in private employment. It is an indispensable fact that any compensation plan or salary structure cannot satisfy all the constituents. As a matter of fact, the efficiency of an administrative system can be promoted only through dedication and loyalty of the civil service. Incentives cannot be a substitute for good industrial relations, better work-planning and scientific management. As Pandit Nehru said, "The New India must be served by earnest, efficient workers who have an ardent faith in the cause they serve and are bent on achievement, and who work for, the job and glory of it and not for the attraction of high salaries. The money motive must be reduced to the minimum." Pay is not the only form of remuneration that an employee receives from the Employer. Fringe benefits are the common supplement to his/ her salary or wages. For the employees, fringe benefits represent extra income, additional security or more desirable working conditions and these have considerable value in raising the employees' morale to keep them happy in their jobs and thus are worth the cost. It is suggested that fringe benefit scheme should be carefully planned. Consequently, the management should take a logical, objective and integrated attitude towards the fringe package. Considerable attention is needed in determining the optimum combination of fringe benefits for the organization that will maximize employees' satisfaction and assure more efficiency. Fringe benefits, nowadays, represent a substantial portion of the total personnel cost for an organization. Employee's morale is directly and indirectly influenced by the quantum of the allowances and perks provided to the employees from time to time.

City Compensatory Allowance (C.C.A.)

Cost of travel in cities and other highly developed towns is increasing due to other factors such as rising cost of petroleum products and the employees need help to reach their place of work.

Daily Allowance (D.A.)

It is an allowance for each day of absence from headquarters which is intended to cover the ordinary daily charges incurred by the employee to maintain himself/ herself.

Leave Travel Concession (L.T.C.)

This is granted to the employees once in 3 or 5 years, as they cannot undertake such journeys without help from the employers. It is a welfare measure.

Medical Allowance

Medical facility is being provided to the employees as a welfare measure with a view to save them from abnormal cost of medicine.

Conveyance Allowance

It is given in connection with the transportation of luggage from one place to another.

Uniform Allowance

Some categories of the government servants have to put on special uniforms while discharging their duties. For example, the police, the peons, etc. They receive a special allowance for their dress.

Children's Education Allowance

It is given to the employee to enable him/ her to get his/ her children educated under certain conditions.

Working Condition, In addition to the above allowances and perks provided by the Government, the employees enjoy benefits of security of tenure, leave, advances, (interest-free as well as with interest), holidays, promotion, provident fund and retirement.

Pension Scheme

The pension scheme involves cash disbursement to the retired employees in fixed monthly amounts. It guarantees them a secure life as long as they live. Secondly, pension system enables the Government to exercise greater control over the employees even after retirement. Pensions can be withheld at any time when it feels that the pensioner is engaged in any subversive activity against the State or has otherwise acted against the prestige of the Government. Pension cannot be claimed as a right. It is earned on the basis of satisfactory and approved service and future good conduct is an implied condition of every grant. But the pension scheme, unless specially adapted to meet hard cases, results in hardship to the family of the public servant who dies prematurely in service or at the time of retirement or a few years after enjoying pensioner benefits. Moreover, he cannot retire with pension without putting in the qualifying period of service.

Retirement Benefits Available to the Employees

There are three forms of retirement systems namely

- (i) noncontributory;
- (ii) partly contributory; and
- (iii) Wholly contributory. Under the first system the Government,

Undertakes to defray the entire cost of making the retirement allowances. The employees are not called upon to contribute any money to the retirement fund. Under the second system, the cost is partly met by the Government and partly by the employees. The contribution of the employees is secured through compulsory deductions from their salaries which are carried to a provident fund along with the Government's contributions. Under the third system the entire cost is met by the employees through deduction made from their salaries. Each of these systems has its merits. Many people are unwilling to accept the first system. They say that the employee is under the same obligation to make provision through saving for his future needs as the persons in private employment. They advocate the wholly contributory system. On the other hand, some people maintain that the entire cost should be met by the Government. Just as the Government pays for the salaries of its employees, so it must pay for their retirement allowances which should be considered as a part of their salary. From the viewpoint of expediency it will do away with the expensive and complicated method of making deductions from pay. Finally, there are many others who look upon the responsibility as a joint one and advocate partly contributory system which occupies a middle position between the two extreme systems of non-contributory and wholly contributory. It is argued that this system will not unnecessarily burden either and will create the spirit of making sacrifices in the employees. In India there are two main schemes of retirement benefits for the Central Government employees, namely, the pension scheme and the Contributory Provident Fund scheme.

DEDUCTION**CENTRAL/CONTRIBUTORY PROVIDENT FUND**

Under the system, there is a provision for Provident Fund to which an employee also makes a contribution to the fund. Hence, till the time of retirement, the employee makes a big amount of Provident Fund which he/she enjoys for the rest of the life.

INCOME TAX

Income Tax is all income other than agricultural income levied and collected by the central government and shared with the states. According to Income Tax Act 1961, every person, who is an assessed and whose total income exceeds the maximum exemption limit, shall be chargeable to the income tax at the rate or rates prescribed in the finance act. Such income tax shall be paid on the total income of the previous year in the relevant assessment year.

PROFESSION TAX

The tax payable under this Act, by any person earning a salary or wage, shall be deducted by his employer from the salary or wage payable to such person, before such salary or wage is paid to him, and such employer shall, irrespective of whether such deduction has been made or not, when the salary or wage is paid to such persons, be liable to pay tax on behalf of all such persons:

ESIC

Any person employed for wages in or in connection with work of a factory or establishment to which the Act applies.

In order to qualify to be an employee, under ESI Act, a person should belong to any of the categories:

USING SALARY RANGES FOR SUPPORT STAFF

For salary ranges in the Support Staff salary structure, the full salary range represents the range of competitive pay in the market. It is designed to accommodate a wide range of skills, experiences and performance levels, as illustrated below:

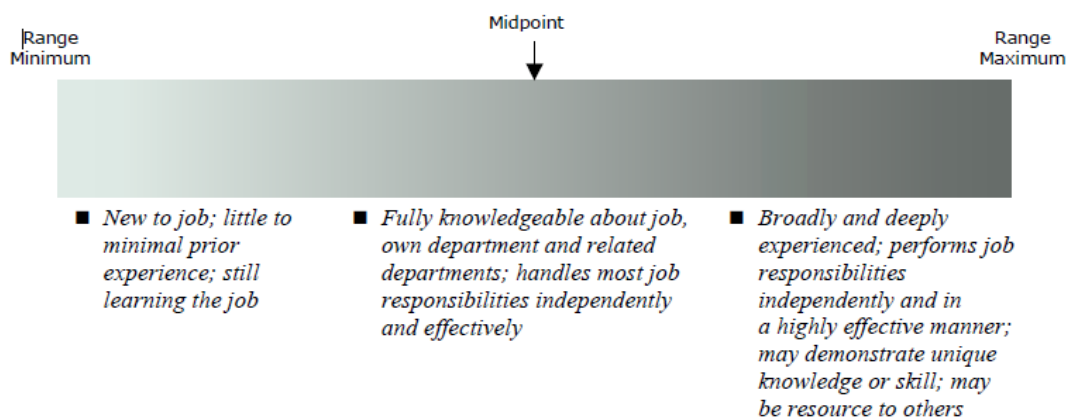


Fig.2 : Salary Ranges For Support Staff

The range minimum is the rate that is typically offered to employees who possess the minimum qualifications and who are expected to perform the basic position duties and responsibilities after normal training. These individuals are still learning aspects of the job and often have limited experience. The midpoint is considered appropriate for experienced and fully qualified employees whose performance fulfills the major requirements of their position, and who regularly perform most aspects of their job effectively and independently. The maximum of the range is considered the upper limit of the salary opportunity in a grade for a highly experienced employee. This individual should be knowledgeable in his/her job and related areas, may have specialized skills and perspectives, and may serve as an expert resource, role model, and/or mentor. Starting salaries for new employees are typically determined by referring to the salary range assigned to the position being filled, the individual's job-related experience (externally), knowledge and skills, current pay, and the salaries of other employees performing the same or similar job functions.

In many cases, a new employee's starting salary is between the minimum and the first quartile of the salary range. If a new employee meets only the minimum requirements of the position, the starting salary would typically be at or near the salary range minimum. If an employee has qualifications that significantly exceed the basic

requirements of the position description, the starting salary may be targeted between the first quartile and the midpoint.

In some circumstances, education can substitute for experience, or vice versa. Since every situation is different, there is no formula for making these substitutions; however

III. DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS:

Process of data can be categories in to:

- 1) Editing
- 2) Coding
- 3) Classification
- 4) Tabulation

The data after collection has to be proceed & analyze in accordance with the outline laid down for the purpose at the time of development the research plain this is essential for a scientific study and foe ensuring that we have all relevant data for making contemplated comparison and analysis

Technically speaking processing implies editing coding classification and tabulation of collected data so that they are amenable to analysis refers to computation of certain measure along with searching for pattern of relationship that exist among data with group thus in the process of analysis relationship or difference supporting or conflicting with original or new hypothesis should be subjected to statistical test of significance to determine with what validity data can be said to indicate any conclusion. The concept of processing and analysis, can now proceed with the explanation of all the processing operations

Editing involves a careful scouting of the completed questionnaire add / or schedules editing is done to assure that the data are accurate, consist with other facts gathered, uniformly entered as completed as possible and have been well arranged to facilitate coding & tabulation

Coding is necessary for efficient analysis and through in the several replies may be reduced to a small number of classes which contain the critical information required for analysis coding decision should usually be taken at the designing stage of the questionnaire.

The necessities **classification** of data which happen to be the process of arranging data in group or classes on the basic of common characteristic of data having a common characteristic of data having a common characteristic are placed I one class and in this way the entire data get divided in to a number of group or classes.

Tabulation is the process of summarizing row data & displaying the same in compact from (i.e. In the form of statistical tables) for further analysis In border sense, tabulation is an orderly arrangement of data in columns & rows.

INTERPRETATION:

Ques 1: How many allowances facility are availing a routine basic?

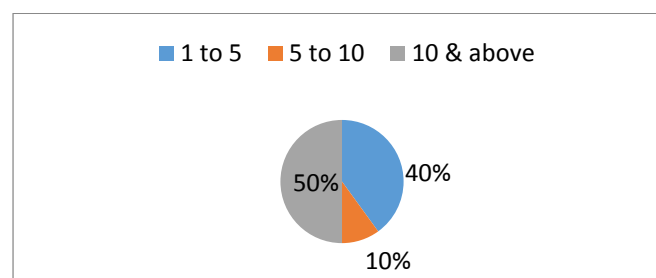


Fig.3 : Employee's availing facility

Observation

All the employees of “Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.” availing a routine allowances facility 50% employees say that they are 10 & above welfare facility and rest of 40% & 10% employees saying that they are availing 1 to 5 and 5 to 10 allowances facility respectively.

Ques 2: How much are you satisfied about company providing allowances including in salary?

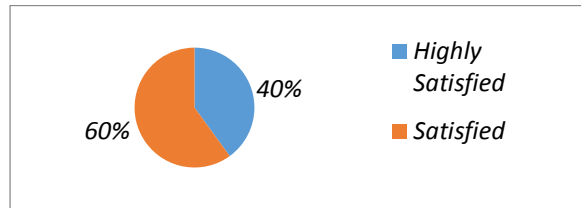


Fig.4 : Satisfaction of Employee’s about allowances

Observation

60% employees are highly satisfied while 40% are satisfied about company providing allowances.

Ques 3: How likely is it you will be working “Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.” ?

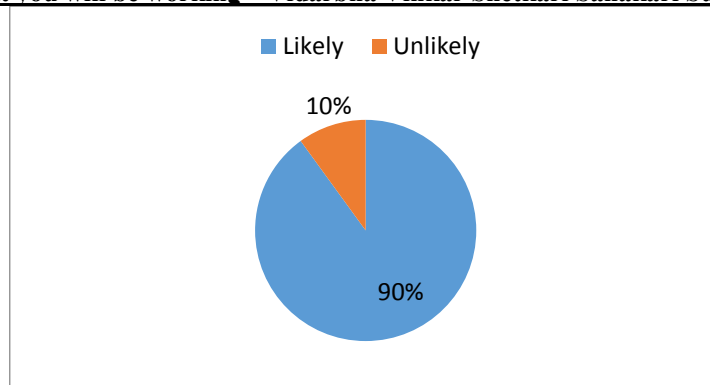


Fig.5 : Willingness of Employee’s for Work

Observation

90% employees are likely and 10% unlikely working with “Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.”

Ques 4: Briefly explain procedure for availing about special welfare facility?

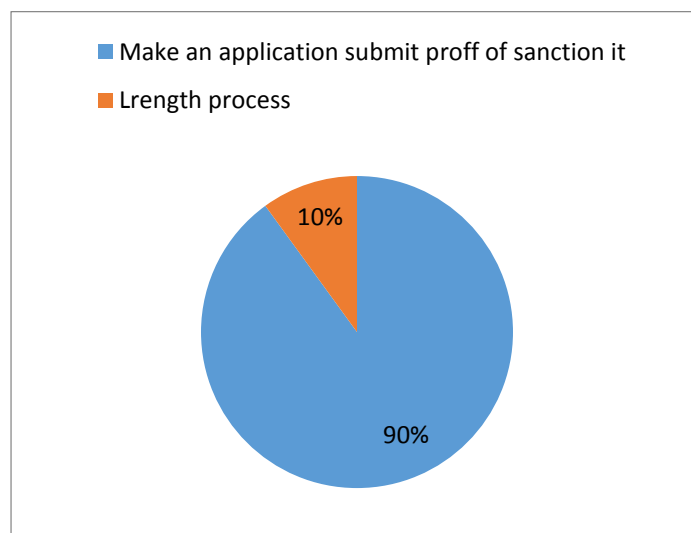
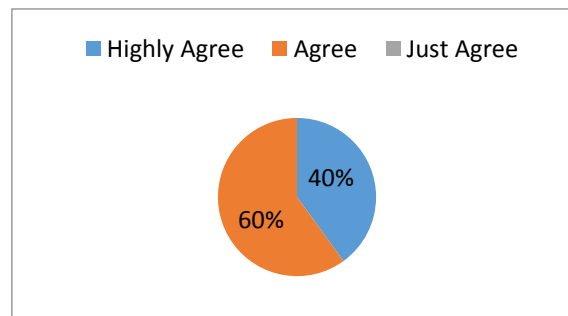
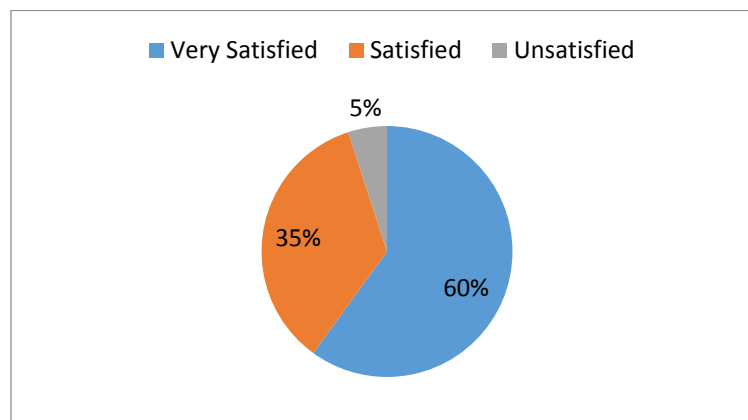


Fig.6 : Procedure for availing about special welfare facility**Observation**

90% employees says that they have to just apply submit proof & take approval of higher authority and only 10% employee say that the procedure is lengthy.

Ques 5: Does welfare schemes provided by the organization plain as a motivation factors?**Fig.7 : Willingness of Employee's for Welfare benefits****Observation**

60% employees are agreed that the welfare benefits plays as a motivational role while 40% are highly agree on this issue.

Ques 6: How much are you satisfied Pay structure(Grades) and minimum and maximum wage ranges are determined?**Fig.8 :Satisfaction of Employee's about pay structure****Observation**

60% employees are very satisfied,35% satisfied and 5% are unsatisfied about Pay structure (Grades) and minimum and maximum wage ranges .

Ques 7: Overall, satisfied & dissatisfied employees at "Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd."

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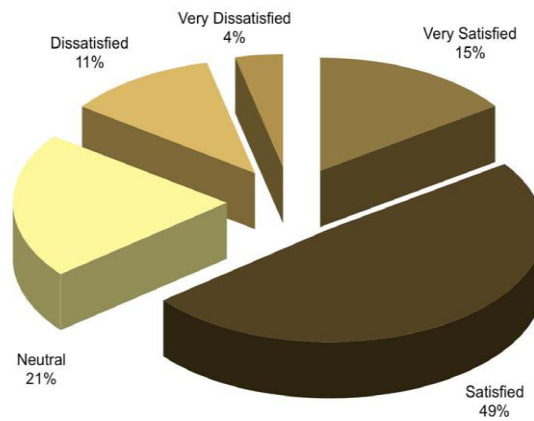


Fig.9 : Overall Satisfaction of Employee's

Observation

15% employees are very satisfied, 49% satisfied, 11% Dissatisfied, 4% very Dissatisfied And 21% Neutral about salary & wages administration in “Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.”

IV. CONCLUSION

A manager can adequately motivate his or her employees. He or she should, through methods like psychometric test and physical observation of the employees, inquire about an employee's needs to know the type of motivators that can spurn the employees to get the best from him or her. Motivation to some people means a 'fat salary', to others, motivation means working in a neat and hygienic environment, while to some employees motivation is having sense of belonging and having opportunity to train and develop a career. Salaries and wages are not the only motivators that can improve productivity. In “Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd.”, the human resources department found out that by introducing a 'cold water tap' and a 'colour television' in the junior staff waiting room, production increased by more than fifteen percent within a year. The workers derived a sense of belonging in the organization and worked harder. The two motivators could not have affected every employee as their motivators are different in the company. Some employees would have preferred to monetize the benefits. But the results cut across all employees as their total production increased. Award and recognition and not salary, overtime and wages have helped organizations to motivate some employees. Managers should practice leadership by being close to all employees to know what will motivate them. An employee with large family size and huge bills to settle every month will probably prefer money as motivation than an employee with small family size. In some cases, the promise of accommodation, paid holidays, company car and company health facilities have been used to inspire employees. Managers should identify individual employee's common motivators and priorities' the motivators, by needs of the employees, before they can successfully motivate their employees at work. Employees that are familiar with the objectives of their organization are more motivated than employees who have promise of higher pay. Organizations' should have corporate culture", build teams and not encourage any scheme that recognizes individual team members as the champion of a team. Review of workers should be done before they start work at all where the minimum performance required of them will be exposed in a clear and written form. Performance measurement of employees should not be shrouded in mystery. If a bonus has to be paid to motivate an employee to exceed performance, it has to be for performing a measurable and obvious task. Organizations should recognize that there are external factors beyond the control of employees like politics of the area they operate, economic issues like interest rate, inflation, deflation, currency exchange rate etc, social issues like immigration, language barrier, culture etc, technology change, laws and legal issues, demography, climatology, societal risks etc and health and safety issues, which can affect the performance of employees. Employee receiving the bonus should be able to show that the exceptional performance was as a result of his action and nothing else. Workers should not be seen as 'greedy' by employers when drafting contract agreement. Workers should be made to feel proud about a business as a "going-concern" and not to milk it dry. The exposition of the obvious - that a company which was in debt will go extinct if something was not done has motivated a company's workers to perform brilliantly without additional remuneration, turned around the fortune of the company and thereby saved their company and their jobs.

V. ACKNOWLEDGMENT

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