APPENDIX - III

Incentive Scheme in operation at Oriental Limited.

Two schemes of work incentives are applicable based on (1) Efficiency Bonus and (2) Piece Rate Bonus. In both the schemes, workers' pay is guaranteed and either of the schemes is applicable to any worker eligible for incentives, depending upon the quantity of work. Jobbing and small lots are under work efficiency, and big lots with last at least for one shift are under piece rate.

**Efficiency Bonus:**

Workers' percentage efficiencies are calculated daily by filling standard times in the work statements received from shops. Standard times are based either (1) On observation, or (2) Calculated by synthesis of times of different work elements. The percentage efficiencies are entered in "Operator production sheet" daily. At the end of the week, average efficiency for all the working days is calculated for each work and entered. Worker with highest percentage efficiency will have first rank and with lowest the last rank. At the end of the week, bonus lists are prepared stating total amount of incentives which the worker is entitled to get. The worker is entitled to get bonus provided his average efficiency is 80% more and the rejection for whole week is not more than that allowed (usually 5%).

The incentives fixed for this scheme are as follows:
1st worker 50 nPs./day or 40 nPs/day depending upon the numbers under Scheme and type of work.

2nd worker 45 nPs./day or 30 nPs./day

Next two to five 40 nPs./day

Next two to five 30 nPs./day

Rest 25 nPs./day

**Piece Rate:**

A job which is expected to last for one shift or more is put on piece rate. Before putting work on piece rate and the method is standardised, the work is studied on the spot and times for different elements are observed with a view to standardise time. For machine shop, work is studied with suitable speeds and feeds.

Any slow-down of work or wasted times for unnecessary work are also noted. This is taken into account before standardising time. This standard time may include from 0 to 25% allowance for fatigue, personal allowance etc. depending upon the type of work, type of machine, working conditions and speed at which it is done. After standardising the time, the amount for Piece Rate is fixed from standard graphs starting at 70% and ending at 115% of standard production per shift. The piece rate from 70 to 85% increases slowly, but a jump in the piece rate is provided at 85% so that a worker is tempted to work at least this much. The rejection allowed will be five to ten per cent of work depending upon the type of work. The piece rate is given only for that time during which the piece rate work is done.
When design, method, tooling are changed for improvement in castings and working conditions etc. occur, the standard time is revised and the rate is fixed again. For machine shop P.R. Bonus is 12 nPs. at 70% and Re.1.50 nP. for 115% of the standard production. For other shops 10 nPs. at 70% and Re.1.05 nP. for 112% of the standard production.

(This statement was supplied by the Time & Methods Study Department of the Factory.)