
CHAPTER - IV

"WAGE AND SALARY ADMINISTRATION IN
SATARA SAHAKARI DOODH PURVATHA
SANGH LTD , SATARA".

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4.0 Introduction :-

Wage / Salary is the most important factor in maintaining and developing employer - employee relations. In this regard wage and salary administration plays the most important role. Wage and Salary administration is one of the vital areas of personnel management.

Satara Sahakari Doodh Purvatha Sangh Ltd , Satara, is one of the major 'Doodh Purvatha Sanghas' in Satara district. This Sangh works in the field of milk procurement and its distribution. The Sangh works with the help of its staff. Total Staff is classified into two types viz,

- i) Permanent staff.
- ii) Temporary staff.

Total staff of the Satara Sangh is 180, of which 178 employees are on permanent basis and two employees (i.e. workers) are on temporary basis. It is necessary to keep in mind, employee is the most important input in any organisation. A well-motivated and satisfied employee is an asset of the organisation. An asset is defined "the right to receive future economic benefits".

"Man does work for his bread though he doesnot live by bread alone".¹ Therefore the management will be well-advised to take care of the remuneration of

employees.

4.1 Wage Variations and the Sangh :-

"The difference in wage levels is called wage variations". There are four types of variations in wage rates, viz,

- i) Time Variations.
- ii) Regional Variations.
- iii) Industrial Variations.
- iv) Personal Wage Variations.

There are differences in wage rates and salary scales in Satara Sahakari Doodh Purvatha Sangh Ltd, Satara, this is due to the different skills, duties, responsibilities, experiences, physical and mental requirements. There are 19 cadres of the employees in the Sangh. Each cadre of employee differs from other cadre. Permanent workers are paid at the rate which is higher than that paid to the temporary workers. It means that, there is difference regarding wage rates due to the nature of appointment. Most of the workers of the Sangh are under educated (below than Standard 10th) because there is no specific educational qualification required for the cadre of worker, so they are unaware of the information about wage Legislations. The wages are influenced by personal qualities or qualifications of the employees. Such as education, training and past experience. Hence there is difference in wages

of employee, and between wages paid by different enterprises.

The following are various types of variations in wage rates and salary scales of the Sangh.

A) Time Variations :- Wages may vary time to time. With effect from 1st July 1994, wage rates and salary scales will be revised after period of three years. It means such variation is related to time. In short, it is found that wage variation in the Sangh will be followed after period of three years.

B) Personal wage variation :- Personal wage variations arise due to differences in the Personal Characteristics (age or sex) of employees.

In Satara Sangh, all are male employees. Besides, there are various cadres of the employees. Each cadre demands different type of skill, education and experience. So there is difference in wage rates and salary scales for every cadre. But in the same cadre, there is also difference in wages and salaries because of experience. More experienced person gets more salary than the new comer in the same cadre.

4.2 Wage structure of the Sangh :-

Generally there is no difference between salary and wages. Remuneratioin received by an employee is

called as salary or wages. Wage structure of the Sangh includes the following items.

- i) Basic-pay.
- ii) Dearness Allowance.
- iii) House Rent Allowance.
- iv) Medical Allowance.
- v) Washing Allowance.
- vi) Festival Advance (i.e. Advance - Salary).

19 cadres of employees are working in the Sangh. Of which 2 cadres of employees work on 'Lump-sum basis' viz Officer on Special Duty (O.S.D.) and Society co-ordinator. These personnel are appointed in the Sangh for the guidance to the management and to the employees. There are two workers working on daily wages. They get wages of Rs. 20/- per day.

There is no wages structure in the Satara Sangh to the following cadres of the employees, namely,

- A) Officer on Special Duty (O.S.D.)
- B) Society Co-ordinator.

There is plant of the 'Government Dairy' in Satara City. The such 'Government Dairy Purchase milk from various 'Co-operative Doodh Purvatha Sanghas' of Satara district. The 'Government Dairy' works with the help of its staff. There are 19 cadres of the employees in the 'Government Dairy' (i.e. Satara unit).

'Table - 4.1'

'Table showing 'Pay Scales' of employees of the
Government Dairy and the Satara Sangh'.

Sr.No.	Designation	'scale of pay' in the Govern-ment Dairy.	'Scale of pay' in the Satara Sangh.
1.	District Dairy Development Officer	Rs.2200-75-2800-EB-100-4000.	-----
2.	Assistant District Dairy Development Officer	Rs.2000-60-2300-EB-75-3200-100-3500.	-----
3.	Assistant registrar Co-operative society		-----
4.	Dairy Manager		Rs.1350-75-1725 90-2625-EB- 105 3100-120-3750 - 135-4425 -150- 5175.
5.	Assistant Dairy Engineer (A.D.E.)	Rs.2000-60-2300-EB-75-3200-100-3500.	Rs.1050-60-1350 -75-2100-EB -90 2550-105- 3075- 120-3675.
6.	Extension Officer	Rs.1640-60-2000-EB-75-2900.	-----

Sr.No.	Designation	Scale of pay in the Government Dairy.	scale of pay in the XSatara Sangh.
7.	Office-superintendent (O.S.)	Rs.1640-60-2000-EB-75-2900	Rs.1050-60-1350-75-2100-EB-90-2500-105-3075-120-3675.
8.	Accountant		
9.	Milk Procurement Officer (M.P.O.)		
10.	Officer on special Duty (O.S.D.)	-----	Rs.3500/per month (Lump-sum).
11.	Society Coordinator	-----	Rs.3000/per month (Lump-sum).
12.	Co-operative Officer	Rs.1400-40-1600-50-2300-EB-60-2600	-----
13.	Supervisor		Rs.675-30-825-36-1185-EB-45-1410-60-1710-75-2085.
14.	Milk Procurement Supervisor (M.P.S.)	Rs.1200-30-1440-EB-30-1800	Rs.675-30-325-36-1185-EB-45-1410-60-1710-75-2085.
15.	Senior clerk		

Sr.No.	Designation	Scale of pay in the Govern- ment Dairy	Scale of pay in the Satara Sangh.
16.	Ice factory Operator.	-----	Rs.480-24-600- 27-870-EB-30- 1020-36-1200-42 -1410-50 -1660
17.	Assistant Ice Factory Operator.	-----	
18.	Refrigeration Operator	Rs.1200-30- 1440-EB-30- 1800.	Rs.480-24-600- 27-870-EB-30- 30-1020-36-1200 -42-1410-50 - 1660.
19.	Electrician.		
20.	Clerk	Rs.950-20-1150	Rs.480-24-600-
21.	Driver	-EB-25-1500.	27-870-EB-30- 1020-36-1200-42 -1410-50 -1660.
22.	Assistant Supervisor	-----	Rs.390-15-465- 18-555-21-660 - EB-24-780-27- 915-30-1065.
23.	Peon	Rs.750-12-870- -EB-14-940.	Rs.360-15-435- 18-525-21-630-
24.	Worker(Permanent)		EB-24-750-27- 885-30-1035.

From the above table it seems that, in the 'Government Dairy' there is similarity in the 'scales of pay' of Assistant District Dairy Development Officer, Assistant Registrar Co-operative Society, Assistant Dairy Engineer and Dairy Manager' (i.e Rs.2000-3500). Extension Officer, Office Superintendent Accountant, Milk Procurement Officer get the same 'scales of pay' (i.e. Rs. 1640-2900). We find that, same 'Scales of pay' is offered to Co-operative Officer and Supervisor (i.e. Rs. 1400-2600). There is similarity in the 'Scales of pay' of Milk Procurement Supervisor, Senior clerk, Refrigeration Operator and Electrician (i.e. Rs.1200-1800). Clerk, Driver get the same 'Scales of pay' (i.e. 950-1500). We find that same 'scales of pay' is offered to peon and worker (i.e. Rs. 750-940).

From the above table it also seems that, in the 'Satara Sangh' there is similarity in the 'Scales of pay' of officer superintendent, Accountant, Milk Procurement Officer and Assistant Dairy Engineer (i.e.Rs. 1050-3675). Milk Procurement Supervisor, Senior Clerk, Supervisor get the same 'scales of pay' (i.e. Rs.675-2085) . We find that same 'scale of pay' is offered to Refrigeration operator, Ice factory operator, Assistant Ice Factory Operator, Electrician, Driver and Clerk (i.e. Rs. 480-1660). There is similarity in the 'scales of pay' of peon and permanent worker (i.e. Rs.360-1035).

'Pay Scales' of employees of the Satara Sangh is given in the table as per 'Wage Agreement 1994'. In the Satara Sangh, each employee work eight hours per day except holiday, but the duration of recess is $\frac{1}{2}$ an hour per day. It means that, actual working of each employee is $7\frac{1}{2}$ hours per day.

In the Satara Sangh, the items of 'Wage/Salary Structure' are as follows.

i) Basic-pay :- Basic pay is one of the component of wage structure of the Sangh. The rate of basic pay is prescribed for a day in the Sangh. This component is the base of wage structure.

ii) Dearness Allowance (i.e. D.A.): - This allowance is paid to compensate the employees against the rise in price level in the economy. In respect of the Sangh, dearness allowance is linked with price index numbers. Amount of this component is flexible accordingly.

iii) House Rent Allowance (i.e. H.R.A.) :- Housing accommodations is not provided by the Sangh to its all the employees, instead the employees get 'House Rent Allowance' from the Sangh at the rate of 5% of their (Basic pay and dearness allowance). 'House Rent Allowance is an important component of wage structure of the Sangh.

iv) Medical Allowance :- Medical Allowance is granted to the employees of the Sangh. Medical allowance is

paid Rs.100/- per month to the Manager of the Sangh. And other employees get Medical allowance equal to 50% of current year's basic pay and that too at the end of a year. It means medical allowance paid once in a year to the employees of the Sangh. Only manager of the Sangh gets medical allowance per month.

Medical allowance is not paid to the 'Society Co-ordinator' and 'Officer on Special Duty'.

v) Washing Allowance :- The Sangh provides apparel to certain cadres of its employees namely Milk Procurement Supervisors, Drivers, Supervisors, Assistant Supervisors, Ice-factory Operators Assistant Ice Factory Operators, Peons and Workers. It is necessary to wear such dress during working hours. The Sangh pays washing allowance to the above mentioned employees.

Washing allowance is paid at the rate of Rs. 20/- per month to above mentioned employees.

vi) Festival Advance (i.e. Advance Salary) :- Employees of the Sangh get festival advance in form of advance salary. The festival advance is granted to meet the expenses of festivals, like 'Ganesh festival' and 'Diwali Festival'.

Such advance is granted maximum to the extent of one month salary to each employee of the Sangh.

Such advance amount will be re-covered from the employees later on by way of deduction from their subsequent payments.

'Table 4.2'

'Table showing the classification of the sample employees according to their salaries per month'.

Sr.No.	Salary	No. of employees	Percentage
1.	Below Rs. 2,000	14	35.00
2.	Rs.2,000-4,000	21	52.50
3.	Rs.4,000-6,000	04	10.00
4.	Rs.6,000-8,000	Nil	00.00
5.	Rs.8,000-10,000	01	02.50
		40	100.00

The above table indicates that -

- 1) 35% of the sample employees are getting salary less than Rs.2,000 per month.
2. 52.50% of the sample employees are getting salary between Rs.2,000 to Rs.4,000 per month.
- 3) 10% of the sample employees are getting salary between Rs.4,000 to Rs.6,000 per month.
- 4) There are no employees getting salary between Rs.6,000 to Rs.8,000 per month.
- 5) 2.50% of the sample employees (i.e. Manager)

get salary between Rs.8,000 to Rs.10,000 per month. The actual salary of the Manager is Rs.9,650/- per month.

'Table - 4.3'

'Table showing amount paid by the Sangh on
account of Salaries'

Sr.No.	Year	Amount of Salaries Rs.
1.	1990-91	22,94,915=24
2.	1991-92	24,92,762=52
3.	1992-93	22,35,527=15
4.	1993-94	28,64,580=10
5.	1994-95	35,00,113=20

From the above table it seems that -

- i) In the year 1991-92, amount paid on account of Salaries is Rs.1,97,847=28 more than that of year 1990-91.
- ii) Amount paid on account of salaries in the year 1992-93 is the least as compared to the amount paid on account of salaries of remaining four years.
- iii) In the year 1993-94, amount paid on account of salaries is Rs.5,69,664=86 more than that of year 1990-91.

iv) In the year 1994-95, amount paid on account of salaries is Rs.12,05,197=96 more than that of year 1990-91.

In the Sangh, every employee (Except 'Officer on Special Duty' and 'Society co-ordinator') gets wage increment after one year. There is only one 'Pay Scale' (Pay-grade) fixed for the employee of every cadre in the Sangh except 'Officer on Special Duty' and 'Society Co-ordinator'. Therefore an employee will gets 'Pay Scale' (Pay-grade) revised, after period of three years.

There are three shifts of working in the dairy department of Sangh. Every shift has duration of eight hours. There is no provision for overtime in the Sangh as the Sangh works on co-operative basis. The provisions of 'Factory Act 1948' are not applicable to the co-operative sector. There is no provision for an employee to purchase the dairy products at concessional rates. The Sangh also offers travelling allowance to its employees in certain cadres. When an employee travels on behalf of Sangh (i.e. out station trip), he gets travelling allowance as per 'S.T. Bus fare' paid by him, from the Sangh. The Pension Scheme is not applicable to the employees of the Sangh, instead 'Provident Fund Scheme' is in exist in the Sangh. 'Provident Fund Scheme' is applicable to the Permanent employees of the Sangh.

4.3 Perquisites of the Sangh :-

"The payment of perquisites is included in the term salary and the term means any casual emolument, fee or profit attached to an office in addition to salary paid by the employer to his employee voluntarily or otherwise, and they may be in cash or kind or in the form of benefits and amenities".²

The perquisites include the following -

- i) Value of Rent-free accommodation or provided at concessional rent by the employer to his employee.
- ii) Any sum paid by the employer in respect of any obligation, e.g., school fees of employee's children paid by employer or income tax of employee paid by the employer etc.
- iii) Insurance premium of employee (i.e. Life-Insurance premium) paid by employer on behalf of an employee.
- iv) Valuation of Motor Car provided by the employer.
- v) Value of gas, electricity, water provided free of cost.
- vi) Gardner's wages paid by employer for rented accommodation.
- vii) Education expenses in case education institution is run by the employer.
- viii) Value of free-lunch supplied by the employer.
- ix) Wages of Sweeper/Watchman paid by the employer.

- x) Valuation of re-imbusement of medical expenses/ medical facilities by the employer.
- xi) Any expenditure incurred by the employer in respect of recreational facilities provided to employees.
- xii) Any expenditure incurred by the employer in respect of refreshment provided to the employee during office hours and in the office premises (This does not include expenditure on lunch).
- xiii) Payment of telephone bill by the employer for the telephone installed at the residence of an employee.
- xiv) Amount of spent by an employer on training of employees or on undergoing refresher course or management-course.
- xv) Premium paid by the employer on personal accident policy of employees.

These perquisites are generally related to private sector employees, Government employees and Semi-government employees.

Satara Sahakari Doodh Purvatha Sangh Ltd., Satara works on co-operative basis. The position of the Sangh in regard to perquisites to the employees' is as follows.

- i) The Sangh has not provided rent free accommodation to any of its employees as financial position of Sangh is not too sound.

- ii) There is no provision of 'Payment of School Fees' for the children of employees.
- iii) The Sangh is not interested to pay 'Life Insurance Premium' of the employees.
- iv) The Sangh owns two Jeeps and one Ambassador Car. The 'Ambassador Car' is used by the Chairman of the Sangh, and two Jeeps are used by Office bearers of the Sangh viz, Manager, Accountant, Office Superintendent, Milk Procurement Officer and Assistant Dairy Engineer for employment purpose only.

'Description regarding such vehicles'

Type of Vehicle	Number	Purchase-price
Ambassador car	MH-11-4740	Rs.2,03,840/-
Jeep	MH-12-E-5688	Rs.2,03,636/-
Jeep	MH-12-E-5663	Rs.2,27,416/-

- v) The Sangh doesnot provide gas, electricity and water facility to its employees.
- vi) The Sangh doesnot provide 'Gardner' to any of the authorities.
- vii) The Sangh has not opened any 'Education Institution' for the children of employees.

But the Sangh has establishes a 'Charitable fund' and contributes to it every year.

- viii) The Sangh doesnot provide 'free lunch' to its employees, during office-hours.
- ix) The Sangh doesnot provide services of a sweeper and watchman to its authorities.
- x) The Sangh doesnot provide 'Medical facility' to its employees. But medical allowance is granted to the employees of the Sangh.
- xi) There is no provision in regard to 'entertainment' in the Sangh.
- xii) There is no provision to provide 'refreshment' during office hours to the employees.
- xiii) The Sangh has not installed telephone at the residence of the Manager or any of the authorities.
- xiv) There is no special provision in regard with, training of employees, in the Sangh.
- xv) The Sangh does not pay premium on the personal accident policy of employees.

From the above information, it is clear that, the perquisites are not adequate enough.

But in the year 1994-95, the Sangh has made provision of Rs.20,000/- as 'Employees Welfare Fund'. But this amount is not that much sufficient to provide certain perquisites to employees. It means, policy of the Sangh in relation to 'Perquisites to employees' is not satisfactory.

4.4 Incentive plans implemented by the Sangh :-

An 'incentive' or 'reward' can be anything that attracts an employee's attention and stimulates him to work. In the words of Burack and Smith, "An incentive scheme is a plan or programme to motivate individual or group performance. An incentive programme is most frequently built on monetary rewards (incentive pay or a monetary bonus), but may also include a variety of non-monetary rewards or prizes".³

An incentive plan has the following important features -

- i) An incentive plan may consist of both 'monetary' and 'non monetary' elements.
- ii) The timing, accuracy and frequency of incentives are the very basis of a successful incentive plans.
- iii) The plan requires that it should be properly communicated to the employees to encourage individual performance, provide feedback and encourage redirection.

There are two incentive schemes in the Satara Sahakari Doodh Purvatha Sangh Ltd , Satara. These incentive are viz -

- 1) Salary reward.
- 2) Bonus.

Both of incentives are offered in form of money.

1) Salary-Reward :- This form of incentive scheme was introduced by the Sangh to inspire the performance of the employees.

In the year 1994-95, the Sangh has given 'salary reward' to its employees according to their cadres. It is policy of the Sangh, to give 'salary-reward' as per cadre. This incentive plan is in relation to all the permanent employees of the Sangh. In the same year, the Sangh has granted one month 'salary-reward' to the Manager, two and half month 'salary reward' to Accountant Officer Superintendent, Milk Procurement Officer, Assistant Dairy Engineer, Milk Procurement Supervisor, Driver, Senior clerk, Supervisor, Electrician, clerk, Refrigeration Operator, Ice Factory Operator, Assistant Ice Factory Operator, Assistant Supervisor, Peon and Worker.

In the year 1993-94, the Sangh had granted one month 'salary reward' to the Manager and two month 'salary reward' to above mentioned employees.

It means Sangh has granted more 'salary reward' (i.e. one half month 'salary reward') to its all permanent employees except the Manager in the year 1994-95 in comparison with the year 1993-94.

2) Bonus :- The idea underlying the payment of

bonus under an incentive scheme is to stimulate the productive effort of an employee. Generally this incentive scheme is implemented for the purpose of improving productivity.

As the Sangh had not sustained any loss in past, the Sangh gives bonus every year to its employees. Amount of bonus depends upon the profit earned by the Sangh. After making the necessary provisions from the net profit as per bye-laws, the Sangh declares bonus upto 20% of remaining profit to their employees.

In the Sangh, these two incentives are properly communicated among the employees to encourage individual performance. Besides there is a system of non monetary incentives in the Sangh, viz. Salient smile of a Manager, recognition of good work of an employee, easy communication process sympathetic attitudes of the supervisors.

In the Sangh employees are classified in two ways viz permanent employees and temporary employees. Above mentioned monetary incentives are not applicable to temporary employees (i.e. temporary workers).

Out of 40 respondents, 32 respondents opine that they get bonus to work more efficiently, on the other hand 8 respondents think that, they get bonus for their regularity in work.

If the Sangh suffers a loss the respondents are of opinion not to have bonus.

Incentive plans are essential to keep the employer and employee relations healthy. The willingness to work can be created by such incentive plans.

4.5 Deductions from Wages / Salaries :-

There are two concepts of salaries namely 'Gross Salaries' and 'Net Salaries'.

In case of Satara Sangh, there are 180 employees working in its dairy-department and office. Wage structure of the Sangh involves the following items -

- i) Basic-pay.
- ii) Dearness Allowance (i.e. D.A.).
- iii) House Rent Allowance. (i.e. H.R.A.).
- iv) Washing Allowance.
- v) Medical Allowance.
- vi) Festival Advance (i.e. Advance salary).

But it is necessary to remember that, the above mentioned item 'Washing Allowance' is concerned with certain cadre of employees viz, Milk procurement Supervisors, Ice factory Operators, Assistant Ice Factory Operators, Supervisors, Assistant Supervisors, Driver, Peons and workers.

The total of above items of wage structure is termed as 'Gross-salaries'. Then certain deductions

can be made from gross salaries, and salaries remaining after deductions is termed as 'Net salaries'. Therefore, Net salaries = Gross salaries Less deductions.

The 'Net salaries' shall be computed after making the following deductions from gross salaries of an employee, in the Sangh.

- i) Income Tax.
- ii) Contribution to Recognised Provident Fund.
- iii) Life Insurance Premium.
- iv) Staff Society Loan.
- v) Provident Fund Loan.
- vi) Loan from D.C.C. Bank.
- vii) Loan from Maratha Path Purvatha Sanstha.
- viii) Festival Advance.
- ix) Professional Tax (i.e. Tax on Employment).

These deductions are described as below -

- i) Income Tax :- Income tax is a tax on income. Income tax is a part of direct tax. Income tax is an important and significant source of the revenue of the Central Government in the present age. It is an important tool to achieve balanced socio-economic growth by providing incentives and concessions in income tax for various developmental purposes. The Indian Income Tax Act 1961 is passed by the Parliament in 1961, which has come into force w.e.f. 1st April 1962, and since then there might be about thousands of amendments taken place.

These amendments are in the form of insertions, omissions. But the rate of tax is decided every year by passing the 'Finance Act'. 'Finance Act 1995', offers idea about revised Income slabs for an individual, to determine his 'Income Tax Liability'.

'Table - 4.4'

'Table showing Income Tax Rates (in case of
of an individual) For Assessment Year 1996-97'

Taxable Income	Rate of Tax
Upto Rs. 40,000	Nil
Between Rs. 40,001 to Rs. 60,000	20%
Between Rs. 60,001 to Rs. 1,20,000	30%
Above Rs. 1,20,000	40%

Due income tax from earnings of an employee is deducted from his salaries at source, by the Satara Sahakari Doodh Purvatha Sangh Ltd , Satara and is remitted to the income tax department. In the Sangh, income tax is deducted at source in respect of the following employees viz -

- a) Manager.
- b) Accountant.
- c) Milk Procurement Officer.

ii) Contribution to Recognised Provident Fund :-

There is provision of deduction of amount of 'Provident Fund' from the salaries, in the Sangh. The rate of such deduction is 8.33% of basic pay. The Management also contributes same amount to provident fund in respect of authorities of the Sangh. The 'Provident Fund Scheme' is applicable to the permanent employees of the Sangh.

The amount deducted on account of 'Contribution to provident fund' is deposited in the provident fund account.

iii) Life Insurance Premium :- Life Insurance is the element of protection and investment. Majority employees of the Sangh have taken 'Life Insurance Policy' from the 'Life Insurance Corporation of India'.

The pay-roll deduction scheme of 'Life Insurance Premium' exists in the Sangh. The amount of 'Life Insurance Premium' can be deducted from the wages / salaries of an employee under his instruction and remitted to the concerned 'Life Insurance Corporation Office'.

iv) Staff Society Loan :- There is staff society in the Sangh. Each permanent employee of the Sangh is the member of this society. This society offers loan to their members. Majority of the employees of the Sangh

have taken loan from the staff society, for the domestic purposes.

The pay-roll deduction scheme exists for 'Repayment of Staff Society Loan' in the Sangh. Therefore loan taken from the 'Staff Society' will be deducted from the wages / salaries through monthly instalments.

v) Provident Fund Loan :- There are some employees, who have taken loan from their provident fund. The loan taken from the 'Provident fund' is deducted from the wages / salaries of the employees concerned through instalments.

vi) Loan From D.C.C. Bank :- Some of the employees of the Sangh have taken loan from 'The District Central Co-operative Bank Ltd., Satara' . It means that, the loan taken from the 'D.C.C. Bank' will be deducted from the wages / salaries of the employees concerned through instalments.

vii) Loan from Maratha Path Purvatha Sanstha :- Some of the employees of the Sangh have taken loan from the 'Maratha Path Purvatha Sanstha, Satara'. Repayment of such loan will be done through instalments. It means loan taken from the 'Maratha Path Purvatha Sanstha' will be deducted from the wages / salaries of the related employees through instalments.

viii) Festival Advance :- The Sangh provides festival advance to their employees in the form of advance salary. Such advance ranges up to one month salary to each employee. Festival advance is granted to meet the expenses of major festivals like Ganesh festival and Diwali festival.

This advance amount will be recovered from the employees later on by way of deduction from their subsequent payments.

ix) Professional Tax (i.e. Tax on employment):-

This tax is related to employment. This tax is levied by a State Government. It means that, it is responsibility of State Government to fix the professional tax.

The professional tax is also deducted u/s 16(iii) while calculating taxable income of an employee under the head 'Salaries'.

In Maharashtra State, to determine professional tax is the responsibility of the 'Maharashtra Government'.

The Government of Maharashtra revised its existing schedule of amounts of professional tax from 1st May, 1994.

The professional tax of an employee depends upon his salary income.

'Table - 4.5

'Table showing amount of professional tax fixed by
the Government of Maharashtra, (W.e.f 1-5-1994)'

Salary Income	Amount of professional tax, per month.
Upto Rs. 1000	Rs : NIL
Between Rs.1001 to Rs.1500	Rs. 15
Between Rs.1501 to Rs.2500	Rs. 30
Between Rs.2501 to Rs.3500	Rs. 40
Between Rs.3501 to Rs.5000	Rs. 60
Above Rs. 5000	Rs. 70

These rates are taken into consideration by the Sangh while making deduction on account of professional tax. Any sum payable by an employee on account of the tax on employment which is levied by a State Government can be deducted from the wages / salaries of an employee, by the Sangh, for remittance to the Maharashtra Government.

4.6 Wage rates and rules :-

"The steps involved in determining wage rates are performing job analysis, wage surveys, analysis of relevant organisational problems forming wage structure framing rules of wage administration, explaining these to employees, assigning grades and price to each job

and paying the guaranteed wage".⁴

To determine wage rate is an important factor of any organisation. Pay revision, once in five years was the practice followed by the sangh. Now it was decided in the year 1994, that the wage revisions procedure will be followed after period of three years. In the Sangh, to determine wage rates is the responsibility of the working committee. And the working committee consists of the Chairman, Vice-chairman, Board of Directors (involving one staff representative). In the Sangh wagherates are fixed on the basis of job evaluation, also due weightage is given to merit rating. But while revising wage rates, the working committee takes into account, 'capacity to pay' of the Sangh. The wage rates are determined through 'Wage Agreement' and such agreement remains in operation for a period of three years. While determining wage rates the working committee takes into account all cadres of the employees.

While determining wage rates, the working committee takes into consideration the following factors.

- i) There is an adequate differential between superiors and subordinates.
- ii) When the wage rate of one cadre is changed, equal attention is given to the wage rate /salary scale of the other cadres.

- iii) Considerable attention is given to handling upward changes in wage structure. The sound thing is to make general adjustment in wage structure according to price index number.
- iv) Reviewing the existing pay structure.

A person who has been working for many years and is more experienced may earn more than a fresh employee. The wage structure is prepared in regard with every cadre of an employee. Such wage structure is not applicable to temporary workers, working in the Sangh.

There are two workers working in the Sangh on temporary basis. The wage rates of such workers are determined as per suggestions of the working committee. Now each temporary workers gets Rs.20/- per day as wages except holiday. If temporary worker remains absent on the job, he will not be paid wages.

The development of rules of wage administration has to be done, after the wage rates have determined, in the Sangh. Rules are developed to determine to what extent advancement is related to the length of service rather than the merit.

The basic purpose of wage and salary administration of the Sangh is to establish and maintain an equitable wage and salary structure. Out of 40 respondents,

35 respondents opined that the wage and salary administration of the Sangh is concerned with financial aspect, motivation and rewards. And 5 respondents express their opinions that the wage and salary administration of the Sangh is concerned with financial aspect only. It means 87.50% respondents, think that, wage and salary administration of the Sangh is comprehensive, and 12.50% respondents think that, wage and salary administration of the Sangh is related to financial aspect only.

All respondents (i.e. 40) agreed to consider the length of service is the best rule for wage administration. It means 100% respondents, recognise the 'Principle of Seniority'. In the Sangh the working committee is expected to exercise control over wage and salary administration. And the employee should be informed about the details of wage and salary programme. And the Sangh offers wages / salaries to its employees as per its wage and salary programme. But the sangh has not adopted any procedure to control the labour cost.

4.7 System of wage payment :-

"The fundamental bases of wage payment are only two : 1) Payment by time worked, and (2) Payment for output. There are indeed all kinds of modifications and minglings of these two principles, but they are nonetheless fundamentally distinct".⁵

Time wage system is the oldest, simple and most commonly adopted method for wage payment in almost all establishments. Time wage system is also called 'day work system'. In this system time is taken as the basis of payment. The main point is that the production of a worker is not taken into consideration while fixing the wages, he is paid at the pre-determined rate per hour, day, month etc.

"The payment of the wage may be made at the end of the day, the week, the fortnight or the month, according as is mutually agreed, provided that not more than one month must elapse between two wage periods (Section 4, Payment of Wages Act, 1936)"⁶.

'Time Wage System' of wage payment exists in Satara Sahakari Doodh Purvatha Sangh Ltd, Satara for many years. This system of wage payment is adopted by the Sangh, because this system has following advantages.

- i) Simplicity is the greatest merit of time wage system.
- ii) It is the only system that can be used profitably where the output of an individual workman or groups cannot be readily measured.
- iii) It requires less administrative attention.
- iv) As all the workmen employed for doing a particular kind of work receive the same wages, ill-will and jealousy among them are avoided.

- v) It facilitates pay-roll function.
- vi) Computation of earnings is quite easy.
- vii) Workers know exactly the amount he is to get.

It means that, time wage system is adopted by the Sangh while making wage payment to its all employees. Each employee of the Sangh gets wages / salaries regularly. The wage period fixed by the Sangh is the month. Timely wage payment and sound wage plan are the most useful points to solve wage problems of employees.

The Sangh pays wages / salaries to its employees in form of cash and not in kind.

4.8 Wage revision procedure :-

To revise wage rates / salary scales is the responsibility of the working committee (i.e. wage committee). Following are the members of the working committee, namely -

- i) Chairman.
- ii) Vice-chairman.
- iii) Board of Directors (Includes One Staff Representative i.e. Director).

The working committee is related to revise wage rates / salary scales of various cadres of employees working in the Satara Sangh. Pay revision, once in five years was the practice followed by the working committee. Now it was decided by the working committee in the year

1994, that practice of wage revision will be followed after period of three years. Wage revision procedure is followed through 'Wage Agreement'. There is only 'One Pay Scale' for each cadre. In the Sangh, the wage rates were revised by the working committee in the year 1994, and implementation of such wage rates were started from 1st July 1994, for various cadres of the employees in the Satara Sangh. These wage rates are applicable up to the 30th June, 1997.

The working committee fix wage rates for every cadre of employee in the Sangh, prior to 3 months, remaining for completion of previous 'wage Agreement'.

While revising wage rates the working committee takes into account the Sanghs 'ability to pay'. The working committee practises the principle of 'equal pay for equal work'. While drafting revised wage plan, the working committee takes precaution, to keep the wage plan simple and flexible. It means that, the 'wage plan' of the Sangh is simple to understanding for average employees. And the wage plan can be administered smoothly by the Management.

Now an employee will get revised wage rates after period of three years. The wage revision is helpful (Due to increase in wages / salaries) in relation to the employees, to meet with inflationary conditions. Recent practice of 'wage revision' should be done after every three years instead of five years.

It was found that, 'wage revision' procedure

is not followed by the working committee in respect of the further cadres of the employees, viz

- i. Officer on Special Duty (O.S.D.)
- ii. Society Co-ordinator.

So it is suggested to the working committee to take into account such two cadres (i.e. Officer on special Duty and Society co-ordinator) at the time of wage revision.

4.9 Factors affecting wage-rates :-

There are several factors which influence the wage rates of the Satara Sahakari Doodh Purvatha Sangh Ltd, Satara. These factors are -

- i) Ability to pay :- Satara Sangh, collects milk from certain talukas of Satara district.

It means the working field is limited, so the turnover is limited. This Sangh works on co-operative basis, therefore the Sangh earns only marginal profit. Hence the Sangh gives less wage rates to its employees as compared to the Government dairy-employees.

- ii) Management Views :- To determine wage rates of the employees, is the responsibility of the Management (i.e. the working committee).

Pay revision, once in five years was the practice followed by the Satara Sangh. But it was decided by the working committee, in the year 1994, that wage revision should be done after period of three years of each cadre

of employee. In short management views affect the wage rates of the Sangh.

iii) State of competition :- The wage level is also affected by the degree of competition in the market for dairy industry.

In Satara district there are seven 'doodh Sanghas'. All are working on co-operative basis. It means that, 'State of competition also affects the wage rates of the Satara Sangh.

iv) Prevailing wages :- This is also known as the 'going wages' or 'comparative wages', and is the most widely used criterion.

As compared with the Government dairy employees, Satara Sangh pays less wages / salaries to its employees. So it is not able to attract the desired manpower.

v) Job-requirement :- An employee is compensated according to the job requirements. In the Satara Sangh, there are 19 cadres of employees. The nature of job differs from cadre to cadre.

While determining wage rates of various cadres, job requirement of each cadre shall be considered by the working committee (i.e. Wage Committee) of the Sangh.

If a job requires higher skill, greater responsibility and risk, the worker placed on that job will naturally

get higher wages in comparison with other employees working on the posts which do not require the same degree of skill, responsibility or risk.

vi) State Regulation :- In India, the State Governments are given powers under 'Minimum Wages Act, 1948' to fix the minimum rate of wages payable to employees in scheduled employment. If an business is unable to provide minimum wage, it has not right to exist in industry. It means Government has to interfere in regulating wage rates in order to cover-up essentials of decent living.

Satara Sahakari Doodh Purvatha Sangh Ltd., Satara is paying its employees the wages at a rate not less than the minimum rate of wage fixed for that class of employee under the 'Minimum Wages Act, 1948'. It means state regulation affects the wage rates of the Sangh.

vii) Psychological and Social factors :- To satisfy the condition of job security, equity, fairness and justice, the management of Sangh takes these factors into consideration while determining the wage rates.

These factors affecting wage rates of various cadres of the employees. The working committee should consider such factors while determining wage rates /salary scales of the employees as well as at the time of wage revision.

As compared with the Government dairy, the 'ability of pay' of Satara Sangh to its employees is less because financial position of the Sangh is not too sound.

4.10 Practical use of wage theories :-

There are various 'wage theories' which has been given by the economists for the determination of general wages. It means such theories are useful to determine general wages of any organisation. In Satara Sangh, the wage determination is the responsibility of the working committee (i.e. wage committee). The wage revision procedure is also an obligation for the working committee.

But it was found that, the wage committee of the Sangh never takes into account various 'Wage theories' while determining wage rates, and at the time of wage revision of the employees of various cadres. It means, these various wage theories are not practically useful but they have only theoretical values.

These wage theories are not considered by the working committee while drafting wage plan of the Sangh because these theories are descriptive. These theories does not take into account anticipated contingencies. Therefore wage rates of the employees are not fixed by theories, due to several other economic and human aspects.

4.11 Wage Board and Dairy Industry :-

A Wage Board is a tripartite body with representatives of management and workers, presided over by a Government nominated chairman who can act as an umpire in the event of disagreement among the parties.

The Board is required to fix wages in accordance with the norms of wage fixation. The wage board helps to resolve the disputes in a democratic manner by bringing the parties together without compulsion on either side.

The first wage board was set up in 1957 in the cotton textile industry. The other wage boards were set up following this wage board for journalists, Sugar, Cement, Jute, Tea plantation, rubber and coffee, coal mining, iron and steel, road transportation and electricity undertakings.

Some people have suggested that, wage board should be made statutory bodies. They can probably be used as potent agency for collective bargaining in units which are in favour of this method of wage fixation.

It was found that, yet the wage board has not been set up for dairy industry. And in India, there is no national wage policy for dairy industry. A sound and rational wage policy is essential for a country both on social and economic grounds. It is necessary to set up wage board in respect of dairy industry because

of wage boards were set up already for Sugar industry, cement industry, jute industry, tea plantation, rubber and coffee industry etc. In India, wage board for dairy industry is required to fix wages of the employees of dairy industry, in accordance with the norms of wage fixation.

4.12 Wages / Salaries and employees satisfaction:-

The present study is related to the, wage and salary administration of Satara Sahakari Doodh Purvatha Sangh Ltd , Satara. In order to understand views of the employees in relation to the wages / salaries, certain direct and indirect questions were passed in the questionnaire. A well motivated and satisfied employee is an asset of the organisation and an employee is the most important input in any sector be it large or small.

The number of employees of the Sangh are not satisfied with present wages / salaries. Amount they receive on account of 'House Rent Allowance' (i.e. H.R.A.) is very less. They cannot occupy rental house in the same. They require to pay more amount than the 'House Rent Allowance' they get. The Basic pay of each cadre of the employee, is less than that of the employee of the Government dairy. There is only one 'Scale of pay' for each cadre of the employee. Amount of bonus also depends upon the profit of the Sangh. If Sangh gets less profit, employee will get less bonus. There are

only two incentive schemes (i.e. 'Salary reward' and 'bonus') in the Sangh. The views of the employees in relation to incentive plan of the Sangh are not satisfactory. The Sangh has not provided perquisites to its employees. The sound incentive plan and better perquisites are essential for higher productivity. The employees are not satisfied for not receiving 'pension' after retirement. In recent position, employees are not satisfied with present wages / salaries due to following reasons.

- i) Raising Prices of basic commodities.
- ii) Rise in cost of living.
- iii) Lack of enlightened wage rates.
- iv) Less wage payments as compared with the Government dairy.
- v) Inadequate incentive plan.
- vi) Lack of perquisites.

Even the temporary workers are not satisfied with present wages. There are two workers working on temporary basis in the Sangh. Each gets Rs.20/- per day as wages, this amount is not enough to meet the routine expenses of them.



'Table 4.6'

'Table showing the classification of the employees
as per the opinion about satisfaction regarding
their wages / salaries '.

Sr.No.	Opinion	Number of Employees	Percentage
1.	Satisfactory	07	17.50
2.	Unsatisfactory	33	82.50
Total :		40	100.00

The above table informs about the opinions of the employees about their satisfaction regarding to the wages / salaries.

The table shows that -

- 1) 17.50% of the employees are satisfied their needs with their wages / salaries.
- 2) 82.50% of the employees are dissatisfied their needs with their wages / salaries.

A large number of employees i.e. 33 employees (i.e. 82.50%) are dissatisfied in regard with their wages / salaries.

On the basis of above figures it is clear that, 17.50% of the employees wage / salary is enough to meet their needs.

Also certain opinions of the employees in relation to the wages / salaries are described below.

The wage is the Central point of many a disputes is agreed by 30 respondents and 10 respondents are not agreed with this point. It means 75% of the employees are as the opinion that, wage is the main point of many a disputes and 25% of the employees opined that, the wage may not be main point of all the disputes.

Out of 40 respondents, 28 respondents express their opinions, wage determination is purely an economic problem and 12 respondents express their opinions, wage determination is not purely an economic problem. It means 70% of the employees consider that, the wage determination is an economic problem and 30% of the employees consider that wage determination is not an economic problem.

The wage plan must recognise the principle of 'equal pay for equal work' is agreed by all the respondents (i.e. 40 respondents). Also adequate compensation is useful to attract qualified persons. All respondents admitted the above opinion.

It is necessary to take into account such opinions of the employees while drafting wage plan of the Sangh, because money is the mainspring of motivation. Better wage/salary structure is essential to attract qualified

persons and maintaining to them. The pay is the most important single motivator used in our organized society. As a motivator, it becomes part of general psychological problems.

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