

CLW TYPE INCENTIVE SCHEME

INTRODUCTION

- Incentive scheme viewed as “win-win solution” between administration and staff of an Organization.
- Advantages for administration are-
 - no requirement of additional manpower,
 - higher and efficient machine utilization,
 - more productivity,
 - less pilferage of working hours, etc.
- Whereas for workers,
 - it gives satisfaction of “earning more by working more” leading to more purchasing power and as end result Organization is benefited with better industrial relations & discipline.

Introduction

- CLW Incentive scheme also known as “**System of Payment by Results**” and is more in favour of employees than the output.
- Need to improve productivity in Rly. Workshops for ensuring better utilization of assets was felt even prior to Independence and piecework bonus system were in existence in Workshops – JMP, KPA, Perambur.
- Rly. Bd. decided in 1949 to introduce some form of Incentive scheme to provide direct financial incentive to workers who exceeded certain minimum level of performance.

Introduction...

- **First formal Incentive scheme was introduced in CLW in Dec,1954 and came to be known as **CLW pattern of Incentive scheme**.**
- **Scheme was a success and was extended to repair Workshops in 1958, though the implementation was from 1960 after PCO was set up in Workshops.**
- **Detail of Incentive Scheme available in Chap. IV of Indian Rly. Code for Mechanical Deptt.(Workshops) while Chap.V gives details of 'time records and allocation of labour'.**

SALIENT FEATURES –

- **Under incentive scheme, the basic wages of worker are guaranteed.**
- **Time is yardstick for measuring work.**
- **Time study carried out as per standard practices of Work-measurement.**

SALIENT FEATURES....

- Allowed Time for a work is so fixed that worker of normal ability may earn 33-1/3 % bonus over basic wages.

AT includes allowances for fatigue, general handling, gauging and production bonus allowance.

- It is expected that normal worker would be able to complete operation in $\frac{3}{4}$ of total AT, to be able to earn 33-1/3 % Incentive bonus.
- It is based on the time saved by the worker against the prescribed time for each activity set by the work-study group.
- It is so designed that a reasonably efficient worker should be able to earn 33% incentive.
- i.e. if the worker is able to complete a work in $\frac{3}{4}$ ths of the time prescribed, then he would be eligible to earn 33% incentive.

- However the maximum limit set is that the employee can not save time more than 50% of the allowed time for an activity i.e. more than 50% saving in time will not be eligible for Incentive benefit.
- Time saved /lost on AT on each operation is calculated separately for each worker. It cannot be carried over to next month.
- Ceiling for time saved is 50% i.e. if time saved is more than 50%, only 50% would be taken into account for purpose of working Incentive bonus.
- Supervisors up to J.E are included in scheme.

- **Under this scheme, workers are divided into three categories –**

Direct workers(DW) –whose work can be assessed through time studies.

Essentially Indirect Workers(EIW) –whose contribution to work is essential but their work cannot be assessed through time-studies. J.E. come in this category. EIW get 80% of the average incentive earnings of the section/shop.

Incentive Scheme – Mechanisms/Time Study

(i) Timing of Operations : Systematic study of time taken for known job is made to assess **A.T.(Allowed time or Standard Time)**, which arrived at by careful experimentation, keeping into account conditions of working, quality, promptness of supply services, all standardized.

Time standards fixed for individual operations and time taken carefully recorded for individual workers to assess if standard has been achieved or not. (para-403).

- **Normal Time** : carried out on observed time for each element during time-study and depends on observed rating.
 - done on principle that worker to work at 80 rating to be able to earn 33-1/3% Incentive bonus (para-407)

Normal time =observed time x 60/80
- indicates Rating under Incentive conditions for 33-1/3% Incentive bonus.

Additional Allowance: Allowances are added to normal Time on cumulative basis .

- **General handling & Contingencies:10%**
Preparatory work includes work like cleaning, grinding of tools, getting spanners, procuring cutting compound etc.
- **Gauging on machining: 5%**, wherever necessary in machining operations,
- **Fatigue: 12 1/2%**
- **Production bonus: 33-1/3%** added to the Normalized time

Allowed Time(AT) or Standard Time: AT worked out by adding additional allowances on cumulative basis (para-409) to Normal Time.

Example –

If Normal time of all elements = 1 hr.

Fatigue allowance 12.5% = 0.125 hr. Cumulative time = 1.125 hr

Contingencies 10% = 1.125 x 10% = 0.1125 hr , on add = 1.2375 hr

Bonus 33-1/3% = 1.2375 x 33-1/3% = 0.412 hr , on add = 1.65 hr

Gauging 5% (not on all jobs) = 1.65 x 5% = 0.08, on add = 1.73 hr

Since worker is expected to complete the operation in $\frac{3}{4}$ of time allowed, it would be completed in $1.73 \times \frac{3}{4} = 1.3$ hr.

Time saved = AT - TT

= 1.73 - 1.3 = 0.43 hr

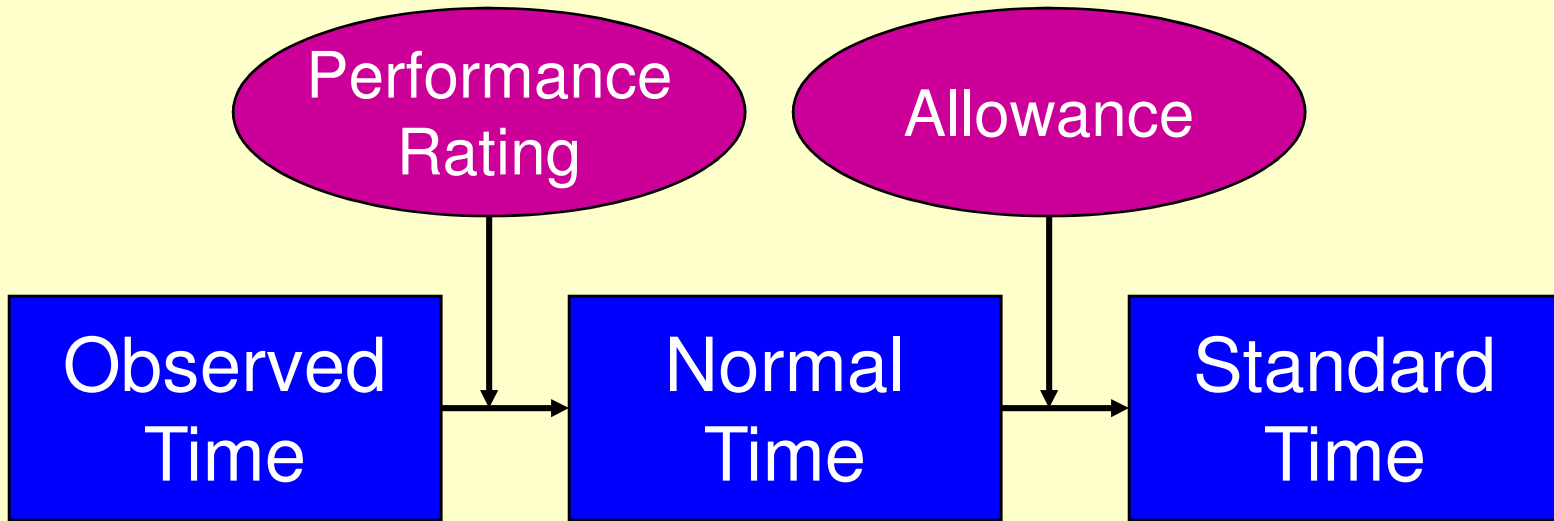
Time saved 0.43

Incentive = ----- = ----- = 33 %

Time taken 1.3

{ calculated above using circular of 1.9.99 }

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Idle-time: Delays and hold-ups for which worker is not responsible(para 429), normally for -

- **No power**
- **Machine repair**
- **Lack of material**
- **Lack of tools**
- **Waiting for work**
- **Crane under repair**
- **Miscellaneous**

Deductions from Supervisors' Bonus for Idle-time:

If on account of lack of work, lack of tools, supervisors are directly responsible, hence deduction to be made from Incentive bonus of Supervisors as per following scale (para-423):

<u>Idle-time for above reasons</u>	<u>%Deductions</u>
2% or above but < 5%	10%
5% or above but < 15%	20%
>= 15% or above	No Bonus

CHECKS–

- **10-20% of excess-time cards in Mfg. Shops and 2-5% of Inspection-cum-Computation Sheets to be personally checked by PE/APE (para-411).**
- **Causes for issue of plus-cards to be investigated and corrective measures taken**
- **Job-cards/squad cards in the custody of Time-booth clerk**
- **All completed Job-cards to be sent to incentive bonus section within 48 hrs. of completion of job**
- **Inspector to record quantity ‘Passed’ under dated signatures**
- **Allowed times to be approved by PE –**
 - **to be printed on Job-cards (para-414)**
 - **hand-written ones to be countersigned by APE / PE (para-414)**
 - **to be revised if improved machine-tools or time-saving methods introduced**
 - **time lost /saved is during the same month after applying ceiling to saving.**
- **Abnormal Profits –**

When > 50% consistently or by majority of workers, causes to be analyzed.
- **Losses – investigate if consistent by majority.**

- **Overtime – not allowed ordinarily**
- **Apprentices – not eligible for incentive**
- **Using Incentive worker for day-work – to be done in very special circumstances.**
- **Idle-time (para-424) –**
 - **All idle-time to be investigated to prevent wastage**
 - **Idle-time cards in the custody of Time-booth clerk.**
 - **Punched, based on idle-time slips issued by JE**
 - **Up to 15 mins. may not be booked as Idle-time.**
- **Accounts office to see that:**
 - **Total time taken tallies with Job-cards**
 - **Saving is not exceeded & time lost accounted for**
 - **Excess time card is attached wherever indicated, with signatures of Rate-fixer, and the SSE.**
 - **DWs, EIWs and Supervisors do not exceed the sanction**
 - **Idle-time penalties imposed in Supervisors' bonus**
 - **Supervisors' bonus in ratio of DWs under incentive to the total DWs under them.**
 - **Idle-time cards cross-checked with Idle-time slips.**

- **Total Allowed time as per the passed out-turn. Time to be as approved by the PE.**
- **Copy of master Planning card to WAO**
- **Suspend / Resume slips attached to Job-cards**
- **Idle-time cards to be checked by WM/AWM within 24 hrs. of being punched in.**
- **All Job-cards received are accounted for. Check from Time-booth Sl. No. & Statement of Job-cards.**
- **Suspended Job-cards to be checked by O-I-C**
 - **From one to next month to be checked by PE /APE**

IS Cards & their significance–

- **Time Books (W-502) –For Service shops,**
 - **maintained by Supervisor, posted daily in the Time-sheet by Time-booth clerk.**
 - **Time spent by each DW, W/O No., Ticket No. , daily.**
 - **Two books maintained for Odd and even days.**
- **Time-sheets (W-504) – For Service shops,**
 - **Show time for which wages are earned by a worker spread over different Work-orders.**
- **Job-cards (W.506) – For Incentive shops –**
 - **Show the time worked by workmen on individual operations.**
 - **Printed by PCO for each operation indicated in the Route-card.**
 - **Contain inspection record also.**
- **Job-card for Squad-work (W.507):**
 - **Leading hand given one Squad-summary card and Separate job-cards for each member of his gang.**

- **Squad Summary Card (W.508):**
 - **Given to the leading hand and punched by him**
- **Idle-time Card (W.509A):**
 - **Prepared for each workman for each month**
 - **Kept in custody of Time-booth clerk**
 - **Punched on the Authority of idle-time slips**
 - **When punched on, Job-card is punched off; and vice-versa**
 - **Signed by sectional JE, countersigned by SSE.**
- **Idle-time slip (W.509B): issued by JE**
- **List of GA cards and job-cards required for –**
Night-shift staff (W.510): When no Time clerk
 - **JE collects GA cards, Job-cards, Squad Summary cards in exchange**
 - **List Tkt. No., Work-Order No., Op.No., Tkt. No. of previous worker if Job-in-Progress or Suspended Job**
- **Monthly Time-sheet for Indirect Worker (W.511):**
 - **Has Tkt. No., W/O No., Total Hrs., Rate, and Amount**

- **Monthly Statements of LAP, LHAP & Holidays (W.512):**
 - **Time clerk prepares from GA, submits to Accounts**
- **Proceeding Time-card (W.513):**
 - **For Jobs remaining incomplete during the month**
 - **Distinct Sl.No., each month by each Time booth**
 - **Required if compilation of WMS is mechanized.**
- **Incentive bonus Allocation Sheet (W.514):**
 - **Has details of W/O No. and Amount from Incentive bonus bills.**

- **Suspended Job slip (W.515): Worker is put on another Job suspending one**
 - **Issued by the JE**
 - **Contains W/O Number of suspended and New Jobs, Tkt. No., and reason for Suspended.**
- **Resumption of Suspended Job-slip (W.516):**
 - **Has details of W/O No., OP. No., Tkt. No.**
- **Job-in-Progress to another worker (W.517):**
 - **Besides details as in W.516, has Tkt. No. of Old OP.**

- **Tally Sheets (W.518): Reconciliation with GA**
 - **Details of Job cards, Idle-time and GA cards**
 - **Made for each worker**
- **Register for monthly reconciliation (W.519):**
 - **Prepared for each shop, based on Tally sheets**
 - **For reconciliation of hours & amounts as per the Labour Pay Sheet & Tally Sheet**
- **Labour Sub-Ledger (W.522):**
 - **Has details of amounts against each W/O shown in the time booking documents of each shop**
 - **Incentive bonus directly chargeable (from W.514)**
- **Register of Labour charges (W.524):**
 - **Details of all salary, TA and Labour bill of a Shop**
- **Labour Schedule (W.525):**
 - **Summary of W.524 for the entire Workshop**

GA (gate attendance)Card-

- **Each workman has to record his daily attendance two times in the first work period and again two times in the second work period in the GA card(W-220)alloted to all individual workman with the aid of time recording clock, kept under custody of time booth clerk.**

MISUSES OF INCENTIVE SCHEME

1. Management & Supervisors Related:

- **DWs shown as EIW & IW (No quotas in terms of Physical Units)**
- **False issues shown to other Shops.**
- **Penalty for excessive Idle-time not imposed.**
- **ATs not revised on introduction of New M/cs.**
- **Outturn of one month shown in another.**

2. Worker – JE Nexus:

- **Time lost in punching the next Job-card.**
- **Loss making Job-cards not submitted.**
- **More than one Job-card issued at a time.**

3. Hand Written Cards:

- **Hand written Job-cards issued by PCO.**
- **Time entry on Job-cards done manually.**

4. Inspection Staff – Worker Nexus:

- **Time spent on rejected Work-piece manipulated.**
- **Excessive repairs certified by stage Inspectors.**

5. Rate-fixing Staffs' Slackness:

- **Plus cards continue indefinitely.**
- **Excess given on Non-Stock & Out-Station Jobs.**

6. Lab.Staff Related:

- **Test pieces not made regularly or reports given late.**

7. Stores Related:

- **Work Orders issued without ensuring Raw Material availability.**
- **Alternative Raw Material offered too often.**
- **Raw Material offered in unusable form.**
- **Work Orders of very huge Quantities issued.**
- **New Work Orders not used till previous W.Os. closed.**

8. Accounts Related:

- **Time Booths not manned throughout.**
- **Job-cards kept in the custody of Shop Supervisors.**
- **Tally Sheets not made / monitored regularly.**

THANK YOU