

Modified Incentive Scheme for Officers and Supervisors of a Large Engineering Industry

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1 Abstract :

There are many motivational ideas to get more productivity in the industry. The scheme of Incentive is an motivational reward to all industrial workmen who are covered by Factories Act and guided by certified standing orders of the corporation. An incentive scheme may be defined as, "a system of wage payment under which the earnings of an employee, or a group of employees , or all employees in an organisation is directly related to the output of an acceptable quality and over and above a standard laid down by means of predetermined formula" . The author here discusses only the financial incentive scheme for the Officers, Supervisors of the industry.

2. Keywords :

Incentive, Productivity, Credit, Debit, Standard, Critical items

3. Procedure :

3.1 Modified Incentive Categories of Personnel Covered By this Scheme with effect from 1.7.2013

SR. NO	PERSONNEL	DM	EI	IM	UM	NI
1	USW/SS Modified Category Old Category	11 1	21 1	31 6	41 6	51 X
2	SKILLED Modified Category Old Category	12 X	22 X	32 X	42 X	52 X

3	CHARGEMAN OR EQUIVALENT Modified Category Old Category	X X	23 3	33 8	43 8	X X
4	AFO,FO,AE OR EQUIVALENT Modified Category Old Category	X X	24 3	34 8	X 8	X X
5	ASS OR EQUIVALENT Modified Category Old Category	X X	25 X	35 X	X X	X X

USW = UNSKILLED WORKER, SS = SEMI- SKILLED, AFO =ASSISTANT FOREMAN, FO =FOREMAN, AE = ASSISTANT ENGINEER, ASS = ASSISTANT SUPERINTENDENT,DM =DIRECT MEASURED, EI =ESSENTIAL INDIRECT, IM=INDIRECT MEASURED, UM=UNMEASURED, NI= NON-INDUSTRIAL

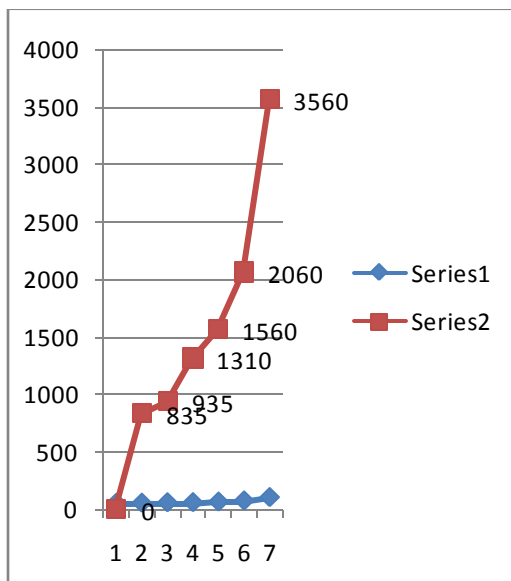
3.2 Incentive to Supervisors :

With effect from 1.7.2013 , the following performance level and rate of incentive are applicable to the supervisors of the corporation in partial modification of the previous incentive scheme.

(A)For 208 attendance hours the following table shows the incentive payment to the supervisors as per Productivity Index(P.I).

TABLE-1

GROUP/SHO P P.I	DIRECT MEASURED(Rs)	UNMEASURED(Rs)
Below 50%	NIL	NIL
At 50%	835	417.5
Per point above 50%	25	12.5
At 54%	935	467.5
At 55%	1310	655
Per point above 55%	50	25
At 60%	1560	780
Per point above 60%	50	25
At 70%	2060	1030
Per point above 70%	50	25
At 100%	3560	1780

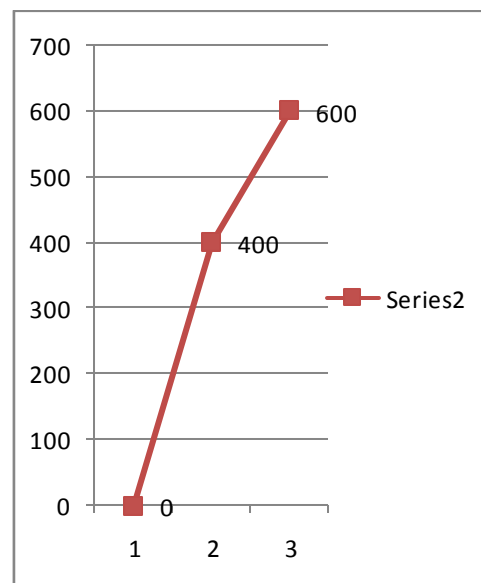


GRAPH-1 : Incentive to direct measured Supervisors as per P.I

(B) For 208 attendance hours the following table shows the incentive payment to the supervisors as per the Fulfilment of Item-wise Production Programme

TABLE-2

FULFILMENT	DIRECT MEASURED(Rs)	UNMEASURED (Rs)
At 70%	NIL	NIL
Per point above 70%	20	10
At 90%	400	200
Per point above 90%	20	10
At 100%	600	300



GRAPH-2 : Incentive to direct measured supervisors as per fulfilment of item-wise production programme

Any item where fulfilment is less than 70% will not be considered in numerator but will be considered in denominator for example we consider the followings: TABLE-3

S R N O	GRO UP	PROGRAMM E(MT)	FULFILM ENT	PERCENT AGE
1	A	7.21	2.24	31*
2	B	54.25	10.93	20*
3	C	26.23	17.46	67*
4	D	11.70	11.18	96

5	E	74.23	56.11	76
6	F	5.00	4.63	93
7	G	1.84	0	0*

* Below 70%

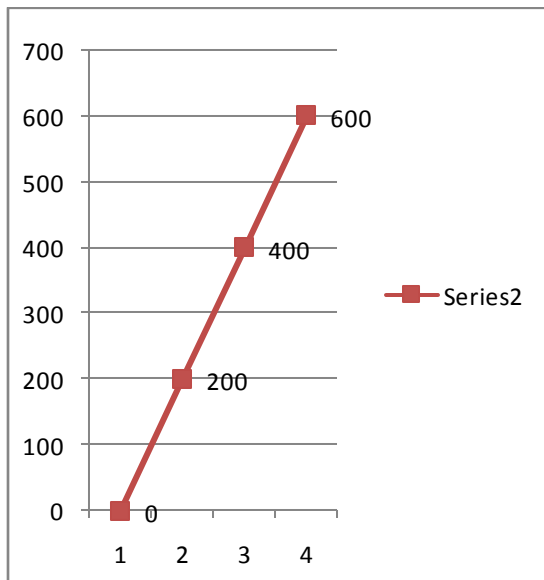
% total fulfilment =

$$100(0+0+0+11.18+56.11+4.63+0)/(7.21+54.25+26.23+11.70+74.23+5+1.84) = 40\%$$

(C) For 208 attendance hours the following table shows the incentive payment to the supervisors as per the Fulfilment of Critical Items

TABLE-4

FULFILMENT	DIRECT MEASURED(Rs)	UNMEASURED(Rs)
Below 80%	NIL	NIL
At 80%	200	100
Per point above 80%	20	10
At 90%	400	200
Per point above 90%	20	10
At 100%	600	300



GRAPH-3 : Incentive to direct measured supervisors as per fulfilment of Critical items

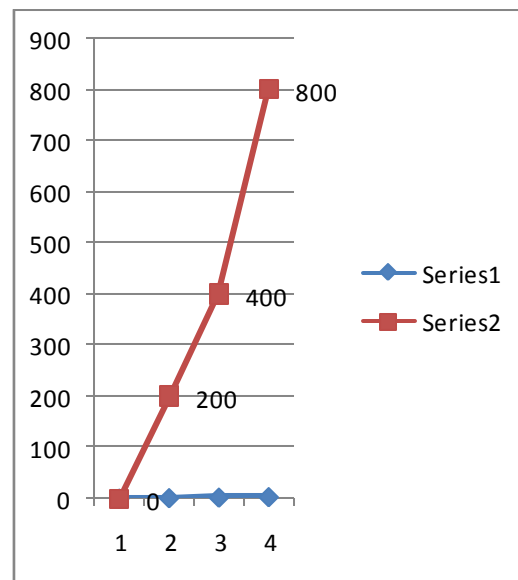
(D) For 208 attendance hours the following table shows the incentive payment to the supervisors as per the Fulfilment of Plant Despatch

TABLE-5

FULFILMENT	DIRECT MEASURED(Rs)	UNMEASURED(Rs)
Below 70%	NIL	NIL
At 70%	200	200
Per point above 70%	20	20
At 80%	400	400
Per point above 80%	20	20
At 100%	800	800

Thus the maximum incentive = 3560 + 600+600+800 = 5560(Rs)

The eligibility to get (B), (C), and (D) is when the shop P.I will be 55% or above. The indirect Supervisor will get (A+B+C)/2 + D



GRAPH-4 : : Incentive to direct measured supervisors as per fulfilment of Plant despatch

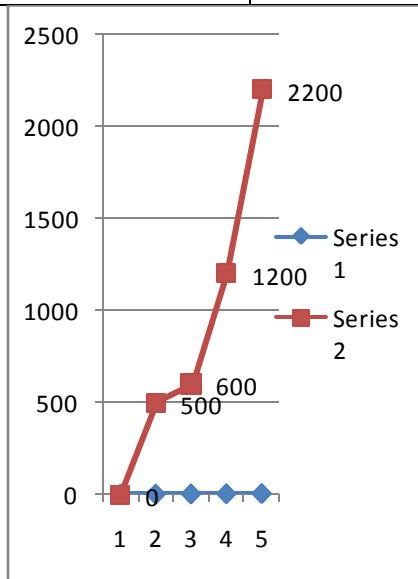
3.3 Incentive to Officers :

With effect from 1.7.2013 , the following performance level and rate of incentive are applicable to the Officers of the corporation in partial modification of the previous incentive scheme.

(A) For 208 attendance hours the following table shows the incentive payment to the Officers as per Productivity Index(P.I).

TABLE-6

P.I	INCENTIVE(Rs)
Below 60%	NIL
At 60%	500
Per point above 60%	20
At 65%	600
Per point above 65%	40
At 80%	1200
Per point above 80%	50
At 100%	2200



GRAPH-5: Incentive to direct measured Officers as per P.I.

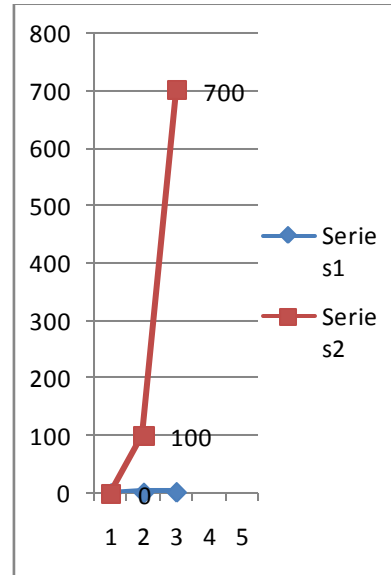
(B) For 208 attendance hours the following table shows the incentive payment to the Officers as per Item-wise Fulfilment of shop Production.

TABLE-7

FULFILMENT	INCENTIVE(Rs)
Below 70%	NIL
At 70%	100

Per point above 70%	20
At 100%	700

Any item where the fulfilment is less than 70% will not be considered in the numerator but will be considered in the denominator in the calculation of the % fulfilment.

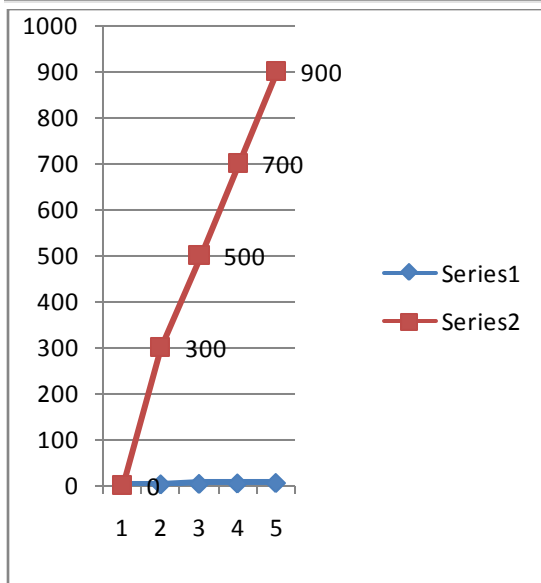


GRAPH-6: incentive payment to the Officers as per Item-wise Fulfilment of shop Production.

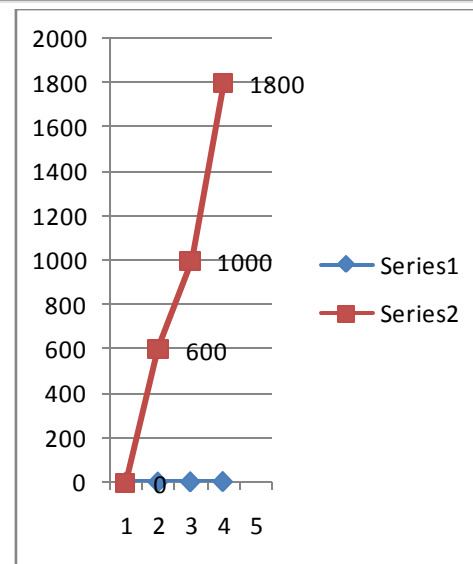
(C) For 208 attendance hours the following table shows the incentive payment to the Officers as per the Fulfilment of Critical Items

TABLE-8

FULFILMENT	INCENTIVE(Rs)
Below 80%	NIL
At 80%	300
Per point above 80%	20
At 90%	500
Per point above 90%	40
At 95%	700
At 100%	900



GRAPH-7: incentive payment to the Officers as per the Fulfilment of Critical Items



GRAPH-8 incentive payment to the Officers as per the Fulfilment of Plant Despatch

To earn incentive an officer must have minimum attendance as 18 days.

(D) For 208 attendance hours the following table shows the incentive payment to the Officers as per the Fulfilment of Plant Despatch

TABLE-9

ATTENDANCE(DAYS)	PERCENTAGE
Below 18	NIL
At 18	50
At 19	62.5
At 20	75
At 21	87.5
At 22	100

FULFILMENT	INCENTIVE(Rs)
Below 80%	NIL
At 80%	600
Per point above 80%	40
At 90%	1000
Per point above 90%	80
At 100%	1800

Thus maximum total incentive = A+B+C+D = 2200+700+900+1800= 5600(Rs)

The officers who are indirect will get (A+B+C)/2 +D

4. Conclusion :

The Incentive scheme mentioned in this paper can be applied to any kind of industry. Based on this paper an Industrial engineer can develop many such scheme in any industry.

5. Scope for further research :

The author has produced modified Incentive scheme for Officers and supervisors . However there is further scope for developing Incentive scheme for Maintenance personnel incorporating MAN-MACHINE utilization.

6. *References :*

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The author was born in Maliara, in the district of Bankura in 5th July 1957. He was awarded Government of India National Scholarship in 1975 for Higher Secondary results. He did his B.E in Mechanical Engineering from Regional Engineering College (presently N.I.T) ,Durgapur in 1980. He passed his M-Tech in Mechanical Engineering from R.E.C(N.I.T),Durgapur in 1992 . His field of studies include a) Industrial Engineering b) Quality Management System(ISO9000) c) Fluid mechanics d) Strength of materials e) Operations Research . He has written 5 books for UG engg students. He has published many papers in the International journals. He is having 32 years of experience in Industries and Educational Institutions. He is doing research in N.I.T.,Durgapur.