

CHAPTER-07

Monthly Remuneration of each of the Officers and Employees. Piece Work System & Overtime Working etc.

(as on 01.07.05)

The employees of the Ordnance Factories are categorized in four groups for the purpose of compensation in regard to their work viz.

1. Group 'A' & 'B' Gazetted Officers
2. Group 'B' & 'C' Non Gazetted Officers
3. Group 'C' & 'D' Non Industrial Employees and
4. Group 'C' & 'D' Industrial Employees

2. While specific rules and regulations apply to each category of employees for payment of salary and wages, the common denominator for payment to all the employees is the 'basic pay' derived from one of the 34 pay scales prescribed by the Govt. of India under the Central civil Services (Revised Pay) Rules 1997. All the employees of the Ordnance Factories are Central Government employees and depending upon the post held, they are assigned with a particular scale of pay and their 'basic pay' is fixed at an appropriate step in terms of the FR & SR, Part – I.

3. In addition to the basic pay, all the employees are paid certain other allowances at a prescribed rate depending upon the place of posting and applicability, as announced by the Government of India from time to time. Some of the allowances, which are common to all categories, are Dearness Allowance, House Rent Allowance, City Compensatory Allowance, Transport Allowance, Hill Compensatory & Bad Climate Allowance, Project allowance etc.

4. Other allowances which are paid to the specific category of employees are:
- (i) Group 'A' Medical Officers - Non-practicing allowance
 - (ii) Group 'B' Gazetted & Non Gazetted Officers - Risk Allowance
 - (iii) Group 'C' non-Gazetted Officers and Group 'C' & 'D' non-Industrial Employees – Risk Allowance, Overtime Allowance and Night Duty Allowance.
 - (iv) Group 'C' & 'D' Industrial Employees - Risk Allowance, Overtime Allowance and Night Duty Allowance, Night Shift Bonus, Piece-work profit to Production worker and Incentive Bonus to Maintenance worker.
5. Remuneration to the employees of Ordnance Factories is paid on monthly basis. All category of employees are paid on last day of the month while wages to the Industrial Employees are paid up to tenth day of the following month as prescribed in the Factories Act.
6. While the total salary paid to various categories of employees from Gr. 'A' Gazetted Officers to Gr. 'D' non-Industrial Employees is simple arithmetical summation of pay and all other allowances, the total wages paid to an Industrial Employee are calculated in an elaborate manner which needs some explanation.
7. For the purpose of wage calculation, the Industrial Employees are divided in two sub-categories viz. Day Worker and Piece Worker. A Day Worker can be any Industrial Employee in general who is paid on the basis of attendance. Their work is generally not measurable and non repetitive in nature. Consequently they are not entitled for any incentive except Essential Maintenance Worker who is paid an Incentive Bonus. A Piece Worker is essentially a worker engaged in production, and whose work is measurable and repetitive in nature. These workmen are paid an incentive known as Piece-work Profit. The total wages paid constitute the following elements:

Page No. 03

- Duty Pay
(Time Wages / Nominal Time wages)

- Other elements of Pay
 - Leave Pay
 - Holiday Pay
 - Injury Pay
 - Idle Time Pay
 - Over Time Pay

- Fixed Allowances
 - DA/HRA/CCA/Transport Allowance

- Other Allowances
 - OT Bonus
 - Night Shift Bonus
 - Night Duty Allowance

- Piece-work Profit to Production Worker

- Incentive Bonus to essential Maintenance Worker

Contd Page No. 4

8. The Table below depicts the applicability of different elements of pay and allowances to different category of workmen:

TABLE – I

Elements of Wages	Category	Day Worker		Piece Worker
		General Worker	Maintenance Worker	
Pay within normal working hours	Duty Pay	Time Wages	Time Wages	Time Wages (*)
	Other elements of Pay	Leave Pay	Leave Pay	Leave Pay
		-	-	Holiday Pay
		Injury Pay	Injury Pay	Injury Pay
		Idle Time Pay	Idle Time Pay	Idle Time Pay
Pay beyond normal working hours		OT Pay	OT Pay	OT Pay
Allowances	Normal	DA/HRA/CCA/TA	DA/HRA/CCA/TA	DA/HRA/CCA/TA
	Special	Night Duty Allowance	Night Duty Allowance	Night Duty Allowance
		-	-	Night Shift Bonus
	Overtime	OT Bonus	OT Bonus	OT Bonus
Incentive		-	Incentive Bonus	Piece-work Profit

(*) Nominal Time Wages for incentive purposes

9. The definition of different elements of pay & allowances given in Table-I and that of standard working hours are given below.

Working Hours : For the purpose of calculation of duty pay and overtime, normal working hours are taken as 44.75 hours/week with 8 hours a day from Monday to Friday and 4.25 hrs on a Saturday. The workers become eligible for Overtime payment for working beyond normal hours.

Weekly Holiday : Sunday is the weekly holiday for which no separate payment is admissible.

Duty Pay or Time Wages for the Day Workers including the Maintenance Workers are calculated for each month on the basis of actual attendance for the month according to the following formula: $P * A / (N - S - H)$

where :

- P- monthly rate of pay of the worker, A- number of days present or attendance
- N- number of days in a calendar month,
- S- number of Sundays in month, H- number of paid holidays, if any in the month.

Duty Pay or Time Wages for the Piece Workers are calculated for each month on the basis of actual attendance for the month according to formula : $P * A / (N - S)$, where the symbols have the same meaning as that of the day workers.

Daily Rate of Pay : Leave Pay, Holiday Pay, Injury Pay and Idle Time Pay are calculated on the basis of daily rate of pay as under:

- Piece Worker** - $P / (N - S)$
- Day Worker** - $P / (N - S - H)$

Note: Payment of Idle Time is made under following circumstances -

- (i) High atmospheric humidity hindering certain operations in explosive factories or unfavourable weather conditions hindering operations in optical works depending on sunlight.
- (ii) Failure of power supply.
- (iii) Breakdown of plant and machinery.
- (iv) Temporary shortage of materials.
- (v) Temporary shortage of work in highly specialised sections.

Night Duty Allowance : Workers are entitled to get Night Duty Allowance @ 10 mins for each hour of work done between 2200 hrs to 0600 hrs in the night shift. The prescribed hourly rate for NDA is $(\text{Pay} + \text{DA} + \text{CCA})/200$.

Overtime : Industrial employees are entitled to additional payment for work done beyond the normal working hours. There are two sets of rules applicable for overtime payment viz. (i) Departmental Rules and (ii) The Factories Act.

For work beyond normal working hours and upto 9 hrs. a day or beyond 44.75 hrs upto 48 hrs in a week, overtime is paid under departmental rules which is known as DOT. For work done beyond 9 hrs. a day or 48 hrs a week, payment is admissible at twice the rate of pay plus all allowances under the Factories Act (often loosely termed as OT Bonus).

OVER TIME PAYMENTS UNDER DEPARTMENTAL RULES (DOT)

In the case of Day Workers, the overtime is paid at the rate of Basic Pay + Dearness Allowances + City Compensatory Allowance + Personal Pay + Special Pay + Pension to the extent as applicable, divided by 200 for each hour of overtime worked. The hourly rate is the same for the work done both in Day & Night Shift.

In the case of Piece Workers, again there are two sets of rules for DOT. It is calculated @ Basic Pay (alone)/200 per hour in the day shift. For working in the night shift, an additional element known as Night Shift Bonus is also added. This is calculated for half an hour for each hour of overtime worked under departmental rules @ (Basic Pay + Dearness Allowances + City Compensatory Allowance)/200.

OVER TIME PAYMENTS UNDER THE FACTORIES ACT, 1948

For work done, beyond 9 hrs. a day or 48 hrs a week, there are two sets of rules – one for the Day Worker and the other for the Piece Worker.

Day Worker: Hourly rate of payment which are applicable equally in the day shift as well in the night shift is calculated at the rate = twice the pay & allowances/200.

Piece Worker: Hourly rate of payment in the day shift is calculated at the rate = twice the pay & allowances/200. In the night shift, the same becomes = (twice the pay + pay/4 + allowances)/200.

Piece Work Profit : All recurring items of production are appropriately assigned a piece-work rate in terms of 'hours' after careful time and motion study. If a worker is engaged

on the piece-work system and he produces quantity 'Q' in the month (duly certified by the QA as "accepted") for which the allowed time is 't' per piece, he would earn Total Time (T) = (Q)*(t). If his monthly attendance is 'A' hours, his piece work profit expressed in percentage terms (PWP%) would be $(T-A)*100/A$. This would entitle him to get an element of incentive equal to $NTW*PWP\%/100$ where NTW is the abbreviation for Nominal Time Wages. Here, the Nominal Time Wages (NTW) is nothing but the Duty Pay or Time Wages calculated for the Piece Workers at the minimum of the scale to which he belongs to i.e. $P_{min} * A / (N - S)$.

The above calculation is for the individual piece workers. Many a times, the piece-workers work in a gang in which case the unique piece-work profit percentage of the gang is equally applicable to all the members of the gang for the purpose of calculating their piece work profits.

Incentive Bonus to Essential Maintenance Workers : An incentive bonus is paid to essential maintenance workers of skilled and semi skilled category employed in the maintenance of plant and services within the factory. This category of bonus is linked with the profit earned by the piece workers and paid at the @ 50% of the piece work profit earned in the month by all the piece workers, both individual and gang workers of the production section, if he is attached to a production section or @ 50% of the average piece work profit earned in the month by all the piece workers both individual and gang piece workers in the factory, if he is not attached to a specific production section.
