



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Study Materials 2

Sub: Costing & Taxation

Class: XII

Chapter: Unit 2: B. Methods of Remuneration

Topic: Time Rate, Piece Rate & Differential Piece Rate

Date: 27/07/2020

Short Answer Type Questions:

1. The method of wage payment is mainly based on two important factors. What are these factors?

Ans. The two factors on the basis of which different methods of wage payment has been developed are:

(i) Time spent for the completion of the work and (ii) Volume or quantity of work.

2. What do you mean by 'time rate system of wage payment'?

Ans. The wage payment system in which time spent by the workers for the job is considered for the payment of wages is known as time rate system of wage payment.

3. State the name of any two methods of wage payment under time rate system.

Ans. Two methods of wage payment under time rate system are: ordinary time rate system and graduated time rate system.

4. What do you mean by ordinary time rate system?

Ans. The method in which wages are paid to the workers on the basis of pre-determined rate for the time spent by the workers in the factory is known as ordinary time rate system of wage payment.

5. What do you mean by graduated time rate system of wage payment?

Ans. The method of wage payment in which the ordinary time rate of wages is clubbed with the cost of living index for the determination of a revised rate of wages is known as the graduated time rate system of wage payment.

6. On what basis the wages of the workers are paid under ordinary time rate system?

Ans. The wages of the workers are paid on the basis of time spent by the workers in the factory under ordinary time rate system.

7. In which cases, the time rate of wage payment is more appropriate?

Ans. The time rate of wage payment is more appropriate when: (i) the efficiency of the workers are required to a great extent to do the job and the volume of work is not so important and (ii) the measurement of the performance of the workers is very difficult.

8. What do you mean by piece rate system of wage payment?

Ans. The method in which wages are paid to the workers on the basis of quantity or volume of production or the number of jobs completed is known as the piece rate system of wage payment.

9. State the name of any two methods of wage payment under piece rate system?

Ans. Two important methods of wage payment under piece rate system are: Straight piece rate system and Differential piece rate system.

10. What do you mean by straight piece rate system of wage payment?

Ans. The method in which wages are paid to the workers on the basis of quantity or units produced by them in the factory at a predetermined rate is known as straight piece rate system of wage payment.

11. In which cases, piece rate system of wage payment is more appropriate?

Ans. Piece rate system of wage payment is more appropriate when, (i) production can be measured in terms of units of production or in terms of other measurement basis and (ii) the quality of the product is not dependent on the efficiency of the workers.

12. What do you mean by differential piece rate system of wage payment?

Ans. The method of wage payment in which arrangements are made to pay more wages to the skilled workers as they can produce more products as compared to the unskilled workers in the same time duration is known as differential piece rate system of wage payment.

13. Name any two methods of differential piece rate system of wage payment.

Ans. Two important differential piece rate systems of wage payment are: Taylor's differential piece rate system and Merrick's differential piece rate system.

14. What do you mean by Taylor's differential piece rate system of wage payment?

Ans. It is easily possible to determine the efficiency of the workers on the basis of standard production or standard time allowed for the job. According to Taylor's differential piece rate system of wage payment, efficient workers are paid at a higher wage rate and inefficient workers are paid at a lower wage rate.

15. How many rates are there in the Taylor's differential piece rate system of wage payment?

Ans. In Taylor's differential piece rate system of wage payment, only two rates are applied for the determination of total wages of the workers.

16. What do you mean by Merrick's differential piece rate system of wage payment?

Ans. Under Merrick's differential piece rate system of wage payment three different rates of wages are fixed on the basis of efficiency level of the workers. However, no worker is penalised for their inefficiency. Therefore, minimum wage is guaranteed under Merrick's system.

17. What will be the wage rate of a worker if he/she can produce 75% of the standard production level as per Merrick's differential piece rate system?

Ans. According to Merrick's differential piece rate system, if a worker produces 75% of the standard unit of production, then he/she is entitled to get wages at the straight piece rate.

18. What will be the wage rate of a worker if she can produce 125% of the standard production level as per Merrick's multiple piece rate system?

Ans. If a worker produces 125% of the standard unit of production, then she is entitled to get 120% of straight piece rate.

19. In which method of wage payment, the volume of work becomes lesser important as compared to standard level of production?

Ans. Under time rate system of wage payment, the volume of work or production becomes lesser important as compared to standard level of production.