

Wage v/s Efficiency

I. Under normal circumstances

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The question of wage disputes always rests on the disputed economic standard of the employees, where the employees do not reconcile with the demand of their family needs with the emoluments in the shape of wages, which they receive from their employers.

Right from the position of a most ordinary human element such as the coolie, who carries the normal load under the capacity of human accesses upto the most highly qualified engineer who has the authority of a 'say' towards the side of higher production, every human element has his own contribution towards every minor increase in the production level. In the forthcoming discussion we will see, how the subjects "wage and efficiency" are interlinked as well as interdependent with each other. They in other words are inter relative having the inter effective nature amongst themselves.

The Rourkela Steel Plant having a record of approximately fifty thousand employees (as calculated to determine the approximate value for a gross figure of the all totals viz. skilled, unskilled, i.e., all types of workers inclusive of the executives), with relation to the current period, will naturally be in the pool of changing reoccurrences with relation to their different interests. Moreover in general, employees interests are always subject to the confinement or limitations to the boundaries of their own status. The inflow of the events as observed in the life history of this plant, has become a clear-cut proof of the fact that the interests of the employees have to be heard for a settlement in order to have the prevalence of smooth situations in the working conditions of the Rourkela Steel Plant.

From certain figures, which would be shown here, one can very well know that "wage considerations have always a definite impact on the production output of the Rourkela Steel Plant. Taking the case of this plant for our general discussion, we can take the following extract as an instance to know the problematic affairs of the plant, which in other way induced the authority for the introduction of the better financial benefits to the workers.

Statement "A": On an average, Rourkela has spent Rs.1,195 per month on every employee towards salaries and wages, fringe benefits and social facilities in the year 1977 – 78. Out of this, the fringe benefits, including social facilities per employee, account for Rs. 322 per month. This includes contribution to the provident fund, gratuity, medical and educational facilities, leave travel concession, coke subsidy, canteen subsidy and transport subsidy.

The total money spent by the company towards salaries inclusive with wages and fringe benefits inclusive with social facilities for the year 1977 – 78 accounts for Rs. 57.16crores and Rs. 15.40 crores respectively. The corresponding figures for 1976 – 77 were Rs. 48.73 crores and Rs. 12.78 crores respectively (Tables I & II).

So, with statement "A" related to the Rourkela Steel Plant and the figures given therein, when compared with the following statement "B", we can know the effect of increased rate of wages, on the production output. Here as the wage varies in the increased way, so also the production output varies in an increased way.

Statement "B": The production has been steadily going up in the last few years and reached the highest level in the year 1977 – 78. The production performance in 1977 – 78 was a record in many units of Rourkela Steel Plant during the year. The increasing trend can be seen from the table III.

Due to the improved trend in the production, the capacity utilization has also substantially gone up as can be seen from Table IV.

For the year 1977 – 78 though we mark a little decrease in the case of ingot steel and CAN fertilizer in the case of saleable steel these tables always show a higher trend.

While on a monthly basis a number of units had operated at and above the rated capacity during the year 1977 – 78, the plate mill had operated at 108.4 percent of its rated capacity throughout the year, when the figures given in the "Statement A" (Tables I & II).

Now, if the figures given in the "Statement A" compared with the figures given in the "Statement B" (Tables III & IV) and in particular if from the year 1974 – 75 (in particular) onwards are compared, then definitely this would be known that the "production level" always increases with the increased rate of wages and fringe benefits.

So, according to Dr. S. A. Palekar "in those industries where inefficient management is the cause of low wages, higher wages may galvanize management into improving its efficiency promptly and they lead to higher productivity and employment. This is a consideration of great significance in under-developed countries like India.

By studying the aforesaid tables along with the charts we can assume the knowledge relating to the instances in

the Rourkela Steel Plant where enhancement of wage rates resulted with a better production with overall output.

For clarification of this subject, let us put our attention on the following extracts taken down from the said News-Vol. 3- Vol. 4, March 5 – 20, 1976, Rourkela special.

Extract I: It is pertinent to point out here that the purpose of grievances procedure is not only to settle all outstanding grievances but also to help evolve procedure and rules which will facilitate to eliminate grievances. This will be evident from the fact that the average rate of receipt of grievances has come down considerably from what used to be "74" every month in "1971" to only "35" in "1975".

On an average, Rourkela has spent Rs. 1361 per month on every employee towards salaries and wages, fringe benefits and social facilities in the year 1978 – 79. Out of this, the fringe benefits, including social facilities per employee account for Rs. 398 per month. This includes contribution to the provident fund, gratuity, medical and educational facilities, leave travel concession, coke subsidy, canteen subsidy and transport subsidy.

The total money spent by the company towards salaries and wages, fringe benefits and social facilities accounts for Rs. 56.15 crores in the year 1978 – 79 which includes an amount of Rs. 16.43 crores towards fringe benefits and social facilities. The corresponding figures for the year 1977 – 78 were Rs. 57.67 crores and Rs. 18.34 crores respectively.

Statement C: Tested "saleable steel production" for the year 1978 – 79 was 8.02 lakh tonnes as compared to 9.44 lakh tonnes in the year 1977 – 78 and 6.08 lakh tonnes, 8.35 lakh tonnes and 9.38 lakh tonnes in 1974 – 75 and 1975 – 76 and 1976 – 77 respectively while "the boiler quality plate" production has gone up from around 9231 tonnes in 1974 – 75 to 14510 tonnes in 1978 – 79. In the "ship building quality plate" production increased from 10196 in 1974 – 75 to 14854 and 32518 tonnes respectively, in 1975 – 76 and 1976 – 77. However due to lower demand in the year 1977 – 78 and 1978 – 79 the production was restricted to 23367 tonnes and 18787 tonnes respectively. The production of "weldable quality plates" was 18000 tonnes in 1974 – 75; 18100 tonnes in 1977 – 78 and was 38091 tonnes in 1978 – 79.

From the above "extracts" as taken down from the book, "Rourkela Today" published on behalf of the Rourkela Steel Plant, February 1980, and thus by comparing the figures of Statement "A" and Statement "B" with the figures as cited under 'C', we can easily establish our subject that, those are the instances in the Rourkela Steel Plant, where enhancement of wage rates resulted with a better productional output with an overall output.

Our measurement of "efficiency" is always done taking to the factor of "productional outturn" and this base factor "efficiency" which is dependent on the different factors out of which "financial consideration" happened to be the most important one.

If we see the ongoing discussions, we can well understand these correlatives of these factors, such as "productional outturn", "efficiency" and "financial considerations".

If we compare "A" with "B" along with the two graphical explanations related to the production and average year wise earnings of employee of RSP, then we can know, how the rise in wage rates have influenced the corresponding rise in the productional output. The statistics in relation to the different productional position under the corresponding increase in the wage rates as done by the authority of the Rourkela Steel Plant.

TABLE I: PER EMPLOYEE PER MONTH (IN RUPEES)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Salaries and wages including fringe benefits and social amenities	717	916	1055	1092	1195	1361
Fringe benefits and social amenities	186	234	242	282	322	398

Source: Rourkela today published by the Steel Authority of India Ltd. (Rourkela Steel Plant-1978, i.e., October 1978)

TABLE II: TOTAL MONEY SPENT BY ROURKELA PER YEAR (Rupees in crores)

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Salaries and wages including fringe benefits and social amenities	31.30	40.26	46.44	48.73	57.16	56.15
Fringe benefits and social amenities	8.13	10.30	10.69	12.58	15.40	16.43

TABLE III: (in lakh tonnes)

Items ↓	1971-72	1974-75	1975-76	1976-77	1977-78	1978-79
Ingot Steel ..	8.23	10.66	12.82	15.03	14.05	13.19
Saleable Steel ..	5.97	8.12	10.41	11.74	11.78	10.42
CAN Fertilizer ..	1.85	8.45	3.09	3.18	2.88	2.76

Source: Rourkela today- published by the Steel Authority of India Ltd. (Rourkela Steel Plant, October 1978) & Rourkela Today- December 1980.

AVERAGE YEARWISE EARNINGS OF EMPLOYEE OF ROURKELA STEEL PLANT

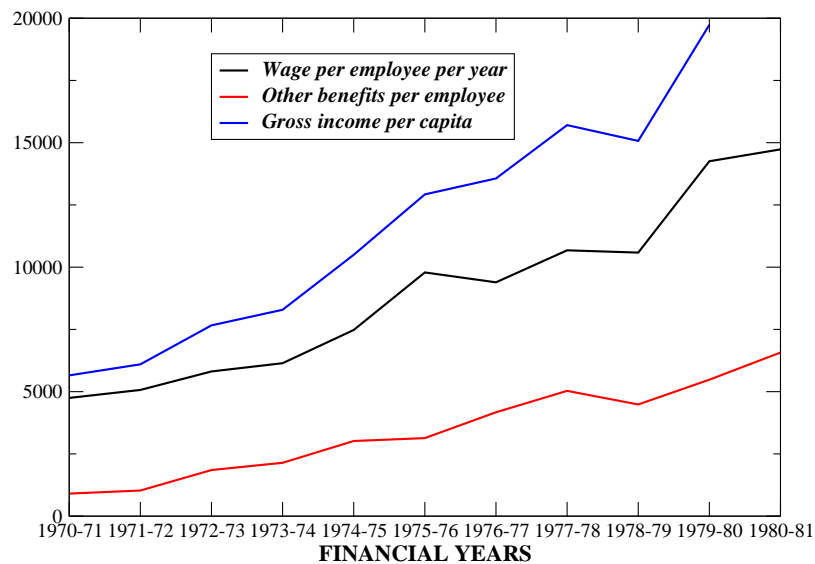


FIG. 1: (Color online) Source: Steel Authority of India Ltd., Rourkela Steel Plant, Rourkela, Orissa- Personnel and wage manual-1981, Issued by Industrial Relations and Rules Section-Personnel Department.

TABLE IV:

Items ↓	1971-72	1974-75	1975-76	1976-77	1977-78	1978-79
Ingot Steel ..	45.7	59.2	71.2	83.5	78.3	73.3
Saleable Steel ..	45.8	66.3	85.0	95.9	96.2	58.1
CAN Fertilizer ..	51.5	68.1	85.8	88.3	80.8	70.2

TABLE V: AVERAGE YEARWISE EARNINGS OF THE EMPLOYEES OF ROURKELA STEEL PLANT

Sl. No.	Year	Wage per employee per year (in Rupees)	Other benefits per employee per year (in Rupees)	Per capita gross income (in Rupees)	Production of Saleable Steel (in Rupees)	Production of Ingot Steel (in Rupees)
1.	1970-71	4748	906	5654	1038198	683600
2.	1971-72	5068	1029	6097	822676	597453
3.	1972-73	5812	1851	7663	1177036	764829
4.	1973-74	6144	2144	8288	1080897	735586
5.	1974-75	7478	3018	10496	1065743	811927
6.	1975-76	9788	3134	12922	904202	729733
	(upto Dec. 1975)					
7.	1976-77	9392	4172	13564		
8.	1977-78	10677	5030	15707		
		(1-4-1977 to 30-4-1978)				
9.	1978-79	10587	4485	15072		
		(Mar '78 to Mar '79)				
10.	1979-80	14253	5481	19734		
11.	1980-81	14732	6571	21303		

Note: (a) Wages (Col. 3)-Basic pay, Dearness Allowance, Incentive Bonus, Reward, Misc., Allowance & overtime, etc.
(b) Other (Col. 4)-Contribution, social amenities such as Coke subsidy, expenditures on community centers, sports etc. plus provisions for gratuity, provident fund.

PRODUCTION OF INGOT & SALEABLE STEEL

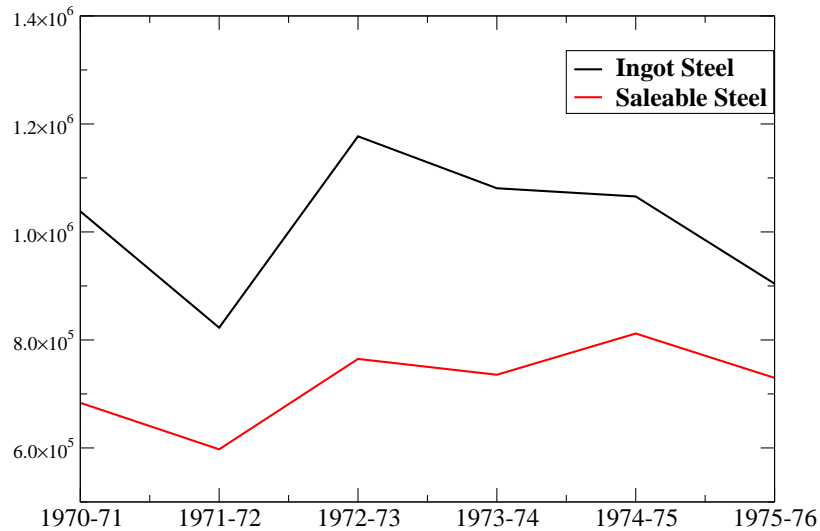


FIG. 2: (Color online)