

Time- 2.5 Hrs

Marks- 75

- Note-** 1) All questions are compulsory.
2) Figures to the right indicate full marks.
3) Support your answer with illustration and diagram.

Q.1) Answer any two of the following:

(7.5 × 2 = 15)

- Define compensation. Discuss in detail types of compensation.
- Discuss the benefits of compensation: Personal, Health and Safety Welfare, Social Security.
- Discuss the factors influencing pay structure.

Q.2) Answer any two of the following:

(7.5 × 2 = 15)

- Define incentive. Explain different types of incentive plans.
- Explain the types of wage differentials.
- Explain the wage fund theory in detail.

Q.3) Answer any two of the following:

(7.5 × 2 = 15)

- Explain team based pay method with its advantages and disadvantages.
- Define HRA. Explain its features and objectives of HRA.
- Explain the concept of cafeteria approach with its advantages and disadvantages.

Q.4) Answer any two of the following:

(7.5 × 2 = 15)

- Discuss the Payment of Bonus Act 1965.
- Discuss the payment of gratuity Act 1972.
- Discuss the different current issues and challenges in compensation management.

Q.5) Solve the following case study :

Mr. Amarkant believe that in the case of portion plans and restricted stock, a significant portion of the overall program should consist of performance based plans. These include index-based options, Premium –Priced options and performance targets tied to company specific metrics. Performance based plans should be constructed to reward to out- performance and should include provisions by which options will not vest if hurdles are not considered a meaningful performance- based hurdle. The policy should include the specific drivers the company will use in constructing the performance based components of the plan.

Mr. Amarkant suggests using metrics such as Return on Invested Capital (ROIC), Return on Assets (ROA), and Return on Equity (ROE) and the relative mix of how performance metrics will be weighted. Mr. Amarkant believes that optimal plan design will utilize multiple performance metrics in a fashion that will tie small portions of vesting to individual metrics or larger portions to multiple metrics.

Mr. Amarkant, believes that if metrics are used in combination, the plan should require that each component be satisfied to achieve vesting as opposed to one of the several that must be achieved.

Questions-

- A) What is the purpose behind Mr. Amarkant policies on executive compensation? Justify your answer with reasons. 8
- B) Based on the above case study how can you say that compensation programs are one of the most powerful tools available to companies. 7

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