(d) Material Mix Variance (MMV) = SP [Standard mix for actual input - Actual mix for actual input] Materials A : 10 [(82.50 / 206.25 × 200) - 95] ₹150 (A) Materials B : 20 [(123.75 / 206.25 × 200) - 105] ₹ 300 (F) ₹ 150 (F) (e) Materials Yield Variance (MYV) = Standard Yield Rate [Actual output for actual input - Standard output for actual input] = ₹ 3,300 / 165 kg.  $[165 - (165 / 206.25 \times 200)] = ₹ 100 (F)$ Test: MCV = MPV + MUV. (i) Here, ₹ 345 (F) = ₹ 95 (F) + ₹ 250 (F) = ₹ 345 (F), checked. MUV = MMV + MYV(ii) Constant a Summer C. E. D Here, ₹ 250 (F) = ₹ 150 (F) + ₹ 100 (F) = ₹ 250 (F), checked.

## **II. Labour Variances**

(a) Labour Cost Variance (LCV): Labour Cost Variance is the difference between the Standard Cost of labour allowed for the actual output achieved and the actual wages paid.

Labour Cost Variance = Standard Cost of Lebur Actual Cost of Labour

Labour Cost Variate  $\{SR \times SH \text{ for } AC\}$  AR x AH} Where, SR = Standard Late ST = Standard Hour (AC) = Actual Output, AR = Actual Rate, AT = Actual Hou

(b) Dalow Rate Variance PR is that part of labour cost variance which is due to the difference between the standard rate specified and the actual rate paid. This variances arise from the following reasons:

- (a) Change in wage rate.
- (b) Faulty recruitment.
- (c) Payment of overtime.
- (d) Employment of casual workers etc.

It is expressed as follows :

$$LRV = AH (SR - AR)$$

(c) Labour Efficiency Variance (LEV): Labour Efficiency Variance otherwise known as Labour Time Variance. It is that portion of the Labour Cost Variance which arises due to the difference between standard labour hours specified and the actual labour hours spent. The usual reasons for this variance are (a) poor supervision (b) poor working condition (c) increase in labour turnover (d) defective materials. It may be calculated as following:

LEV = SR (SH - effective AH)

(d) Labour Idle Time Variance: Labour Idle Time Variance arises due to abnormal situations like strikes, lockout, breakdown of machinery etc. In other words, idle time