

CHAPTER-7

CONCLUIONS & SUGGESTIONS

7.1 Conclusions

7.2 Suggestions

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CONCLUSIONS & SUGGESTIONS

Based on the data analysis presented under the title "Comparative study of Cost Accounting Systems in Co.Op. Spinning Mills in Ichalkaranji," following conclusions have been drawn and based on the findings few suggestions are offered at to the textile units covered under study.

7.1. CONCLUSIONS

1. Co-Operative spinning mills are started in Ichalkaranji with a view to provide for increasing yarn requirements of local powerloom industry. Accordingly The Deccan Co.Operative Spinning Mills Ltd., was established in 1962 and Kolhapur Zilla Shetkari Vinkari Sah.Soot Girni Ltd. was founded in 1968.
- 2) As the Deccan Co.operative Spinning Mills Ltd. concentrates more on quality than quantity, its conversion cost per spindle is higher compared to that of Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girani Ltd.
- 3) Compared to the membership of Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girani Ltd (14440) membership of The Deccan Co.operative Spinning Mills Ltd. (532) is limited. This indicates that the ^{Deccan} mills is following the principle of "Trading on Equity".
- 4) Kolhapur Zilla Shetkari Vinkari Sahakari ^{Soot} Girni Ltd. is implementing a modernisation plan which has delayed much. Since this plan has been financed through loan from Maharashtra State Co.op. Bank Ltd. the mill is required to pay interest upto Rs.48/- lakhs p.a. This has affected seriously the profitability of the mill.
- 5) Capacity utilisation is higher (95%) in The Deccan co.operative Spinning Mills Ltd. The lower utilisation in Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girani Limited.

(below 90%) is caused by incomplete modernisation, the labour strike and other reasons.

- 6) On the basis of ranks given on All India Level by AIFCOSPIN in 1991-92 considering the net profit per working spindle, The Deccan Co.Op. Spinning Mills Ltd. is leading with 11th Rank to Kolhapur Zilla Shetkari Vinakari Sah.Soot Girni Ltd. with 21st Rank.
- 7) The Standard percentages for cotton waste are 12% for carded yarn and 25% for combed yarn. The corresponding figures for wastes are 15% and 35% in Deccan Mills and 14% and 34% in Kolhapur Mills.
- 8) Installed in the Initial project of Kolhapur Zilla Shetkari Vinkari Sah. Soot Girani Ltd., there is a ginning plant also. It remains unutilised for more than 90%.
- 9) Linking of bonus payment being attached to workers attendance the labour, absenteeism has reduced considerably and utilisation has been improved in Deccan Mill.
- 10) In Deccan Co-operative Spinning Mills Ltd, there are separate power consumption recording meters placed in each department. This helps to know the power cost of running a machine and also of the department for a particular time. It helps in energy conservation also.
- 11) Both the mills under study are not maintaining cost centre-wise record of expenditure and its allocation accordingly.
- 12) Records in respect of self generated power and purchased power are not maintained separately.

- 13) Records in respect of waste reused and waste sold are not maintained by the mills.
- 14) Expenses of service departments are not further classified and apportioned to other service or production centres on equitable basis.
- 15) There are no sufficient records showing details of soft waste (Cotton waste) in each cost centres. Only aggregate records are there.
- 16) Both the mills have been supplying yarn in local as well as in export markets.
- 17) In both the mills overheads are allocated equally for all counts produced. As the production of all the counts is not even, this practice is not justifiable.

B) SUGGESTIONS :

Based on the study conducted following suggestions are offered to the units.

- 1) Managerial control needs to be exercised through proper financial planning and control. Management of the mills needs objectivity in its functional areas.
- 2) To achieve better cost control, awareness should be created among workers and administrative staff and attempts should be made to avoid losses, wastages and deficiencies etc.
- 3) Reliance on outside sources of finance be reduced by attracting members to invest more deposits.

- 4) To avoid the increasing cost of repairs and stores and spares the mills should set up preventive machine maintenance system.
- 5) The basis of allocation of overheads should be fixed at the countwise production of yarn. This would enable to know the charge of overhead properly among the various counts in proportion of their production.
- 6) There is a need for exercising state control on the unfair trade practices followed by the private cotton traders who are responsible for the hikes in cotton prices. The Government should take necessary regulatory measures to check such practices.
- 7) Like the Deccan Co.Operative Spinning Mills Ltd., the Kolhapur Zilla Shetkari Vinkari Sah.Soot Girani Ltd. ^{should} also place separate meters for recording power consumption of each department separately.
- 8) Like The Deccan Co.operative Spinning Mills Ltd. Kolhapur Zilla Shetkari Vinkari Sah.Soot Girani Ltd. Should also instal a computer unit. It is beneficial in many ways.
- 9) Kolhapur Zilla Shetkari Vinkari Sah. Soot Girani Ltd. Should also link payment of bonus to workers' attendance. This would lead to more utilisation of resources and spindle capacities.
- 10) Both the mills should attempt to achieve economies in cost of cotton. Control of wastes is essential for this purpose.

- 11) Though by existing law the mills are not required to maintain cost books and cost records, still its maintenance is much beneficial to these mills. In many ways the cost records are helpful to management, particularly in decision making involving pricing, planning cost reduction and cost control programming etc.
