

CHAPTER – V

CONCLUSION AND SUGGESTIONS

CHAPTER - V

CONCLUSIONS AND SUGGESTIONS

The present study brings out the following conclusions and suggestions on various aspects.

5.1 CONCLUSIONS :

Budgetary control :-

The functional budgets are fixed at the beginning of the year on the basis of last year performance, market conditions and other allied factors. The same budgets are observed throughout the year.

Management Meeting :-

This is the best policy of the company to have a meeting everyday. In this meeting entire operations are reviewed, problems are solved and future actions are planned.

Planning and Control of Working Capital :-

For planning the Working Capital -

- a) Functional budgets are prepared.
- b) Budgeted Profit and Loss account is prepared.

The information supplied to the Top Management regarding Purchases, Payments, creditors' balance, sales, Recovery, Debtors' balance as well as Inventory value of stores and spares, WIP, finished goods etc. are nothing but the controlling norms of the working capital. Apart from this consumption variances of A class items are also supplied to management. It seems that there is proper Planning of working capital.

Daily Bank Position :-

The information about daily bank balance helps to keep the terms of payment as well as to maintain the working capital at optimum level.

Monthly Reconciliation Report :-

Monthly reconciliation report of costing, financial profit and loss account and WIP stock reports are submitted to the management. These statements indicates the validity of costing records, progress of the company and the required steps to be taken to achieve the budgeted goals.

Internal Audit report :-

It is the best policy of the company that the internal audit department directly reports to the top management. Its report gives comments on the operations of the company.

Targets and Norms :-

The targets of production, sales, order booking, recovery and payments are decided. The norms of consumption and rejection are fixed. Actuals against the targets and norms are measured and compared. This system helps to get maximum return on investment and to convert raw material into cash as early as possible.

Loss of materials such as Scrap, spoilage, wastage, rejections etc. is reported daily to the management. Apart from this efficiency, inefficiency and the utilisation of plant capacity is calculated regularly by management.

Purchase procedure :-

Some major items of purchase are finalised by the Purchase Committee. Purchases are made according to the pre-determined production targets. This helps to decide the required quantity of purchase in advance and gives time to complete the formalities of purchase. This means that no working capital is blocked up unnecessarily or the position of 'out of stock' of any material may not take place.

Sales Report :-

Monthly sales budget is fixed. Sales are made on the basis of both cash and credit. Product wise daily sales report is given to the top management. This helps to take necessary steps to reach the target.

Labour report :-

Labour turnover and accidents are reported as and when take place. Labour absentism and over-time, incentive reports etc. are reported from time to time. Apart from this the review of over time and incentive are taken, which helps to control the cost of production.

Inventory control :-

General stores department, use of levels of stock and perpetual inventory control system (store accounts) indicate proper inventory control system. This helps to keep inventory and in turn the working capital at optimum level.

Variance report :-

The regular reports to the top management gives sufficient variances. It includes variances of the items of entire profit and loss account. It shows controllable variances i.e. the variance of variable cost and non controllable i.e. the variance of fixed cost. The second part of the same report gives departmentwise materials variances. This is the best form and system of planning and control of working capital.

Debtors position :-

The debtors position is supplied to the management. This debtors list indicates outstanding dues. The list is then handed over to sales department for follow up and collection. This system helps to make fast recovery.

Creditors position :-

The creditors position is supplied to management regularly. Creditors list shows the due payments. This helps the management to fix the payment policy wisely and to make use of credit allowed by the suppliers as a source of working capital.

Computerisation :-

Computerisation of product costing, payments, incentives, purchase order, GRNs, Invoices and order acceptances etc. are appreciable.

5.2 SUGGESTIONS

Graphical presentation

Graphical presentation is necessary. It will help to management to know the real position of the organisation.

Comparison ratios/statements

Various comparison ratios/statements like sales v/s material consumption, production v/s rejection, plant capacity v/s plant utilisation etc. Such ratios are helpful to the management for achieving the organization goal and targets.

Online computerisation

Online computerised system for just in time information (JIT) is essential in today's competitive market.

Reports

Some reports are drawn on monthly basis e.g. machine utilisation reports etc. If these reports are drawn on weekly basis it will be more easy to keep control on plant utilisation as well as other activities also.

Plant utilisation report

Presently the plant capacity is calculated on total booking hours, but it will be more effective if it is calculated on total available hours.

Report generation

For better control and for taking decisions on proper time, reports are to be generated on proper time. Presently here observed some delays because of delay in data entry and modifications etc. So it should complete within a particular time.

Stationery control

Stationery control of EDP/Computer department is necessary. Also in particular departments paper working is more that should be reduced. And some shortcuts are to be find out checklists of data entry is to be minimised.

Promotions:-

It is observed that some qualified employees (post graduate, commercial deploma holders etc.) are not get promotions properly, so it is suggested that personnel department, should be considered educational qualifications of employee (technical as well as commercial) at the time of annual increment and promotions. It is essential to keep a good relations between management and employees.

Welfare :-

Some welfare activities like good Canteen facility, food, tours for employees etc. are to be improved.

Duplication :-

Reduction in duplication of work is necessary.

A
12029