

CHAPTER - V
SUGGESTIONS AND CONCLUSION

- A) **Conclusion**
- B) **Suggestions**

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A) CONCLUSION –

In this chapter an attempt is made to give a summary and conclusion on the logistics management and cost of logistics with reference to SHSSKN, Sankeshwar.

1. Factory is having centralized purchase department. Because of centralized purchase department, they avoid duplication, overlapping and the non-uniform procurements. All the other department which require materials, supplies, services, machines and tools place indents to the centralized purchasing department.
2. Special attention is given for layout of the stores department. All the materials which are needed are kept side by side in the stores department. The building of stores department is properly constructed to avoid loss due to damage and pilferage.
3. Scientific classification and codification of various items of stores is followed. To reduce number of varieties stocked in the store, standardization and simplification method of controlling the size of materials is followed.
4. For heavy and large quantity stores, separate godowns are established.
5. Factory is having central store. All materials are received by and issued from this stores department. All materials are kept at one central store.
6. Transportation of sugarcane is on contract basis. Trucks, tractors and bullock – carts are the media of transportation. Trucks and tractors cover the radius of over 10 kms from

the factory area and within 35 kms. Bullock – carts cover within the radius of 10 kms. Trucks and tractors are suited for long distance, whereas bullock – carts for short distance.

7. The rate per ton per km is fixed by the factory for trucks and tractors. The rate is adjusted according to the fluctuations in diesel rate in the market. Commission rates are different for Local and Beed transporters.
8. There are two types of transporters and harvesters. They are, Local and Beed. For truck and tractor transporters, it is mandatory to have harvester gang. Each gang is consisting on an average 12 to 14 members. These members are in couple form.
9. Bullock – carts are contracted by Beed and Local contractors. Beed contractors lift on an average 20 to 25 carts. These carts are run by their work force. Each cart is to have a couple. They are responsible for both harvest and transportation of sugarcane.
10. Beed harvesters have an union called as “Usa Toad Kamgar Sangh”. This union is working in association with Government of Maharashtra and Sugar Factory Federation. Rate per metric ton of sugarcane harvested is fixed by this union. Wherever, these gangs are working, it is mandatory for those sugar factories to pay the rate fixed by the union.
11. Total sales is divided into two parts. 10% of total production is sold to Central Government. It is called as levy. Levy rate is fixed by the Central Government. Remaining 90% is free sale. This quantity is also to be released according to the direction of the Central Government. Tenders are invited

for free sale. Sugar bags are to be lifted within 10 days of the passing of the tender.

12. Packing and warehousing activities are sub – contracted. Two contractors from Kolkata are working for these activities. Each bag cost Rs. 2.25 for both packing and storing. Conveyors are used for moving sugar bags to the point of storing. All repairs and maintenance expenses are to be borne by the contractor.
13. Transportation of sugarcane is by the Beed contractors, Local contractors, cane growers, factory vehicles and mobile gang. Mobile gang transport by means of trucks.
14. Beed contractors are more in number as compared to Local contractors.
15. The cost of transportation consists of cost of transporting sugarcane and transportation commission to these transporters. The total tones transported are 8,44,695.921 and total cost of transportation is Rs. 7,99,38,457.37. Therefore cost per ton is Rs. 94.64 approximately.
16. The cost of harvest consists of harvest cost, loading charges and harvest commission. The total tones harvested are 8,44,695.921 and cost of harvest is Rs. 7,91,89,033.70. Therefore cost per ton is Rs. 93.75 approximately.
17. Cane growers are not charged weigh cost. Cost incurred in weigh department are considered as establishment expenses.
18. Cane feeding charges (unloading charges of sugarcane) are Rs.0.35 per ton. This work is also contracted. Total tones unloaded are 8,44,695.921. Therefore total cane feeding charges are Rs. 2,95,643.57 approximately.

19. Warehousing cost consists of stamping of empty sugar bags and packing, repairs and maintenance charges of conveyors, sugar bags arrangement and loading charges. The total cost incurred is Rs. 27,02,442.60.
20. Loading charges of sugar bags in the vehicles of buyers are borne by the buyers themselves. Factory is having labor force for this work. Rs. 24 is the loading charge per quintal of sugar.
21. The total cost of production is Rs. 1,518.82 per quintal, whereas cost of logistics is Rs. 167.44 per quintal. Therefore, logistics cost is 11.03% of cost of production.

B) SUGGESTIONS –

The researcher would like to make the following suggestions for better logistics management, cost control and reduction in cost of logistics:

1. Fixation of stock levels of different materials, helps the stores department to have proper control over material cost. It also helps to reduce unnecessary investment in materials.
2. The stores department could follow ABC Analysis of stores control technique.
3. Transportation of sugarcane by tractors should be preferred. Cost per ton per km is fixed by the factory taking into account the diesel rate. As carrying capacity of tractors is more than trucks, it helps factory to reduce the cost per ton. More tones are transported by tractors, at the same rate per km.
4. Local transporters are to be preferred , because the rate of commission is relatively less than the Beed transporters. To reduce cost of transportation, localities of respective villages are to be encouraged. Proper strategies are to be planned by taking into account the local work force. Care is to be taken, to balance Beed and Local transporters and harvesters.
5. Local harvesters are to be considered first. This is because of low rate of harvest and commission. Taking into account the availability of work force, measures are to be taken for cost reduction of logistics.
6. Beed transporters and harvesters are more in number as compared to local transporters and harvesters. And this number is increasing year by year. This leads to increase in

transportation and harvest cost. Gradually, Beed contractors are to be reduced, to have low cost of transportation and harvest.

7. Measures are to be taken by the factory to increase the local harvesters. Few measures that can be adopted are paying high rate of commission, however, less than Beed harvesters, formation of union of local gang, cane growers union, etc.
8. Mobile gangs can also be encouraged, even though the rate of commission is same that of Beed contractors. Mobile gangs can be easily managed because of their attachment with the factory. Another point of consideration is that, when number of mobile gangs increase automatically Beed contractors decrease. Local contractors try to become mobile. This leads employment for localities. These localities can be paid low, which helps to bring down cost of harvest and transportation.
9. Fixed number of factory vehicles are to be used for sugarcane transportation. This will bring down transportation cost because of no payment of commission. The repairs and maintenance work will be undertaken by factory vehicle department. So measures are to be taken for permanent arrangement of vehicles for sugarcane transportation.
10. Steps are to be taken to increase number of factory vehicles. During season these vehicles can be used for sugarcane transportation and during off-season for sugar transportation.
11. As majority of sugar buyers are localities, factory vehicles can be best used during off-season. Therefore, increase in

vehicle can be best used. This leads to reduction in cost of transportation of raw materials and finished product.

12. Formation of union of local transporters and harvesters should be encouraged by the factory. Union can act a bridge between the factory and members. Transportation and harvest cost can be easily controlled. Any emergency arrangement can be met easily by the union.
13. Loading of sugar bags in the vehicles of buyers is contracted by the factory. Laborers are available though out the year. These laborers are carrying work of warehousing during season and during off-season loading work. Therefore, factory can have permanent laborers with fixed wages. Permanent laborers have a feel of job security and bring efficiency in their work, which leads to cost management.
14. Owners' vehicles can also be encouraged for sugarcane transportation. No commission is paid for such arrangement to cane growers.
15. While planning transporters and harvesters, care is to be taken for including balanced local and Bheed contractors. Local contractors are to be given first preference.
16. Measures are taken to increase production capacity, but accordingly warehousing facilities are not available. Major portion of warehouse is occupied by un-lifted sugar by the Government. This all has created temporary warehousing facilities. Temporary measures require heavy investment. This leads to increase in fixed investment. This temporary arrangement has to be destroyed after the sugar bags are lifted. Therefore, measures are to be taken for constructing new warehouses.

17. To have better control over transportation process, fieldsmen of agricultural department have to play active role. These fieldsmen in their respective work area, should encourage canegrowers for transportation of sugarcane on their own. Fieldsmen have to prepare plan in association with canegrowers to find out improved measures of transport facilities.
18. Taking into account available vehicles, tentative dates are to be fixed for sugarcane transportation. Then, canegrowers can arrange vehicles accordingly. This system can help the factory to reduce cost of transportation.