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RESEARCH DESIGN

1. INTRODUCTION
2. IMPORTANCE OF THE STUDY
3. OBJECTIVES OF THE STUDY
4. SAMPLE OF DESIGN
5. METHODOLOGY OF THE STUDY
6. SCOPE OF THE STUDY
7. LIMITATIONS OF THE STUDY
8. SCHEME OF THE STUDY

CHAPTER ONE

RESEARCH DESIGN

INTRODUCTION :

Printing is an art. Printing Press is a means of printing. For printing there must be matter. This matter is produced through the brain of a human-being. This matter by learned people is printed and preserved for further references to the future generation. Hence, the printing press is acute need of human-beings for the development of human-beings.

If we look back and study the past of human race, we will find out that knowledge of writing is main tool of human development. The language brought human-beings closer to each other. A drop of ink may make a million think.

In other word we can say that the discovery of ink is more important than that of gun. Gun caused regress of mankind but discovery of ink resulted in progress of mankind and accelerate development of the future generation.

English printer Cackston¹ a poineer printed a book in 1480, " MIRROR OF THE WORLD ", wherein he quotes, " Vox audita perit Littova Scriptamanet." It means spoken word perishes, written word survives.

In 1440, John Gattenburg discovered an art of printing. He was formerly compositor. He prepared type script in language and his printing art brought the world to the light of wisdom. He who opens a school closes a prison. Printing art was so much

admired at that time and few of them I quote ' Sir Martin Lyuther² said " knowledge of printing spread over is the second deliverence of mankind. " Steephen Zwaing³ said " Never will Electric Power have as much force as the electricity enclosed in the printed word. "

Printing is the origin of all arts. Printing brought the light of knowledge to mankind and got rid of the darkness of ignorance. Man has originally thinking power but the thought of mankind will not last any longer if there is no printing. Hence, printing accelerated human thinking.

In conclusion it reminds us the quotation of Charles Dickens⁴.

" A printer is the friend of intellegence of thought, he is the friend of liberty, freedom law. Indeed, the printer of every man who can read of all the intentions of all the discoveries in science or art, of all the great results in the wonderful progress of mechanical energy and skill, the printer is the only product of civilisation necessary for the existence of freedom. "

In modern times the number of printing presses is increased and the survival of institution has become difficult. And hence, the printing press must adopt costing system. In acute competition and complexities an effective costing study is an integral part of the management for efficient running of the business. Costing by exercising control over the entire business operations enables management to eliminate wastage, leakages and increases efficiency and productivity. Costing achieves economics and helps decision making by suitably fixing prices in case of competition, trade

depression idle capacity with a view to maximising the gains and minimising the losses.

The term cost accounting is of recent origin several attempts were made to define the term costs and cost accounting but all those who have given the definitions were not able to satisfy themselves by the definition.

Mr. A. Wayne Corcoran⁵ in his book titled "Cost Accounting analysis and control quiteely admits at the beginning lines that any definition would be not only difficult but also useless.

" Tradition has every book that discusses accounting begin with a definition of the subject. Unfortunately, once one becomes familiar with the philosophy of accounting, no definition of the subject seems to capture its essence, well our subject is cost accounting and the appendage of the word ' cost ' is no way eases the burden of defining it.

Mr. Marton Backer and Mr. Lylee Jacobson⁶ took a challenge to define the term cost accounting and ended with these lines.

" Business income is measured by matching the costs of products with the revenue derived from their sale. Cost Accounting is a system designed for the realisation of this financial accounting objective by establishing and maintaining systems which provide product cost data which are used in the matching process of income determination. The cost accounting system is an elaboration of the basic financial accounting system. Through these systems, the cost accountant is able to contribute to another financial

objective namely control over the resources of the firm. "

The above definition reveals two main objectives of cost accounting. One, cost ascertainment and the other cost control.

As Mr. A. W. Corcoran⁷ points out, " financial accounting is glorified book keeping." It misses the point out accounting entirely.

The financial accounting system with its own limitations could not serve the purpose of both accounting and control. Hence an improved and enlarged version of the system emerged and came to be called " Cost Accounting " system.

In India, with the object of promoting, regulating and developing the profession of cost accounting. The Institute of Cost and Work Accountant was established in 1944 and was registered under the Company Act. It gained special significance of a statutory body when the Indian Parliament Act was passed .." The Institution of Cost and Works Accountants of India " as a statutory body came into being on 28th May 1959.

Since then the institute is devoting its effort towards the objective such as promotion, regulation and development of the cost accounting profession. Now at the end of the twentieth century the profession has gained recognition all over the world. Several theories have emerged in the field of cost accounting.

In the printing industry, on the line of British Masters' Printers Federation of Costing, All India Masters' Printers Federation has been formed as the common platform to solve the

problems and difficulties of printers who are members of the Federation. The costing of printing work is done by the presses as per norms given by the federation but in practice it is observed that only Government press and other big presses like Tata etc. are adopting the costing system while the rest are pricing the job.

With a theoretical view of cost accounting it is not possible for any body to understand the principle behind cost accounting. Practical implications of cost accounting would go un-noticed unless a field study is made. The real side of cost accounting and its principles would be known only to those who enter the factory and study the system.

With the intention of gaining knowledge about the costing system in the industries, this study was undertaken.

In fact only a few industries have a proper cost accounting system and others have no proper cost accounting system under which covers printing industry. So a list of industries maintaining a system of costing was scrutinised and the printing industry was chosen for the study. (The list of 28 industries covered by the Cost Accounting Record Rules is published by the Government of India)

1.1 IMPORTANCE OF THE STUDY :

The main objective of cost accounting is cost control. It is the only way by which the industry can ensure its profitability. An efficient system of accounting will make the function of control

easier. This study aims at finding out the most appropriate system of accounting that will enable control of costs.

An attempt is being made in this study to explore the possibility of developing job costing in printing industry. Such a system would go a long way to solve the problems of industry and minimise the variations in the cost of production in different units. A co-ordinated effort can be made, once the uniformity is established in costing. Interfirm comparison, healthy competition and sharing research facilities would be the advantages of developing a job costing system. So far no study has been undertaken on these lines. Hence this study is the first of its kind.

The study would also bridge the gulf between theory and practice. A practical and realistic knowledge can be obtained through this study.

The value and importance of costing needs hardly be over emphasised. Although, there is growing awareness of the need for costing in the field of the printing press. Due to imperfect competition and imperfect knowledge about cost Vs benefits there is lack of appreciation as to how it can help them. It is hoped that with increased competition and growing realisation about its need, costing will increasingly find its place in the printing press.

Many printing presses which are operating in assured markets do not outweigh the need for introduction of costing system. The fact is that as time passes, the competition in printing press tends to lower the selling price in the market.

This may lead to ruin of the monopoly industry. A reduced selling price resulting from a reduced cost is beneficial to monopolist himself. A price reduction leads to increased turnover which in its turn enhances total profit.

Therefore each printing press should introduce a system of costing according to its nature for its own benefit and for the benefits of the consumer, society and the nation at large. Costing will increase the revenue as it shows proper way of printing and design the printing art to attract the customer as it has done in other countries. The earlier it is done by all, the better. It is for the economic health of the nation.

1.2 OBJECTIVES OF THE STUDY :

The broad objectives of the study are as follows :

- i) To study whether the costing system is adopted or not in printing press.
- ii) To study how the cost is ascertained in selected units of the printing industry situated in Kolhapur City.
- iii) To study whether they are adopt any costing method or not.
- iv) To study what will be the difficulties encountered in installation of costing system.
- v) To study how the difficulties can be minimised to install the costing system
- vi) To explore the possibility of developing a job costing system in selected printing units situated in Kolhapur City.

- vii) To give suggestions after interpretation and analysis of the data wherever necessary.

1.3 SAMPLE DESIGN :

To achieve the above objectives in the present study a sample of units in printing press industry situated in Kolhapur City was selected. The sample has been selected on the basis of purposive sampling technique. The sample constitutes of four units which are as follows :

1. Government Sector : Government Press
2. Co-operative Sector : Shetkari Sahakari Sangh Press
3. Company Sector : Ghatge Patil Pac Printers Private Ltd.
4. Partnership Sector : Rajhans Printing Press

The basic objective for having this sample was to make inter sector comparison. In the co-operative, company and partnership sector inspite of having number of units existing in Kolhapur City, only the above named units were considered for the study merely because of the availability of adequate information which was lacking in the other units.

1.4 METHODOLOGY OF THE STUDY :

The present study has been completed by collecting other relevant literature and information through various sources namely; primary and secondary.

Sources of Data Collection.

- a. **Questionnaire** : A detailed questionnaire was framed which was pretested by visiting one of the units and later on it was personally administered by visiting the above units. This questionnaire has been annexed.
- b. **Interviews** : In terms of collecting the information which could not be covered in the questionnaire has been collected through the interview method. With regard to interviews the proprietors and or managers were interviewed and the subjective information was recorded.
- c. **Visits to Liabraries** : The data regarding the theoretical concepts and the literature relating to printing press technology has been collected by paying the visits to the following liabraries namely :
 1. Chhatrapati Shahu Central Institute of Business Education and Research Centre.
 2. Barister Khardekar Liabrary - Shivaji University, Kolhapur.
 3. Government Printing Press Liabrary, Kolhapur
 4. Government Printing and Stationary Liabrary, Bombay.

Similarly some of the literature has been collected from the above units, brouchers records etc. as well as visiting the residence of Ex-Director, S.A. Sapre of Government Printing and Stationary Department, Maharashtra State.

1.5 SCOPE OF THE STUDY :

It is not possible for the academician to study and analyse the costing system prevalent in all the industries. Hence the study is confined to printing industry situated in Kolhapur City. What is attempted is a general study of cost structure in printing industry, the cost accounting principles and procedures for ascertainment and control of costs and the design of a suitable system of accounting for the industry. The study would cover accounting system for costs such as material, labour and overheads, their collection classification, and absorption in cost of production, control of such costs by budgets and standards. The whole system would be analysed keeping in view the possibility of developing a job costing system in the industry. For studying these aspects of costs, a knowledge of related subjects is also necessary.

The working procedure of printing the job should be studied because the system should be suitable to the process.

Knowledge of various regulations relating to industries and labour welfare are also desirable.

The study covers only the study of costing system in these organisation for the year 1987-88. Interpretation and analysis have been made with the help of primary and secondary data, conclusions and suggestions are made.

In conclusion this study would help the printing units to run their organisations efficiently through the installation of the proper costing system.

1.6 LIMITATIONS OF THE STUDY :

Costing is an internal affair and the cost records are secret documents. As the study involves cost aspects the units selected were hesitant in allowing the cost records to be scrutinised. Permission was refused to quote cost details in support of the analysis and conclusion arrived at. The secondary data available from the records were not useful because they were related to other sectors.

The major source of data were the questionnaire. By personal visit and asking information the data are collected. Some presses do not reveal their records but approximate figures are supplied for the study. Hence, the major limitation of the study was that cost data were not available for supporting the conclusion or analysis.

1.7 SCHEME OF THE STUDY :

Chapter - One : Research Design :

In this chapter the detail research design has been spelled out by highlighting the introduction of the study, as well as the objectives, methodology, sample design, scope and limitations have been discussed.

Chapter - Two : Historical Study of Printing Press

In this chapter a birds eye view was focussed on the history of printing presses in India, Maharashtra and Kolhapur City particular. This study shows the development of printing presses.

Chapter - Three : Theoretical Aspect of the Study

This chapter deals with the theoretical aspect of study. The detail study of the principles and the subject matter has been made to cover the aspect of our study. How far the theoretical knowledge is applicable to the industrial units has been studied to develop the costing system in printing industry.

Chapter - Four : Present Working of the Press

The four units under study are studied in detail in respect of their present working. The four sectors presses are studied in short in respect of costing system is applicable or not.

Chapter - Five : An Empirical Analysis and Interpretation

This chapter deals with an empirical analysis and interpretation of data. The data obtained through questionnaire has been studied in detail and an analysis is made to study the objectives of the study.

Chapter - Six : A Computation of Cost for Installation of Costing System

From the data obtained through questionnaire the model study of obtaining rate of composing a machine has been studied and how this cost is applicable to jobs. This is model of job costing.

Chapter - Seven :

This chapter deals with the findings and suggestions. This concludes the study of the units under printing industry.

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