

CHAPTER - VI

OBSERVATIONS AND SUGGESTIONS

6.1 Observations.

6.2 Suggestions.

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OBSERVATIONS AND SUGGESTIONS

6:1) OBSERVATIONS :

In case of labour productivity in terms of hours it is observed that production per hour is gradually increasing. This means that, labour productivity is satisfactory. But if lost percentage is considered, it is found that man hours lost is somehow rapidly increasing, on the other hand, actual hours worked is gradually decreasing. (See line graph A.) This trend is not favourable.

It is also seems that man hours lost due to mechanical and electrical and cleaning is increased, while man hours lost due to cane shortage, miscellaneous and rain are improved. (See line graph C.)

When productivity in terms of revenue is considered, it concludes that the revenue earned per worker is gradually more than 2,50,000 but this relation seems to be unrelated because revenue earned is not directly related to workers, as revenue depends upon various other factors such as market, total production of sugar, Govt. policy, etc. Generally, price policy is fixed by the Govt.

In case of machine productivity, it is observed that the machine productivity trend is satisfactory but when rate of crushing per hour is considered, situation is improved recently. It is also found that machine productivity is between 249 to 294 quintals during 1985-86 to

1989-90. But according to the figures, maximum sugar production in an hour during the year is as follows :

Particulars	85-86	86-87	87-88	88-89	89-90
Maximum Sugar Production in an hour (bags in qtls.)	318	345	354	386	409

From the above information it seems that Factory has enough opportunity to increase the machine productivity.

When material productivity is observed, it is found that material cost per bag is increased by near-about Rs. 75/- as compared to the year 1986-87. This is not favourable, but it may be happened due to rapid increase in the prices of sugarcane and production is not increased in the same manner. (See Index No. 3.)

In case of material productivity regarding Cattle Feed Division, it is observed that cost of raw material is increased but in the year 1989-90. Position is improved, while in case of Acetic Anhydride there is always fluctuation. In case of Distillery and Liquor material cost is gradually increased, in 1989-90 it is increased but at the same time production is decreased.

When capital productivity is observed, it seems that investment in total assets is increased from Rs. 44.00 crores to Rs. 80.96 crores within five years but proprietore' fund is increased from Rs. 15.95 crores to Rs. 20.05 crores only. This means that the rate of investment in total assets is

more as compared to proprietors' fund.

As capital employed to fixed assets ratio and current assets to fixed assets ratio is considered, it is observed that every year investment in fixed assets is increased approximately by Rs. 1 crore only but there is greater increase in capital employed in the year 1987-88 and 1989-90 due to increase in current assets. It also seems that the factory has taken large amount of long-term loan and invested in current assets. In case of current ratio factory has margin to increase the current assets or to decrease the current liabilities. As the liquid ratio is considered, factory is having more liquid assets as compared to liquid liabilities.

When capital gearing ratio is observed, it seems that equity share capital is generally remain constant but long-term debts is increased in the year 1987-89 and 1989-90. Due to this, factory has to pay large amount on account of interest and hence there is less opportunity to get the benefits of 'trading on equity'.

In case of return on various factors, there is no proper information regarding the standardisation and the scope of the said subject is very limited to make the comparison with another sugar factories based on co-operative principles. So as considering only the net profit to sales ratio there is a wide fluctuation. It fluctuates even from 0.06 to 0.28% sales may be fluctuates due to

various causes already stated viz. Govt. policy, political situation, international market, production of sugarcane etc.

Finally, after considering the overall information, it is concluded that though the productivity of various factors are not so best but it is somehow satisfactory.

6:2) SUGGESTIONS :

Generally, industrial productivity has its own tools and its own utility. There is no denial that if use in proper manner with some standardisation and yard-sticks, it can do a lot for sugar industry in the improvement of the management. Even though researcher wants to make following suggestions.

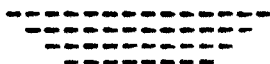
1. As stock turnover is decreasing it requires to improve the marketing performance to bring up the stock-turnover speed.
2. Due to mechanical and electrical problems rate of lost hours is increasing. So it is necessary to keep watch on these problems carefully.
3. Maintenance is very important. In order to avoid mechanical and electrical problem maintenance is very essential. It is the responsibility of maintenance in-charge to see maintenance of machinery.
4. Introduction of Management Information System is must be generate the detailed information about the happening well in time. This will help the organisation to

exercising the control and increasing the productivity by enhancing efficiency.

5. Investment in terms of current assets is necessary to bring up the current assets ratio to the ideal level. This will avoid the future incurring problems.
6. Factory is having more liquid assets and on the other hand more current liabilities as compared to current assets. So factory should make the adjustment in order to maintain the standardisation of current and liquid ratio.
7. It is necessary to increase own capital and to reduce borrowed capital i.e. long term debts in order to save the outgoing amount of interest on debts.

In addition to the above suggestions researcher wants to make the following common suggestions.

- i) With the help of scientific management technique better human relations should be developed, modern concept of industrial relations between management and employees should be properly developed. More and more welfare schemes should be introduced in the factory with a view to getting the co-operation of the workers.
- ii) Attention should be given to control machine performance through budgeting.
- iii) Ensure quality and timely repairs and maintenance.
- iv) Exercise better control on working capital and more particularly inventory control.
- v) Improve return by reducing cost.



I N D E X N O. 1

STATEMENT SHOWING STATEWISE AREA UNDER CANE, CANE PRODUCTION PER HECTARE AND TOTAL CANE PRODUCTION

IN INDIA

Sl. No.	STATE	AREA UNDER CANE (000 HECTARE)			CANE PRODUCTION PER HECTARE (IN TONNES)			TOTAL CANE PRODUCTION (IN MILLION TONNES)		
		87-88	88-89	89-90	87-88	88-89	89-90	87-88	88-89	89-90
1.	Uttar Pradesh	1801	1761	1755	51.60	50.26	50.34	90.054	88.523	97.12
2.	Maharashtra	292	414	383	85.55	61.59	88.79	24.983	25.500	34.00
3.	Tamilnadu	195	221	231	106.49	107.69	101.16	20.766	23.800	23.37
4.	Karnataka	203	240	219	86.60	36.38	80.58	17.580	8.733	17.64
5.	Andhra Pradesh	143	154	162	66.36	69.91	71.30	9.490	10.767	11.55
6.	Haryana	142	131	126	36.90	50.22	53.57	5.240	6.580	6.75
7.	Bihar	119	127	125	38.20	45.53	53.43	4.546	5.783	6.67
8.	Punjab	106	97	103	54.90	61.85	63.10	5.820	6.000	6.50
9.	Gujarat	82	94	106	74.12	84.11	86.41	6.078	7.907	9.16
10.	Madhya Pradesh	47	44	53	34.12	37.36	34.73	1.604	1.644	1.84
11.	Orissa	42	47	47	66.33	68.08	70.74	2.766	3.200	3.32
12.	Rajasthan	27	16	16	35.11	42.87	44.68	0.948	0.686	0.71
TOTAL (INDIA)		3199	3346	3326	60.29	56.52	66.74	192.895	189.123	218.76

(Source : Godawa, August 1991, Pg. 15)

I N D E X N O. 2

Year	Acreage	Cane Crushed (M.T.)	Sugar Produced
1975-76	23,488	8,37,201	9,58,8 9
1976-77	23,389	7,65,791	8,98,302
1977-78	20,774	9,03,912	10,50,855
1978-79	29,315	10,23,052	11,32,785
1979-80	20,739	7,70,164	8,84,070
1980-81	28,232	8,50,796	9,89,923
1981-82	35,526	10,36,173	11,59,600
1982-83	39,449	11,07,415	12,48,822
1983-84	29,641	7,75,559	9,00,575
1984-85	31,172	8,04,521	9,19,895
1985-86	30,953	8,91,493	10,07,590
1986-87	31,952	9,49,048	10,59,000
1987-88	29,161	8,40,794	9,34,550
1988-89	30,835	8,33,685	9,82,500
1989-90	37,505	10,27,566	11,79,876

(Source : History of Sugarcane Processing Complex Pp.8)

I N D E X N O. 3

VASANTDADA SHETKARI SAHAKARI SAKHAR KARKHANA LTD., SANGLI.

COMPARATIVE CHART

SEASON, CANE CRUSHING, SUGAR RECOVERY, ETC.

Particulars	Season	Season	Season	Season	Season	Season	Season	Season	Season
	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1. Crushing Season									
Starting Date	05.11.81	19.10.82	08.11.83	09.11.84	02.11.85	11.11.86	03.11.87	09.11.88	30.10.89
	11.50a.m	5.00a.m	11.00a.m	7.40a.m	6.00a.m	5.30a.m	9.00a.m	2.00p.m	5.00p.m
2. Season : Closure Date	13.06.82	11.06.83	15.04.84	25.04.85	30.04.86	23.05.87	06.05.88	28.04.89	21.05.90
3. Total Crushing days	220	236	160	167	187	194	186	170	204
4. Total Cane Crushed(M.T)	1036174	1107415	779559	804521	891493	949048	840794	833685	1027566
5. Total Sugar Produced	1159600	1248822	900575	919895	1007490	1059000	934550	982500	1179876
6. Sugar Recovery Percentage	11.17	11.23	11.39	11.41	11.29	11.12	11.10	11.69	11.43
7. Maximum Crushing in one day (M.Tonnes)	6624	6212	6822	6108	6076	6555	6112	6801	7077
8. Max. Bagging in one day	8630	8120	8000	7690	7000	7600	7800	8500	9010
9. Cane Harvesting and Transport Charges(Per Tonne)	37-54	37-41	36-49	37-69	37-35	43-48	53-40	49-14	64-65
10. Cane Price Paid per Tonne	244.00	230.00	239.50	321.00	351.00	340.00	365.00	391.00	475.00

Source : Annual Report 1989-90 Vasantdada Shetkari Sahakari Sakhar Karkhana Ltd.,