

CHAPTER 5

OBSERVATIONS AND SUGGESTIONS OF THE STUDY

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CHAPTER : 5 - OBSERVATIONS AND SUGGESTIONS OF THE STUDY.

On the basis of the data analysis presented in the previous chapter following observations are made -

5.1 OBSERVATIONS OF THE STUDY :

1. Material productivity fluctuated from 53.35 percent to 38.55 percent. It was higher in the year 1990-91. The organisation achieved continuously higher material productivity during the study period.
- 2.. Labour productivity is varied between 2.24 percent and 2.77 percent. It shows a fluctuating trend. It was relatively higher in the year 1989-90.
3. The overheads productivity was decreased during the study period with an exception in the year 1989-90. It was varied from 43.64 percent and 58.02 percent. It was lower in the year 1990-91.
4. The overall productivity is varied between 97.86 percent and 99.81 percent showing very low profit margin. It was relatively good in the year 1989-90.
5. Capital productivity is measured with the ratios Return on Capital Employed, Return on Net Worth, Return on Total Assets, Total Revenue to Total Assets, Total Revenue to Net Worth and Debt Serving Ratio. As the organisation under study is a cooperative agricultural processing unit it is not profit motive organisation.

So we can say that capital productivity of the organisation is good.

Return on capital employed is averaged at 6 percent, Return on Net Worth is averaged at 2.49 percent, Return on Total Assets is averaged at 4.39 percent, Total Revenue to Total Assets is averaged at 1.01 time, Total Revenue to Net Worth is averaged at 3.47 time and debt serving Ratio is averaged at 1.23 time during the study period.

6. Departmental productivity includes Material procurement productivity, Manufacturing productiving, Adiministra-tion productivity and Selling and Distribution productivity. The total Organisational Productivity is averaged at 1.01 times during the study period which shows that the organisation earned only 0.01 times profit margin on the total cost.
7. The Value Added Productivity forced to coclude that:-
 - i) Value added per rupee of capital employed is averaged at Rs 0.45.
 - ii) Value added per rupee of sales is averaged at Rupees 0.33.
 - iii) Value added per rupee of Labaur cost is averaged at Rs. 12.77, and it shows a increasing trend with an exception in the year 1990-91.
 - iv) Value added per Machine hour is averaged at

Rs. 33.06 and it shows an increasing trend. It shows the best performance in the year 1989-90.

8. Organisation under study used more than 100 percent of capacity installed during the study period with an exception in the year 1990-91. The capacity utilisation is varied between 84.75 percent and 114.95 percent. It was under-utilised in the year 1990-91 because that was the first year in which additional installed capacity is operated.
9. The Recovery Rate of sugar of the organisation is good during the study period. It was varied between 11.33 percent to 12.04 percent averaging 11.78 percent.

The Recovery Rate of production of rectified spirit was varied between 233.5 liters to 245.7 liters during the study period.

It can be concluded from the above observations that though there is not a system of "Productivity Management" the productivity of the organisation is good and can be made better if the steps taken to further improve it. For this purpose some of the suggestions are made which is the corresponding part of this chapter.

5.2 SUGGESTIONS OF THE STUDY :

On the basis of the observations made the following suggestions are offered.

As there is total absent of productivity awareness and productivity management concept it is the need of the organisation to develop the same which can be achieved by the following steps.

- 1) The concept of productivity must be made familiar to the each and every person in the organisation. That means steps should be taken to promote productivity mindedness.
- 2) All the possible techniques of scientific management should be applied in the organisation.
- 3) To make the efforts to improve the performance of each element of input.
- 4) Data must be maintained in such a nature which helps to compute factorial productivity and total factor productivity.
- 5) Work forces should be motivated towards productivity objectives.
- 6) Material productivity may be increased by procuring a matured sugarcane at correct time, removing machine faults, employing workers of requisite skill, efficient handling of material.
- 7) Labour productivity may be increased by recruitment of the right type of men, training of workers, work study, fixation of rates and incentive schemes production

planning, elimination of man power wastage.

- 8) Machine or Technological productivity may be increased by optimum utilisation of machine time, proper system of maintenance, efficient production planning, employment of skilled and efficient operatives, proper maintenance of machine tools.
- 9) Marketing productivity may be increased by increasing sales or net profit with the same or less amount of marketing efforts or effecting cost reduction in marketing costs.
- 10) Organisational productivity may be increased by examination of the general organisation of the concern to fix lines of responsibility, simplification, standardisation and specialisation in production lines, application of work study techniques, elimination of time on non-productive work, introduction of a system of production control, integration of the functions of the various departments, introducing proper system of quality control, and an efficient system of budgeting, costing, cost control and cost reporting.
- 11) Inter firm comparison should be attempted.
- 12) Research and Development programmes should be introduced.

In the conclusion it can be said that

"productivity management" is necessary to increase the productivity of the organisation, because higher productivity has the effect of generating prosperity for the business, the industry, the worker, the consumer and the nation, as a whole.