CHAPTER –V

SUMMARY, CONCLUSIONS, FINDINGS AND SUGGESTIONS

5.1 Summary:

Introduction is the first chapter deals with the introduction of industrialization in India. Progress of the industrialization over the last fifty to sixty years has been analyzed. Maharashtra is the leading state in concern of growing industrialization. State has adapted favorable industrial policies that affect on the establishment of good industrial infrastructure which can help to continuous accelerate the speed of industrial growth. Meanings, Definition, role of Small scale sector are explained. Evolution of Costing System is studied from the period of 15th century in the world. Basic Costing concepts, different costing methods and different costing techniques are explained.

Review of literature chapter includes the research related literature in different available sources. Such review has been taken sources like research thesis, books, research articles and government reports by researchers, scholars, thinkers, authors, economist, philosophers, professionals, government etc. This chapter is provided 9 relevant thesis
from different universities, 10 books, 20 research articles and 2 government reports.

Chapter third is growth of small scale industries provides the growth of micro small and medium scale sector in India and Maharashtra for the period of 2000-2001 to 2009-2010. During the study period growth in number of micro, small and medium scale industries, their employment growth, output growth and growth of investment in fixed assets are studied. Distribution of working enterprises by nature of industry, by organization ownership, category-wise distribution and area-wise distribution also explained.

This study is based on the industrial survey, which included 245 small scale engineering tool industries in Maharashtra. Sample of the research study are selected out of 5321 population of different districts in Maharashtra. Data are collected through questionnaire from accountant and cost accountant or manager or concern contact person. Data analysis is made through using the SPSS version 19 software. Hypotheses are tested through Chi-Square method using SPSS version 19 software. Data analysis are presented with the help of different tables and different graphs as per the requirement of research objectives.
5.2 Major Conclusion:

- Small Scale Industries are the backbone of economy of every developing country. Most of the countries have been made separate legislations, provisions and rules to development of small scale manufacturing sector. They all are strongly believes in success of economy is generally depend on the regional balanced development. That can possible through the successful development in the small scale industry sector because of capital investment, less infrastructure, easy establishment.

- Manufacturing of industrial product in India appeared after 1866 in India. The government of India took initiatives and passed first industrial policy resolution on 7th April 1948. For increasing growth of small scale industrialization State financial act 1951, Industrial resolution policy of 1948, Janata government industrial policy of 1977, Industrial policy statement of 1980, New industrial policy july 1991, MRTP, Liberalization in joint venture 1992, MSME act 2006 was the initiative made time to time by Indian government towards small scale sector.

- Maharashtra state government has announced industrial policy 2001 to improvement of industrial investment and improvement in regional industrial infrastructure. Maharashtra has highest number of industrial cluster that is 66 including 55 modern one. Small Scale engineering tool industries are the back bone of the entire small scale industries. Mumbai,
Thane, Pune and Aurangabad are a special industrial hub of engineering tool industries in the state.

- Growth of micro, small and medium scale industries had been seen in the period of 2001-2002 to 2013-2014 was 105.21 lakh to 488.46 lakh, Growth in employment was 249.33 lakh was increased at 1114.29 lakh. Growth in market value of fixed assets of small and medium scale industries was in 2001-2002 at Rs.154349.00 crore and it was grow at Rs.1363700.54 crore in the year 2013-14.

- Manufacturing output of the small scale and medium scale industries contributes a significant role in the total manufacturing output of the country. Year 2001-2002 shows the gross value of the output of MSME sector at Rs.1132913.97 crore that was reached at 1809976 crore in the year 2012-2013. Percentage share of MSME in total output was 39.71% in 2000-2001 it was constantly maintained at 37.52% in the year of 2011-2012 and contribution in GDP 6.04% was shown in 2000-2001 that was 7.04% in the year 2012-2013.

- Export of the MSME has contribute at Rs.69797 crore in the year 2001-2002 that was at Rs.232850 crore in the year 2009-2010.

- Small Scale Engineering Tool Industries require investment in their industrial project is near about one crore. As per sample analysis 77.6% small scale engineering tool industries invested up to one crore as capital in
to the industry. 20% industries invested up to two crore as a capital and very less means 1.6% industries invested capital up to three crore.

- Capital raised by Small Scale Engineering Tool Industries in different nature from different sources. These sources are as Banking sector and financial institution source used at 64.9%, own contribution are at 31.8%, from government 2.4% and from other source 0.8%. That means banks and financial institutions are major and important source of capital.

- In case of different methods available in the Cost Accounting to controlling cost, 50.6% small scale engineering tool industries using job costing method, secondly 33.5% industries using process costing, 8.2% industries working with batch costing, 3.7% is using operating and 1.6% industries are working with contract costing.

- In case of Costing Technique 51.8% industries are using standard costing for setting their standard and achievement of actual output. 39.2% industries give preference to marginal costing to find out the profitability of the production and sales. Budget and budgetary control, cost sheet and cost management are also using by some small scale engineering tool industries to attaining their basic objective.

- According to the data analysis it is clear that Production, Sales and Profit earned by small scale engineering tool industries working with costing system earned more than small scale engineering tool industries not
working with costing system. The impact of costing system on the financial position is analyzed from the data analysis as under.

- Some of the another important costing techniques used by small scale engineering tool industries to calculation of different cost at different stages in the industries such Break Even Point, Economic Order Quantity, Machine Hour Rate, and Ratio Analysis.

- The research work it is cleared that costing system really works for small scale engineering tool industries to improving their day to day management, future planning and future growth in the competitive business life. It is more cost saving than the expenditure made on the separate costing unit in the organization. Management can aware early from the future challenges on the basis of time to time information provided by costing systems in the industry. Costing system positively affects on the financial position of the small scale engineering tool industries it is also revealed from the research work.
5.3 Major Findings:

- In Maharashtra growth of small and medium scale industries in Maharashtra was from 11,509 in the year 2000-2001 it was grow at 29,768 in the year 2010-2011. Employment was at 1,07,770 and it was grow at 4,11,095 in same time span. Investment in the small and medium scale industries in the Maharashtra made of Rs.1,02,1897 lakh and it was grow at Rs.10,21,897 lakh in the year 2010-2011.

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- Profit earning by SSETIs (Not Using Costing Systems) is 22.75% and Profit earning by SSETIs (Using Costing Systems) 77.25% between the profit range of 0 to 100 lakh, 14.29% Profit earning by SSETIs (Not Using Costing Systems) 85.71% of (Using Costing Systems) between the profit range of 100 to 200 lakh and that of 0% and Profit earning by SSETIs (Using Costing Systems) that of 100% by (Using Costing System) between the profit range of 200 to 300 lakh. Performance of profit of Using Costing System by SSETIs is greater than the profit earning not using costing system SSETIs.
• The performance of production of SSETIs (Not Using Costing Systems) is 28.66% and Production by SSETIs (Using Costing Systems) 71.34% between the production range 0 to 100 lakh, 2.63% production are made by SSETIs (Not Using Costing Systems) where as 97.37% production by SSETIs (Using Costing System) between 100 to 200 Lakh and 100% Production by SSETIs (Using Costing System) between 200 to 300 and 300 to 400. It means production performance of costing system using SSETIs is greater than the production performance of costing system not using SSETIs.

• Sales by SSETIs (Not Using Costing Systems) is 24.63% and Sales by SSETIs (Using Costing Systems) 75.37% between the Sales range 0 to 100 lakh, 16.67% Sales are made by SSETIs (Not Using Costing Systems) where as 83.33% Sales by SSETIs (Using Costing System) between 100 to 200 Lakh and 100% Sales by SSETIs (Using Costing System) between 200 to 300 and 300 to 400. This information shows the greater sales performance of using costing system by SSETIs than the not using costing system of SSETIs.

• As per the data analysis 87.8% Small Scale Engineering Tool Industries answered use of costing system made favorable impact on the financial position and 12.2% Small Scale Engineering Tool Industries answered use of costing system adversely impact on the financial position of the industries.
• It is found in research that 80.82% small scale engineering tool industries using costing systems and they are maintaining separate costing department and as per the data analysis it is found that 19.18% small scale engineering tool industries do not giving preference to costing system in their cost control and do not maintain costing systems and separate costing department.

• These small scale engineering tool industries are not aware about different accounting system are available to analyze, classify and summarize the accounting data for minimizing different costs and maximizing profit because there are lack of costing professionals, lack of experience cost accountant, lack of trained cost accountant and lack of required expenditure of costing department.

• Those industries using costing, their operating performance in term of earning capacity, manufacturing or production, sale and export is appreciable as compared to industries which do not use costing system.

• Overall financial performance of costing system using small scale engineering tool industries is more than not using costing system small scale engineering tool industries due to the establishment of costing department and implementation of suitable costing methods and use of different costing techniques.
5.4 Suggestions:

- Maharashtra is a leading state in the performance of Small Scale Industrial Sector on the basis of their increased number of industries, employment growth and investment made in the fixed assets. For the growth of future period it is suggested that Maharashtra government shall require making appropriate policies like the front performing states Uttar Pradesh, Tamil Nadu, West Bengal and Gujarat.

- Small Scale Engineering Tool Industries are using source of capital from Banking sector and financial institution at 64.9%, own contribution are at 31.8%, from government and their scheme 2.4% and from other source 0.8%. That means banks and financial institutions are major and important source of capital. Contribution of government is only 2.4% therefore government has to make necessary more special provision to lending money to the small scale engineering tool industries.

- In Cocen of Profit earning by SSETIs (Not Using Costing Systems) is 22.75% and Profit earning by SSETIs (Using Costing Systems) 77.25% between the profit range of 0 to 100 lakh, 14.29% Profit earning by SSETIs (Not Using Costing Systems) 85.71% of (Using Costing Systems) between the profit range of 100 to 200 lakh and that of 0% and Profit earning by SSETIs (Using Costing Systems) that of 100% by (Using Costing System) between the profit range of 200 to 300 lakh. Performance of profit of Using
Costing System by SSETIs is greater than the profit earning not using costing system SSETIs. Therefore it is suggested to Small Scale Engineering Tool Industries that they have to maintain separate Costing Department compulsorily to earn more profit.

- The performance of production of SSETIs (Not Using Costing Systems) is 28.66% and Production by SSETIs (Using Costing Systems) 71.34% between the production range 0 to 100 lakh, 2.63% production are made by SSETIs (Not Using Costing Systems) where as 97.37% production by SSETIs (Using Costing System) between 100 to 200 Lakh and 100% Production by SSETIs (Using Costing System) between 200 to 300 and 300 to 400. It means production performance of costing system using SSETIs is greater than the production performance of costing system not using SSETIs. On the basis of this conclusion it is suggested that costing system help to grow performance of production thereof Small Scale Engineering Tool Industries should use costing methods as per their requirement.

- Sales of Small Scale Engineering Tool Industries which are using costing system is more than the Small Scale Engineering Tool Industries not using costing system hence it is suggested that Small Scale Engineering Tool Industries Shall use different costing techniques to cost minimise and increase the sale of Small Scale Engineering Tool Industries

- As per the importance of Costing System in the Small Scale Sector government shall have separate rule of mandatory costing system to Small
Scale Sector for the purpose of growth in establishment of Small Scale Sector in Maharashtra State.

- As per the data analysis 19.18% small scale engineering tool industries are not using separate costing department because they are less aware of costing system, lack of costing professionals, lack of experience of cost accountant, lack of trained accountant therefore Institute of Cost and Works Accountants of India shall make awareness about costing guidelines published by govt. so it to be used at widespread.

- Small Scale Engineering Tool Industries shall appoint the cost accountant with finest work experience, professional qualification and trained in the costing work.

- Small Scale Engineering Tool Industries shall make separate costing budget for the industry every year for the purpose of smooth functioning of costing department in the industry.

- As per the advantage of costing system in competitive business era, Small Scale Engineering Tool Industries must establish separate costing department so that they can established proper costing system suitable to their requirement to various costs controlled effectively.

- Those small scale industries comes under purview of government regulations about installation of Cost Accounting shall strictly follow the guidelines of costing by the Institute of Cost and Works Accountant of India.
As per the Skill Development among the Cost Accountant in his work all Universities and Colleges shall design the Separate Costing Skill Development Courses and Programs to provide the benefit of Cost Accountants in enhance the knowledge of Costing in the small Scale Sector.

5.5 Concluding Remarks

According to the research problem statement “In order to survive for the long run, small scale enterprises ultimately must be able to show that it can make more money from a product or service than it cost to make that product or service. Enterprises face the problems of, not be able to increase revenues at a consistent cost level. Enterprises not are able to reduce costs given consistent revenue levels. Enterprises not increase revenues at a rate faster than costs increase. Enterprises not decrease costs at a rate faster than revenues decrease. Costing is the expensive system hence not able to adaptable to small scale enterprises”. Costing system has different methods and techniques of costing to solve the problem of controlling and reduce cost at consistent. It also solve the problem of increase the revenues at a rate faster than the expenditure of cost. Costing systems also provides the information of financial analysis to the management of the industry’s future decisions. This is a system to be compulsory maintained by small scale engineering tool industries for their long survival and future growth in the competitive market.