



**“ESTIMATION OF PROCESS COSTING IN YOGA LAKSHMI SPINNING MILL LTD”**

A PROJECT REPORT

Submitted by

**ANSELM.V**

**REG NO.0820400002**

In partial fulfilment of the requirements

For the award of the degree

Of

MASTER OF BUSINESS ADMINISTRATION

AUGUST 2009

**KCT Business School**

Department of Management Studies

**Kumaraguru College of Technology**

**(An autonomous institution affiliated to Anna University, Coimbatore)**

Coimbatore – 641 006



# YOGALAXMI SPINNING MILLS (P) LTD.

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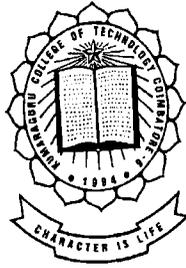
## TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr.V.ANSELM** a student of **MBA Kumaraguru College & Technology, Saravanampatti, Coimbatore** has undergone his **SUMMER PROJECT** in our mill from **13.06.2009 to 24.07.2009**.

**During this period, his conduct and activities are well and good.**

Yours faithfully,  
For Yogalaxmi Spinning Mills (P) Ltd.,

  
Executive Director.



**DEPARTMENT OF MANAGEMENT STUDIES  
KUMARAGURU COLLEGE OF TECHNOLOGY (AUTONOMOUS)  
COIMBATORE**

**BONAFIDE CERTIFICATE**

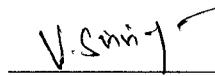
Certified that this project titled “ESTIMATION OF PROCESS COSTING IN YOGA LAKSHMI SPINNING MILL LIMITED, PULIAMPATTI” is the bonafide work of Mr. V.ANSELM who carried out this project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

  
Ms.S.Sangeetha  
Faculty Guide

  
Prof.Dr.S.V.Devanathan  
Director

Evaluated and viva-voce conducted on .....11.09.2009.....

  
Examiner I

  
Examiner II

## **DECLARATION**

I hereby declare that the dissertation entitled “**ESTIMATION OF PROCESS COSTING IN YOGA LAKSHMI SPINNING MILL LIMITED, PULIAMPATTI** ” submitted for the **MASTER OF BUSINESS ADMINISTRATION** degree is my original work and the dissertation has not formed the basis for the reward of any Degree, Associate ship, Fellowship or any other similar titles.



**V.ANSELM**

## ACKNOWLEDGEMENT

I thank the GOD, Almighty for his blessings bestowed upon me, which gave strength, confidence and health for completing this project.

I express my sincere gratitude to our beloved correspondent **Mr.M.Balasubramaniam, M.Com, MBA(U.S.A)**, the prime guiding spirit of Kumaraguru College of Technology.

I wish to express my deep sense of gratitude to our principal incharge **Prof. Mr.ANNAMALAI**, for his guidance and encouragement to complete my project work.

I wish to express my sincere thanks to Prof. **Dr.S.V.Devanathan,Ph.D**, Director, KCT Business School, for his continuous encouragement throughout my project.

I wish to express deep sense of obligation to **Ms.S.Sangeetha, MBA, M.Phil**, senior Lecturer, KCT Business School, for his intensive guidance throughout my project.

I am greatly indebted to thank all other faculty members of KCT Business School for their kind patronage.

I thank all my friends for their help, and moral support of need.

I thank to **MR.DELIP** Company **MANAGER** in YOGA LAKSHMI spinning mill Ltd for his valuable guidance throughout my project.

## **EXECUTIVE SUMMARY**

In a manufacturing organization producing different types of products it helps the management to decide whether more of a particular commodity can be produced. By providing comparative figures over varying periods it helps the management in tracing and eliminating the wastage and there by effect economies in production costs.

In this study, efforts have been made to conduct a detailed analysis of process costing function in YOGA LAKSHMI spinning mill limited. The main objective of the present project is to study process costing of YOGA LAKSHMI spinning mill limited, and to give suggestions for better process costing and its control.

The data has been analyzed for the past five years i.e. 2003-2008 . The nature of data was secondary data source pertaining to annual reports of the company. The tools used to analyze the data collected are ratio analysis which is a widely used management accounting techniques.

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# CHAPTER-I

## INTRODUCTION

A scientific costing provides the management with reliable information necessary for the conduct of its business. In a manufacturing organization producing different types of products it helps the management to decide whether more of a particular commodity can be produced. By providing comparative figures over varying periods it helps the management in tracing and eliminating the wastage and there by effect economies in production costs.

The object of costing is to relate the expenditure of the business to the products manufactured by it. It involves three steps:

1. Expenditure incurred by a business,
2. Ascertainment of costs, and
3. Process of linking the expenditure to the products produced.

The expenditure involved in a concern consists of three items, namely, direct materials, direct labour and overheads. Direct materials cost refers to the cost of raw materials that enter the production to form the finished product. Direct labour cost is the cost of labour engaged to manufacture the product. The other expenses that go to operate and maintain the plant could be termed as overheads. There are different methods of costing such as Unit cost, Job cost, Batch cost, Operating costing and Process costing.

Process costing can be defined as the system by which the various items of cost are ascertained separately for each department through which the raw material passes and by which the costs are apportioned and accumulated as the material passes from one department to another.

This type of costing, that is, ascertaining of cost of production after the product has been produced, is of little use in taking suitable corrective action. To be able to exercises an effective control, it is necessary to know before-hand what each product will cost so that the causes of discrepancy can be achieved by ascertainment of costs.

According to Chartered Institute of Management Accounts (CIMA) . London, defines process cost as follows,

“Process costing is that form of operation costing, where standardized goods and produced”.

According to Charles T.Horngren says “Process costing deals with the mass production of like units that usually pass in continuous fashion through a series of production steps called operations or processes.”

Processes may be sequential processes where product goes through two or more processes in sequence. Processes also can be parallel processes where two or more processes may have a common prior process or they may have common subsequent process. The flow of product through processes depends on the final product.

Instead of merely collecting and presenting the cost figures to the top management, the cost information should be arranged in such a way to enable the management to take necessary action. For this purpose the person in charge of costing should get himself acquainted with the type of processing adopted in the industry before estimating the cost of production. The system of costing must be such as being adaptable to suit the business. It should not be more elaborate than is absolutely necessary.

## **FEATURES OF PROCESS COSTING**

Process costing is a method of costing which is used to ascertain the cost of output at each stage of production. Where processes are carried on having one or more of the following features:

- (i) Production is done having a continuous flow of identical products except where plant and machinery is shut down for repairs etc
- (ii) Clearly defined process cost centers and the accumulation of all costs (material, labour and overheads) by the cost centre.
- (iii) The maintenance of accurate records of the units and part units produced and

- (iv) The finished product of one process becomes the raw material of the next process or operation and so on until the final product is obtained.
- (v) Avoidable and unavoidable losses usually arise at different stages of manufacture for various reasons. Treatment of normal and abnormal losses or gains is to be studied in this method of costing.
- (vi) Sometimes goods are transformed from one process to another process not at cost price but at transfer price to compare this with the market price and to have a check on the inefficiency and losses occurring in a particular process.
- (vii) In order to obtain accurate average costs, it is necessary to measure the production at various stages of manufacture as all the input units may not be converted into finished goods; some may be in progress. Calculation of effective units is to be seen in this method of costing.
- (viii) Different products with or without by – products are simultaneously produced at one or more stages or processes of manufacture. The valuation of by products and apportionment of joint cost before point of separation is an important aspect of this method of costing. In certain industries, by – products may require further processing before they can be sold. A main product of one firm may be a by – product of another firm and in certain circumstances, it may be available in the market at prices which are lower than the cost to the first mentioned firm. It is essential, therefore, that this cost be known so that advantages can be taken of these market conditions.
- (ix) Output is uniform and all units are exactly identical during one or more processes. Therefore, the cost per unit of production can be ascertained only by averaging the expenditure incurred during a particular period.

- (x) It is not possible to trace the identity of any particular lot of output to any lot of input materials.

## **TYPES OF INDUSTRIES USING PROCESS COSTING**

All the industries where production is not on the basis of specific orders, and the output is identical, process costing method can be used. The most common examples:

Mines, Textiles, Chemicals, Sugar, Oil refining, Paper, Food products, etc.

## **ADVANTAGES OF PROCESS COSTING**

1. It is possible to determine process costs periodically at short intervals. Unit cost can be computed weekly or even daily if overhead rates are used on predetermined basis.
2. Cost control and control over production are more effective because of uniform output and usage of predetermined costs as budgeted or standard costs.
3. It is possible to have managerial control by evaluating the performance of each process.
4. Indirect expenses can be apportioned and allocated more accurately and reliable data can be obtained.
5. The valuation of inventories is easier and accurate.
6. It is easy to allocate the expenses to processes in order to have accurate costs.
7. It is easy to quote the prices with standardization of process. Standard costing can be established easily in process type of manufacture.

## **DISADVANTAGES OF PROCESS COSTING**

The following are the main advantages of process costing:

1. Costs obtained at the end of the accounting period are only of historical value and are not very useful for effective control.
2. Work in progress is required to be ascertained at the end of an accounting period for calculating the cost of continuous process. Valuation of work in progress is

generally done on estimated basis which introduces further inaccuracies in total cost.

3. Where different products arise in the same process and common costs are prorated to various cost units. Such individual products costs may be taken as only approximation and hence not reliable but may be taken as the best.
4. The evaluating the efficiency of individual workers or supervisors is difficult.
5. The apportionment of joint costs to common products may lead to irrational pricing decisions.

There is a wide scope of errors while calculating average costs. An error in one advantage cost will be carried through all processes to the valuation of work in process and finished goods

## **FUNDAMENTAL PRINCIPLES OF PROCESS COSTING**

The following are the fundamental principles of process costing:

1. Cost of materials, wages and overhead expenses are collected for each process or operation in a period.
2. Adequate records in respect of output of each process is obtained by dividing the total cost incurred during a period by the number of units produced during the period after taking into consideration the losses and amount realized from sale of scrap.
3. The cost per finished product along with its cost is transformed from one process to the next process just like raw materials of that process.

## **ELEMENTS OF PRODUCTION COST**

The following are the main elements of production cost in process costing.

- (i) MATERIALS:** Generally in process costing all the material required for production is issued to the first process, where after processing it is passed to the next process and so on. Some operation on the material is performed in each process which has been passed from the first process. In some other cases, material may pass from the first process to the second process, where extra or new materials are added, and then more material is added in the next process. This may continue until completion. Sufficient supplies of raw material must be available to meet the production needs. Material may be requisitioned in a prescribed way or bulk requisitions may be issued. When bulk requisitions are used, materials are issued from the stores to the departments in large quantities, where they are held in departmental stock until such time as they are needed.
- (ii) LABOUR:** Generally the cost of direct labour is very small part of the cost of production in industries adopting process costing. The direct labour elements becomes smaller and smaller while the overhead elements increases with the introduction of more and more automatic machinery. The recording and allocating of time spent on production is relatively easy as compared with job costing. Generally employees are engaged continuously on one process and time spent by them is posted to the debit of the process account. But, if employees are engaged on more than one processes, it will be necessary to record the time spent on each one or an approximate apportionment of the total time will be allocated to each process concerned.
- (iii) PRODUCTION OVERHEAD:** The overhead element of total cost is generally very high in process costing. Great care is required to ensure that each process is charged

with a reasonable share of production overhead. The actual overheads are debited to each process account.

For the purpose of cost accounting, process industries are divided into departments, each department representing a particular process. A process may consist of a separate operation or series of operations. A foreman or a supervisor is appointed from each department. He is responsible for the efficient functioning of his department.

In process costing, a separate account is kept for each process. The account is debited with the value of materials, labour, direct expenses and overheads relating to the process. The value of by-products and scrap, if any, is credited to this account. The balance of this account, representing the cost of partially worked out product, is passed on to the next process and so on until the product is completed. Thus the finished product of one process becomes the raw material of the next process. In some industries, depending upon the plant arrangement, the partially worked out product of a process may be transferred to a process stock account from which it may be issued to the next process as and when required.

## **PROCESS LOSSES**

In many processes, some loss is inevitable. It is essential that accurate records are maintained to enable control of the items to be affected. The cost department must be kept well informed through the medium of scrap tickets, material credit notes and loss reports etc. It should be pointed out to the supervisors and foremen that any loss on scrap should be measured and recorded, otherwise production cost will increase. Materials which have been processed and are then found to be defective and scrapped have incurred their share of labour and variable overheads up to the point of rejection, so obviously the loss to the firm increases with each stage of production. It is desirable that scrap should be disposed of immediately as

it is usually valued higher than the loose scrap and needs storage space. The loss may arise on account of (a) evaporation, residuals, ash, and swarf. (b) Unavoidable handling, breakage and spoilage losses and (c) withdrawal for testing and inspection. It may be normal or abnormal.

#### **(a.) WASTAGE**

According to terminology of cost accounting, I.C.M.A., London, “Waste is discarded substance having no value”.

Charles T.Horngren says “Wastage is material that is lost, evaporates or shrinks in a manufacturing process or is a residue that has no measurable recovery value”. Thus, wastage has neither recovery value nor has any use.

#### **(b.) SCRAP**

According to I.C.M.A.terminology, “Scrap is discarded material having some recovery value which is usually disposed off without further treatment.

Wastage and scrap receive similar accounting treatment. The cost of wastage and scrap are merged with the process cost so that the good units produced bear their cost through averaging. Recovery from scrap reduces the cost of the process.

#### **(c.) NORMAL PROCESS LOSS OR NORMAL WASTAGE**

It is the process loss which is unavoidable and avoidable and uncontrollable. It is to be expected in normal conditions of the process. As a part of cost control, management estimates such loss in advance on the basic of past experience. The normal loss should be absorbed by good units produced. The quantity of normal loss is computed and credited to the process account in the unit’s column. If the material scraps has some realizable value that is also credited to the process account in the amount column.

A separate normal loss account is opened in the cost ledger. It is debited with the normal loss of different processes. Cash realized from the normal scrap and the scrap value of abnormal gain units are credited to the account. This is necessary because abnormal gain results in reduction of the normal scrap receipts. The account shows no balance.

#### **(d.) ABNORMAL PROCESS LOSS OR ABNORMAL WASTAGE**

The process loss is in excess of predetermined loss, such additional loss is called abnormal loss or abnormal wastage. Such loss may be caused by abnormal reasons such as substandard material, faulty tools and equipment, plant breakdown, etc.

Abnormal loss should not be allowed to affect the normal cost of production. Therefore it is valued just like good units produced. The abnormal loss is controllable and not repetitive in nature. The firm should take all the necessary steps to avoid the recurrence of abnormal loss.

Quantity of Abnormal Loss = Normal Output – Actual Output

Normal Output = Input - Normal Loss

If actual output is less than normal output the balance is a positive figure, representing abnormal loss in units.

Value of Abnormal loss =  $\frac{\text{Normal cost of Normal output}}{\text{Normal output}} \times \text{Units of Abnormal Loss}$

Normal Cost of Normal Output = Expenditure of the process – Scrap value of normal loss

A separate account is opened in the cost ledger for abnormal loss. The quantities and values of abnormal loss from different processes are debited to the account. It is credited with the quantity and amount realized from sale of units of abnormal loss is reduced. Balance in abnormal loss account represents total irrecoverable loss and is transferred to costing Profit and Loss Account.

### **(e.) ABNORMAL GAIN OR ABNORMAL EFFECTIVES**

The process loss is less than the predetermined normal loss; the additional output resulting there from is called abnormal gain or Abnormal Effectives. Abnormal Effectives. Abnormal gain can occur because of superior quality material, better workmanship, improved methods, tools and equipments, etc. As a part of cost control process, the causes for abnormal effectives should also be investigated. Where it is warranted, the normal loss percentage can be revised for the future operations.

Quantity of Abnormal Gain = Normal Output – Actual Output

Normal Output = Input - Normal Loss

If actual output is more, the balance is a negative figure, representing abnormal gain in units.

Value of Abnormal Gain =  $\frac{\text{Normal cost of Normal output}}{\text{Normal output}} \times \text{Units of Abnormal Gain}$

Normal Cost of Normal Output = Expenditure of the process – Scrap value of normal loss

A separate account is opened in the cost ledger for abnormal gain. The account is credited with units and value of abnormal gains in different processes. It is debited with the loss in scrap value of normal loss which did not materialize because of the occurrence of abnormal gain. The balance in the account is transferred to Profit & Loss Account.

## ABOUT THE COMPANY

### PROFILE OF THE COMPANY

The unit YOGALAKSHMI spinning mills private Ltd was incorporated with the reg of registers companies, Coimbatore in the year 1994 as a private Ltd Company , with authorized capital of 250 lakhs. Subsequently share capital raised to 500 lakhs.

The initial promoters

- a) **R Palaniswamy**
  
- b) **R. Selvaraj**
  
- c) **N. Murugesan**
  
- d) **Dr S.Mani**
  
- e) **M. Varadarajan**

All the above persons are the first directors of the company

The company would be worthwhile to note here that even after 14 years of the company incorporation all the promoters of the company are still associated with their positions as directors of the company except Mr. Varadharajan who resigned from the board owing to his health reasons

It may be noted that of all the above promoters the first three directors were engaged in the line of textile industry Me R.Selvaraj and Mr.R.Palanichamy are the directors of Sowdeswari amman spinners ltd P.Pulliampatti and other director Mr.N.Murugesan was very much experienced in the textile field for the past 15 years

All the promoters are family friends for generations and are very much involved in the growth of the company .also they are very much interested in the textile industry for past years

Operational and performance profile of the company

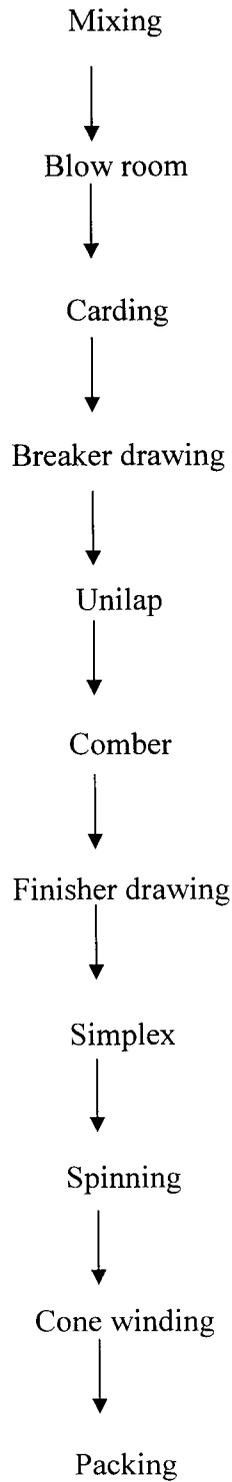
The unit was commenced with 4 frames totaling 1920 spindles and the additional spindles are added in the past years now the unit has 5712 spindles. Recently the company has added 2 nos of 250 KW of WEG pioneer wincon make at Metrathy village ,Udumalpet From the beginning the core area of operation of the company has been in the area of manufacture of good quality cotton yarn of various counts and the company has not since then moved in to any other activity

It would be worth mentioning here that the company was started at a time when the cotton yarn industry was at peak and the company was fully confident of achieving its target very soon , but immediately after takeoff the company the market took a down turn and almost all the textile mills in the state had to go through a very bad patch many textile mills were in fact closed down during such period it was because of this very bad market conditions that the company did not increase its spindage capacity at that time. Once the conditions revived towards the beginning of the year 2000 the company embarked on slow and steady process of expansion by adding to its existing machineries additional machineries of better quality

It is also be mentioned here that the company , unlike many other such mediums sized units in the vicinity , our unit is fully integrated unit whereby for any back process either the input or the output of the company need not go out of the company for job work since all the facilities are available with in the company.

## ABOUT THE SPINING PRODUCTION PROCESS

The cotton is purchased from Cotton Crop of India (CCI), Maharat Cotton Crop (MCC), Gujarat Cotton Crop (GCC) and other private parties. The production process of the yarn has of following stages.



The main function of production department is spinning the ginned cotton into yarn of high quality. There are various varieties like LRA, SANKAR-4, MECH, MCV-5 and LR into yarn of different counts like 40's combed hosiery/red label, 40's corder hosiery/spilled, 42 corded wand, 40's combed hosiery/ auto spilled 2 combed ward 1 noilet label of expect quality. There are 57 frames and 8000 kgs of yarn is produced/day. The function of the production department is to spin the ginned cotton into yarns. The different processes involved are blending opening, cleaning, darkening and spinning. There are 2 types of production process namely, combined process, carded process.

### **MIXING**

Cotton of various varieties are 1<sup>st</sup> tested by S.Q.C (Statistical Quality Control) department and various parameter like strength, length, dust percentage in on 12g and mocronaine value (fiber finess)is found. Initially cotton is purchased in bales/boras. So bales/boras are opened and mixed according to mixing ratio of different types of cotton.

### **BLOW ROOM**

The mixed cotton is treated and opened by the beaters and approximately 4.5%waste is removed and output is called as lap, the lap is nothing but a sheet of cotton with unit weight and breadth, with some prerequisites standard fixed by the processing departments. Each lap is of weight 20 kgs and length of 55 yerls.

### **CARDING**

The purpose of carding is fiber individualization and cleaned lap is fed into the carding machine. Further there is a certain amount of line trash and short fiber is removed. This is achieved by feeding the lap sheet cannel converting the fibers into form of rope collected in canes. This form is called as sliver.

Note:

After carding process, the combed process is carried out where the material will pass through comber preparatory (carding silver lap-ribbon lap), combing machine and then drawing. In drawing there are 2 phases called breakers and finisher. For the above mentioned flow there is no need for 2 phases in drawing. If it is carded process then materials will pass to the simplex directly.

### **BREAKER DRAWING**

The carding sliver is the input. In this process fibers are made parallel to each other to the fullest possible extent. The sliver evenness is improved by doubling and drafting method.

### **UNILAP**

20 to 26 numbers of breaker drawing slivers are fed in to unit lap machine according to requirements and they are drafted individual to make ribbons and ribbons are doubled to make one lap for feeding into the comber. Each lap is taken with a specified length and weight as per the required specification for next process.

### **SILVER LAP:**

20 silver slaps are fed into the silver lap machine at a time and certain amount of dust is removed and output is again called as lap.

### **RIBBON LAP:**

The input to this machine is 6 laps and all sorts of dusts are removed and output is a lap.

### **SUPPER LAP:**

The machine does both the functions of silver lap and ribbon lap. After this process it will go to drawing process. Here also the drawing contains 2 phase breaks and finisher.

## **COMBERS**

The lap produced in the unit lap machine is fed into the comber machine for combing process which consist a circular comb for the removal of short fibers and naps and paralisation of fibers. This to improve the yarn appearance, luster, strength and to reduce the yarn imperfection.

## **FINISHER DRAWING**

The combed sliver from comber is fed into the finisher drawing machine where they doubled and drafted to have more evenness and high fiber paralisation. This finisher drawing coupled with auto leveler removes all mass variations and thick places if any present in the combed sliver and final sliver delivered from the finisher drawing machine will have very less mass variation both in short and long term.

## **SIMPLEX**

The finisher drawing slivers are fed in the simplex machine and the sliver is further drafted to the required thickness levels by the drafting system of this machines. The drafted material called roving is wound on bobbins with slight twist by the twisting system of the machines.

## **RING SPINNING**

The thinned roving is fed into a mechanism called drafting system. The amount of draft is an proportion with draft is in proportion with the required count number in the new levees is twisted to attain required to sustain further process like weaving thus the yarn is formed in to a ring frame. Here the yarn is wound on a package called ring cops approximately weighted to a frame piece.

## **CONE WINDING**

The yarn producing in the proceeding department is fed into the cone winding machine to form package called cones which is an easy thing for next process. This this department is only a conversion department. There are two types of application are effected in this unit.

## **AUTO CONE WINDING**

In Auto cone winding the cones are led to machine are automatically moved to the feed point, the end is sucked and spinned with one and operation begins. Thus joining so many cones be form the required package with tremendous automation, These packages are value added products used in high volume, high speed wearing machine. This package has an attractive edge covering.

## **MANUAL CONE WINDING**

The cones are fed and joined manually either as knot or by a splices joint. According to the requirement of the package the cops are joined.

## **PACKAGE DEPARTMENT**

The cones produced are collected and packed in gunny bags with polythin covering inside. Normally the bags are weighted 50kgs and are stitched, so this is feasible for trade.

## **INSPECTION AND QUALITY CONTROL**

To maintain a good quality at final product raw material are also inspected and tested. To ensure this whole cotton is put to vigorous quality test using the latest equipment by purchasing the best quality cotton and vigorous regregation at cotton textile at mills. Fibre strength are tested and then after confirming the quality it is weighted and entered in lot register and best in cotton godown the cotton is issued everyday depending upon the various count spin. Lot book contains lot number and weight of each bag. Lot cotton register is maintained for daily stock and everyday cotton consumption is noted. Finally all cones are manually inspected and if there is any fault it is rejected and accepted cones are packed.

## **2.3 PRODUCT PROFILE**

**YOGA LAKSHMI** Spinning Mills manufactured yarn which is a mixture of cotton. The mill production yarn in various count namely 10's,20's,30's,40's,60's,80's and 100's, in hand, the cone from spinning department plays an important function to produce yarn in various types of counts in cone yarn. These threads are tested for their standard and quality.

The yarn that is manufactured has a composition of 100% cotton. These threads are tested for their weight for testing this weight a special electronics balance is used the strength of the threads is checked with the wrap reel. This department has four people, where three of them supervise the process. The cones that are produced are packed with HPPE Bags. They are send to Chalkaranji and Mumbai though consignment sales. The company makes one of eighty five percentages of its autoconer machines efficiency .Each workers producer's sixty six cones in one shift. These threads are used to produce ray on fabrics

## CHAPTER-II

### MAIN THEME OF THE STUDY

#### **3.1 OBJECTIVES OF THE STUDY**

##### **PRIMARY OBJECTIVE**

1. To study of process costing in YOGA LAKSHMI spinning mill Ltd,puliampatti
2. To ascertain the cost of the product at each process or stage of manufacturing,  
Where process are carried.

##### **SECONDARY OBJECTIVES**

1. To find out cost of production at each stage of manufacture.
2. To find out the normal and abnormal losses of each process.
3. To find trend percentage of each process.

#### **3.2 NEED OF THE STUDY**

The study is intended to evaluate the cost of power, raw material and labour for each process and to find out the normal and abnormal losses of each process. Taking these things into considerations the proposed study was targeted towards to reduce the abnormal loss.

#### **3.3 SCOPE OF THE STUDY**

1. The scope of the study includes on costing methods in Cot-Spin (INDIA) pvt ltd was undertaken with the major objective of the finding cost of the product at each process.
2. Cost control is comparatively easier because the products are homogenous and production is stable.

### **3.5 RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the research problems. According to Clifford Woody, “Research compresses defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, making deduction and researching conclusion and carefully testing the conclusion to determine whether they fit the formulating hypothesis”. The methods adapted to carrying out this study are as follows

#### **RESEARCH DESIGN**

Here both primary and secondary data collection methods is used. This sort of research does not need a formal and rigid design, as the direction, depending upon the availability of new ideas and relationship among variables.

#### **DATA COLLECTION**

For this project purpose secondary data were collected.. The secondary that are used here are obtained from the annual accounts and the reports of YOGA LAKSHMI Spinning Mills Limited.

### **3.6 PERIOD OF STUDY**

The period of study on Costing Methods of Yarn manufacturing industry with reference to YOGA LAKSHMI Spinning Mills Limited is based on the 5 years annual report for the year 2003-2008 for the two different count like 30s count.

### **3.7 LIMITATIONS OF THE STUDY**

1. Since the study is partly based on the secondary data.
2. The study is confined to a very short period of 4 weeks. Duration of the study was short.
3. As the labor underwent strike at the time of research so its difficult to collect data from them.

### **3.8 TOOLS USED FOR DATA ANALYSIS**

- ❖ Process Costing
- ❖ Trend analysis

### 3.9 REVIEW OF LITERATURE

1. Amital Spinning installed systems to facilitate non-contact cooling water reuse, implemented the use of totes and bulk packaging for raw materials, and requested packaging reduction by suppliers.
  
2. This textile mill implemented a program to implement reusable totes for chemicals and reusable paperboard spools. The facility reduced emissions and solvent usage through the substitution of several dye carriers. The facility also reduced water and energy consumption through the installation of a counterflow washer and automation of its dyeing machines.

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<sup>1</sup>Amital Spinning Corporation- A compilation of successful waste reduction projects implemented by NC businesses.

**Date:** August 1995

<sup>2</sup>Bloomsburg Mills, Inc -A compilation of successful waste reduction projects implemented by NC businesses.

**Date:** December 1995

3. Using the translog dual cost function approach, we estimate the elasticity of substitution and the nature of technical change in the U.S. textile industry. A significant extension on the existing studies on this topic is the incorporation of learning by doing as a source of technical change. Our results confirm earlier findings of limited substitution possibilities between capital and labour and that factor augmenting technical change is labour saving and capital using in the Hicksian sense. But this augmentation takes place *both* due to time and learning and further that bias due to the two factors is in the opposite direction. We are grateful to the anonymous referee of this journal for useful comments and suggestions.
  
4. This manufacturer of knit and woven fabrics determined that the majority of VOCs were emitted during heatsetting and printing. VOC emissions were reduced by an average of 67% in 6 plants. Most reductions were accomplished by switching from a solvent based edge gum to a water based adhesive.

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<sup>3</sup>US . textile industry- Using the translog dual cost function approach, we estimate the elasticity of substitution and the nature of technical change.

DATE: jan 2005

<sup>4</sup>Guilford Mills- A compilation of successful waste reduction projects implemented by NC businesses.

**Date:** December 1995

## **CHAPTER-III**

### **ANALYSIS AND INTERPRETATION**

In this project the important aspect is to assess the cost of power, raw material and labour for each process of YOGA LAKSHMI Spinning Mills ltd. Such an analysis is bound to highlight the normal loss and abnormal loss and try to reduce it. Accounting data for the period from the April 2003 to March 2008 for count like 30's is subjected to the under mentioned tool and technique of analysis:

- Process costing

#### **30's COUNT**

It will be thick and little bit hard. This is used to produce bed sheets, bed covers, lungi, trousers, skirts, dhoti etc. The mixing ratio of this count depends upon the company to maintain the quality.

## PROCESS COSTING FOR THE YEAR 2003-2004

**TABLE NO: 3.1**  
**MIXING PROCESS – I**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	383712	18801888			
To Labour		198500			
To Other Expenses		105495	By Blow Room Process A/C	383712	19311778
To Indirect Expenses		205895			
	383712	19311778		383712	19311778

Mixing process is one of the important process which accounts for the quality and the cost of the finished goods. Here the raw material having 97.3% plays a vital role than the other expenses demand of the raw materials is too high. Next to raw material, indirect expenses 1% and other expenses 0.5% plays the major role because maintenance charge and transport charge is high. Labour charge is low in the first process because this is the first process among various process, which is not require much of labour in mixing raw materials.

**TABLE NO: 3.2**  
**BLOW ROOM PROCESS – II**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	383712	19311778	By Normal Waste	9592.8	153484.8
To Labour		204590	By Carding Process A/C	374119.2	20348468.2
To Power & Fuel		685985			
To Stores		86500			
To Other Expenses		98600			
To Indirect Expenses		114500			
	383712	20501953		383712	20501953

The output of the mixing process is transferred to this process. In this process power & fuel 3% plays a vital role to remove all impurities using GBR machines. GBR machine is highly computerized machines which will reduce the loss occur in this process. Next to power & fuel, indirect expenses and other expenses play more. When compared to other expenses labour cost is low. In this process while removing impurities the normal loss occur for 3% and these can be sold by the company at market price. The output of the blow room

**TABLE NO: 3.3****CARDING PROCESS – III***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Blow Room Process A/C	374119.2	20348468.2	By Normal Waste	26188.344	654708.6
To Labour		254695	By Breaker drawing Process a/c	347930.856	20945804.6
To Power & Fuel		405675			
To Stores		104500			
To Other Expenses		195275			
To Indirect Expenses		291900			
	374119.2	21600513.2		374119.2	21600513.2

Carding process introduces the paralisation of fibres. Here also power & fuel 1.8% and indirect expenses 1.35% contribute the major part than the other expenses. Labour cost is little bit high 1.17% when compared with the blow room process. The normal loss occurring in this process also low when compared with the process – II but the selling price is higher than the blow room process. This process while removing impurities some normal loss occurs for 8% and these can be sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

**TABLE NO: 3.4****BREAKER DRAWING PROCESS – IV***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Carding Process A/C	347930.856	20945804.6			
To Labour		314460			
To Power & Fuel		345985			
To Stores		101895	By comber process A/C	347930.856	22277713.6
To Other Expenses		212789			
To Indirect Expenses		356780			
	347930.856	22277713.6		347930.856	22277713.6

The carding process account is transferred to this process. Here the direct expenses like labour, power & fuel 1.41% costs less when compared with the other expenses and indirect expenses. But there is no normal loss in this process. The slivers can be improved by using doubling and drafting method. Doubling and drafting method which gives strength to the yarn and it will stretch the yarn.

**TABLE NO: 3.5**  
**COMBER PROCESS – V**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Breaker Drawing Process A/C	347930.856	22277713.6	By Normal Waste	38272.39416	956809.854
To Labour		384895	By Finisher Drawing Process A/C	309658.4618	22667770.75
To Power & Fuel		408560			
To Stores		121450			
To Other Expenses		185987			
To Indirect Expenses		245975			
	347930.856	23624580.6		347930.856	23624580.6

Comber process is one of the important processes for yarn because this improves the yarn appearance, luster and strength to reduce the yarn imperfection. Breaker drawing process account is transferred to this comber process account. In these process indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. Here normal loss occurred 12% of the unit and it sold at a market price. And this process account is transferred to the finisher drawing process.

**TABLE NO: 3.6**  
**FINISHER DRAWING PROCESS – VI**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Comber Process A/C	309658.4618	22667770.75	By Simplex Process A/C	309658.4618	23658402.75
To Labour		186790			
To Power & Fuel		389797			
To Stores		185500			
To Other Expenses		112750			
To Indirect Expenses		115795			
	309658.4618	23658402.75		309658.4618	23658402.75

The comber process account is transferred to this finisher drawing process. Finisher drawing process will remove all mass variations if any present in the final sliver. So the power & fuel 1.6% plays a major role next to the indirect expenses. And this process account is transferred to the simplex process account.

**TABLE NO: 3.7****SIMPLEX PROCESS – VII***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Finisher Drawing Process A/C	309658.462	23658402.75	By Normal Waste	3096.584618	92897.53855
To Labour		397900	By Cone Winding Process A/C	306561.8772	24842050.21
To Power & Fuel		575800			
To Stores		117900			
To Other Expenses		61450			
To Indirect Expenses		123495			
	309658.462	24934947.75		309658.4618	24934947.75

The finisher drawing account is transferred to this simplex process account. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.20% and these can be sold at market price.

**TABLE NO: 3.8****SPINNING PROCESS – VIII***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Spinning Process A/C	306561.8772	24842050.21	By Normal Waste	3065.618772	95034.18194
To Labour		345896	By Cone Winding Process A/C	303496.2584	25845686.03
To Power & Fuel		454950			
To Stores		85690			
To Other Expenses		74589			
To Indirect Expenses		137545			
	306561.8772	25940720.21		306561.8772	25940720.21

Spinning is one of the important processes because ring frames are converted into yarn. Here the power & fuel contribute major part than the indirect expenses and the other expenses. But labour cost is less when compared with the other expenses. In this process the normal loss occurred for 1.5 % and these can be sold at the market price. This spinning process account is transferred to the last and final process cone winding process account

**TABLE NO: 3.9****CONE WINDING PROCESS – IX***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Spinning Process A/C	303496.2584	25845686.03	By Finished Stock A/C	303496.2584	27058058.03
To Labour		298800			
To Power & Fuel		481170			
To Stores		98975			
To Other Expenses		157452			
To Indirect Expenses		175975			
	303496.2584	27058058.03		303496.2584	27058058.03

In this process the yarn faults like thick, the electronic yarn clearers remove thin places present in the yarn. This is the final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to indirect expenses power & fuel 1.77% and the labour cost 1.1% is less when compared with all other expenses which incurred in this process. Abnormal loss occurred because of the labour lack of concentration and these can be sold at the market price.

## PROCESS COSTING FOR THE YEAR 2004-2005

**TABLE NO: 3.10**  
**MIXING PROCESS – I**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	379068	20090604			
To Labour		199650			
To Other Expenses		99495	By Blow Room Process A/C	379068	20585645
To Indirect Expenses		195896			
	379068	20585645		379068	20585645

From the above table it is seen that the mixing process account. In the year 2004-05 more than units used in the previous year 2003-04 of the mixing process .This account shows the quality and cost of the finished goods. Here the raw material 97.5% plays a vital role than the other expenses, demand of the raw materials is too high. Labour cost is less when compared to all the expenses because this is first process among other process, which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

**TABLE NO: 3.11**  
**BLOW ROOM PROCESS – II**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	379068	20585645	By Normal Waste	11372.04	227440.8
To Labour		205740	By Carding Process A/C	367695.96	21533814.2
To Power & Fuel		688135			
To Stores		87718			
To Other Expenses		93567			
To Indirect Expenses		100450			
	379068	21761255		379068	21761255

This table shows the changing the speeds & grid bar settings the blow room waste percentage reduced from 4% to 3% without any quality determination of output quality. In the year 2004-05 less units produced by the company. The main reason that power & fuel cost 3.16% is higher than labour, expenses & stores. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 3% and these can be sold by the company at market price. The output of the blow room process

**TABLE NO: 3.12**  
**CARDING PROCESS – III**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Blow Room Process A/C	367695.96	21533814.2	By Normal Waste	29415.6768	823638.9504
To Labour		255845	By Breaker drawing Process a/c	338280.2832	21930950.25
To Power & Fuel		407825			
To Stores		98458			
To Other Expenses		178752			
To Indirect Expenses					
	367695.96	22754589.2		367695.96	22754589.2

Carding process introduces the blow room output material and makes a sliver formation with fibre carding system. The carding waste collection should be manual and automatic waste evaluation system. The automatic system followed only waste from 8%. Here also power & fuel 1.7% and indirect expenses 1.2% contribute the major part than the other expenses. Labour cost is less when compared to the previous year 2003-04 since they are high cost of the present year 2004-05 . The normal loss occurring in this process also approximately equal to the blow room process but the sold price is higher than the blow room process.

**TABLE NO: 3.13**  
**BREAKER DRAWING PROCESS – IV**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Carding Process A/C	338280.2832	21930950.25			
To Labour		315610			
To Power & Fuel		348135			
To Stores		102589	By comber process A/C	338280.2832	23255624.25
To Other Expenses		212590			
To Indirect Expenses		345750			
	338280.2832	23255624.25		338280.2832	23255624.25

The carding process account is transferred to this process. Here the direct expenses like labour, power & fuel costs less when compared to the previous year 2003-04 with all the other expenses and indirect expenses. Because in this process high rate of the all the process to the year 2004-05. But there is no normal loss in this process. The slivers can be improved by using doubling and drafting method which gives strength to the yarn and it will stretch the yarn. This process account is transferred to the comber process account.

**TABLE NO: 3.14  
COMBER PROCESS – V**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Breaker Drawing Process A/C	338280.2832	23255624.25	By Normal Waste	40593.63398	1420777.189
To Labour		386045	By Finisher Drawing Process A/C	297686.6492	23176140.06
To Power & Fuel		410710			
To Stores		122659			
To Other Expenses		175985			
To Indirect Expenses		245894			
	338280.2832	24596917.25		338280.2832	24596917.25

It is important processes for the yarn because improves the yarn appearance, luster & strength to reduce the yarn imperfection. This process account is transferred to this comber process account. In these power and fuel, indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. The normal loss occurred in the process for 12% of the unit . This process account is transferred to the finisher drawing process.

**TABLE NO: 3.15  
FINISHER DRAWING PROCESS – VI**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Comber Process A/C	297686.6492	23176140.06	By Simplex Process A/C	297686.6492	24170053.06
To Labour		187940			
To Power & Fuel		391947			
To Stores		185659			
To Other Expenses		112494			
To Indirect Expenses		115873			
	297686.6492	24170053.06		297686.6492	24170053.06

This table shows the stores, power& fuel, indirect expenses when compared to the pervious year higher but 2003-04 is less than all the expenses. The finisher drawing process, the well modernized machine of auto leveler drawing is provided, advantages are, and the yarn count waste excess in 10% of production in this process. Finisher drawing process will remove all mass variations it any present in the final sliver. When compared with the labour cost, power & fuel, other expenses, and indirect expenses play a vital role and this process account is transferred to the simplex process.

**TABLE NO: 3.16**  
**SIMPLEX PROCESS – VII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	297686.6492	24170053.06	By Normal Waste	3572.239791	117883.9131
To Labour		399050	By Cone Winding Process A/C	294114.4094	25329545.15
To Power & Fuel		577950			
To Stores		117690			
To Other Expenses		61570			
To Indirect Expenses		121116			
	297686.6492	25447429.06		297686.6492	25447429.06

The finisher drawing account is transferred to this simplex process account. When compared to previous year 2003-04 is higher but this year 2004-05 are fewer expenses. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.2% and these can be sold at market price.

**TABLE NO: 3.17**  
**SPINNING PROCESS – VIII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	294114.4094	25329545.15	By Normal Waste	2941.144094	91175.46692
To Labour		347046	By Cone Winding Process A/C	291173.2653	26340149.68
To Power & Fuel		457100			
To Stores		85819			
To Other Expenses		74480			
To Indirect Expenses		137335			
	294114.4094	26431325.15		294114.4094	26431325.15

This processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. Labour cost & expenses are high when compared to the previous year 2003-04 is less. In this process the normal loss is less occurred for 1 % & these can be sells at the market price. This spinning

**TABLE NO: 3.18**  
**CONE WINDING PROCESS – IX**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	291173.2 653	26340149.68	By Finished Stock A/C	291173.2653	27552360.68
To Labour		299950			
To Power & Fuel		483320			
To Stores		98987			
To Other Expenses		154194			
To Indirect Expenses		175760			
	291173.2 653	27552360.68		291173.2653	27552360.68

This table shows the finished stock account is less in 2004-05 when compared to previous year 2003-04 since they are high units of the finished stock accounts. The electronic yarn clearers remove thin places present in the yarn. It is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to labour, indirect expenses power & fuel and labour cost are less when compared with all other expenses which incurred in this process. It reveals that there will increase in the packing material consumption.

## PROCESS COSTING FOR THE YEAR 2005-2006

**TABLE NO: 3.19**  
**MIXING PROCESS – I**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	409644	22530420			
To Labour		200800			
To Other Expenses		99740	By Blow Room Process A/C	409644	23025622
To Indirect Expenses		194662			
	409644	23025622		409644	23025622

It is an important process which accounts for the quality and cost of finished goods. In the year 2003-04 & 2004-05, more than units used in the mixing process but this year less in 2005-06 to be used the input. The manual mixing quality of blending is not up to the level but due to makes some operation error. It is blend of homogenous. The cost reduction about 9% is mixing stage and the quality of mixing is also improved. This mixing process account transferred to the blow room process account. Raw materials 97.8% major role.

**TABLE NO: 3.20**  
**BLOW ROOM PROCESS – II**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	409644	23025622	By Normal Waste	12289.32	245786.4
To Labour		206890	By Carding Process A/C	397354.68	23967953.6
To Power & Fuel		689432			
To Stores		87500			
To Other Expenses		93846			
To Indirect Expenses		110450			
	409644	24213740		409644	24213740

The output of the mixing process is transferred to this process. In this process power & fuel plays a vital role to remove all impurities of seeds, seeds particles, leaf particles, sand & dust by using the sequence of beating and opening which will reduce the loss occur in this process. Next to power & fuel, indirect expenses and other expenses play more. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 3% and these can be sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

**TABLE NO: 3.21**  
**CARDING PROCESS – III**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Blow Room Process A/C	397354.68	23967953.6	By Normal Waste	31788.3744	794709.36
To Labour		256995	By Breaker drawing Process a/c	365566.3056	24391273.24
To Power & Fuel		408114			
To Stores		98112			
To Other Expenses		177474			
To Indirect Expenses		277334			
	397354.68	25185982.6		397354.68	25185982.6

This table shows carding waste collection to be manual and automatic waste evaluation system. The above modernization is carding the process cost reduced by 1.5%. The previous year 2003-04 & 2004-05 the labour cost is less when compared to the year 2005-06. The power & fuel, stores and indirect expenses contribute the major part than the other expenses. The normal loss occurring in this process also 8 % approximately equal to the blow room process but the sold price is higher than the blow room.

**TABLE NO: 3.22**  
**BREAKER DRAWING PROCESS – IV**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Carding Process A/C	365566.3056	24391273.24			
To Labour		316760			
To Power & Fuel		349376			
To Stores		102342	By comber process A/C	365566.3056	25714624.24
To Other Expenses		211312			
To Indirect Expenses		343561			
	365566.3056	25714624.24		365566.3056	25714624.24

It is improved by using doubling and drafting method. Doubling and drafting method which gives strength to the yarn and it will stretch the yarn. This table shows that high units when compared to previous year 2003-04 & 2004-05 are less drawing process account. The main reasons that increasing the raw cotton purchases by the company. Here the direct material, other expenses and power and fuel when compared to previous year high.

**TABLE NO: 3.23  
COMBER PROCESS – V**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	365566.3056	25714624.24	By Normal Waste	43867.95667	1228302.787
To Labour		387195	By Finisher Drawing Process A/C	321698.3489	25822793.45
To Power & Fuel		410927			
To Stores		121769			
To Other Expenses		173076			
To Indirect Expenses		243505			
	365566.3056	27051096.24		365566.3056	27051096.24

Breaking drawing process account is transferred to this comber process account. It improves the yarn appearance, luster & strength to reduce the yarn imperfection. This table shows the stores, other expenses and indirect expenses when compared to the previous year 2003-04 & 2004-05 is less but labour cost is increase in this process account. The normal loss occurred 15% of sold at the market price. This process account transferred to the finisher drawing process.

**TABLE NO: 3.24  
FINISHER DRAWING PROCESS – VI**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	321698.3489	25822793.45	By Simplex Process A/C	321698.3489	26812788.45
To Labour		189090			
To Power & Fuel		390797			
To Stores		184317			
To Other Expenses		110905			
To Indirect Expenses		114886			
	321698.3489	26812788.45		321698.3489	26812788.45

This table shows the stores, power& fuel, indirect expenses when compared to the pervious year higher but 2005-06 is less than all the expenses. The finisher drawing process, the well modernized machine of auto leveler drawing is provided, advantages are, and the yarn count waste percentage is below 1.0% and excess in 8% of production in this process. Finisher drawing process will remove all mass variations it any present in the final sliver. When compared with the labour cost, power & fuel, other expenses, and indirect expenses

**TABLE NO: 3.25**  
**SIMPLEX PROCESS – VII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	321698.3489	26812788.45	By Normal Waste	3860.380187	115811.4056
To Labour		400200	By Cone Winding Process A/C	317837.9687	27972061.05
To Power & Fuel		576707			
To Stores		115500			
To Other Expenses		62804			
To Indirect Expenses		119873			
	321698.3489	28087872.45		321698.3489	28087872.45

The finisher drawing account is transferred to this simplex process account. When compared to previous year 2003-04 & 2004-05 is higher but this year 2005-06 is than all the expenses. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.20% and these can be sold at market price.

**TABLE NO: 3.26**  
**SPINNING PROCESS – VIII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	317837.9687	27972061.05	By Normal Waste	3178.379687	111243.2891
To Labour		348196	By Cone Winding Process A/C	314659.5891	28965969.76
To Power & Fuel		455855			
To Stores		88052			
To Other Expenses		77848			
To Indirect Expenses		135201			
	317837.9687	29077213.05		317837.9687	29077213.05

This processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. In this process the normal loss is high occurred for 1.5% & these can be sold at the market price. This spinning process account is transferred to the last and final process cone winding process account.

**TABLE NO: 3.27**  
**CONE WINDING PROCESS – IX**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	314659.5891	28965969.76	By Finished Stock A/C	314659.5891	30150150.76
To Labour		301100			
To Power & Fuel		478730			
To Stores		89317			
To Other Expenses		140838			
To Indirect Expenses		174196			
	314659.5891	30150150.76		314659.5891	30150150.76

This is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next indirect expenses power and fuel and labour cost is less when compared with all other expenses which incurred in this process. The well modernized machine to be used in all the process.

## PROCESS COSTING FOR THE YEAR 2006-2007

**TABLE NO: 3.28**  
**MIXING PROCESS – I**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	425208	24236856			
To Labour		201950			
To Other Expenses		99620	By Blow Room Process A/C	425208	24733668
To Indirect Expenses		195242			
	425208	24733668		425208	24733668

From the above table it is seen that the mixing process account. In the year 2003-04 & 2004-05 more than units used in the mixing process. But this year less in 2006-07 to be used the raw material. This account shows the quality and cost of the finished goods. Here the raw material 97.9% plays a vital role than the other expenses. Labour cost is less when compared to all the expenses because this is first process among other process, which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

**TABLE NO: 3.29**  
**BLOW ROOM PROCESS – II**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	425208	24733668	By Normal Waste	12756.24	293393.52
To Labour		208040	By Carding Process A/C	412451.76	25629704.48
To Power & Fuel		688577			
To Stores		87846			
To Other Expenses		94282			
To Indirect Expenses		110685			
	425208	25923098		425208	25923098

This table shows the changing the speeds & grid bar settings the blow room waste percentage reduced from 4% to 3% without any quality determination of output quality. In the year 2006-07 less units produced by the company. The main reason that power & fuel cost is higher than labour, expenses & stores. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 3% and these can be sold by the company at market price.

**TABLE NO: 3. 30**  
**CARDING PROCESS – III**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	412451.76	25629704.48	By Normal Waste	32996.1408	923891.9424
To Labour		258145	By Breaker drawing Process a/c	379455.6192	25926085.54
To Power & Fuel		408359			
To Stores		98269			
To Other Expenses		177820			
To Indirect Expenses		277680			
	412451.76	26849977.48		412451.76	26849977.48

Carding process introduces the blow room output material and makes a sliver formation with fibre carding system. The previous year 2003-04, 2004-05 & 2005-06 the labour cost is less when compared to the year 2006-07. The power & fuel, stores and indirect expenses contribute the major part than the other expenses. The normal loss occurring in this process also 8% equal to the blow room process but the sold price is higher than the blow room.

**TABLE NO: 3.31**  
**BREAKER DRAWING PROCESS – IV**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	379455.6192	25926085.54			
To Labour		317910			
To Power & Fuel		349722			
To Stores		102520	By comber process A/C	379455.6192	27252266.54
To Other Expenses		211679			
To Indirect Expenses		344350			
	379455.6192	27252266.54		379455.6192	27252266.54

Finisher drawing process will remove all mass variations if any present in the final sliver. This table shows that very less units when compared to previous year 2003-04, 2004-05 & 2005-06 in drawing process account. The main reasons that decreasing the raw cotton purchases by the company. Here the direct material, other expenses and power and fuel when compared to previous year less.

**TABLE NO: 3.32**  
**COMBER PROCESS – V**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	379455.6192	27252266.54	By Normal Waste	45534.6743	1366040.229
To Labour		388345	By Finisher Drawing Process A/C	333920.9449	27225160.31
To Power & Fuel		410662			
To Stores		122534			
To Other Expenses		173321			
To Indirect Expenses		244072			
	379455.6192	28591200.54		379455.6192	28591200.54

This process account is transferred to this comber process account. In these power and fuel, indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. The normal loss occurred in the process for 14.5% of the unit & it sold at a market price. This process account is transferred to the finisher drawing process.

**TABLE NO: 3.33**  
**FINISHER DRAWING PROCESS – VI**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	333920.9449	27225160.31	By Simplex Process A/C	333920.9449	28213543.31
To Labour		190240			
To Power & Fuel		391042			
To Stores		184884			
To Other Expenses		107234			
To Indirect Expenses		114983			
	333920.9449	28213543.31		333920.9449	28213543.31

Finisher drawing process will remove all mass variations if any present in the final sliver. So the power & fuel plays a major role next to the indirect expenses. When compared to previous year 2003-04 & 2004-05 is higher but this year 2005-06 is less than all the expenses. In this process the normal loss like sweeping, fan etc occurred for 1.50% and these can be sold at market price. And this process account is transferred to the simplex process account.

**TABLE NO: 3.34**  
**SIMPLEX PROCESS – VII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	333920.9449	28213543.31	By Normal Waste	4007.051339	128225.6428
To Labour		401350	By Cone Winding Process A/C	329913.8936	29363808.67
To Power & Fuel		576885			
To Stores		116145			
To Other Expenses		63782			
To Indirect Expenses		120329			
	333920.9449	29492034.31		333920.9449	29492034.31

The finisher drawing account is transferred to this simplex process account. When compared to previous year 2003-04, 2004-05, 2005-06 & 2006-07 is higher but this year 2007-08 is all the expenses. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.25% and these can be sold at market price.

**TABLE NO:3.35**  
**SPINNING PROCESS – VIII**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	329913.8936	29363808.67	By Normal Waste	3299.138936	115469.8627
To Labour		349346	By Cone Winding Process A/C	326614.7546	30353666.8
To Power & Fuel		456233			
To Stores		87489			
To Other Expenses		77059			
To Indirect Expenses		135201			
	329913.8936	30469136.67		329913.8936	30469136.67

This table shows the units are less in 2006-07 when compared to the previous year 2003-04, 2004-05 & 2005-06. This processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. Labour cost is less when compared with all the expenses. In this process the normal loss is higher for the previous year 1.50% but reduced in this year 1.35% & these can be sold at the

**TABLE NO: 3.36****CONE WINDING PROCESS – IX***(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Spinning Process A/C	326614.7546	30353666.8	By Finished Stock A/C	326614.7546	31545216.8
To Labour		302250			
To Power & Fuel		479514			
To Stores		89452			
To Other Expenses		141517			
To Indirect Expenses		178817			
	326614.7546	31545216.8		326614.7546	31545216.8

This table shows the finished stock account is less in 2006-07 when compared to previous year 2003-04, 2004-05 & 2005-06 since they are high units of the finished stock accounts. The electronic yarn clearers remove thin places present in the yarn. It is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to labour, indirect expenses power & fuel and labour cost are less when compared with all other expenses which incurred in this process. It reveals that there will increase in the packing material consumption. This is due to increase in high yarn production the consumption of packaging material consumption increased. It sold at the market price.

## PROCESS COSTING FOR THE YEAR 2007-2008

**TABLE NO: 3.37**  
**MIXING PROCESS – I**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	401208	23270064			
To Labour		203100			
To Other Expenses		99765	By Blow Room Process A/C	401208	23768247
To Indirect Expenses		195318			
	401208	23768247		401208	23768247

From the above table it is seen that the mixing process account. In the year 2003-04, 2004-05, 2005-06 & 2006-07 more units used in the mixing process. But this year 2007-08 it is less used the raw material. This account shows the quality and cost of the finished goods. Here the raw material 97.9% plays a vital role than the other expenses. Labour cost is less when compared to all the expenses because this is first process among other process, which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

**TABLE NO: 3.38**  
**BLOW ROOM PROCESS – II**

*[30s count]*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	401208	23768247	By Normal Waste	12036.24	300906
To Labour		209190	By Carding Process A/C	389171.76	24657468
To Power & Fuel		688720			
To Stores		87606			
To Other Expenses		94358			
To Indirect Expenses		110253			
	401208	24958374		401208	24958374

This table shows the changing the speeds & grid bar settings the blow room waste percentage reduced from 4% to 3.5% without any quality determination of output quality. so that raw realization has been improved by 0.5% from the raw material. In the year 2007-08 less units produced by the company. The main reason that power & fuel cost is higher than labour, expenses & stores. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 3.0% and these can be sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

**TABLE NO:3. 39  
CARDING PROCESS – III**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	389171.76	24657468	By Normal Waste	31133.7408	934012.224
To Labour		259295	By Breaker drawing Process a/c	358038.0192	24944268.78
To Power & Fuel		407070			
To Stores		98590			
To Other Expenses		177965			
To Indirect Expenses		277893			
	389171.76	25878281		389171.76	25878281

Carding process introduces the blow room output material and makes a sliver formation with fibre carding system. The carding waste collection should be manual and automatic waste evaluation system. The automatic system followed only waste from 1.50%. Here also power & fuel and indirect expenses contribute the major part than the other expenses. Labour cost is high when compared with the other expenses. The normal loss occurring in this process also approximately equal to the blow room process but the sold price is higher than the blow room process.

**TABLE NO: 3.40  
BREAKER DRAWING PROCESS – IV**

*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	358038.0192	24944268.78			
To Labour		319060			
To Power & Fuel		349398			
To Stores		102253	By comber process A/C	358038.0192	26271866.78
To Other Expenses		211892			
To Indirect Expenses		344995			
	358038.0192	26271866.78		358038.0192	26271866.78

This table shows that very less units when compared to previous year 2003-04, 2004-05, 2006-07 & 2007-08 in drawing process account. The main reasons that decreasing the raw cotton purchases by the company. Here the direct material, other expenses and power and fuel when compared to previous year less. The slivers can be improved by using doubling and

**TABLE NO:3. 41**  
**COMBER PROCESS – V**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Breaker Drawing Process A/C	358038.0192	26271866.78	By Normal Waste	42964.5623	1374865.994
To Labour		389495	By Finisher Drawing Process A/C	315073.4569	26236642.78
To Power & Fuel		410738			
To Stores		122084			
To Other Expenses		173108			
To Indirect Expenses		244217			
	358038.0192	27611508.78		358038.0192	27611508.78

It is important processes for the yarn because improves the yarn appearance, luster & strength to reduce the yarn imperfection. This process account is transferred to this comber process account. In these power and fuel, indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. The normal loss occurred in the process for 15 % of the unit and higher than the 30's count & it sold at a market price. This process account is transferred to the finisher drawing process.

**TABLE NO: 3.42**  
**FINISHER DRAWING PROCESS – VI**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Comber Process A/C	315073.4569	26236642.78	By Simplex Process A/C	315073.4569	27228332.78
To Labour		191390			
To Power & Fuel		391255			
To Stores		184839			
To Other Expenses		109655			
To Indirect Expenses		114551			
	315073.4569	27228332.78		315073.4569	27228332.78

This table shows the stores, power& fuel, indirect expenses when compared to the pervious year higher but 2007-08 is less than all the expenses. The finisher drawing process, the well modernized machine of auto leveler drawing is provided, advantages are, and the yarn count waste percentage is below 1.0% and excess in 10% of production in this process. Finisher drawing process will remove all mass variations it any present in the final sliver. When compared with the labour cost, power & fuel, other expenses, and indirect expenses play a vital role and this process account is transferred to the simplex process.

**TABLE NO: 3.43**  
**SIMPLEX PROCESS – VII**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Finisher Drawing Process A/C	315073.4569	27228332.78	By Normal Waste	3780.881483	132330.8519
To Labour		402500	By Cone Winding Process A/C	311292.5754	28374465.93
To Power & Fuel		577428			
To Stores		115824			
To Other Expenses		63148			
To Indirect Expenses		119564			
	315073.4569	28506796.78		315073.4569	28506796.78

In this process power & fuel plays a vital role. Labour cost is high when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.20% and these can be sold at market price. The modernized machine of slight twist by the twisting system used in this process. It also gives assurance for the product-mix quality.

**TABLE NO: 3.44**  
**SPINNING PROCESS – VIII**

*(30s count)*

<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>	<b>PARTICULARS</b>	<b>UNITS</b>	<b>AMOUNT Rs.</b>
To Spinning Process A/C	311292.5754	28374465.93	By Normal Waste	3112.925754	118291.1787
To Labour		350496	By Cone Winding Process A/C	308179.6497	29361927.75
To Power & Fuel		456144			
To Stores		87523			
To Other Expenses		75825			
To Indirect Expenses		135765			
	311292.5754	29480218.93		311292.5754	29480218.93

One of the important processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. Labour cost is high when compared with other expenses and indirect expenses. In this process the normal loss is high occurred for 1.5% & these can be sold at the market price. This spinning process account is transferred to the last and final process cone winding process account

**TABLE NO: 3.45**  
**CONE WINDING PROCESS – IX**

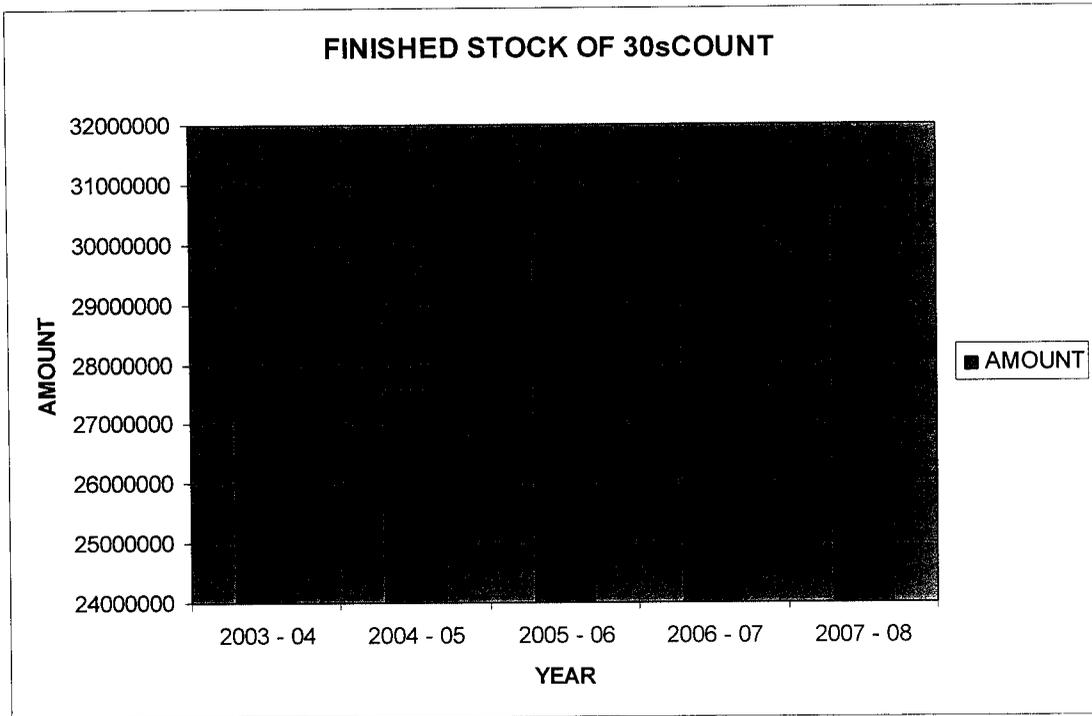
*(30s count)*

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	308179.6497	29361927.75	By Finished Stock A/C	308179.6497	30556529.75
To Labour		303400			
To Power & Fuel		479424			
To Stores		90454			
To Other Expenses		142162			
To Indirect Expenses		179162			
	308179.6497	30556529.75		308179.6497	30556529.75

This table shows the finished stock account is less in 2007-08 when compared to previous year 2003-04, 2004-05, 2005-06 & 2006-07 since they are high units of the finished stock accounts. It is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to labour, indirect expenses power & fuel 1.5% and labour cost 0.99% are high when compared with all other expenses which incurred in this process.

### CHART NO: 3.1

### FINISHED STOCK OF 30s COUNT



In the year of 2006-07 there is a huge demand of 30s count so the production is high when compared to other years. In 2007-08 there is a less production because of less demand of 30s count. And the labour incurred also more.

**Table No:3.46**

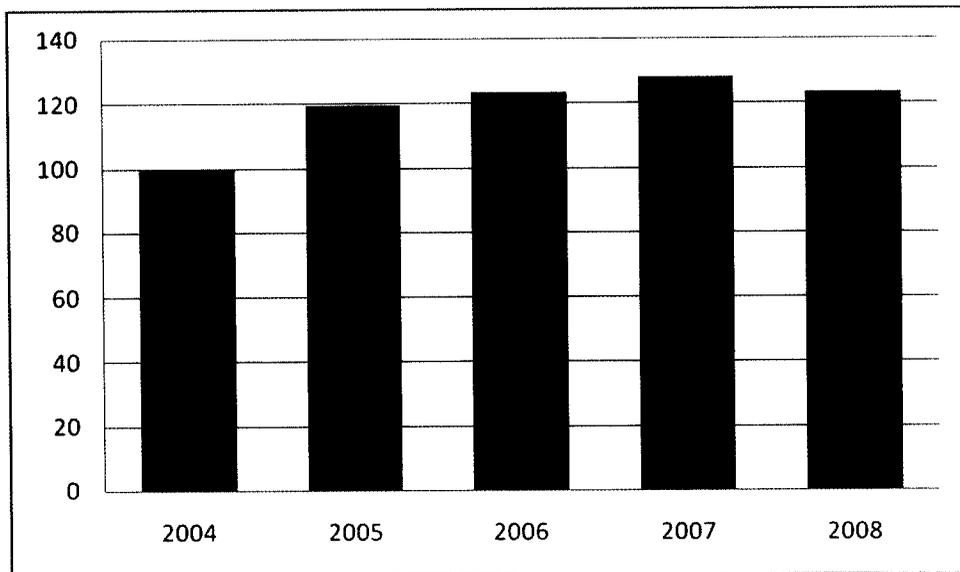
**COMPARISION OF FIVE YEAR MIXING PROCESS**

ARTICULARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
o Raw Material	383712	18801888	379068	20090604	409644	22530420	425208	24236856	401208	23270064
o Labour		198500		199650		200800		201950		203100
o Other Expenses		105495		99495		99740		99620		99765
o Indirect Expenses		205895		195896		194662		195242		195318
	383712	19311778	379068	20585645	409644	23025622	425208	24733668	401208	23768247

**Table 3.47 showing the Trend analysis of mixing process**

Year	Amount	Trend percentage (%)
2004	19311778	100
2005	23025622	119.23
2006	23768247	123.07
2007	24733668	128.07
2008	23768247	123.07

**CHART 3.2 showing the Trend analysis of mixing process**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%). The cost of one hank was Rs.49 and demand for 30's count is low. It was found to have a gradual increase in the demand for 30s count

Table No:3.48

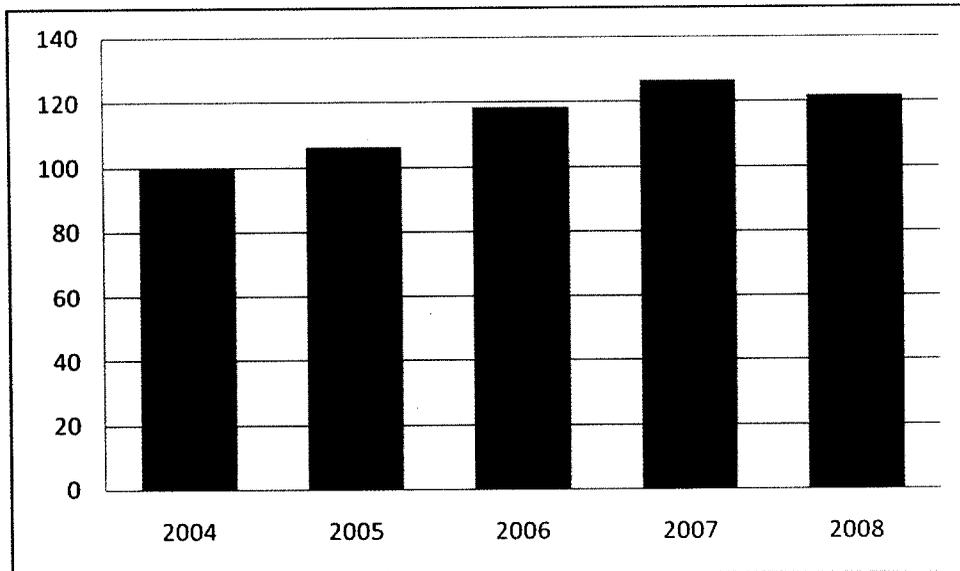
COMPARISION OF FIVE YEAR BLOW ROOM PROCESS

PARTICULARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
Mixing Process A/C	347930.856	20945804.6	379068	20585645	409644	23025622	425208	24733668	401208	23768247
Labour		314460		205740		206890		208040		209190
Power & Fuel		345985		688135		689432		688577		688720
Stores		101895		87718		87500		87846		87606
Other Expenses		212789		93567		93846		94282		94358
Indirect Expenses		356780		100450		110450		110685		110253
	347930.856	22277713.6	379068	21761255	409644	24213740	425208	25923098	401208	24958374

**Table 3.49 showing the Trend analysis of BLOW ROOM PROCESS – II**

Year	Amount	Trend percentage (%)
2004	20501953	100
2005	21761255	106.14
2006	24213740	118.10
2007	25923098	126.44
2008	24958374	121.73

**CHART 3.3 showing the Trend analysis of Blow Room process**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No: 3.50

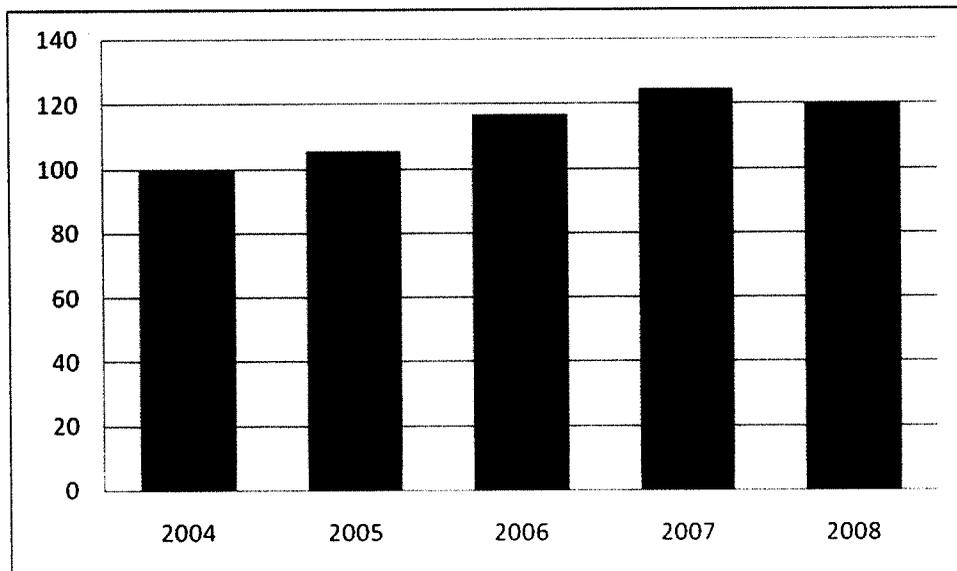
## COMPARISON OF FIVE YEAR CARDING PROCESS

PARTICULARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
Blow Room Loss A/C	374119.2	20348468.2	367695.96	21533814.2	397354.68	23967953.6	412451.76	25629704.48	389171.76	24657468
Labour		254695		255845		256995		258145		259295
Power & Fuel		405675		407825		408114		408359		407070
Stores		104500		98458		98112		98269		98590
Other Expenses		195275		178752		177474		177820		177965
Indirect expenses		291900				277334		277680		277893
	374119.2	21600513.2	367695.96	22754589.2	397354.68	25185982.6	412451.76	26849977.48	389171.76	25878281

**Table 3.50 showing the Trend analysis of CARDING PROCESS – III**

Year	Amount	Trend percentage (%)
2004	21600513	100
2005	22754589	105.34
2006	25185983	116.59
2007	26849977	124.30
2008	25878281	119.80

**CHART 3.4 showing the Trend analysis of Carding process**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No:3.52

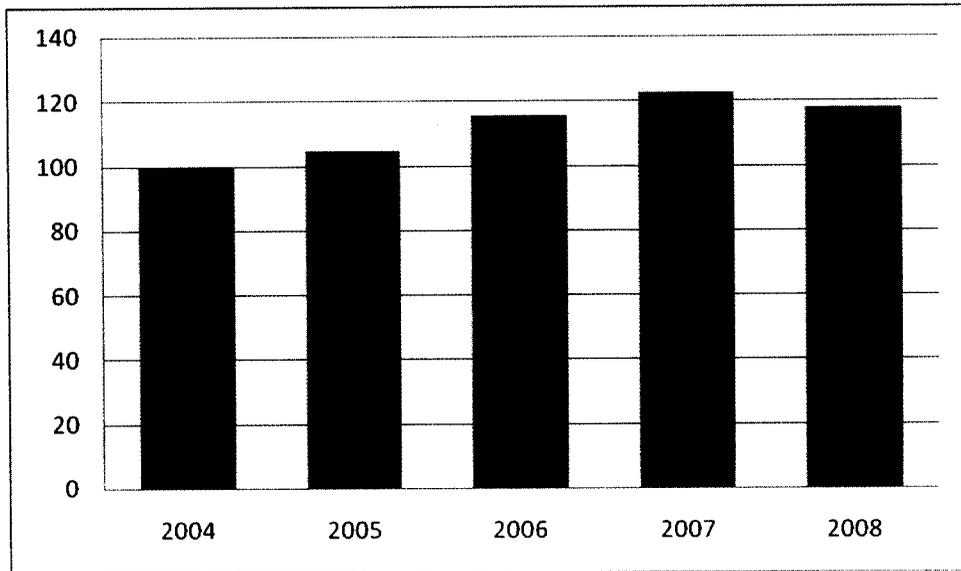
COMPARISION OF FIVE YEAR BARKER DRAWING PROCESS

	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
g /C	347930.856	20945804.6	338280.2832	21930950.25	365566.3056	24391273.24	379455.6192	25926085.54	358038.0192	24944268.78
r		314460		315610		316760		317910		319060
& Fuel		345985		348135		349376		349722		349398
		101895		102589		102342		102520		102253
		212789		212590		211312		211679		211892
ct		356780		345750		343561		344350		344995
	347930.856	22277713.6	338280.2832	23255624.25	365566.3056	25714624.24	379455.6192	27252266.54	358038.0192	26271866.78

**Table 3.51 showing the Trend analysis of BREAKER DRAWING PROCESS**

Year	Amount	Trend percentage (%)
2004	22277714	100
2005	23255624	104.38
2006	25714624	115.42
2007	27252267	122.32
2008	26271867	117.92

**CHART 3.5 showing the Trend analysis of BREAKER DRAWING PROCESS**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No:3.54

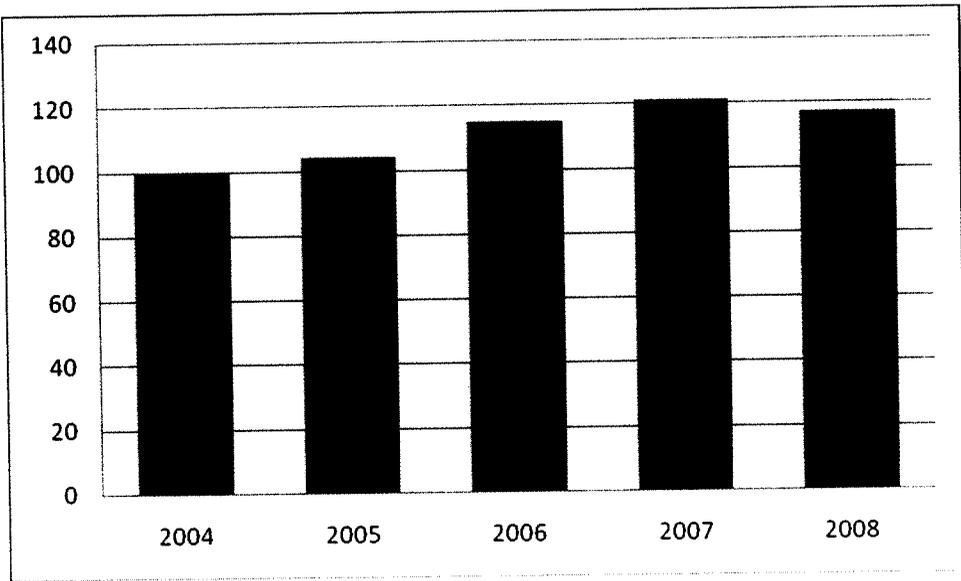
## COMPARISION OF FIVE YEAR COMBER PROCESS

DOLLARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
Water Drawing /C	347930.856	22277713.6	338280.2832	23255624.25	365566.3056	25714624.24	379455.6192	27252266.54	358038.0192	26271866.78
Oil & Fuel		384895		386045		387195		388345		389495
Electricity		408560		410710		410927		410662		410738
Repairs		121450		122659		121769		122534		122084
Expenses		185987		175985		173076		173321		173108
Direct Expenses		245975		245894		243505		244072		244217
	347930.856	23624580.6	338280.2832	24596917.25	365566.3056	27051096.24	379455.6192	28591200.54	358038.0192	27611508.78

**Table 3.53 showing the Trend analysis of COMBER PROCESS – V**

Year	Amount	Trend percentage (%)
2004	23624581	100
2005	24596917	104.11
2006	27051096	114.50
2007	28591201	121.02
2008	28591201	116.87

**CHART 3.6 showing the Trend analysis of COMBER PROCESS-V**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No:3.56

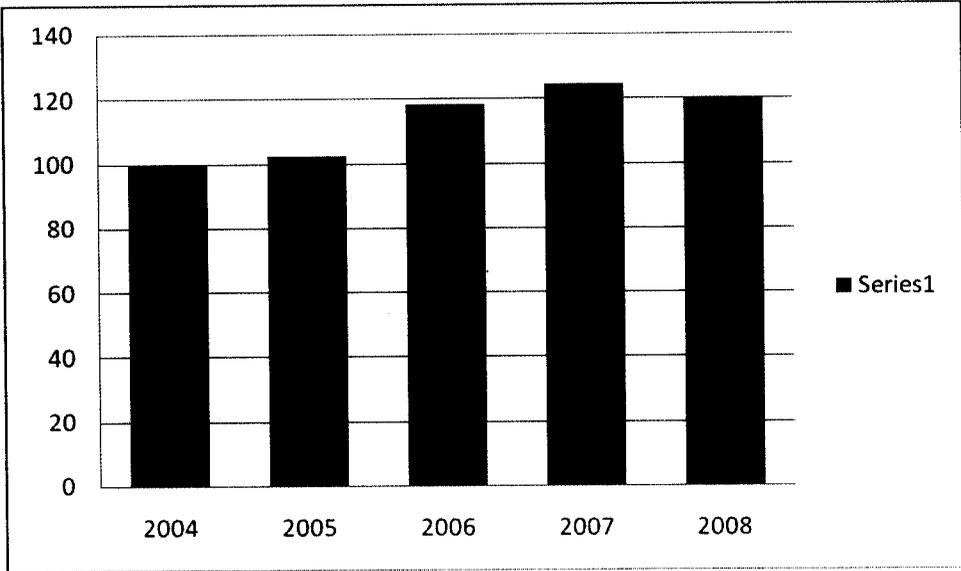
## COMPARISION OF FIVE YEAR FINISHER DRAWING PROCESS

CATEGORIES	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
Finishing Process	309658.4618	22667770.75	297686.6492	23176140.06	321698.3489	25822793.45	333920.9449	27225160.31	315073.4569	26236642.78
Material		186790		187940		189090		190240		191390
Electricity & Fuel		389797		391947		390797		391042		391255
Wages		185500		185659		184317		184884		184839
Expenses		112750		112494		110905		107234		109655
Total		115795		115873		114886		114983		114551
	309658.4618	23658402.75	297686.6492	24170053.06	321698.3489	26812788.45	333920.9449	28213543.31	315073.4569	27228332.78

**Table 3.55 showing the Trend analysis of FINISHER DRAWING PROCESS**

Year	Amount	Trend percentage (%)
2004	22667771	100
2005	23176140	102.24
2006	26812788	118.28
2007	28213543	124.46
2008	28213543	120.11

**CHART 3.7 showing the Trend analysis of FINISHER DRAWING**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No:3.58

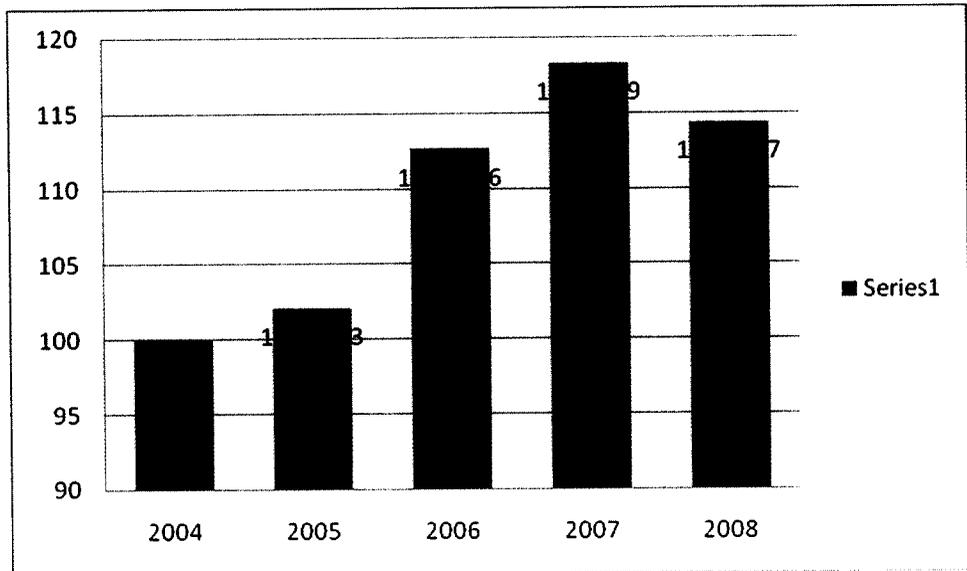
COMPARISON OF FIVE YEAR SIMPLEX PROCESS

	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
Water Drawing	309658.462	23658402.75	297686.6492	24170053.06	321698.3489	26812788.45	333920.9449	28213543.31	315073.4569	27228332.78
Electricity		397900		399050		400200		401350		402500
Oil & Fuel		575800		577950		576707		576885		577428
Repairs		117900		117690		115500		116145		115824
Other Expenses		61450		61570		62804		63782		63148
Total Expenses		123495		121116		119873		120329		119564
	309658.462	24934947.75	297686.6492	25447429.06	321698.3489	28087872.45	333920.9449	29492034.31	315073.4569	28506796.78

**Table 3.57 showing the Trend analysis of SIMPLEX PROCESS – VII**

Year	Amount	Trend percentage (%)
2004	24934948	100
2005	25447429	102.0553
2006	28087872	112.6446
2007	29492034	118.2759
2008	29492034	114.3247

**CHART 3.8 showing the Trend analysis of SIMPLE PROCESS**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

TABLE NO:3.60

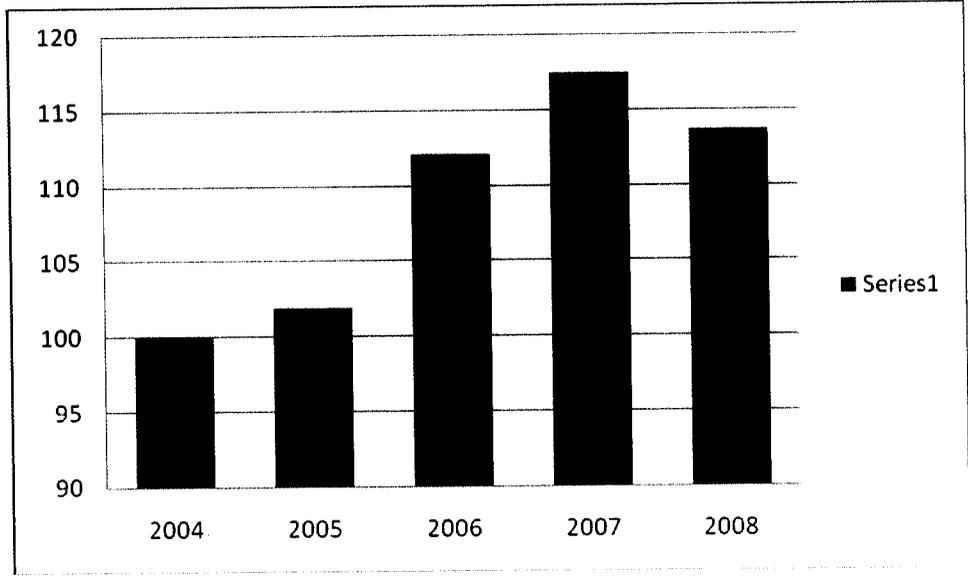
## COMPARISION OF FIVE YEAR SPINNING PROCESS PROCESS

PARTICULARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YE 2007-
	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS
To simplex Process A/C	306561.8772	24842050.21	294114.4094	25329545.15	317837.9687	27972061.05	329913.8936	29363808.67	311292.5754
To Labour		345896		347046		348196		349346	
To Power & Fuel		454950		457100		455855		456233	
To Stores		85690		85819		88052		87489	
To Other Expenses		74589		74480		77848		77059	
To Indirect Expenses		137545		137335		135201		135201	
	306561.8772	25940720.21	294114.4094	26431325.15	317837.9687	29077213.05	329913.8936	30469136.67	311292.5754

**Table 3.59 showing the Trend analysis of SPINNING PROCESS – VIII**

Year	Amount	Trend percentage (%)
2004	25940720	100
2005	26431325	101.89
2006	29077213	112.09
2007	30469137	117.45
2008	29480219	113.64

**CHART 3.9 showing the Trend analysis of SPINNING PROCESS**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

Table No:3.62

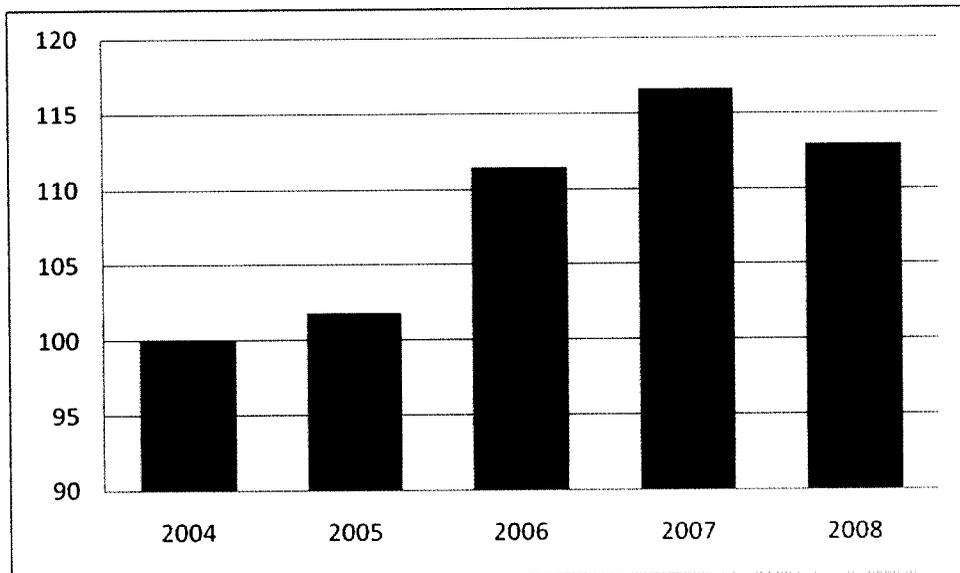
## COMPARISION OF FIVE YEARS CONE WINDING PROCESS PROCESS

	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.								
ex A/C	303496.2584	25845686.03	291173.2653	26340149.68	314659.5891	28965969.76	326614.7546	30353666.8	308179.6497	29361927.75
ir		298800		299950		301100		302250		303400
r & Fuel		481170		483320		478730		479514		479424
S		98975		98987		89317		89452		90454
S		157452		154194		140838		141517		142162
ct		175975		175760		174196		178817		179162
S	303496.2584	27058058.03	291173.2653	27552360.68	314659.5891	30150150.76	326614.7546	31545216.8	308179.6497	30556529.75

**Table 3.61 showing the Trend analysis of CONE WINDING PROCESS – IX**

<b>Year</b>	<b>Amount</b>	<b>Trend percentage(%)</b>
2004	27058058	100
2005	27552361	101.82
2006	30150151	111.42
2007	31545217	116.58
2008	30556530	112.92

**CHART 3.10 showing the Trend analysis of CONE WINDING PROCESS**



While comparing to five year study period the trend analysis for the mixing process is depicted in the above chart. The trend seems to fluctuating throughout the periods. The major reason for the fluctuation is found to be the bulk purchase of ramaterials during 2007 and lower purchase at 2004. The other expenditures is found to be less volatile. During the 2004 raw material cost is too low(100%).

## **CHAPTER- IV**

### **FINDINGS, SUGGESTIONS AND CONCLUSION**

#### **FINDINGS**

- ❖ It is found to have high wastages in all the nine process for the entire study period.
- ❖ It is found that the company is using the power & fuel for removing all the impurities of seeds, seeds particles, leaf particles, sand & dust through beating and opening processes which will reduce the loss that would occur due to reworking and quality improvement in this subsequent process.
- ❖ It is found that mostly indirect expenditures are higher than the other expenses in all the processes, except in some other process.
- ❖ It is found that in all the periods ,next to indirect expenses power and fuel cost plays a major role. In simplex and spinning process the power cost is higher than the other process
- ❖ It is found that in all the periods , the requirement of labour is less in the 40s count
- ❖ It is found that the normal loss occurring in each process can be sold at market price to produce some other by – products or to produce the low quality of yarn.
- ❖ Repairs and maintenance, depreciation (i.e indirect expense) is high.
- ❖ It is found that due to the modernized the scatcher chute line is used in the blow room line has enhanced the company to reduce the cost by 2%.

- ❖ Raw material is always high for 40s counts when compared to the 30s count.
  
- ❖ It is found that the company has gone for bulk purchase of raw materials during 2005, 2007 and 2008 led to increase in cost and lower purchases had been made during the year 2006.

## SUGGESTIONS

- ❖ It is suggested to the company Company to stock the raw materials to avoid the sudden increase price in purchasing raw material.
- ❖ Normal loss occurring in each process can sell at market price to produce some other by – products or to produce MAT,PILLOWS,TOYS
- ❖ The company can enhance to the repairs and maintenance, depreciation,expenditure.
- ❖ It is difficult to reduce the process costing in fullest, but steps can be taken by the company to minimize it.Power which is one of the important factor to run the textile industry. We cannot able to fully reduce the power cost but the company can try to minimize the power cost by using some other power consuming electric machines.
- ❖ The company can motivate the Labour by giving increase in wages of the Labour because of these there is a chance to increase the production.
- ❖ Abnormal loss can be avoided by using highly computerized machines.
- ❖ Abnormal loss occurred because of the labours lack of concentrations in the cone winding process. Because of this knot occurs and the production also lowers. This leads to bad impact to the company in the market. So Labours should have more concentration in the cone winding process.
- ❖ The company owner can use special tactics to maintain the skilled labours by giving personal appreciations, gifts etc.
- ❖ The company can produce the counts according to the market demand.

## CONCLUSION

The project has been done in Yoga Lakshmi spinning mill limited, puliamatti with a view to see the cost incurred in each process to produce the 30s count of Yoga Lakshmi spinning mill limited, puliamatti.

The project study has helped to know the cost incurred in each process to produce the 30s count of Yoga Lakshmi spinning mill limited, puliamatti. . The company has to take suitable measures to improve the effectiveness of production. The indirect expense also seems to be high when compared with all expenses in each process of 30s count.

The company should experience the promising trend, if it implements the above said suggestions and it can ensure the profitability in the near future of the company. Increase in profit of the company can compete with other companies by increasing some more spindles.

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