



Performance of groundnut oil mills in Thiruvannamalai district, Tamil Nadu - A management appraisal

G. SRINIVASAN AND K.R. SUNDARAVARADARAJAN

ABSTRACT

The overall objective of this paper was to assess the performance of groundnut oil mills in Thiruvannamalai District of Tamil Nadu through inventory analysis. The average capacity of large, medium and small oil mills were 14.5, 7.2 and 0.9 tonnes per day and their actual capacity utilization were 35.1, 48.6 and 65.3 per cent, respectively. In all, the size of units, the quantity of total finished products produced was higher than the break even quantity to be produced. However, actual value of total finished products produced was less than the break even value of finished products to be produced in large sized units (margin of safety -4.50 per cent). Similarly, actual quantity of finished products sold and their values were lower than the break even quantity and value to be sold in the large sized units (margin of safety -7.18 per cent) where as in medium and small scale units actual quantity of finished products sold and their value were greater than the break even quantity and value to be sold. Margin of safety for medium and small scale units were 37.86 and 58.46 per cent, respectively. Large scale units had negative margin of safety on one hand and huge capacity was unutilized on the other hand, therefore there is a need to improve the efficiency in its production and sales.

See end of the article for authors' affiliations

Correspondence to :

G. SRINIVASAN

Department of
Agricultural Economics,
Faculty of Agriculture,
Annamalai University,
ANNAMALAI
NAGAR (T.N.) INDIA

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INTRODUCTION

In the liberalized economic environment, the management of commercial organization plays an important role in reducing the costs or improving their efficiency in production and make their product more competitive in the market. Though with better strengths of Indian oilseed scenario, the oilseed processing sector is beset with conflicting interests of government policies, farmers and consumers. This industry is having broad base and diversified activities, faced with severe problems of short supply of raw materials, high cost of both procurement and maintenance of raw material, and finished products inventories, restriction on import of oilseeds and outdated technology of processing (Solvent Extractor Association of India, 1999). The majority of the oil mills are in underutilization capacity and some of them are in a vicious debt trap (Ali and Bankar, 2001). In order to enable these mills to regain their operational health, there is an urgent need for putting the various performance aspects for rigorous scrutiny to identify the exact causative factor for present unhealthy status and

prescribe effective remedies. Hence, this study aims at assessing the performance of groundnut oil mills from the point of physical performance through inventory analysis.

METHODOLOGY

To study the above said objective, Thiruvannamalai district of Tamil Nadu was purposively selected because it has been a leading district in groundnut area and production among all other districts. The groundnut oil mills located in Thiruvannamalai District were classified into three categories *viz.*, large, medium and small according to their installed capacity. (Large More than 10 tonnes per day, Medium - 5.1 to 10 tonnes per day, Small- upto 5 tonnes per day). From each category, thirty units were selected randomly. The required primary data were collected for the financial year 2007-2008 by using pre tested schedule with respect to raw material procurement, inventory management, production management, final product marking management and capacity utilization.

In order to assess the physical

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