

COSTING IN CEMENT INDUSTRY AND SAVINGS

WE ALL KNOW HOW CEMENT RATES ARE FLUCUATING OR LOWER IN INDIA PER KG CEMENT IS LOWER THAN PER KG OF COMMON SALT IN MANY PARTS OF OUR COUNTRY.ESPECIALLY IN A.P AND TELANGANA.

I HAVE +30 YEARS OF EXPERIENCE AS A QUALIFIED COST ACCOUNTANT HAVING GIVEN LECTURES IN +100 COST REVIEW MEETINGS IN VARIOUS FORUMS I AM CONFIDENT WE CAN BRING DOWN THE COST OF PRODUCTION TO A VERY GREAT EXTENT IN MANY OF OUR CEMENT PLANTS PARTICULARLY IN SOUTH INDIA

PRIMARLY CEMENT COMPANIES ARE NOT ABLE TO REDUCE THE COST DUE TO COST NOT BEING ALLOCATED PROPERLY OR STUDIED PROPERLY BY MANY ORGAN ISATIONS .IT IS NOT EVEN STUDIED IN A ELABORATE MANNER.

I CAN PROUDLY SAY WITHOUT NAMING THE COMPANY MANY COMPANIES THAT ARE IN RED HAVE BEEN MADE TO MAKE PROFIT BY FILLING VARIOUS TOOLS OF COSTING.

WE SHOULD ALWAYS KNOW 1 RE COST SAVED IS EQUVALENT COST EARNED. BY PROPERLY PLANNING THERE IS LOT OF SCOPE TO REDUCE THE COST EVEN WITHOUT ANY MAJOR INVESTMENT.

MAJOR TOOLS OF PRESENT MANAGEMENT

- 1 SIMPLIFICATION**
- 2 WASTAGE REDUCTION/ELIMINATION**
- 3 COST REDUCTION THROUGH DIFFERENT MEANS**

- a ALTERNATIVE RAWMATERIALS/SOURCES**
- b ALTERNATIVE FUELS/SOURCES**
- c ALTERNATIVE PACKING/PACKING MATERIALS**
- d MULTI SKILLING IN MANPOWER**
- e INDEGINISATION OF SPARES**
- f CLOSED STORING TO ELIMINATE DUST LOSS**
- g LOGISTICS IMPROVEMENT**

TRADITIONAL WAY OF LOOKING AT THINGS AND APPROACH SHOULD CHANGE BELOW ARE SOME OF THE EXAMPLES

- 1 PROCUREMENT OF RAWMATERIALS ETC FROM AGE LONG SOURCES. LEADS TO MORE COST DUE TO**
 - a Age old Technology Of Mining like Manual labour oriented.**
 - b If the Mine got more deeper the cost of Mining would be more & that would increase the cost.**
 - c Even if you deeply notice the % of material usage would have gone up over the years say for Eg in one of the plants were I had Conducted the Training Programme there % of Laterite usage was 3 % in 2008**

that had short upto 5 % in 2018 in a matter of 10 Years

	%	Rate	Cost/tn	%	Rate	Cost/tn
1 Limestone	97	250	243	95	350	333
2 Latrite	3	500	15	5	600	30
Total	100		258	100		363

Raw Meal Qty		199704		199704
Additional Increase in Cost		514.24		723.93
Cost Excalation Due To Increased Usage Of Latrite due to Quality Drop				209.69

Not Integrating Incoming & Outgoing Of Materials in other works Many Companies in the North & East don't allow any Truck to go empty after unloading of Materials.

Another aspect you should concentrate is Unloading and loading time taken. In the west many companies have started digitally monitoring the truck movements through GPRS so that they maintain timing in Loading of Cement Unloading of Cement and loading of cement in the Factory.