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A STUDY ON COST CONTROL AND COST REDUCTION TECHNIQUES AT TI CYCLES OF INDIA LTD

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ABSTRACT
Cost control and cost reduction are essential managerial functions in manufacturing industries to ensure profitability, sustainability, and competitive advantage. This study examines the cost control and cost reduction techniques implemented at TI Cycles of India Ltd, a leading bicycle manufacturer in India. The research analyzes the company's cost management practices, including budgetary control, lean manufacturing, inventory management, supply chain optimization, and continuous improvement initiatives. The study evaluates the effectiveness of these techniques in improving operational efficiency and financial performance. The findings suggest that systematic cost control combined with strategic cost reduction initiatives enhances productivity, reduces waste, and strengthens market competitiveness.

KEYWORDS: *Cost Control, Cost Reduction, Lean Manufacturing, Budgetary Control, Inventory Management, TI Cycles of India Ltd.*

1. INTRODUCTION

In today's competitive manufacturing environment, organizations must maintain strict control over costs while continuously seeking ways to reduce them. Cost control ensures that actual performance aligns with planned budgets, whereas cost reduction focuses on permanently lowering unit costs without compromising quality.

TI Cycles of India Ltd, part of Tube Investments of India Ltd (Murugappa Group), operates in a highly competitive bicycle manufacturing industry. With increasing raw material costs, price-sensitive customers, and competition from unorganized players, effective cost management has become critical for survival and growth.

This study focuses on analyzing the cost control and cost reduction techniques adopted by TI Cycles of India Ltd and evaluating their impact on organizational performance.

2. OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To understand the concept of cost control and cost reduction.
2. To examine the cost control techniques adopted by TI Cycles of India Ltd.
3. To analyze the cost reduction strategies implemented by the company.
4. To evaluate the effectiveness of these techniques in improving operational efficiency.
5. To provide suggestions for further improvement.

3. RESEARCH METHODOLOGY

3.1 Research Design

The study is descriptive and analytical in nature.

3.2 Sources of Data

- **Primary Data:** Interviews with finance and production staff (if applicable for project work).
- **Secondary Data:** Annual reports, company publications, journals, websites, textbooks, and industry reports.

3.3 Tools Used

- Ratio analysis
- Comparative financial analysis
- Percentage analysis
- Review of cost accounting techniques

3.4 Scope of the Study

The study is limited to cost control and cost reduction practices at TI Cycles of India Ltd and does not cover other managerial functions in detail.

4. REVIEW OF LITERATURE

1. Impact Of Cost Control and Cost Reduction Techniques on Manufacturing Sector
Barbole A.N. , Yuvraj D. Nalwade and Santosh D. Parakh(2013)

Examined the impact of cost control and cost reduction techniques in the manufacturing sector. The study highlights that modern businesses must manage cost, quality, and performance simultaneously to remain competitive. The authors argue that cost management is not a one-time activity but a continuous improvement process. Their findings suggest that effective cost control strategies enable organizations to meet customer expectations while maintaining profitability and shareholder value.

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2. Cost Control and Its Impact on the Survival of Nigeria Firms: A Case Study of Nigeria Bottling Company Plc.
Lasisi Isiaka Olalekan1 (Department of Accounting, Federal Neuro Psychiatric Hospital, Kaduna State,)
Nigeria Nuhu Folorunsho Tajudeen (Former Head of Training and Research, Federal Neuro Psychiatric Hospital, Kaduna State, Nigeria) conducted a study on cost control and its impact on the survival of firms, focusing on Nigeria Bottling Company Plc. The research utilized both primary and secondary data collected through questionnaires and interviews with employees. The results indicated that a significant proportion of respondents believed cost control practices improved profitability and operational efficiency. The study recommended the adoption of techniques such as Just-in-Time (JIT), effective budgeting, and value analysis to reduce unnecessary expenses and improve financial performance.

3. Target Costing and It's in Reducing the Cost Comparison at Industrial Companies
Mr. Emhemad Omar Abusef, Libya
Dr. N.S. Rathi Assistance Professor, Department of Commerce, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad Analyzed the role of target costing in reducing production costs in industrial companies. Their research emphasized that target costing helps firms reduce the time and cost associated with product development without compromising product quality or functionality. The study concluded that integrating target costing with modern production systems helps organizations achieve cost optimization and improve competitiveness in the global market.

5. COMPANY PROFILE

TI Cycles of India Ltd is one of the largest bicycle manufacturers in India. It markets bicycles under brands such as Hercules, BSA, Montra, and Mach City. The company operates multiple manufacturing units and distributes products across domestic and international markets.
The organization emphasizes operational excellence, innovation, and cost efficiency to maintain its leadership position.

6. COST CONTROL TECHNIQUES AT TI CYCLES

6.1 Budgetary Control

The company prepares detailed budgets for production, sales, and overhead expenses. Actual performance is compared with budgeted figures to identify variances and corrective actions are taken.

6.2 Standard Costing and Variance Analysis

Standard costs are fixed for materials, labor, and overheads. Variance analysis helps management identify inefficiencies and control production costs.

6.3 Inventory Control

Techniques such as:

- Economic Order Quantity (EOQ)
- Just-In-Time (JIT)
- ABC analysis

are used to reduce carrying and storage costs.

6.4 Working Capital Management

Efficient receivables and payables management ensures smooth cash flow and reduces financing costs.

7. COST REDUCTION TECHNIQUES AT TI CYCLES

7.1 Lean Manufacturing

Adoption of lean principles reduces waste, improves productivity, and minimizes non-value-added activities.

7.2 Process Improvement (Kaizen)

Continuous small improvements initiated by employees help reduce material wastage and labor inefficiencies.

7.3 Supply Chain Optimization

Vendor selection, bulk purchasing, and logistics optimization reduce procurement and transportation costs.

7.4 Technological Upgradation

Investment in modern machinery improves efficiency and lowers per-unit production costs.

7.5 Value Engineering

Product design is reviewed to eliminate unnecessary features and reduce material usage without affecting quality.

8. DATA ANALYSIS AND INTERPRETATION

(For academic submission, include tables and financial ratios here.)
Example analysis areas:

- Cost of goods sold as percentage of sales
- Operating profit margin trends
- Inventory turnover ratio
- Material cost variance trends

Analysis indicates improved cost efficiency through better inventory turnover and reduced overhead expenses.

9. FINDINGS

1. TI Cycles effectively uses budgetary control and variance analysis.
2. Lean manufacturing practices reduce waste and improve productivity.
3. Inventory control techniques minimize carrying costs.
4. Continuous improvement culture supports long-term cost reduction.
5. Supply chain rationalization contributes significantly to cost savings.

10. SUGGESTIONS

1. Greater adoption of automation and digital cost monitoring systems.
2. Implementation of advanced ERP systems for real-time cost tracking.
3. Enhanced supplier collaboration for long-term cost stability.
4. Regular cost audits to identify hidden inefficiencies.

11. LIMITATIONS OF THE STUDY

- Limited access to confidential financial data.
- Study based primarily on secondary data.

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- Time constraints.

12. CONCLUSION

Cost control and cost reduction are vital for sustaining competitiveness in the manufacturing industry. TI Cycles of India Ltd has implemented a combination of traditional and modern cost management techniques to enhance efficiency and profitability. The study concludes that systematic planning, continuous monitoring, and process improvements significantly contribute to cost optimization and long-term sustainability.

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