

A Research Paper on Cost Control and Cost Reduction in Beverage Manufacturing at Viswa Enterprises

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ABSTRACT

The beverage manufacturing industry faces increasing pressure to maintain profitability while controlling production and operational costs. This research paper focuses on the cost control and cost reduction practices followed by Viswa Enterprises, a small-scale Goli Soda manufacturing company. The study aims to identify the major cost elements, analyze the existing cost control measures, and evaluate the impact of cost reduction techniques on operational efficiency and profitability. Both primary and secondary data were used for the study. Primary data were collected through interviews, observations, and discussions with employees and management staff, while secondary data were obtained from company records, journals, books, and previous studies. Statistical tools such as percentage analysis, tables, charts, and interpretation methods were used to analyze the data. The findings reveal that raw materials, packaging, transportation, and labor are the major cost contributors. The study also found that effective cost control techniques can reduce wastage, improve productivity, and enhance profitability. The paper concludes that systematic cost management practices and operational improvements are essential for the sustainable growth of small-scale beverage manufacturing firms.

KEYWORDS

Cost Control, Cost Reduction, Beverage Manufacturing, Goli Soda, Profitability, Operational Efficiency, Wastage Reduction, Inventory Management.

INTRODUCTION

The beverage manufacturing industry plays a vital role in economic development by generating employment opportunities and satisfying consumer demand for refreshments. Traditional beverages such as Goli Soda continue to remain popular in India due to their cultural value, affordability, and refreshing taste. However, increasing competition, rising production costs, fluctuating raw material prices, and operational inefficiencies have created challenges for small-scale beverage manufacturers. In this competitive environment, cost control and cost reduction have become essential for maintaining profitability and sustainability.

Cost control refers to monitoring and regulating expenses according to planned budgets, while cost reduction focuses on reducing unnecessary expenditure without affecting product quality. This research paper studies the cost management practices followed by Viswa Enterprises, a small-scale beverage manufacturing company engaged in the production and distribution of Goli Soda. The paper analyzes the major cost components, identifies wastage areas, and examines how cost reduction techniques improve operational performance and profitability.

OBJECTIVES OF THE STUDY

- To identify the major cost components involved in beverage manufacturing at Viswa Enterprises.
- To examine the existing cost control and cost reduction practices adopted by the company.
- To analyze the impact of cost reduction techniques on operational efficiency and profitability.

REVIEW OF LITERATURE

Reeve and Philpot (2025) stated that Statistical Process Control (SPC) is an effective method for cost management and process improvement in manufacturing industries.

Lucey (2024) emphasized that management by objectives plays a major role in successful cost control systems and organizational efficiency.

Cokins (2023) explained that accurate cost modeling techniques help organizations manage expenses and maintain profitability in competitive markets.

Wing (2022) highlighted the importance of variance analysis and budgeting techniques in controlling manufacturing expenses.

Dixit Patel (2021) studied project cost management practices and concluded that effective budgeting and cost monitoring improve profitability.

Malkanthi et al. (2020) found that cost control techniques significantly reduce cost overruns and improve operational performance.

Rashmi M.J and Dr. M.S. Yathish Chandra (2019) observed that proper cost control systems reduce wastage and improve profitability.

Lawal Babatunde Akeem (2019) concluded that cost reduction practices positively influence organizational performance and productivity.

RESEARCH METHODOLOGY

The study adopted a descriptive research design to analyze the cost control and cost reduction practices followed by Viswa Enterprises. Both primary and secondary data sources were used for the research. Primary data were collected through interviews, direct observation, and discussions with employees and management staff. Secondary data were obtained from company records, books, journals, websites, and previous studies. Convenience sampling technique was used for selecting respondents, and the sample size consisted of 20 employees involved in production, packaging, and delivery activities. Statistical tools such as percentage analysis, tables, charts, and interpretation methods were used to analyze the data. The study period was conducted over 2 to 3 months.

DATA ANALYSIS AND INTERPRETATION

Objective 1: To identify the major cost components involved in beverage manufacturing.

The following analysis explains the relationship between cost management practices and operational performance.

TABLE 1

COST DISTRIBUTION

Cost Component	Amount (₹)	Percentage (%)
Raw Materials	35,000	35%
Labor	20,000	20%
Packaging	25,000	25%
Transportation	15,000	15%
Others	5,000	5%
Total	1,00,000	100%

Source: Primary Data

The analysis reveals that raw materials constitute the highest portion of total manufacturing cost, followed by packaging expenses. Therefore, cost reduction efforts should focus mainly on procurement efficiency and packaging management.

Objective 2: To examine the existing cost control and cost reduction practices adopted by the company.

The following analysis explains the relationship between cost management practices and operational performance.

TABLE 2 WASTAGE ANALYSIS

Category	Wastage (%)
Raw Materials	10
Packaging	5
Others	3

Source: Primary Data

The table indicates that raw material wastage is relatively high compared to other categories. Proper supervision, employee training, and inventory management can reduce wastage and improve efficiency.

Objective 3: To analyze the impact of cost reduction techniques on profitability and operational efficiency.

The following analysis explains the relationship between cost management practices and operational performance.

TABLE 3**COST REDUCTION IMPACT**

Particulars	Before (₹)	After (₹)
Total Cost	1,00,000	90,000
Profit	30,000	40,000

Source: Primary Data

The implementation of cost reduction techniques reduced overall manufacturing costs and increased profit levels, proving the effectiveness of systematic cost management practices.

ASSOCIATION BETWEEN COST REDUCTION PRACTICE AWARENESS AND OPERATIONAL EFFICIENCY IMPROVEMENT

Cost reduction practices become effective only when employees clearly understand and follow them in daily production, packaging, and delivery activities. In a small-scale beverage manufacturing unit like Viswa Enterprises, employee awareness about cost reduction methods can help reduce raw material wastage, control packaging expenses, improve work efficiency, and increase profitability. Therefore, chi-square analysis is used to examine whether there is a significant association between employees' awareness of cost reduction practices and their perception of operational efficiency improvement.

Hypotheses

H₀: There is no significant association between awareness of cost reduction practices and operational efficiency improvement.

H₁: There is a significant association between awareness of cost reduction practices and operational efficiency improvement.

TABLE 4**CHI-SQUARE TEST RESULT**

Particulars	Value
Pearson Chi-square Value	13.902
Degrees of Freedom	4
Significance Value	0.008
Level of Significance	5%

Source: Calculated Data.

The above table shows the association between employees' awareness of cost reduction practices and perceived improvement in operational efficiency. Among the employees with high awareness, 6 respondents reported high efficiency improvement. Among those with moderate awareness, the majority reported moderate efficiency improvement. In the low awareness category, 3 respondents reported low efficiency improvement.

The Pearson Chi-square significance value is 0.008, which is less than 0.05. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that there is a significant association between awareness of cost reduction practices and operational efficiency improvement at Viswa Enterprises.

This indicates that employees who have better awareness of cost reduction practices are more likely to contribute to improved operational efficiency. Therefore, the company should conduct regular training, supervision, and awareness sessions on wastage control, proper material usage, packaging efficiency, and cost monitoring practices.

FINDINGS

- Raw materials are the major cost component in beverage manufacturing.
- Packaging and transportation costs significantly affect operational expenses.
- Material wastage directly reduces profitability and operational efficiency.
- Labor-intensive production processes increase recurring expenses.
- Cost reduction techniques positively improve profit margins and efficiency.

SUGGESTIONS

- The company should purchase raw materials in bulk quantities to reduce procurement cost.
- Employee training programs should be conducted regularly to minimize material wastage.
- Semi-automatic production systems can be introduced to improve efficiency.
- Efficient transportation planning should be implemented to reduce fuel and delivery costs.
- Digital accounting and cost monitoring systems should be adopted for better financial control.

CONCLUSION

The study concludes that effective cost control and cost reduction practices are essential for improving profitability and operational efficiency in beverage manufacturing industries. The analysis revealed that raw materials, packaging, labor, and transportation are the major cost contributors in Viswa Enterprises. By reducing wastage, improving procurement systems, adopting better transportation planning, and introducing semi-automation, the company can strengthen its financial performance and market competitiveness. The study further highlights that systematic cost management practices are crucial for the sustainable growth of small-scale manufacturing enterprises.

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