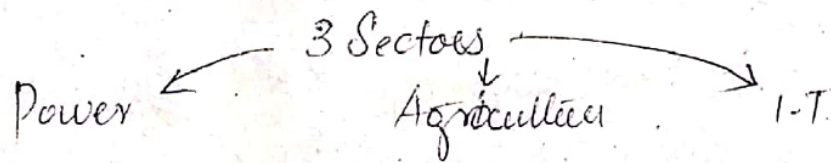


Cost mgt for Specific Sectors 24/07/2020



Power Sector

Key points

1. Unit Cost - KWH
2. Huge Investment - Ultra/Mega Infra. project
3. Tax Incentives
4. 5 Types for generation.
5. Cost of Input material low for Hydro, Solar & Wind.

Key Risks

1. High Capital Intensive & long gestation period.
2. Coal Supply Position - Shortage - Import
3. Complex Network - Grid - Interconnected for Coordination

Features

1. Limited Suppliers but growing demand.
2. Tariff determination
3. Regulated by govt
4. Distribution loss & inefficiency cost generation & consumption

Agriculture Sector

28/07/2020

Key Eco Intro:

1. Provide Employment to large populat. (+ve)
2. Feed large pop. (+ve) &
3. Other Sectors depend on this Sector.
4. Output depend on rain god. which is uncertain (disadvantage)
5. Existence of lengthy chain of middlemen. (disadvantage)

Features

1. Unorganised & fragmented - Lack of understanding costs & prices - farmers being exploited - Low margins
2. Lack of understanding costs & prices by farmers.
3. Lack of working collaboratively & negotiate with which supply chain.
4. Target Cost Mgt which is ineffective in agricultural sector as supply & demand fluctuates
5. Lack of Bargaining power - which predominantly lies with the wholesalers which in turn results to low margins.

Imp Note:- ABC technique is useful in agricultural sector rather than Target Cost because it analyses all the indirect costs associated in the process of agricultural sector.

MSP

Min. Support Price was introduced by GOI to protect the farmers against the sharp dip the prices.

They happen during harvest seasons where supply overshadows the demand. They sell at lower prices in order to repay the debts due to them. Thus govt fixes MSP as a part of food grain procurement which ensure min. profit margin.

Information Technology Sector:

Intro:

- This sector is related to intangible products say software.
- Highly labour intensive & Human Capital is the mostly used resource.
- Job undertaken by this sector is called PROJECT.

Cost mgt technique & D's framework

