

# REVIEW

***Key Areas in Materials Management***, Edited by S. L. Sen and A. Rath, New Delhi, Management Development Institute, April 1976 pp. 100. Rs. 20.00

This book incorporates the contributions and discussions by the participants of the Workshop on 'Key areas in Materials Management' conducted by the Management Development Institute during April 1975.

The special features of this volume are : (1) It is not a text book on materials management aiming to introduce scientific concepts to the readers, but a book aiming at an integrated approach to materials management in the perspective of the general environment of materials management. The theme of this volume is to identify causes, evolve strategies and consider the scope for practical applicability of such strategies to current key problem areas in materials management specially in the context a drastic change in the general environment under which materials management of various enterprises has been operating in recent years. These environmental factors are the inflationary situation, recessionary conditions, credit squeeze, increased cost of credit and shortage of key industrial inputs.

(2) A special virtue of this volume is the contributions from the Officials in charge of the government agencies responsible for implementing government policies regarding certain aspects of materials management that come under the regulatory framework. The contributions by the officials of the Directorate General of Technical Development (DGTD) and the materials canalising agencies like the State Trading Corporation (STC) serve the purpose of highlighting the roles of these agencies in the materials management of the enterprises, and clearly set out the external and uncontrollable factors of materials management. The discussions and the feedback from the Industrial participants have thrown considerable light on questions of policy, implementation and operational difficulties faced by the Industry.

On the other hand, contributions followed by discussions on key industrial inputs like oil and coal by the top executives of the respective industries highlight the special problems and possible solutions in the present context of acute energy crisis.

(3) This volume calls for special emphasis on cost reduction in materials management as a means to increase profits, as other means of increasing profits are threatened by environmental forces.

The keynote address stresses the importance of the attitudinal framework for the success of the materials function in terms of organisational objectives.

The main body of the volume is divided into five areas, namely :

- 1) Materials Management — an over all view
- 2) Government policy and materials management
- 3) Materials and Production
- 4) Materials and Finance
- 5) Critical items and areas in Materials Management.

It is worthwhile to have a look at the strategies suggested for problems in the above areas.

### **1. Materials Management, An Overall View**

The policy aspects of material planning and evaluation of the materials department is the focus of attention here. The suggestion to make materials function at par with traditional functional areas, like finance, in the organisational structure deserves due attention. It could help to motivate materials people and perhaps it is time to recognise the importance of the materials function in organisation structure and heirarchy. Another interesting strategy that stemmed from the discussion is the profit centre approach to materials department for better work climate, and as a method of performance appraisal of the department. It could be a good suggestion, although operational problems in allocating profits to materials department might pose tremendous difficulties. This section is not conyincing enough as to the practicability of the profit-centre concept to the materials department.

### **2. Government Policy and Materials Management**

Although no concrete strategies are evolved to solve the problems in this area, this section is quite informative as it brings out the role of state agencies. DGTD's objectives and its functions of Import-Export policy, spare parts imports policy etc., are briefly discussed and one could get some feel of the practical difficulties facing the enterprises in connection with the operations of these state agencies.

Any enterprise for which the controlled Import items are important, the role of materials canalising agencies deserves special attention. The STC and MMTC argue that monopoly buying and distribution to actual users of these controlled items is advantageous because of economies of large scale buying, and the assurance of continuous supply. More importantly canalisation is aimed at achieving socio-economic objectives of minimizing the social costs involved instead of minimizing the enterprises private cost.

In view of the many practical problems faced by industry, the need for coordination between the canalising agencies and industries to improve the flow of materials and information was the recommendation of the workshop.

### **3. Materials and Production**

In this section familiar and often repeated techniques like value analysis, standardisation, inventory control and waste reduction are highlighted as a means to reduce costs.

### **4. Materials and Finance**

Credit squeeze and increasing cost of credit should have induced some serious attention to this area. Instead, there is a brief summary of the Tandon Committee's interim report on bank financing of working capital. The discussion shows that there is little appreciation of the full implications of the report and as a consequence no useful strategy has been suggested.

### **5. Critical Items and Areas in Materials Management**

The special problems due to the energy crisis are dealt with in this section with reference to oil and coal industries. In view of the country's demand for oil for exceeding its domestic production, many alternatives are proposed to help the situation for example, development of alternate sources of energy and greater role for coal industry in meeting the energy needs by substituting and saving oil wherever possible etc. Substitution will be effective only with a more efficient distribution net work and fair pricing. Another strategy is to develop oil conservation programmes. A specific suggestion is the reclamation of used oil.

Management of spare parts is very important for many enterprise. The special problems regarding imported spares are twofold, over-stocking of some imported spares and non availability of critical spares in times of need. In view of the large number of factors involved in procuring imported spares, it becomes very difficult to control huge build up of spares in some cases and stockouts in others. Some of the strategies suggested are : purchasing the design and drawings of the spare part and producing locally, pooling information and stocking of expensive and slow moving spares jointly at industry level in order to reduce inventory levels in spares, and so on.

On the whole, this volume widens one's perspective about materials management. The chief merits of this volume are : it is informative about the environmental factors which one is unlikely to find in other books, and it stimulates one's thinking in that total perspective by focusing on policy questions.

The strategies evolved in this volume can be grouped into three categories to differentiate this volume from others :

(1) Although extremely important for materials management, the stereo-typed and often repeated calls for standardisation, waste reduction value analysis etc., and for greater coordination between industry and government agencies. In these respects there is no significant additional contribution, concept-wise or strategy-wise.

(2) Some of the other strategies call for a very high degree of cooperation and joint action by the enterprises in an industry group. It has to be seen how far they are practicable in the highly competitive business environment.

(3) The strategies which can be implemented at the organizational level like the status of the materials function, profit centre concept for materials departments etc. deserve serious attention and further examination.

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***Productivity in Road Transport : a Study in Innovative Management***, by Santosh Sharma ; New Delhi, Association of State Road Transport Undertakings. 1976. pp 280. Rs. 50.00.

A comprehensive study on the productivity of social services is conspicuous by its absence even in the developed countries, not to talk about developing countries. The task of communicating to the people concerned about the financial realities of the public services is a colossal one. It is in this perspective that the volume under consideration gains its importance. Here the author brings together the wisdom of an experienced administrator with that of a systems theorist in highlighting the problems of road transport management and in proposing practical solutions to it.

This book is concerned with the problem of achieving higher productivity and efficiency in road transport operation. The author ably demonstrates in this work how the principles of scientific management can be used to advantage in achieving this objective. It will be recognised without hesitation, perhaps by all concerned, that greater productivity and efficiency in this important service can yield tremendous benefits to the society not only in the form of savings in costs and increased satisfaction to commuters, but also in the form of conservation of fuel and environment.

The first four chapters of the book are devoted to the problems directly concerned with organization and management of transport operations. The fifth chapter discusses the legal framework of road transport operation. The sixth and last chapter review the implementation aspects of the suggested system of management. The technical aspects of the discussions in the text is contained in the eleven appendices following.

The book starts with the analysis of economics and diseconomies in bus operation. A critical analysis of the various elements which constitute the cost of bus operation is taken as the basis