



A Study on Strategies for Raw Material Cost Reduction in Sunbright Textiles (India) Pvt Ltd at Chennai

PRASANNA.E¹, Dr. NA.PONNILA HARSHAVARDHINI²

¹Department of Management Studies, Karpagam College of Engineering,
Coimbatore, India

²Assistant professor, School of Management Studies,
Karpagam College of Engineering, Coimbatore, India

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ABSTRACT

This study examines the strategies for raw material cost reduction in Sunbright Textiles (India) Pvt Ltd, Chennai. It focuses on key approaches such as efficient procurement, supplier management, waste reduction, and inventory control to minimize raw material costs. The study analyzes how cost reduction strategies contribute to improved profitability and operational efficiency. Data collected from employees highlights the importance of planning, monitoring, and adopting modern cost control techniques. The findings reveal that effective raw material management significantly reduces production costs and enhances competitiveness. The study concludes that strategic cost reduction practices are essential for sustainable growth in the textile industry.

Keywords: Cost Reduction, Raw Materials, Textile Industry, Inventory Control

I. INTRODUCTION OF THE STUDY

Cost reduction strategies are practices and principles designed to optimize operational efficiency. They cover all aspects of running a business, from hiring employees to booking flights. Successful implementation works by streamlining processes, allocating resources effectively, and eliminating waste.

Cost reduction is the process of decreasing a company's expenses to maximize profits. It involves identifying and removing expenditures that do not provide added value to customers while also optimizing processes to improve efficiency. Cost reduction typically focuses on generating short-term savings.

Organizations can establish cost-cutting initiatives by pinpointing wasteful business practices and correcting the inefficiencies. That may include upgrading digital resources, encouraging employees to work remotely, automating select processes, and getting rid of overhead.

Cost Reduction is a process, which aims to lower the unit cost of a product manufactured or service rendered without affecting its quality. It can be done by using new and improved methods and techniques. It ascertains substitute ways to reduce the production cost of a unit.

Thus, cost reduction ensures savings in per unit cost and maximization of profits of the enterprise. Cost Reduction aims at cutting off the unnecessary expenses which occur during the production Process, storage, selling and distribution of the product. To identify cost reduction we should focus on the following major elements:

- Savings in per unit production cost.
- The quality of the product should not be affected.
- Savings should be non-volatile in nature.

Tools of cost reduction focus on Quality operation and research, Improvement in product design, Job Evaluation & merit rating, variety reduction, etc.

II. STATEMENT OF THE PROBLEM

Cost reduction strategies focus on finding the most efficient and cost-effective ways to source and store products, transport them from one point to another point, and ensure customer satisfaction. However, reducing raw material costs does not just mean choosing the cheapest materials and resources. Every aspect of the order fulfilment process costs money and it is worth implementing cost reduction strategies.

III. OBJECTIVES OF THE STUDY

- To identify and removing expenditures that do not provide added value to customers while also optimizing processes to improve efficiency.
- To know the cost reduction typically focuses on generating short-term savings.



- To know the techniques using in reducing cost in operation department
- To study the factors infusing in your firm reduce materials cost
- To find out the satisfaction level with prevention concepts for raw material cost reduction in operation department

IV. SCOPE OF THE STUDY

Cost reduction is the process of decreasing a company's expenses to maximize profits. The goal of cost reduction is to lower the overall costs of operating the business without compromising quality or negatively impacting other areas of the company. Cost reduction causes a definite increase in margins. The savings may also be passed to consumers in the form of lower prices or more quantity in the same price.

LIMITATIONS OF THE STUDY

- Number of respondents is limited to 120 in this study.
- The study has been done in the Chennai.
- Study has been done within a period of 3 months.
- Sometimes the employee may not be genuine in their answers

V. REVIEW OF LITERATURE

Lucey (2021) is a notion that aims to lower costs from a previously established norm or standard without lowering the project's efficacy or the quality of its services. Cost control is the process of managing an organization's operating expenses within reasonable bounds. In a formal operation plan or budget, these constraints are typically described as standard cost or target cost limits. Cost control is the process of minimising inefficient use of valuable resources and increasing efficiency and cost conscience.

Asaolu and Nassar (2021) define cost reduction as the term used for planned and positive approach to the improvement of efficiency. It can be viewed in many ways, such as increasing productivity, and elimination of waste. He refers to cost reduction as concept which has the aim of reducing cost from a previously accepted norm or standard without reducing the effectiveness or performance of the project or services.

Dury (2023) defines control as the means of ascertaining that the activity of an organization follows. The standard plan and that its goal is accomplished. He discussed that cost control system consists of ways and methods that are used to

control the operating cost of a job and ensure that cost does not go beyond certain amount. Manufacturing cost reduction actually measures the company's performance against targeted cost, production, profit and employee's performance.

Kapoor and Nateriya (2024) cost reduction is the way toward searching for, finding and expelling baseless costs from a business to build the benefit without negatively affecting item quality. The concept of continuously searching for new ways and avenue of reducing costs needs to be constantly promoted at all levels of an enterprise, which signifies that the enterprise has a strategic approach to this issue

VI. RESEARCH METHODOLOGY

The research methodology is scientific and systematic for pertinent information on specific topic. It is a careful investigation or inquiry especially through search for new facts in any branch of knowledge. Research is a systematized effort to gain knowledge and hence, it helps to practical knowledge in study various steps that are generated adopted by a research in studying his research problem along with the logic behind them.

RESEARCH DESIGN

Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in future course action. The research has been defined as "A careful investigation or enquire especially through search for new facts in any branch of knowledge". The type of research is descriptive in nature; since an attempt was made to find out inter relationship between variables

SAMPLE DESIGN

A sample is a subset from the total population. A sample is a subset from the total population. It refers to the techniques or the procedure to the research would adopt in selecting items for the sample (i.e) the size of the sample

SAMPLE SIZE

Sample size means the number of sampling units selected from the organization for investigation. The total sample size that is taken for this study is 120.

SAMPLING TECHNIQUE

A simple random sampling technique has been used in sampling. It provides information about parts of the all the area of Chennai.

SAMPLING POPULATION: There are 250 up employees are there at Sunbright Textiles (India) Pvt Ltd.



DATA DESIGN: Data is collected from both primary and secondary sources.

Primary Data: Primary data are collected through a structured questionnaire. A well-structured questionnaire has been prepared given to the respondents by the researcher.

Secondary Data: Secondary data are collected from the published data available within the company and also from the Internet and Intranet. Data was collected from web sites, going through the records of the organization, etc. It is the data which has been collected by individual or someone else for the

purpose of other than those of our particular research study.

TOOLS FOR ANALYSING DATA

In order to come out with the findings of the study the following statistical tools are used by the researcher

- Simple Percentage analysis
- Chi-Square test
- Correlation
- Anova

VII. DATA ANALYSIS AND INTERPRETATION

LEVELS OF COST REDUCTION MAINTAINING BY THE PURCHASE DEPARTMENT

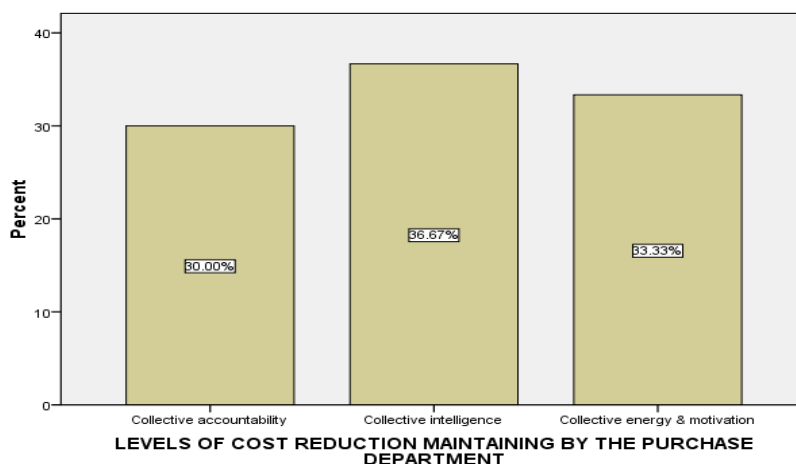
LEVELS OF COST REDUCTION	RESPONDENTS	PERCENTAGE
Collective accountability	36	30.0%
Collective intelligence	44	36.7%
Collective energy & motivation	40	33.3%
Total	120	100.0%

Source: Primary data

INTERPRETATION

The above table shows that levels of cost reduction maintaining by the purchase department, 30.0% of the respondents are maintain collective accountability, 36.7% of the respondents are maintain collective intelligence and remaining 33.3% of the respondents are maintain collective energy & motivation. Majority 36.7% of the respondents are maintain collective energy & motivation

LEVELS OF COST REDUCTION MAINTAINING BY THE PURCHASE DEPARTMENT





BENEFITS BY REDUCING COST OF QUALITY

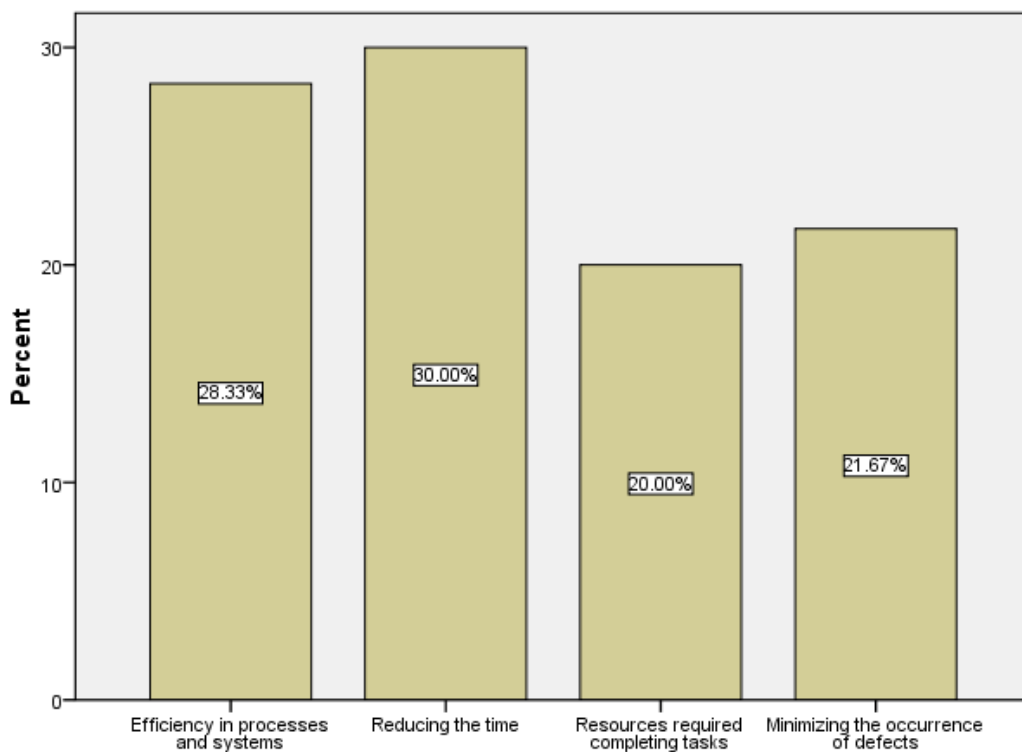
BENEFITS	RESPONDENTS	PERCENTAGE
Efficiency in processes and systems	34	28.3%
Reducing the time	36	30.0%
Resources required completing tasks	24	20.0%
Minimizing the occurrence of defects	26	21.7%
Total	120	100.0%

Source: Primary data

INTERPRETATION

The above table shows that benefits by reducing cost of quality, 28.3% of the respondents said reducing cost provide efficiency in processes and systems, 30.0% of the respondents said reducing cost reduce the time, 20.0% of the respondents said reducing cost provide resources required completing tasks and remaining 21.7% of the respondents said reducing cost provide minimizing the occurrence of defects Majority 30.0% of the respondents said reducing cost reduce the time

BENEFITS BY REDUCING COST OF QUALITY



BENEFITS BY REDUCING COST OF QUALITY

SCOPE FOR COST REDUCTION IN PRODUCTION DEPARTMENT

SCOPE FOR COST	RESPONDENTS	PERCENTAGE
Excellent	36	30.0%
Good	42	35.0%
Moderate	24	20.0%
Poor	18	15.0%
Total	120	100.0%

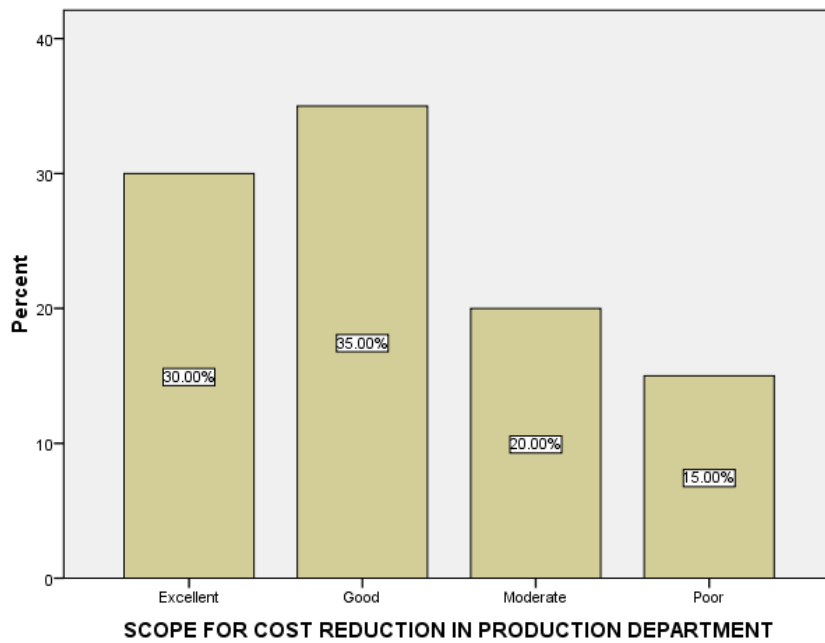
Source: Primary data



INTERPRETATION

The above table shows that scope for cost reduction in production department, 30.0% of the respondents are feeling excellent, 35.0% of the respondents are feeling good, 15.0% of the respondents are feeling moderate and remaining 20.0% of the respondents are feeling poor
 Majority 35.0% of the respondents are feeling good about cost reduction in production department

SCOPE FOR COST REDUCTION IN PRODUCTION DEPARTMENT



**CHI-SQUARE TEST
 NULL HYPOTHESIS**

H₀: There is no significance relationship education qualification of the respondents and opinion for using strategy of raw material cost reduction

ALTERNATIVE HYPOTHESIS

H₁: There is a significance relationship between education qualification of the respondents and opinion for using strategy of raw material cost reduction

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.324E2 ^a	16	.000
Likelihood Ratio	289.676	16	.000
Linear-by-Linear Association	108.946	1	.000
N of Valid Cases	120		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is 2.93.



RESULT

Since the calculated value is less than the table value. So we accept the null hypothesis. There is no relationship between education qualification of the respondents and opinion for using strategy of raw material cost reduction

ANOVA

NULL HYPOTHESIS Ho: There is no significant relationship between age of the respondents and benefits by reducing cost of quality.

ALTERNATIVE HYPOTHESIS H1: There is a significant relationship between age of the respondents and benefits by reducing cost of quality.

ANOVA

AGE OF THE RESPONDENTS	Sum of Squares	df	Mean Square	F	Sig.
Between Groups (Combined)	121.688	3	40.563	166.245	.000
Linear Term					
Unweighted	121.264	1	121.264	496.997	.000
Weighted	121.628	1	121.628	498.487	.000
Deviation	.060	2	.030	.123	.884
Within Groups	28.303	116	.244		
Total	149.992	119			

HOMOGENEOUS

AGE OF THE RESPONDENTS

Benefits by reducing cost of quality	N	Subset for alpha = 0.05			
		1	2	3	4
Student-Newman-Keuls ^a					
Efficiency in processes and systems	34	1.68			
Reducing the time	36		2.58		
Resources required completing tasks	24			3.54	
Minimizing the occurrence of defects	26				4.38
Sig.		1.000	1.000	1.000	1.000

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 29.130

RESULT

From the above analysis, we find that calculated value of the F-value is a positive 166.245 value, so H1 accept. Since the P value 0.000 is less than < 0.05 regarding there is a significant relationship between age of the respondents and benefits by reducing cost of quality. The results are significant at 4% level

VIII. SUGGESTIONS

- Cost reduction schemes should be properly implemented across all departments, especially production, with realistic standards to ensure accurate output and efficiency.

- Clear targets and proper data collection, analysis, and control systems are essential for effective cost management and avoiding unrealistic planning.
- Fixed cost targets should be flexible and reviewed regularly to adapt to changing organizational and market conditions.
- Management should monitor performance through supervision and observation, identifying weak areas and improving them using appropriate corrective measures.

IX. CONCLUSION

Cost reduction techniques play a vital role in improving organizational performance and ensuring profitability in a competitive environment.



Organizations must focus on minimizing wastage and effectively utilizing available resources to produce quality goods and services. Strategic approaches such as planning, standard setting, and continuous monitoring are essential for successful cost control. Employee motivation and involvement are also crucial, as behavioral factors influence the effectiveness of cost reduction strategies. Proper budgeting and control of material, labor, and overhead costs help prevent resource wastage and enhance overall efficiency.

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