

08-Tips - Cost Reduction.

Money Saved = Money Earned.

Sr. No.	Head of Account	Tips
1	Staff Salary	<ul style="list-style-type: none"> ➤ Increase the productivity / Increase in business mix per employee. ➤ Staff can voluntary opt for no increment, pay cut, VRS etc. (Many sick units were revived only by this method) ➤ Restricting other benefits like Bonus, OT, LTA etc. ➤ Ban on recruitment / promotions.
2	Rent & Service charges	<ul style="list-style-type: none"> ➤ Rented accommodation at times works out cheaper in case organization is paying Income Tax. ➤ Premises policy should be drawn to replace rented accommodation by ownership premises.
3	Water Charges	<ul style="list-style-type: none"> ➤ If water bottles are used then the bottles should be replaced only after the water is completely exhausted. ➤ The rate can be negotiated depending on water consumption of the organization. ➤ Water should be used only for drinking purpose. ➤ Water collected in the tray can be used for watering plants in the office. ➤ Limited use should be made of flush. ➤ Water flow should be adjusted while washing hands etc. ➤ Water flow can be reduced with the help of plumber.
4	Telephone	<ul style="list-style-type: none"> ➤ MTNL lines should be converted as incoming lines only. ➤ TATA / Reliance phones (cordless) may be purchased. Phone wise billing is available. Such phone should be kept in BMs cabin and to be used exclusively for outgoing calls. SMS facility is also available. ➤ Conversation should be made to the point as Charges are levied as per pulse rate. ➤ Personal calls should not be made / should be restricted. ➤ Bills should be paid in time to avoid penalty. ➤ Payment of bills by ECS to get 1 % discount.
5	Electricity	<ul style="list-style-type: none"> ➤ Branch should be given target of reducing electricity consumption in units by say 10 % to start with. ➤ AC & Light points should be switched off in Lunch break.

		➤ AC & Light points should be switched off as per requirement. Say as per season, availability of natural light etc.
		➤ Alternate lights can be switched off if not required.
		➤ Alternate bulbs can be of low voltage.
		➤ Fans if in use can be kept on medium speed.
		➤ One or Two A/Cs can be switched off alternatively.
		➤ Computers / Monitors should be switched off when not in use.
		➤ Payment of bills by ECS to get 1 % discount.
		➤ It is necessary to ensure that printer is loaded with paper before taking computer print out.
6	Conveyance	➤ Mode of transport should be decided as per urgency, importance of visit, distance etc.
		➤ Plan Travel route properly.
		➤ Visit may be made directly from residence if convenient.
7	Printing	➤ Printed vouchers should not be misused for rough work.
		➤ Rate contracts can be made for printing jobs.
		➤ Printing should be looked after by HO.
8	Stationery	➤ Rate contract should be made for stationery supply.
		➤ Old envelopes should be used for inter office mail.
		➤ Blank computer stationery wasted in computer print outs should be cut and small pads can be made by stapling few sheets. (Such pad will have multiple uses for say writing telephone message, small calculation, use for cleaning dust from the table etc.)
		➤ Floppies should be stored properly in floppy box.
		➤ Floppies should be formatted from time to time.
		➤ Pins, rubber bands, u clips should be reused. (Observe the dust bin after sweeper has cleaned the premises.)
		➤ Printer ribbon should be reinked in time to avoid waste of computer stationery.
		➤ Printer cartridge can be refilled till the same is worn out.
		➤ Print out properties should be adjusted. (In Draft mode, less ink qty is consumed etc)
		➤ Computer print outs should be taken only when absolutely essential.
		➤ Strict control should be exercised on xerox expenses. Rate contract can be finalised with xerox center.
		➤ Stationery should not be used for personal needs.
		➤ Printer ribbons should be discarded after certain

		period and money should not be wasted for re-inking.
9	Vehicle expenses	<ul style="list-style-type: none"> ➤ Logbook should be updated & reviewed by responsible officer. ➤ Keep track of Mileage. ➤ Make arrangement for petrol / diesel with selected petrol pumps and bills to be settled on monthly basis. Petrol Prepaid cards are also available. ➤ Make arrangement for petrol / diesel with selected petrol pumps for regular servicing. ➤ Carry out routine repairs regularly. ➤ Tyres should be rotated at periodic intervals and replaced. ➤ To decide policy of replacement of vehicle. ➤ Vehicles should not be used for personal purpose. Collect charges for use of vehicles for personal use. ➤ Avid penalty by paying taxes in time. ➤ Vehicle should be driven at constant speed for optimum utilization of fuel consumption.
10	AMC	<ul style="list-style-type: none"> ➤ Keep track of number of service calls and spare parts replaced. ➤ Work out the economics considering AMC on comprehensive or retainership basis.
11	Refreshment	<ul style="list-style-type: none"> ➤ Reasonable scope to reduce the expenses by at least 15 % ➤ Lay down rules for allowing refreshment expenses as per grade. ➤ Lay down broad rules for entertaining out side officials.
12	Insurance	<ul style="list-style-type: none"> ➤ Invite quotations from various Insurers in public & private sector.
13	General Meeting Expenses	<ul style="list-style-type: none"> ➤ Avoid giving gifts. (Basically gifts are in the nature of quasi dividend.) ➤ Gift of less value to be given. The purpose should be to show organization's gratitude towards members.
14	Rebate	<ul style="list-style-type: none"> ➤ HO guidelines should be followed strictly.
15	Office Renovation expenses	<ul style="list-style-type: none"> ➤ Renovation policy should be drawn. ➤ Renovation should be carried out considering the condition of existing furniture, necessity to create more space for records, ATM etc. ➤ The emphasis should also be given on utility aspect rather than look.

16	Advertisement	<ul style="list-style-type: none"> ➤ Analyze the expenditure in various avenues such as TV, Press, magazines, Posters, Hand bills, Banners. Study the purpose and effectiveness of each type. ➤ Charity in the form of Advertisement should be avoided. (Advertisement in souvenirs published by Ganesh mandals, Navratri mandals, Schools / Colleges etc.) ➤ Small pocket calendars should be printed instead of wall calendars. ➤ Scope for reduction in advertisement expenses while complying statutory obligations.
17	Outsourcing	<ul style="list-style-type: none"> ➤ Handling of mail. ➤ Security services. ➤ Maintenance of premises (sweepers) ➤ Drivers can be hired for outstation visits. ➤ Visits to borrower. (Pre sanction) ➤ Sub-staff services to a limited extent.
18	Debit in service charges.	<ul style="list-style-type: none"> ➤ Service charges once levied should be reversed only if approved by HO.

		General considerations:
		<ul style="list-style-type: none"> ➤ Take same amount of care you take while spending your own money. ➤ Value analysis concept should be borne in mind. (Use of cheap material without affecting efficiency.)