ABSTRACT
The overall objective of this paper was to assess the performance of groundnut oil mills in Thiruvannamalai District of Tamil Nadu through inventory analysis. The average capacity of large: medium and small oil mills were 14.5, 7.2 and 0.9 tonnes per day and their actual capacity utilization were 35.1, 48.6 and 65.3 per cent, respectively. In all, the size of units, the quantity of total finished products produced was higher than the break even quantity to be produced. However, actual value of total finished products produced was less than the break even value of finished products to be produced in large sized units (margin of safety -4.50 per cent). Similarly, actual quantity of finished products sold and their values were lower than the break even quantity and value to be sold in the large sized units (margin of safety -7.18 per cent) whereas in medium and small scale units actual quantity of finished products sold and their value were greater than the break even quantity and value to be sold. Margin of safety for medium and small scale units were 37.86 and 58.46 per cent, respectively. Large scale units had negative margin of safety on one hand and huge capacity was unutilized on the other hand, therefore there is a need to improve the efficiency in its production and sales.

Key words: Break even quantity, Break even value, Margin of safety, Capacity utilization, Expeller, Ghani

Received: November, 2010; Accepted: December, 2010