

A STUDY ON INVENTORY MANAGEMENT IN SUITABLE EXPORT ORGANISATION ,CHENNAI

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ABSTRACT

Inventory is an idle stock of physical goods that contain economic value, and are held in various forms by an organization in the sector. This study will aid to know about the current inventory management trends. The effective inventory management provides the potential system nowadays to improve the performance by inventory management practices and competitive advantages in the competitive world. Stock organization over the stock system is a noteworthy test for improving coordination among the regard chain in the affiliation. Controlling stock is the need of great importance as it defines the fate of the business in the terms of its prosperity and disappointment as rivalry is intense, growing day-by - day. Interest in the stock ingests a huge part of working capital of an organization and frequently it speaks to a substantial bit of aggregate resources of a business.

KEY WORDS: *inventory,inventory management ,ABC analysis*

INTRODUCTION:

Stock administration is the work on administering and controlling of the requesting, stockpiling and utilization of segments that an organization utilizes as a part of the creation of the things it offers. Stock administration is likewise the act of directing and controlling of amounts of completed items available to be purchased. A business' stock is one of its significant resources and speaks to a venture that is tied up until the point when the thing offers.

In any business or association, all capacities are interlinked and associated with each other and are regularly covering. Some key viewpoints like production network administration, coordination and stock shape the foundation of the business conveyance work. Subsequently these capacities are critical to showcasing directors and in addition fund controllers.

Stock administration is an essential capacity that decides the strength of the inventory network and in addition the effects the monetary soundness of the accounting report. Each association always endeavors to keep up ideal stock to have the capacity to meet its prerequisites and maintain a strategic distance from over or under stock that can affect the money related figures.

Stock is constantly powerful. Stock administration requires consistent and watchful assessment of outer and interior factors and control through arranging and survey. A large portion of the associations have a different office or employment work called stock organizers who constantly screen, control and survey stock and interface with generation, obtainment and back divisions.

OBJECTIVE:

PRIMARY OBJECTIVES :

The main objective is to determine the stock effectiveness of the organisation.

SECONDARY OBJECTIVE:

- To decide the perspective of the laborers through the stock organization and stock formats.
- To decrease the turnaround time and the procedure time
- To limit the interest in stock for boosts the benefit.
- To find the components for the low stock turnover extent.

NEED FOR THE STUDY:

To keep away the unnecessary and efficient levels of inventories in the organization.. The inventory management is to aim to research the space allocation method. Inventories are equivalent to cash and they make up an important of the total cost and it is been essential that inventory should be properly guided in the sector

SCOPE OF THE STUDY:

By this strategy it is been helpful choosing the working strategy for the officials in the stock. Inventory management being a very important concept in all the company having a coverage often call for the managerial attention .In the modern times inventory management has become the integral parts of all companies so that all the firms gives special importance for inventory management.

LIMITATION OF THE STUDY:

- Lack of time
- Some of the data was private ,so much data was not covered

REVIEW OF LITERATURE:

Lieberman, Marvin B; Demeester, Lieven (1999) in his article titled “Inventory reduction and productivity growth: Linkages in the Japanese automotive industry” published in Management Science has said that JIT production suggests a causal link between work-in-progress inventory and manufacturing productivity. Such a connection has been described in numerous case studies but never tested statistically. Historical data for 52 Japanese automotive companies are used to evaluate the inventory-productivity relationship. It is found that firms increased their productivity rank during periods of substantial inventory reduction. More detailed tests suggest that inventory reductions stimulated gains in productivity.

Moon, Ilkyeong (2001) The authors Moon & Ilkyeong published their paper in Interfaces titled “Inventory Management and Production Planning and Scheduling” which is the third version of Decision Techniques for Stock Control and Manufacturing Preparing released in 1979 and 1985. Bob Pyke became a coauthor for this version and performed a key part in composing significant up-dates of several sections, such as those on supply-chain management, multi-echelon stocks, just in time, and ERP (enterprise source planning). In addition, the writers have included worksheet applications for each section as additional components to improve the audience and usefulness for learners in business applications, and for experts.

Krishna, L Sivarama; Janardhan, G Ranga; Rao, C S P (2009) in their article “Web Integrated Decision Support System for Machine Scheduling and Inventory Management”, was published in IUP Journal of Operations Management tells about stock management symbolizes the process of managing stocks of completed products, semi-finished products and raw elements by a company so as to reduce the total stock cost. The first level contains the development of a organizing program with make span minimization as the primary objective.

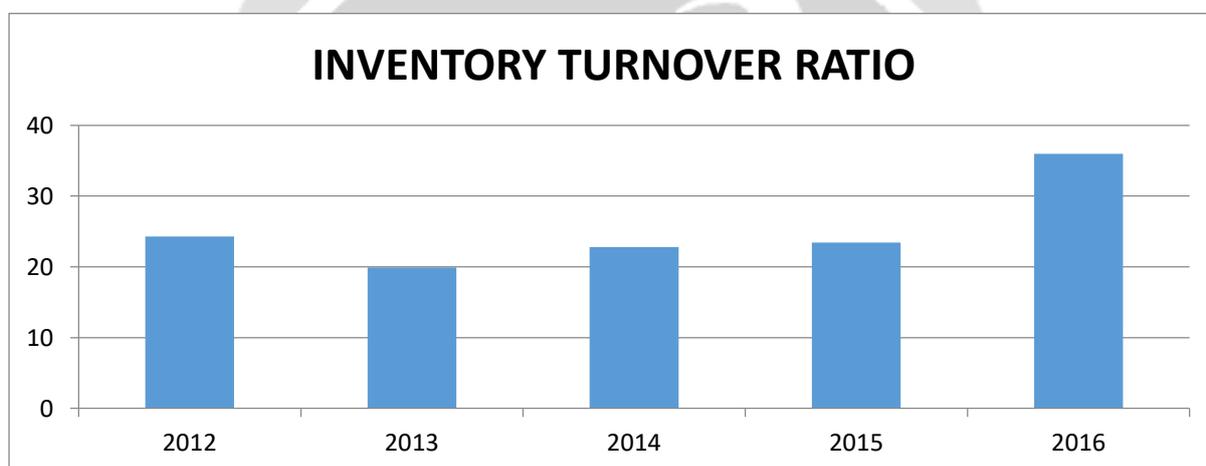
Snehalgavi (2010) in her article titled “It Outsourcing in Indian Automobile Industry” in Business & Economy says Outsourcing is the act of delegating an organization’s internal activities and to some extent the right to decisions to the third party (service vendors) as per specified in the contract. Outsourcing is a tool, in which the vendor is responsible for certain jobs outsourced by a company, in return of a price for the goods or service provided by it. This option is exercised majorly because to cut operation costs of a company and focus on its core competencies. It is basically a contract between two companies or concern in which one is getting its business process outsourced from another company offering such services.

Martin, Benjamin Robert (2010) in his article titled “Findlay Automotive group selects first look for pre-owned inventory management needs”, in PR Newswire With 15 brands including Toyota, Honda, Chevrolet, Cadillac, Saturn, Land Rover, Saab and Volkswagen, Findlay will utilize the First Look product suite to guarantee the right balance between pre-owned inventory and demand, and ensure that trades are given the best appraisals. In addition to the inventory management tool, and trade analyzer, Findlay will use the First Look Search Engine to allow its dealers to instantly search more than 30 online marketplaces to identify the best vehicles that meet that dealerships pre-owned inventory needs.

Koumanakos, Dimitrios P. (2008) in Business Wire titled “Hitachi Automotive Improves Efficiency and Inventory Control with Geac's System 21” says that Hitachi America, Ltd. has streamlined production, reduced accounting costs and improved supply chain management using Geac's System21 software solution. Hitachi Automotive implemented three System21 modules in 1998 - financials, manufacturing, and customer service and logistics - across its three locations in Kentucky, Detroit and Los Angeles. In September 2002, the company will renew its maintenance contract with Geac(R) for three years.

DATA ANALYSIS AND INTERPRETATION:

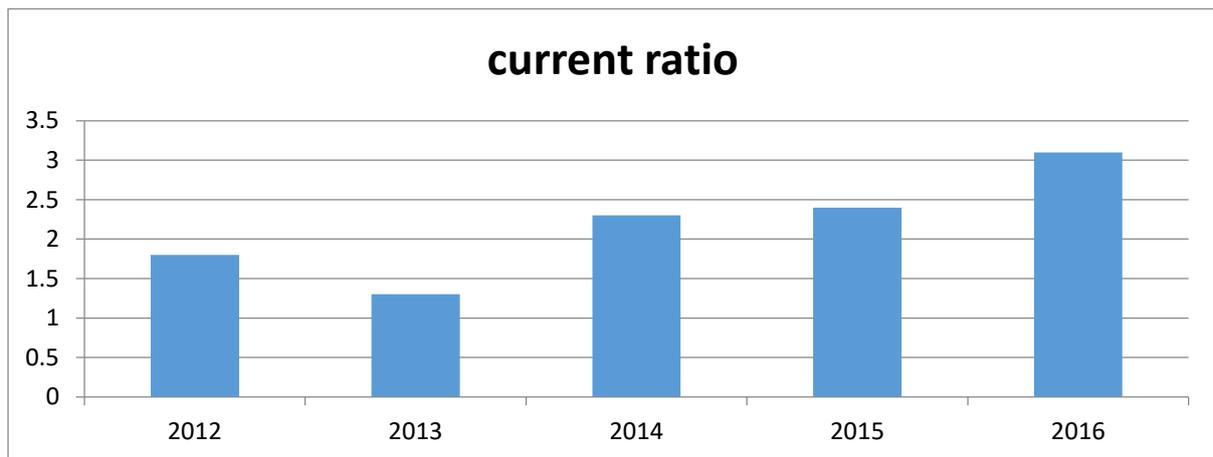
INVENTORY TURNOVER RATIO:



INTERPRETATION:

From the above table its clearly indicates that the stock gets converted into cash was 24.28,19.93,22.78,23.42,35.95 times respectively in the FY year 2012-2016 respectively .if we have compared the figures of sales 2016 and 2012 was increased with the low cost of inventory which implies the management is successful to reduce the cost involved for ,management of inventory. The was top most value of the inventory turnover ratio in the year 2012 is 77%, the lowest inventory turnover ratio in the year 2014 56.76%.

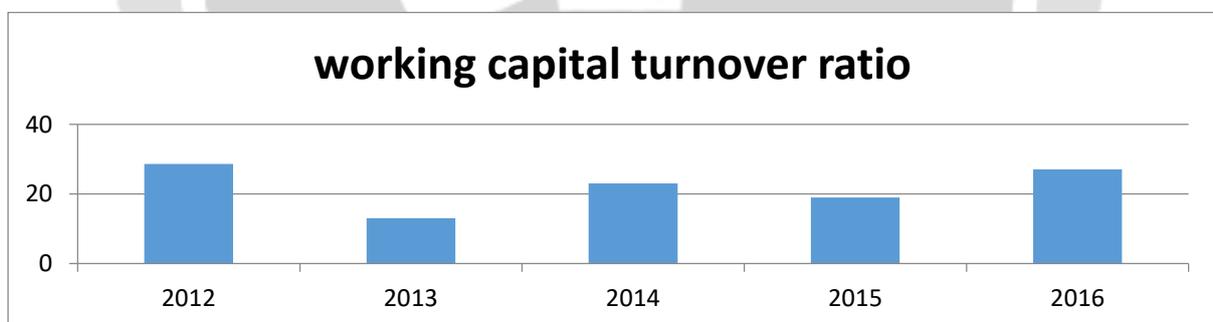
CURRENT RATIO:



INTERPRETATION:

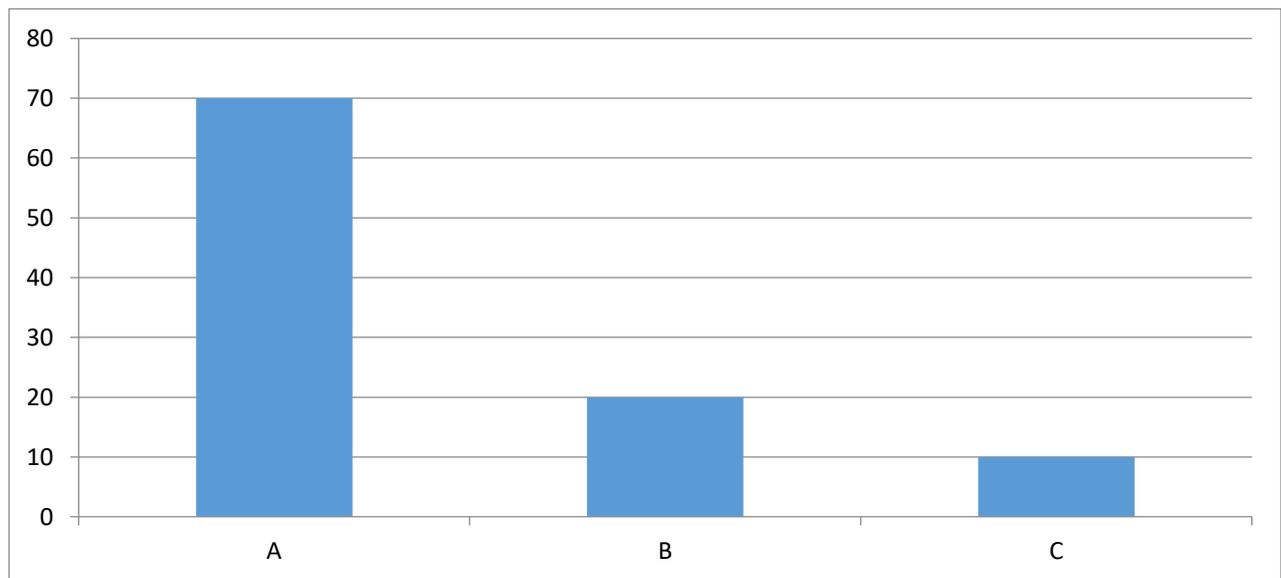
The ideal current ratio 2:1 .from the above table the current ratio of SICAL LOGISTICS for year 2014,2015 satisfy the ideal ratio of 2:1 .It indicates that the company is having the sufficient current asset to pay off its current liabilities .But the current ratio Of 2011,2012,2013 does not satisfy the ideal ratio of 2:1 .It indicates insufficiency of current asset to meet its obligation in time hence the company has to take all necessary steps to increase its current asset to pay of its current liabilities.

WORKING CAPITAL TURNOVER RATIO



INTERPRETATION:

From the above table it indicates there is an fluctuating trend of the ratio. The weigthage of stock asset is high in the FY year of 2012 as compare to other financial year .and there is an slow movement of stock

ABC ANALYSIS:**INTERPRETATION:**

The above raw material has been categorized as A class material and should be kept under rigorous control as the investment in the inventory constitutes more than 70% of the value of total investment made in the raw material inventory.

The company should direct its most of the inventory control efforts to be the items included in the category.

Although the number of items which constitutes B & C category is not fairly large investment in these category is less than 30% and which warrants the minimum attention.

During the analysis and clarification with the executives of the company controlling and production and stores we were explained that the raw material which were grouped under B&C category even though critical through to the production process were available easily.

While making analysis utmost care was taken not to include critical raw material for production process which is not available easily in the market even though it involves small investments in B&C category.

FINDINGS:

- The stock turnover proportion demonstrates the productivity of the firm to deal with its inventories.
- Every year the stock time frame is diminishing, so the turnover of the stock is going quickly so the stock time frame is diminishing.
- The stock and the net offers of the organization has the net deals to be diminished for in light of legitimate stock administration framework.
- The increment of pattern in crude material stock proportion, Because of the material devoured.
- Increase in stock in stock turnover proportion will naturally diminish the borrowers turnover period. The settlement made by the account holder is inside the brief time frame which demonstrates the strict gathering arranging by the organization.
- The stock to the deals will consequently will diminish the indebted individuals turnover proportion. There is a sudden reduction in proportion in two years because of diminishing in stock. A declining stock deals proportion is typically useful for financial matters since it implies the deals are expanding quicker stock.

- Other current resources of the organization had a positive in past records.

- From the grouping A classes are those unit esteem is more than Rs.100 and constitutes 70% of aggregate parts . B classes are those unit esteem is between Rs.25-100 constitutes of 20% of aggregate segments and C classes are those whose unit esteem is under Rs.25 constitutes 10%of aggregate segments .it is great the organization keep up its inventories in view of its esteems utilizing controlling strategies.

SUGGESTIONS:

Training should be given to the new employees regarding the inventory management in order to reduce the wastage.

Training should be given to handle the robots for maintaining the inventory management.

Stock management decisions regarding the stock replacement can be given to suppliers in order to reduce downtime.

Inventory control should minimize the wastage of production system.

CONCLUSION:

In this study, a better inventory management will surely be helpful in solving the problems the company is facing with the respect to inventory and will pave way for reducing the huge investment or blocking of money in inventory .inventory is the physical asset of a company that can create the problem if there is a shortage, while in production and also if it is in excess even after production. Inventory is constantly changing as quantities are sold and replenished .if they could properly implement and follow the norms and techniques of the inventory management ,the can enhance the profit with minimum cost .from the study it is predicted that future sales have to be achieved and inventory level has to maintained.

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