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**THE IMPACT OF INVENTORY CONTROL AND
MANAGEMENT ON ORGANISATION
PRODUCTIVITY WITH SPECIAL REFERENCE TO
MOULDINGS INDUSTRY**

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Abstract

Inventory management is a core operations management activity. A good inventory management system is important for the successful operation of most businesses and their supply chains. Some organizations have excellent inventory management and many have just satisfactory inventory management. The inventory is the link between the production and the distribution process. In today's competitive world, manufacturing companies are searching new ways of improving the industry process, how to satisfy the customer and by following this how they can stay ahead with their competitors. A firm who is neglecting the managing of inventories will be at risk at its long run profitability and may fail ultimately. This study is based on various articles about the inventory management practices followed by various organizations around the world.

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1. Introduction

Inventory management concerned with sufficient supply of a goods to meet the expected demand patterning subject to estimate review. Inventory management played vital role in the efficiency of the materials management functions and production functions rely upon abundant range on inventory management. Inventory turnover is keep up by organizations in order to prevent the stock out of materials. A stock out is unacceptable for produce because it break-off the production process

The main intention of inventory management is to make secure the possibility of materials in adequate quantity when it necessary and also reduce investment in inventories.

Inventory management is worried with the arranging, coordination and control of activity important to inventory issue through and outside an association.

Literature Review

Srinivas Rao Kasisomayajul

He is researching "Inventory Control in the Indian Commercial Vehicle Industry. For the study, five representative businesses were selected. The analysis found that there is a strong correlation between inventory and sales for all units in the commercial vehicle industry..

Madishetty And Kibona

It was revealed that small and medium-sized businesses' (SMEs) profitability is positively impacted by well-designed and implemented inventory management. They looked into the connection between profitability and the time it takes to convert inventory, as well as the impact inventory management has on SMEs' bottom lines. They applied information from financial statements from 2006 to 2011 to a sample of 26 Tanzanian SMEs.

Panigrahi

His analysis suggests that the methods of inventory management used by Indian cement producers and how well they manage working capital. The relationship between inventory conversion days and profitability was also examined in the study

Tinggi And Kadri

They focused on the connection between fundi capacity and the inventory management system and firm performance. As a result, between 2006 and 2010, they looked into 82i sample Malaysian construction businesses. Using regression and correlation analytic techniques, they found that inventory management had a positive link with company performance. The results also point to a

positive relationship between inventory management and capital intensity.

Lwikiet Al

A review of all eight sugar production enterprises in Kenya revealed a generally favourable association between each inventory management practice. Specific performance metrics have been shown to be dependent on practises for inventory management. They discovered that strategic supplier relationships and lean inventory management were substantially connected with return on equity.

Objectives

1. To get the practical experience of inventory management activities in the organization.
2. To study how company manage their inventory efficiently using the economic order quantity.
3. To study the allocation of company resources according to the importance through ABC analysis

Need For The Study

The study is conducted with respect to inventory management. The key purpose of studying this topic is to analyse efficient control over stock and maintain sufficient stock within the organization. It optimizes the production efficiency and increases the profitability of the concern. It also prevents the problems regarding out-dated stocks and shortage of stocking.

2. Research Methodology

Research Design: This study will employ a quantitative research design to gather data and analyze the impact of inventory control and management on organisation productivity with special reference to nishanth mouldings private limited

- Sources Of Data: Through 2 different sources data will be collected regarding this study.
- Primary Data: Primary data collected for this study specifically from Finance executive, Account manager of nishanth mouldings private limited and from various departments of the concern, in order to understand the operation system and various methods adopted at different levels.
- Secondary Data: Basically secondary data includes Balance sheet of the company from annual report and Literatures of other companies etc.

ABCAnalysis

Different inventories are organized using ABC analysis into three priority groupings or groups. Then distributes managerial efforts in proportion

to Class-A things are those with the highest priority, Class-B items are those with a medium level of importance, and Class-C items are those with the lowest priority. The financial manager must keep track of the things from various groups in the

appropriate order of importance and according to consumption. Ones with high values are prioritized, processed quickly, and subject to more control than ones with low values. There are rational limits as follows.

Category	% of items	% of Total cost of Materials
A	5-10	70-85
B	20-30	20-30
C	70-85	5-10

Procedure

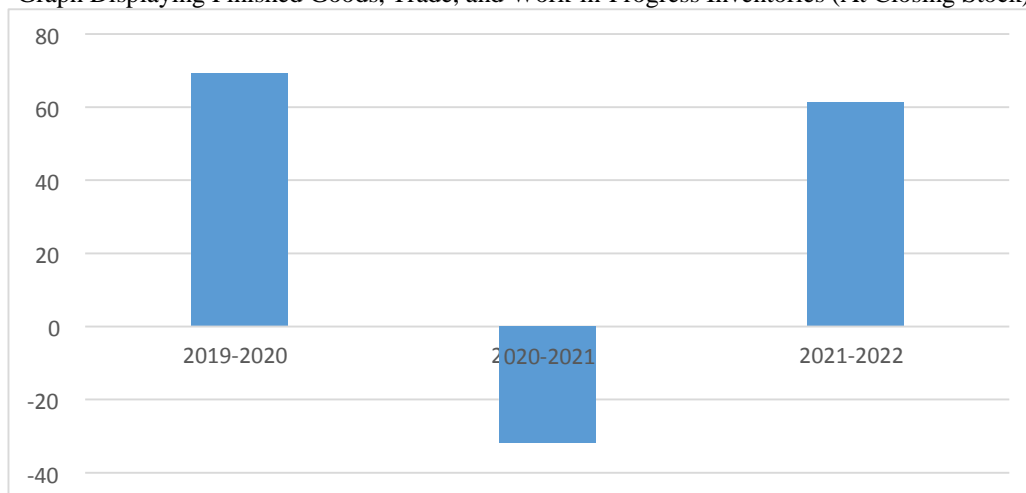
1. Highest priority and fast attention are given to items of highest worth.
2. The cumulative annual value of consumption is then expressed as a percentage of the overall annual value of consumption.

3. These percentage numbers are then used to establish three categories. The ABC analysis helps managers allocate their resources according to the importance of various inventory terms.

(Table Displaying Finished Goods, Trade, and Work-in-Progress Inventories (At Closing Stock))

YEAR	AMOUNT OF WORK-IN-PROGRESS
2019-2020	69.23
2020-2021	(31.84)
2021-2022	61.47

Graph Displaying Finished Goods, Trade, and Work-in-Progress Inventories (At Closing Stock)



Interpretation:

The price of work-in-progress is shown on the graph above. Work-in-progress increased by Rs. 69.23 during the 2019–2020 fiscal years. In 2020–2021, the work-in-progress is decreased to Rs–31.84. In 2021-2022, the work-in-progress increased to Rs. 61.47

**Quantity of economic order:
Over 2017–2018**

The company needs the units of materials listed below to make soap. The following information relates to their operations from 2017 to 2018.

PARTICULARS	
Quantity	20,000MT
Ordering cost per Order	Rs.1200
Carrying Cost	6%
Purchase price per unit	270

1. Calculation of EOQ:

Total units required (A) = 20,000 MT
Ordering cost per Order (O) = Rs. 1200
Carrying Cost per unit (C) = 6%
(i.e.) 6% of Rs. 270 = Rs. 16
 $EOQ = \sqrt{2AO/C}$
 $= \sqrt{2 * 20000 * 1200 / 16}$
= Rs. 1732.05

2. Number of orders for the year = A/EOQ

$= 20000 / 1732.05$
= 11.54 OR 12 orders

3. Total annual cost = carrying cost + ordering cost

$= 1310000 + 26000$
= Rs. 1336000

Carrying cost = order size * average inventory

• **order size = A / no of orders**
 $= 20000 / 12$
= 1666.67

• **Average inventory = order size / 2**
 $= 1666.67 / 2$
= Rs. 833.33

• **Carrying cost = 1666.67 * 833.33**
= Rs. 1395833.33

• **Ordering cost = cost per order * no of orders**
 $= 1200 * 12$
= Rs. 14400

3. Conclusion

This study has disclosed that there are few faults in the organization which related to production process, slow-moving sub-assembly items and obstacle of working capital in work-in-progress. Through use of some latest techniques of inventory control and suggestions made in the study there is more chances to improve inventory management in the organization. Proper inventory control ensures that the right amount of stock is available at the right time. This helps in avoiding stockouts, which can disrupt production schedules and lead to delays in fulfilling customer orders. By maintaining optimal inventory levels, organizations can streamline their operations, minimize downtime, and increase output, thus enhancing productivity.

To conclude that a systematic inventory control technique is to be adopted among which ABC analysis is considered as best to accomplish the effectiveness of inventories in the firm. The effective periodic examining and implementation of systematic procedure and policies can keep the firm in success path.

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