

CONTROL AND MANAGEMENT OF INVENTORY IN JAYROPE SUGAR INDUSTRIES

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ABSTRACT

Inventory Management System is extremely beneficial to business owners, as they allow shops to properly store sales and purchase records. When inventory is mismanaged, it leads to dissatisfied consumers, slower sales, too much cash on hand, and warehouses. This inventory system reduces manual work, human mistake, and manual delays while simultaneously speeding up the process. This inventory management system will be able to track sales information as well as inventories. Inventory management system is a web application for Windows that focuses on inventory and sales clearance. It was created for Windows operating systems. The inventory management system has a number of features. This web application has logical tools for evaluating ideal inventory levels and selecting the appropriate replenishment strategies automatically. It also has capabilities like the ability to identify stock levels, compute reorder points automatically, and highlight potential stock-outs. This technique eliminates the risk of stock-outs of fast-moving goods by minimizing delays.

Key words: Inventory Management System, track sales, sales clearance, time saving, warehouse, stock.

1. INTRODUCTION

The meaning of inventory is “stock of or a list of goods and in accounting language it may mean stock of finished goods only. But for a manufacturing concern, it includes raw material, work-in-progress and stores as well as finished goods. The term inventory refers to the stock pile of the product of a firm, which is offered for sale and the components that make up the product. It denotes the stock on hand, at a particular time of various items. It not only concerns the material department but also the production, marketing and finance department.

Inventory management consists of maintaining for a given financial investment an adequate of something in order to meet and accepted pattern of demand. Inventory considers control over costs of inventory on one hand and handles the size of inventory on other hand.

INVENTORY MANAGEMENT SYSTEM IN INDIA:-

1. Inventory levels in India appear to be high. The reasons commonly cited for this are as follows:

- Purchase executives are severely penalized for stock outs, but they are not questioned for high inventories.
- Lengthy and cumbersome import procedures in the past forced companies to carry huge amounts of inventories of imported items.
- It pays to keep inventories high because price rise due to inflation.
- Most of the vendors are not reliable in terms of delivery schedules and quality of the materials supplied. Hence, companies carry large safety stocks.

2. NEED FOR THE STUDY

Every organization needs inventory for smooth running of its activities. It serves as a link between production and distribution processes. The investment in inventories constitutes the most significant part of current assets/working capital in most of the undertakings. Thus, it is very essential to have proper control and management of inventories. The purpose of inventory management is to ensure availability of materials in sufficient quantity as and when required and also to minimize investment in inventories. So, in order to understand the nature of inventory management of the organization, I took this Inventory Management as a topic for my project, to give findings and suggestions by adopting and analyzing different inventory control techniques.

SCOPE OF THE STUDY

The scope of the inventory may change based on the strategic targets of the business. Scope may refer to different aspects of how inventory counts are conducted or to the way inventory information is used. A manufacturer of durable goods may use inventory information to control the costs of raw materials and to maximize margins, while a food manufacturer may prioritize fast turnover of inventory to ensure freshness. The importance of inventory counts in those examples may require staff dedicated to inventory management, while a small cleaning business may not need more than an

occasional scan of its cleaning supplies inventory to function efficiently. It is useful for deciding operating policy & volume of inventory. It helps to develop the policies for the executives in inventory. It helps the company what items goods are categorized.

OBJECTIVES OF THE STUDY

- To examine the components of inventory management in the Stores of the Jeypore Sugar Company Limited (JSC).
- To analyze the pattern, levels and trends of inventories in JSC.
- To understand the various inventory control techniques followed by JSC.
- To access the performance of inventory management of the JSC selected ratios.
- To study the existing Inventory Control System at JSC.

3. RESEARCH METHODOLOGY

Sources of data:

The methodology designed for my project entitled “Inventory Management” JSL in Chagallu is in two sources

- Primary Data
- Secondary Data

1. Primary data

Primary data has been collected by interviewing various officials in production department as well as administrative officials who have given the details of inventory process and also by the existing software in the company.

The primary data has been collected from the personal observation and personal interviews with the officials of the firm.

2. Secondary data

Secondary data comprise information obtained from stores accounts and records of purchase department and other related departments.

However, in the study most of the data used for the analysis are the secondary data.

Tools Used For Analysis:

For analysis purpose used following techniques are applied

1. Stock Level
2. Ratio Analysis

4. LIMITATIONS OF THE STUDY

- The period taken for the study is limited to only years i.e., from 2017-2018 to 2021-2022.
- The limitations of ratio analysis can be applicable to the study.
- There may be approximations.
- The study is mostly based on secondary data.
- The study was carried in Jeypore sugars company ltd .for 5 weeks
- Complete information was not provided by the company.

5. DATA ANALYSIS & INTERPRETATION

INVENTORY PROPORTION OF TOTAL CURRENT ASSETS

Proportion of Inventories in T.C.A = $\text{Inventories} / \text{T.C.A} \times 100$

Year	Inventories	Total Current Assets	Proportion of Inventories in total current assets
2017-18	1,38,66,55,431	1,75,85,00,482	78.85
2018-19	1,23,50,90,331	1,81,81,23,056	67.93
2019-20	1,03,87,53,052	1,48,14,52,158	70.12
2020-21	1,37,87,32,304	1,76,35,34,155	78.18
2021-22	123,23,23,829	172,50,70,174	71.44

Interpretation: From the table we can say the proportion of inventories to total current assets in J.S.C. Limited varies between 78.85% to 67.93% in the year 2017-18 to 2018-19 is maintaining the inventory level at 70% of total current assets on an average, but in 2021-2022 the inventory turnover y level at 71.44.

FINDINGS

- The proportion of inventory is very high when compared to other assets in the value.
- The finished goods turnover ratio is low and it will affect the liquidity position of the firm. The trend is altogether dissatisfactory.
- Work in process turnover and raw material turnover ratios of Jeypore Sugar Company Limited are at a satisfactory level.
- The machinery used in the Jeypore Sugar Company Limited is old technology and it causes high man power utilization.

6. SUGGESTIONS

- To reduce the inventory period the company has to put up the sales. If the sales are increased automatically inventory period decreases.
- Inventory management techniques include various aspects like economic order quantity, safety stock and re-order points which are employed to regulate the inadequate and excessive inventory in JSC.
- Inventory is the list of movable items which are necessary of manufacture a product and to maintain the equipment and missionary in good working order. Inventory is actually 'money' kept in the store room in the shape of raw materials, spares, tools, finished stock and work in progress.

7. CONCLUSION

This study is carried with the prime objective of understanding the inventory management practices of JSC Inventory management refers to an optimum investment in inventories. It should be neither inadequate nor excessive. This study mostly concerns the inventory decisions of JSC that is how much to order, what is the optimal quantity of an item that should be ordered, when the order should be placed and also how much safety stock should be kept. Thus what quantity of an item in excess of the expected requirement should be held as buffer stock in anticipation of the variations in its demand or the time involved in acquiring fresh supplies in the essence of inventory management.

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