

Inventory management and analysis

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Abstract

In any business or organization, all functions area unit interlinked and connected to every alternative and area unit usually overlapping. Some key aspects like offer chain management, supplying and inventory kind the backbone of the business delivery operate. Thus these functions area unit very vital to promoting managers still as finance controllers. Inventory management is that the apply overseeing and dominant of the ordering, storage and use of parts that a corporation uses within the production of the things it sells. Inventory management is additionally the apply of overseeing and dominant of quantities of finished merchandise purchasable.

Keywords: chain management, supplying, Inventory, ordering

Introduction

Inventory management systems are central to however corporation's track and management inventories. Having the power to live inventory in a very timely and correct manner is vital for having uninterrupted business operations as a result of inventory is usually one in every of the most important current assets on a company's record.

Perpetual inventory system

The perpetual system uses a permanent inventory account to trace inventory purchases and uses. Once a corporation buys inventories throughout a fluctuation, the acquisition directly will increase the balance of the inventory account. Conversely, once a corporation sells product from existing inventories, the sale directly decreases the balance of the inventory account. Beneath the perpetual inventory system, firms are able to maintain an eternal record of changes in inventory and so, have up-to-date data concerning their inventory holdings at any purpose in time.

Perpetual system application

The application of perpetual inventory system depends on the employment of a collection of accounting records on connected accounts as well as inventory, money or accounts owed, sales and price of products sold. Applying the perpetual inventory system, inventory purchases area unit debited on to the inventory account instead of to the acquisition account, whereas money or accounts owed is attributable to record the payment. Later once procurement happens, corporations record the sale and acknowledge value of products sold severally. A procurement is recorded at the price with a debit to money or assets and credit to sale. However value of products sold is recorded at the initial inventory-purchase value as a debit, and therefore the inventory account is attributable to indicate the inventory reduction.

Literature review

Inventory, in most of the industries, accounts for the most important proportion of gross capital. Variety of studies, therefore, is

conducted to seek out the determinants of investment in inventories. The subsequent discussion provides a brief review of studies, handling factors influencing investments in inventory in Bharat. Economic studies to investigate the factors that influence inventory accumulation in India, area unit supported statistic and pooling of cross section of your time series knowledge referring to manufacturers' inventories.

Krishnamurthy's study (1964) was aggregative and treated inventories within the personal sector of the Indian economy as a full for the amount 1948-61. This study used sales to represent demand for the merchandise and recommend the importance of accelerator. Short rate of interest had conjointly been found to be important.

Hari R. Hindoo in his analysis work "Materials Management in Public Undertakings" has evaluated the performance of materials management within the central public undertakings in Rajasthan like, Instrumentation restricted, Kota unit: HMT, Ajmer unit: geographic area Zink restricted, Debari unit; geographic area Copper restricted, Khetri unit and Sambhar Salts restricted. The study covered varied aspects of materials management in these enterprises from 1977-78 to 1981-82.

The ways of investigation include form interview, on the spot study and deskwork techniques etc. it's been determined that the value of materials accounts for over fifty per cent of the whole price of production in the elite units of the study. Sadly, the importance of proper materials management wasn't totally completed by public undertakings in Rajasthan and really very little attention has been paid so far, to the task of dominant investment in inventories through the application of assorted scientific techniques of materials management. Apart from the analysis studies conducted at varied universities and establishments and textbooks revealed on the subject, there is a unit some noted journals on materials management published in Asian nation.

Conclusion

However, the materials management has been known because the most potential space of prime importance to increase the productivity and potency of a company. Even then, serious makes an attempt of analysis haven't been created during this

area. The current study has been to some extent able to highlight the importance of the materials management collectively of the important practical areas in Associate in nursing business like construction.

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