

A STUDY ON INVENTORY MANAGEMENT ANALYSIS IN REAL PLASTIC PRIVATE LTD, ATTUR (TK), SALEM (DT)

Dr.P. Ganapathi¹, K.P.Abisheck²

¹*Associate professor/Head Department of Master of Business Administration ,
Muthayammal Engineering College (Autonomous)
Rasipuram, Namakkal, Tamil Nadu, India.*

ORCID-iD: //orcid/0009-0001-4872-1945; Email ID: hrganapathi@gmail.com

²*Final Year MBA Student, Muthayammal Engineering college (Autonomous),
Rasipuram, Nammakal, Tamil Nadu, India.*

Mobile no +916374336687 E-mail ID: abisheckkp@gmail.com

Abstract—*This research propose to get exposure in inventory management and it is very important to the company. It is to ensure quality in business that control the transaction between the consumer goods. It is important to do proper inventory management and control in the production company. This project is to analyse the inventory control in the leading water tank manufacturing company (REAL PLASTIC PRIVATE LTD). In this project we will perform the inventory management of U cap supply chain we will go through the financial statements of the company to diagnose inventory management process.*

INTRODUCTION

Every enterprise needs inventory for smooth running of activities. It serves, as a link between production and distribution. For every process there is, generally, a time lag between there cognition of a need and its fulfillment. The greater the time lag, the higher the requirement for inventory. The unforeseen fluctuations in demand and supply of goods also necessary it at etheneed for inventory. It provides acushion for future price fluctuations.

The investment in inventories constitutes the most significant part of current assets/working capital in most of the under takings. Thus, it is very essential to have proper control and management of inventories. The purpose of inventory management is to ensure availability of materials insufficient quantity as and when required and also to minimize investment in inventories.

The investment in inventory is very high in most of the undertakings engaged in manufacturing, wholesale and retail trade. In India, a study of 29 major industries has revealed that the average cost of materials is 65paise and the cost of labour is 10 paise and overheads is 15paise of a rupee, 10%is profit. It is necessary for every management to give proper attention to inventory management. A proper planning of purchasing, handling, storing and accounting should form apart of inventory management.

An efficient system of inventory will determine,

- What to buy
- How to buy
- Where to buy
- Where to store

There are conflicting interests of different departmental heads over the issue of inventory. The finance manager will try to invest less in inventory because to him it is an idle investment, whereas production manager will emphasize to acquire more inventory as he does not want any interruption in production due to shortage of inventory. The purpose of inventory management is to keep the stocks in such a neither way that there is over-stocking nor under-stocking. The over-stocking will mean a reduction of liquidity and starving of other production processes where as under-stocking, on other hand, will result in stoppage of work. The investments in inventory should be kept in reasonable limit.

SCOPE OF THE STUDY

- To determination of inventory policy.
- To determining various stock levels.
- To determining economic order size.
- Safety or buffer stock.
- To determining lead time.

OBJECTIVE OF THE STUDY

Primary Objectives:

A Study on Inventory management towards Real plastic private limited with special reference to Attur.

Secondary Objectives:

- To study the Inventory is maintained to meet customer demand of the organization.
- To study the cost reduction to the operational efficiency.
- To study about the Inventory turnover ratio to optimize cash flow.
- To study about the supply chain to streamline operation and reduce lead times.
- To study about the Identify risk management associate with chain distribution, market fluctuations, and demand volatility.

RESEARCH METHODOLOGY

The research is based on the following methods.

- General scientific methods: analysis, synthesis, generalization, analog approach, modeling, logical method and classification.
- Empirical methods: observation, description, measurement, comparison, case method.
- An algorithm consisting of the following stages was used to highlight the research topic
- The concept of financial stability at the macro and micro levels is generalized
- The relationship between macroeconomic indicators and financial stability of business is defined.

SAMPLING DESIGN

For the study two different types on non-probability sample design were used.

SOURCES OF DATA

PRIMARY DATA

Primary data for financial stability analysis typically includes financial statements such as balance sheets, income statements, and cash flow statements, as well as other relevant financial data like debt levels, liquidity ratios, profitability metrics, and asset quality indicators.

SECONDARY DATA

Secondary data include these data which are collected for some earlier researched applicable in the study there searcher has presently undertakes.

RESEARCH DESIGN

The research carried out the study with the descriptive type of research.

TOOLS USED FOR THE DATA ANALYSIS

For the purpose of analysis and interpretation certain common methods were used through diagrammatic representation like pie diagrams and data collected by the questionnaire method and data analysis in percentage analysis. It is a descriptive type of study.

RESEARCH DESIGN

The methodology used in this study is descriptive in nature where the researcher has to use facts (or) information already available and study the characteristics of a particular group respectively and there by analyse to make a critical evaluation of the study.

STATISTICAL TOOLS USED

- Simple Percentage Analysis
- Chi-Square
- Correlations

TOOLS USED FOR THE DATA ANALYSIS

Percentage refers to a special kind of ratio. Percentage is used in making comparison about two or more series of data. Percentage is also used to describe the relationship.

CHI-SQUARE

Chi-square test is a non-parameter test and is used most frequently by marketing researchers to test the rightness of hypothesis.

Chi-square is symbolically written as tests aiming at determining whether significant difference exists between two groups of data.

CORRELATION

There are several different correlation techniques. The survey systems optional statistics module includes the most common type, called the person or product moment correlation.

LIMITATION OF THE STUDY

- The study is made for certain period only i.e 2018-19 to 2022-2023.
- Difficulty of getting access to some important data due to its sensitivity and secretive nature.
- The non-uniformity in the accounting periods of the years under study made it difficult to interpret the data concisely.
- The ratio are only financial indicators, they cannot be taken as final regarding financial position of the firm.
- The data was approximated where ever necessary.

SUGGESTION

- The company is maintaining high current ratio of 6.25% in the year 2015-2016. But the idle current ratio is 2:1. So the company should minimize the current assets.
- The company should maintain inventory position properly, so as to continue production regularly.
- Debt-collection policy should be properly followed so as to have better liquid position.
- The company cash to current assets proportion is very high, there earcher suggested that idle cash position should be invested properly.
- Proper policy should followed to make investment of cash.
- There earcher suggested that debt-equity ratio should be continued to have long term solvency.
- Operating expenses should be reduced in order to obtain more profit.

CONCLUSION

From the study it can be generally concluded that the companies present working capital management is satisfactrable. There has been a close co-operation between finance, technical and other executives and there is intense involvement of these resulting in harmony in the affairs of the company.

REFERENCE

www.plasticindustry.in

www.threats.in

www.realplast.com
