

# BUILDING RELATIONSHIP MARKETING THROUGH ONLINE MARKETING COMMUNICATION: A SURVEY OF RETAIL STORES IN GUNTUR

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***ABSTRACT:*** Inventories generally represent a very significant proportion of total assets. Hence the importance of inventory management cannot be overemphasized. A distinction may be drawn between 'process or movement' inventories and organization inventories. The former are required because it takes time to complete a process and to move product from one stage to another; the later are maintained to widen the latitude in planning and scheduling successive operations. Several methods are used for pricing inventories used in production. The important are; (i) first-in first-out (FIFO) method (ii) last-in first-out (LIFO) (iii) weighted average cost method (iv) standard cost (price) method, and (v) current price method. Inventory levels in India are high for variety of reasons.

*The most common tools of inventory management in India are:*

*ABC analysis, FSN analysis, and inventory turnover analysis.*

*While the overall objective of the inventory system is to minimize the cost to the firm at the risk level acceptable to the management.*

*There is considerable scope for improving inventory management in India.*

## **I. INTRODUCTION**

Inventory can be referred to as sum of the value of raw materials fuels and lubricants, spare parts, maintenance consumables, semi processed materials and finished goods, stock at any given point of time.

In large companies inventory place a most significant part of the current assets. The business has about 16 to 30% of inventories in total assets.

Inventory is composed of assets that will be sold in future in the normal course of business operations. The assets which firms stores as inventory is anticipation of need are raw materials, work in progress and finished goods.

### **MEANING OF INVENTORY MANAGEMENT**

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 handle the size of inventory on other hand.

Controlling investments in inventories constitute crucial part in current assets.

An efficient inventory controlling system will decide,

What to purchase

When to purchase

How to purchase

Size of purchase

And from where to purchase (Suppliers)

The main purpose of inventory management is to ensure.

1. Required quantity of availability of raw materials
2. Minimize the investments in inventories
3. Maintain reasonable stock levels not excess or not under stocks.

## **II. OBJECTIVES OF THE STUDY**

The main objective of the project work is to study and analyze and preparation INVENTORY MANAGEMENT in Tecumseh India products private Ltd.,

That twin objectives of inventory control are,

To maintain a balanced inventory.

To keep the amount invested in inventory as low as possible without hampering either flow of the production or deliveries of finished goods.

❖ To avoid both under stocking and over stocking of inventory.

❖ To eliminate duplication in ordering or replenishing stocks. This is possible with the help of centralized purchasing.

❖ To ensure continues supply of materials, spares and finished goods so that production should not suffer and any time and customers demand should also be met.

❖ To design proper structure for inventory management. A clear cut accountability should be fixed at various levels of the organizations.

❖ To ensure right quality goods at reasonable prices. Suitable quality standards will ensure proper quality of stocks. The price analysis, the cost analysis will ensure paying of proper prices.

❖ To facilitate furnishing of data for short term and long term planning and control of inventory.

#### **The objectives are**

1. Purchasing procedure of the inventories.
2. Classification of inventories.
3. Codification of inventories.
4. Analyze the records of stock levels.
5. Analyze the JIT system of Tecumseh India products private Ltd.
6. Analyze the two bin system.
7. Analyze the inventory turn over ratio.

#### **NEED OF THE STUDY**

In this competitive business world each and every business organization need inventory management system for determining what to order, when to order, where and how much to order so that purchasing and storing costs are the lowest possible without affecting production and sales. Thus, inventory management control incorporates the determination of the optimum size of the inventory-how much to be order and when after taking into consideration the minimum inventory cost.

The over all inventory management includes design and inventory control organization with proper accountability establishing procedure for inventory handling disposal of scrap, simplification, standardization and codification of inventories, determining the size of inventory holdings, maintaining record points and safety stocks, economic order quantity, ABC analysis and VALUE analysis and finally framing an INVENTORY MANUAL.

#### **RESEARCH METHODOLOGY**

To attain the objective of studying the inventory of Tecumseh India products private Ltd. The information has been collected in two ways :

Primary data

Secondary data

#### **Primary Data:**

In Primary data the analysis of purchasing procedure, inventory data, inventory turn over ratio, stock levels, ABC analysis, Twobin system, JIT has made possible by the discussions with various administrative executives and other concerned people of Tecumseh India Products Private Limited.

#### **Secondary Data:**

The Secondary data has been collected from annual reports of organization, internet ([www.bkblgroup.com](http://www.bkblgroup.com)) and books.

#### **LIMITATIONS OF THE STUDY**

- 1 The study period of 45 days as prescribed by university
- 2 The study is limited unto the date and information provided by Tecumseh India products private Ltd and its annual reports
- 3 The report will not provide exact Budgetary System status and position in Tecumseh India products private Ltd; it may vary from time to time and situation to situation.

This report is not helpful in investing in Tecumseh either through disinvestments or capital market.

- 5 The accounting procedure and other accounting principles are limited by the company changes in them may vary the actual and budget performance.

#### **REVIEW OF LITERATURE**

**INVENTORY MANAGEMENT –Tecumseh India Products Private Limited.****INTRODUCTION:**

Every enterprise needs inventory for smooth running of its activities. It server as a link between the production and distribution process. The greater a time lag, the higher the requirement of inventory the unforeseen fluctuation of inventory demand and supply of goods, fluctuating inventory prices, necessitate the need for inventory management.

The investment inventory constitutes the most significant part of the current assets inventory of the under taking. Thus it is very essential to have a proper control and management of inventory.

**Meaning and nature of inventory**

The general meaning of inventory is stock of goods or list of goods inventory. In accounting language it means stock of finished goods. For inventory manufacturing concern it includes raw materials, work in progress, consumables finished goods and spares etc.

**1. Raw materials:**

If forms a major input inventory in organization. The quantity of raw materials required will be determined by the rate of consumption.

**2. Work in Progress :**

The work in progress is that stage of stocks, which are in between raw materials and finished goods.

**3. Consumables :**

These are the material, which are needed to smoothen, the process of production. These do not directly go into production, but act as catalyst.

**4. Finished Goods :**

These are the goods, which are ready to sale for the consumers. The stock of finished goods provides as buffer between production and market.

**5. Spares:** Spares also from a part of inventory. The stocking policies differ from industry to industry.

Inventories cost account for nearly 55 percent of the cost of production, as it is clear from an analysis of financial statements of large number of private and public sector organizations. So, It essential to establish suitable procedures for proper control of materials from the time of purchase order placed with supplier until they have been consumed properly and accounted for.

**Definition:**

❖ The term inventory refers to assets, which will be sold in future in the normal course of business operations. The assets, which the firm stores as inventory in anticipation of need, are raw materials, work-in-progress/process, and finished goods.

Inventory often constitute a major element of a total working capital and hence ft has been correctly observed, 'Good inventory management is good financial management'.

Inventory control is a system, which ensures the provision of the required quantity at the required time with the minimum amount of capital.

Inventories are the second largest asset category for the manufacturing firms next to plant and equipment.

Inventory control includes scheduling, the requirements, purchasing, receiving and inspecting, maintaining stock records and stock control. Inventory control is a matter of coordination. A proper material control helps in improving the input-output ratio.

**Objective of inventory management**

The main objective of inventory management are operational and financial. The operational object means availability of materials and spares in sufficient quantities for undisturbed flow of production. The financial objective means investments in inventories should not remain idle and minimum working capital should be locked in it.

**THE OTHER OBJECTIVES ARE :**

- 1) To ensure continues supply of inventories to the production.
- 2) To avoid over stocking and under stocking.
- 3) To maintain optimum level of investment in inventories.
- 4) To keep material cost under control, to keep low cost of production.
- 5) To eliminate duplication in ordering or replacing stocks.
- 6) To minimize losses through, deterioration, pilferage, wastage and damages.
- 7) Designing structures for good inventory management.
- 8) To ensure right quality of goods at reasonable prices. Analysis of prices cost and value.
- 13) To facilitate data for short and long term planning and control of inventory.

**NEED FOR INVENTORY CONTROL:**

If a cost accounting system is to be effective there must be a proper control of inventory and supplies from the time orders are placed with suppliers until they have been effectively utilized in production.

Materials are equivalent to cash and they make up an important part of the total cost. It is essential that materials should be properly safeguarded and correctly accounted. Proper control of material can make a substantial contribution to the efficiency of a business. The success of a business concern largely depends upon efficient purchasing, storage, consumption and accounting.

In a large firm the planning and routing department is responsible for arranging how and where the work is to be done and issue instructions. It sets definite time schedules so that necessary materials are delivered to the proper department in proper time not too long before hand neither lest it should interfere with other work nor after they are required as this result in idle time.

Business firm keep inventories for different purposes. Every firm big or small trading or manufacturing has to maintain some minimum level of inventories. Based on some motives the inventories are maintained.

**a. Transaction motives:**

Every firm has to maintain some level of inventory to meet the day-to-day requirements of sales, production process, customer demand etc. In this finished goods as well as raw material are kept as inventories for smooth production process of the firm.

**b. Precautionary motive:**

A firm should keep some inventory for unforeseen circumstances also like loss due to natural calamities in a particular area, strikes, lay outs etc so the firm must have some finished goods as well as raw-materials to meet circumstances.

**c. Speculative motive:**

The firm may be made to keep some inventory in order to capitalize an opportunity to make profit due to price fluctuations.

**REASONS AND BENEFITS OF INVENTORY:**

The optimal level of maintaining inventory is a subjective matter and depends upon the features of a particular firm,

**(i) Trading firm:**

In case of a trading firm there may be several reasons for holding inventories because of sales activities that should not be interrupted. More over it is not always possible to procure the goods whenever there is a sales opportunity as there is always a time gap required between purchase and sale of goods. Thus trading concern should have some stock of finished goods in order to under take sales activities independent of the procurement schedule.

Similarly, a firm may have several incentives being offered in terms of quantity discounts or lower price etc by the supplier of goods. There is trading concern inventory helps in a de-linking between sales activity and also to capitalize a profit of opportunity due to purchase made at a discount will result in lowering the total cost resulting in higher profits for the firm.

**(ii) Manufacturing firm:**

A manufacturing firm should have inventory of not only the finished goods, but also of raw materials and work-in-progress for following reasons.

**(a) Uninterrupted production schedule:**

Every manufacturing firm must have sufficient stock of raw materials in order to have the regular and uninterrupted production schedule. If there is stock out of raw materials in order to have the regular and uninterrupted production schedule. If there is stock out of raw material at any stage of production process then the whole production may come to a half. This may result in custom dissatisfaction as the goods cannot be delivered in time more over the fixed cost will continue to be incurred even if there is no production.

Further work-in-progress would let the production process run smooth. In most of manufacturing concerns the work in progress is a natural outcome of the production schedule and it also helps in fulfilling when some sales orders, even if the supply of raw-materials have stopped.

**(b) Independent sales activity:**

Inventory of finished goods is required not only in trading concern but manufacturing firms should also have sufficient stock of finished goods. The production schedule is a time consuming process and in most of the cases goods cannot be produced just after receiving orders. Therefore, every firm has to maintain minimum level of finished goods in order to deliver the goods as soon as the order is received.

**ESSENTIALS OF INVENTORY CONTROL:**

The important requirements of Inventory control are:

- a) The proper co-ordination among the departments involved in buying, receiving, inspecting, storage, consuming and accounting.
- b) Centralization of purchasing under the control of competent buyer whenever possible.
- c) Proper scheduling of material requirements.
- d) Proper classification of materials with codes, material standardization and simplification.
- e) The operation of a system of internal check to ensure that all transactions involving materials and equipment are checked by properly authorized and independent persons.
- f) The storage of materials is well planned and kept in properly. Planned and kept in properly designated location, subject to adequate safeguard and supervision.
- g) The operation of a system of perpetual inventory so that it is possible to determine at any time, the amount and value of each kind of material in stock.
- h) A suitable method of valuation of materials is essential because it affects the cost of jobs and the value of closing stock of materials.

**Objectives of Inventory Control:**

The main objectives of inventory control are:

- I. To maintain a large size of inventory for efficient and smooth production and sales operation.
- II. To maintain a minimum investment in inventories to maximize profitability.
- III. To ensure a continuous supply of raw materials to facilitate uninterrupted production.
- IV. To maintain sufficient stocks of raw materials in periods of short supply and anticipate price change.
- V. Maintain sufficient finished goods inventory for smooth sales operation and efficient customer service.
- VI. Minimize the carrying cost and time.
- VII. Control investment in inventories and keep it at an optimum level.

**Advantages of Inventory Control:**

The following are suggested advantages:

- I. Eliminates wastage in use of material,
- II. It reduces the risk of loss from fraud and theft.
- III. It helps in keeping perpetual inventory and other records to facilitate the preparation of accurate material reports to management,
- IV. To reduces the capital tied up in inventories,
- V. It reduces cost of storage,
- VI. It furnishes quickly and accurately the value of materials used in various department.
- VII. It prevents delays in production due to lack of materials by supplying, proper quantities at the right time.

**Disadvantages of Inventory Control:**

Every firm has to maintain optimal level of inventories. If not the following will be the result in form of losses.

- I. Opportunity cost: Every firm has to maintain inventory for that some investment is needed it is known as Opportunity cost and handling the investment in inventory are more the funds are blocked up with inventory.
- II. Excessive inventories: It will lead to firm losses due to excessive carrying costs and the risk of liquidity. It is also referred as Danger level.
- III. Inadequate Inventory: it is another danger which results in production hold-up and failure to meet delivery commitments. In adequate raw materials and work-in-process inventories will result in frequent production interruptions. Finished goods are not sufficient customers may shift to competitors.
- IV. Danger due to physical deterioration: It is one of the reasons with the inventories due to maintaining stocks at high levels they will be deteriorated due to passage of time, some times due to mishandling or improper storage facilities.

**DATA ANALYSIS & INTERPRETATION****DETERMINATION OF STOCK LEVELS**

Carrying too much and too little of inventories is detrimental to the firm. If the inventory level is too little, the firm will face frequent stock-outs involving heavy ordering cost and if the inventory level of inventory where costs are the minimum and at the same time their inventory level, which may result in loss of sale or stoppage of production. Various stock levels are discussed below.

**MINIMUM STOCK LEVEL**

This is the lower limit below which the stock of any item should not normally be allowed to fall. This is also technically known as safety or buffer stock. The prime considerations in fixing the minimum stock level or safety stocks are :

- a. Average rate of consumption.
- b. Lead time.

**Minimum Stock Level = Reordering level – (Normal consumption x Normal re – ordering period)**

**Lead-Time :**

A purchasing firm requires some time to process the order and time is also required by the supplying firm to execute the order. The time taken processing the order and the executing it is known as lead-time. It is essential to maintain some inventory during this period.

**Reorder Level :**

Reorder level is fixed between the minimum and maximum levels. When stock of a material reaches at this point, the store keeper should initiate action for the purchase of material. The reorder level is slightly more than minimum stock level to guard against

- a. Abnormal usage
- b. Abnormal delay in supply

**Reorder level = Maximum consumption X Maximum period required during the period for delivery**

**MAXIMUM STOCK LEVEL :**

Maximum stock level represents the upper limit beyond which the quantity of any item is not normally allowed to rise. The main object of establishing this limit is to ensure that unnecessary working capital is not blocked in stores. Theoretically, maximum stock level is the sum – total of minimum stock level and economic order quantity. Maximum level = Reorder Level + Reordering quantity – Minimum consumption

**AVERAGE STOCK LEVEL :**

The average stock level is calculated as such :

**Average stock = minimum stock level + ½ of re-order quantity.**

**DANGER LEVEL :**

This is generally fixed below the minimum stock level. Normal stock should not be below the minimum level. If it reaches the danger level at any point of time, urgent action for replenishment of stock must be taken to prevent stock out.

**ESTIMATION OF STOCK LEVELS :**

There are different techniques used in the calculation of the stock levels.

Reordering Quantity - 2500 units  
Reordering Period - 4 – 5 weeks

Weekly usage :-

Maximum usage - 900 units  
Normal usage - 700 units  
Minimum usage - 500 units

**Reordering Level = Maximum consumption X Maximum Reordering Period  
= 900 X 5 = 4500 units.**

Ex :- Consider “Load King” for calculation purpose.

Calculated of the load king vehicle as 500 units.

Normal Daily consumption = 700 units

Normal Reorder period = 4.5 weeks

Reorder level = 4500 units

Minimum usage = 500 units

Minimum Reorder period = 4 weeks

Maximum Reorder period = 5 weeks

**MINIMUM STOCK LEVEL**

= Reorder Level – (Normal consumption X Normal Reorder Period)  
= 4500 – (700 X 4.5)  
= 4500 – 3160  
= 1650 Units

**MAXIMUM STOCK LEVEL**



$$\begin{aligned}
 &= \text{Reorder Level} + \text{Reorder Quantity} - (\text{Minimum consumption} \times \text{Minimum Reorder Period}) \\
 &= 4500 + 2500 - (500 \times 4) \\
 &= 7000 - 2000 \\
 &= 5000 \text{ Units}
 \end{aligned}$$

#### AVERAGE STOCK LEVEL

$$\begin{aligned}
 &= \text{Minimum stock} + \frac{1}{2} \text{ of Reordering Quantity.} \\
 &= 500 + (\frac{1}{2} \times 2500) \\
 &= 500 + 1550 \\
 &= 1750 \text{ Units}
 \end{aligned}$$

$$\text{Minimum Stock Level} = 1650 \text{ Units}$$

$$\text{Average Stock Level} = 1750 \text{ Units}$$

$$\text{Maximum Stock Level} = 5000 \text{ Units}$$

#### INVENTORY TURN OVER RATIO

“A Ratio which measures the number of times a firms average inventory is sold during a year” – Kohler.

Computation of inventory turn over ratios for different items of materials and comparison of the turnover ratios provide a useful guidance for measuring inventory performance. A high turnover rate indicates that the material in question is a fast moving one. A low turnover rate on the other hand indicates over investments and looking up of working capital on undesirable items.

“Inventory or Stock turnover is measured in terms of the ratio of the value of materials consumed to the average inventory during the period”. The ratio indicates the number of time the average inventory is consumed and replenished by dividing number of days for which the average inventory is held can be ascertained.

Comparing the number of days in the case of two different materials, it is possible to know which is fast moving and which slow on that basis attempt may be made to reduce the amount of capital locked up and prevent over stocking of slow moving items.

$$\text{Average Inventory} = \frac{\text{Opening Stock} + \text{Closing Stock}}{2}$$

$$\text{Inventory turnover ratio} = \frac{\text{Material consumed}}{\text{Average Inventory}}$$

$$\text{Inventory turnover in number of days} = \frac{\text{Number of days in a year}}{\text{Inventory turnover ratio}}$$

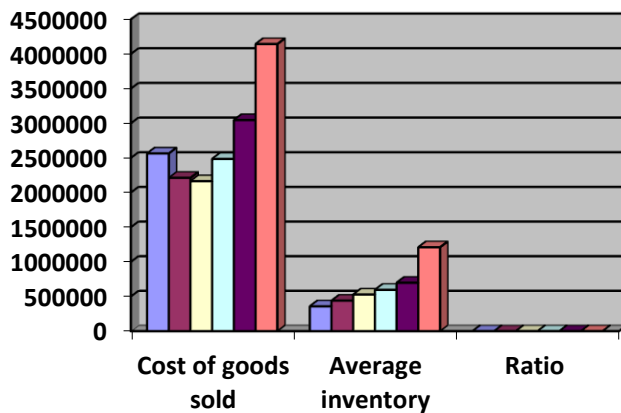
#### INVENTORY TURNOVER RATIO

Cost of goods sold

$$\text{INVENTORY TURNOVER RATIO} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

(Rs in 000's)

| Year    | Cost of goods sold | Average inventory | Ratio |
|---------|--------------------|-------------------|-------|
| 2013-14 | 2563442            | 358048            | 7.76  |
| 2014-15 | 2213213            | 439613            | 5.03  |
| 2015-16 | 2173511            | 528333            | 4.12  |
| 2016-17 | 2484589            | 596074            | 4.17  |
| 2017-18 | 3044561            | 697949            | 4.36  |
| 2018-19 | 4151267            | 1311066           | 4.12  |



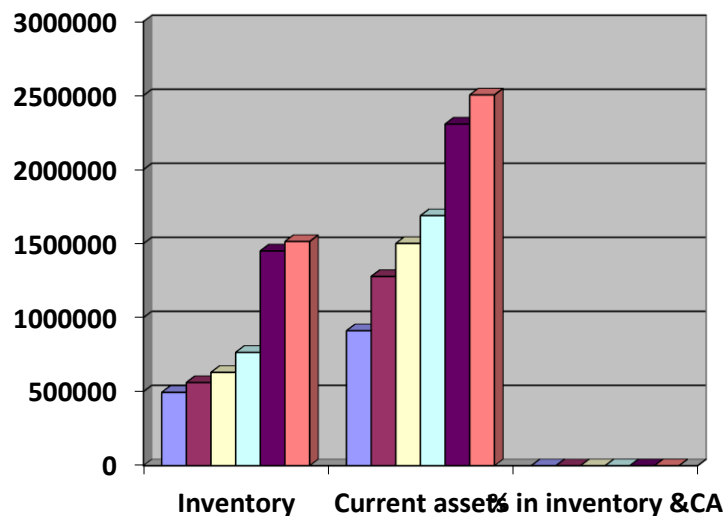
### Interpretation:

The inventory turnover ratio signifies the liquidity of the inventory. A high inventory turn over ratio indicates brisk sales. The ratio is therefore a measure to discover the possible trouble in the form of overstocking or overvaluation. The stock position is known as the graveyard of the balance sheet. If the sales are quick such a position would not arise unless the stocks consists of un-saleable items. A low inventory ratio results in blocking of funds in inventory which may ultimately result in heavy losses due to inventory becoming obsolete or deteriorating in quality.

### INVENTORY ANALYSIS AT TECUMSEH

(Rs in 000's)

| Year    | Inventory | Current assets | % in inventory &CA |
|---------|-----------|----------------|--------------------|
| 2013-14 | 495036    | 912946         | 54.40              |
| 2014-15 | 561730    | 1378274        | 52.12              |
| 2015-16 | 630518    | 1601277        | 42.01              |
| 2016-17 | 765380    | 1788733        | 45.32              |
| 2017-18 | 1550752   | 2307604        | 54.20              |
| 2018-19 | 1615456   | 2504689        | 55.23              |



### Interpretation

It shows the relationship between inventory & Current assets. The inventory position in Tecumseh has to level of inventories as compare to current assets in the increasing trend it has found that the current assets level has increased

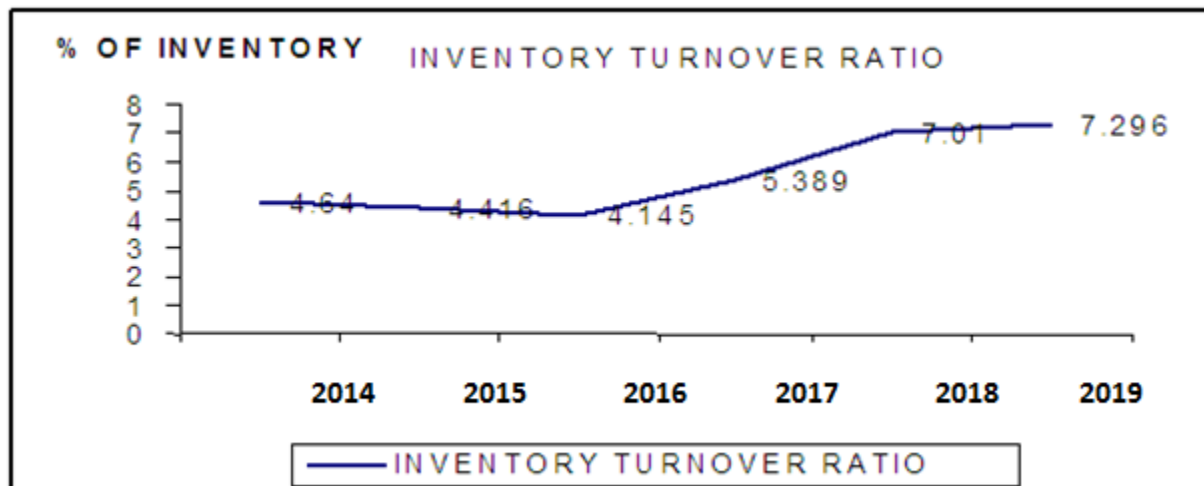
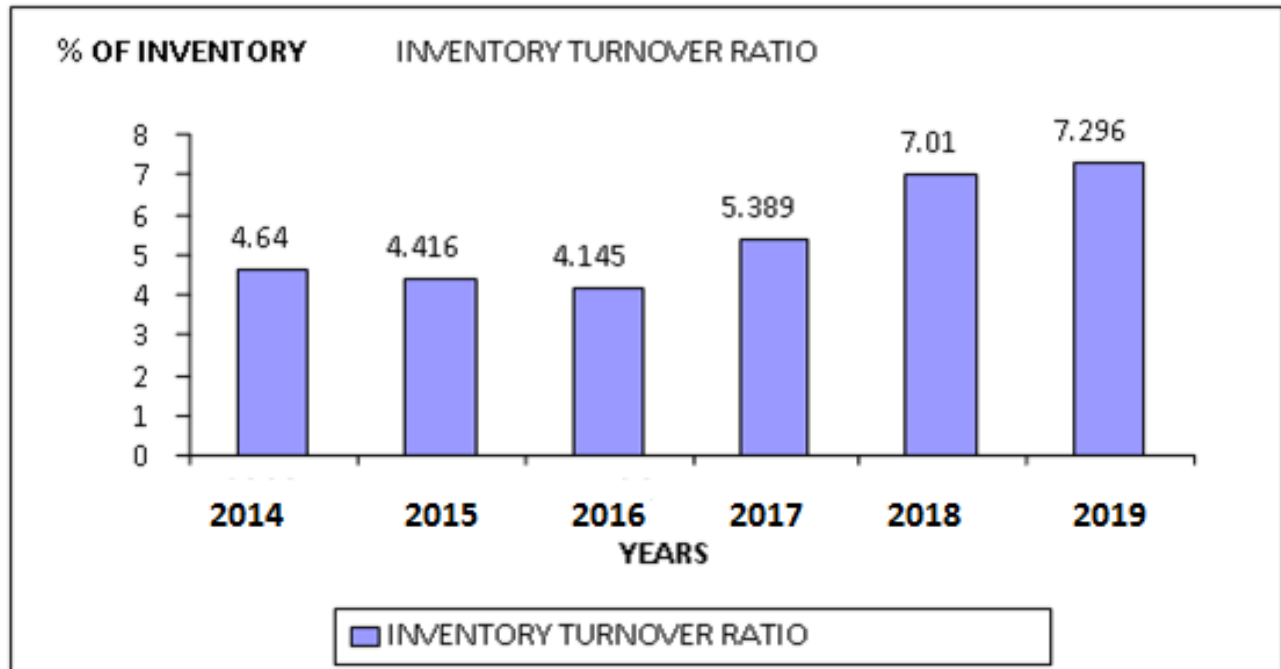


year by year and the inventory being part of it has also increased. It fluctuates certain intervals. This is due to increase in liquidity involving Cash and Bank balances.

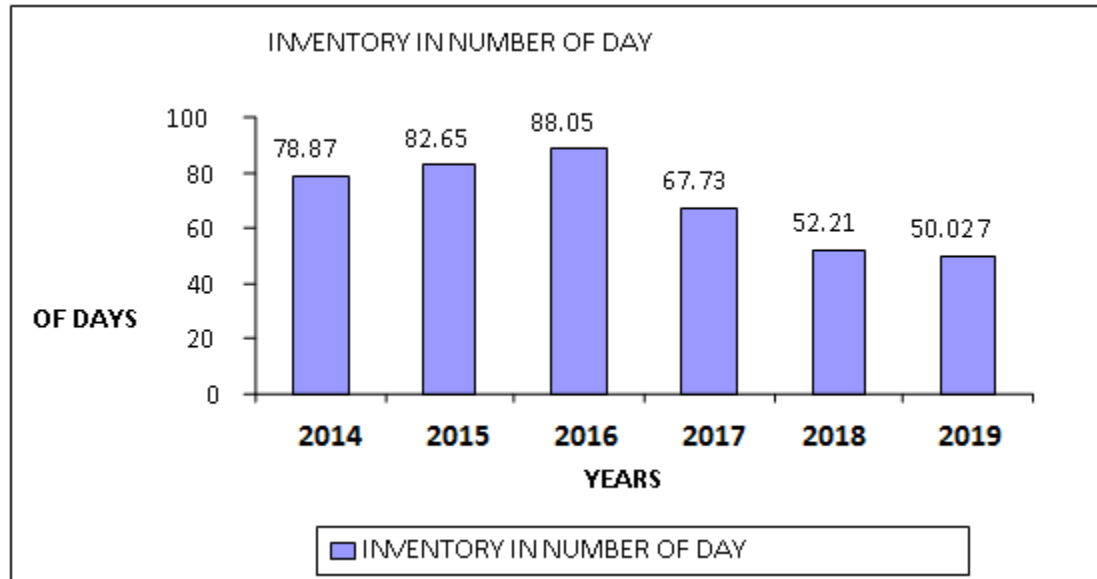
| YEARS                               | 2019  | 2018  | 2017  | 2016  | 2015  | 2014  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Opening Inventory<br>(Rs. In Lakhs) | 49970 | 45675 | 46904 | 55253 | 51654 | 43697 |
| Closing Inventory<br>(Rs. In Lakhs) | 75983 | 49970 | 45675 | 46904 | 55253 | 51654 |

#### INVENTORY TURNOVER RATIO

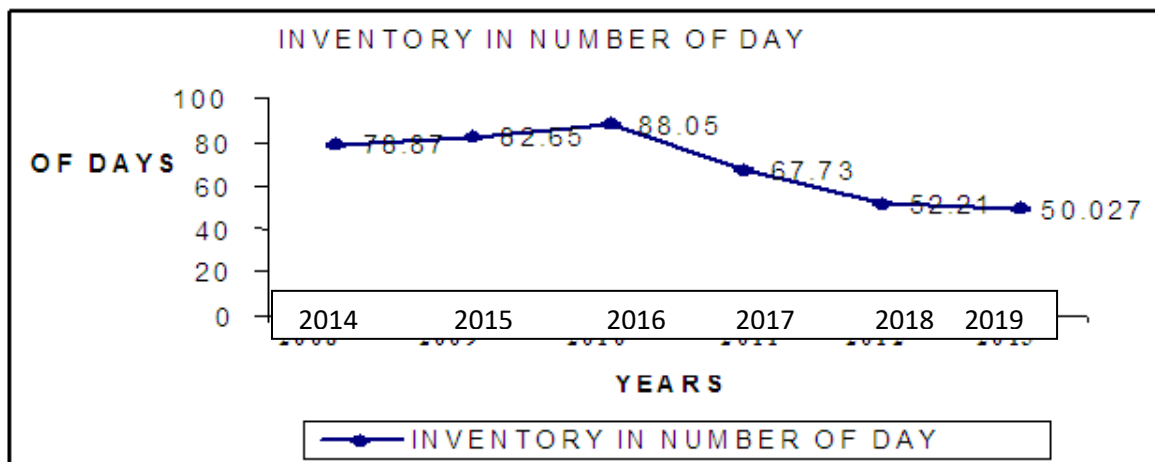
| YEARS        | INVENTORY<br>CONSUMED<br>(Rupees in Lakhs) | AVERAGE<br>INVENTORY<br>(Rupees in Lakhs) | INVENTORY<br>TURNOVER<br>RATIO                | INVENTORY<br>TURNOVER IN<br>NUMBER OF<br>DAYS |
|--------------|--|---|---|---|
| March – 2019 | 459537.13                                  | $\frac{49970 + 75983}{2}$<br>= 62976.5    | $\frac{459537.13}{62976.5}$<br>= <b>7.296</b> | $\frac{365}{7.296}$<br>= <b>50.027</b>        |
| March – 2018 | 335286.52                                  | $\frac{45675 + 49970}{2}$<br>= 47822.5    | $\frac{335286.52}{47822.5}$<br>= <b>7.01</b>  | $\frac{365}{7.01}$<br>= <b>52.21</b>          |
| March – 2017 | 250021.84                                  | $\frac{46904 + 45675}{2}$<br>= 46389.5    | $\frac{250021.84}{46389.5}$<br>= <b>5.389</b> | $\frac{365}{5.389}$<br>= <b>67.73</b>         |
| March – 2016 | 214723.1                                   | $\frac{55253 + 46904}{2}$<br>= 51378.5    | $\frac{214723.1}{51378.5}$<br>= <b>4.175</b>  | $\frac{365}{4.24}$<br>= <b>88.05</b>          |
| March – 2015 | 235858.16                                  | $\frac{51654 + 55253}{2}$<br>= 53403.5    | $\frac{235858.16}{53403.5}$<br>= <b>4.417</b> | $\frac{365}{4.41}$<br>= <b>82.65</b>          |
| March – 2014 | 221323.23                                  | $\frac{53697 + 51654}{2}$<br>= 47625.5    | $\frac{221323.23}{47625.5}$<br>= <b>4.64</b>  | $\frac{365}{4.64}$<br>= <b>78.87</b>          |



INVENTORY IN NUMBER



### INVENTORY IN NUMBER



### INTERPRETATION:

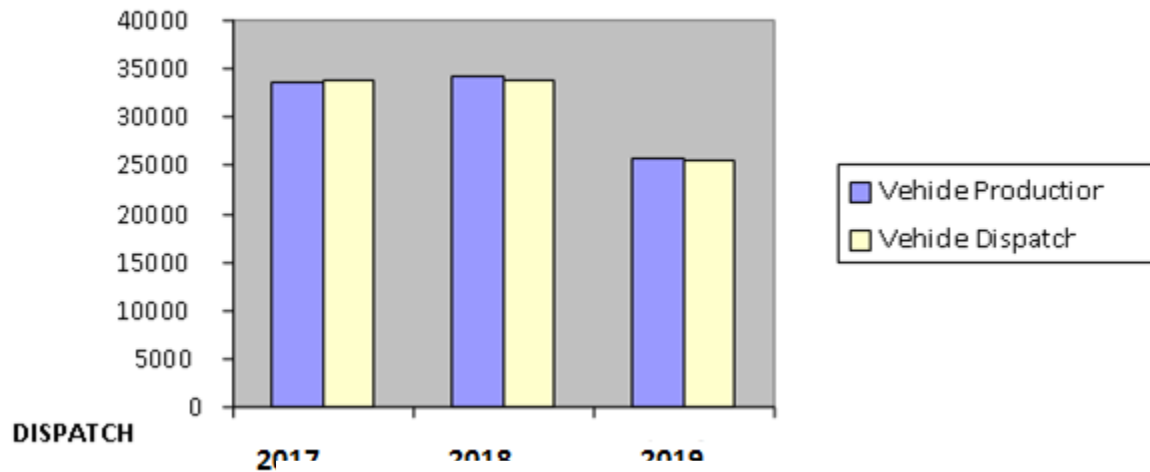
A high turnover ratio indicates that the material in question is a fast moving one and also a low amount of stocks are replacing stocks in large number of installment. In the year 2016,2017,2018, 2019 the stock turnover ratio is gradually decreasing and the inventory faced a bad position in these three years. And from 2014,2015, 2016 the stock turnover ratio continuously increased from 5.38 to 7.296 and the inventory in number of days is low. This position indicates that the stocks are fast moving and get converted in to sales quickly.

### MACHNES PRODUCTION AND DISPATCH

| YEAR                        | MACHINE TOOLS PRODUCTION (QUANTITY IN MIL.TONNES) | MACHINE TOOLS DISPATCH (QUANTITY IN MIL.TONNES ) |
|-----------------------------|---|--|
| MARCH 31 <sup>ST</sup> 2017 | 25,797  | 25,417   |
| MARCH 31 <sup>ST</sup> 2018 | 34,186  | 33,766   |
| MARCH 31 <sup>ST</sup> 2019 | 33,630  | 33,885   |

## MACHINE TOOLS PRODUCTION & DISPATCH

### VEHICLE PRODUCTION &



### INTERPRETATION:

The inflow of raw materials and dispatch of finished goods from the organization is in good position. In march 31<sup>st</sup> 2017 the difference between the vehicle production and dispatched is 381 and in march 31<sup>st</sup> 2018 the close stock in the go down is also dispatched from the organization and as well as in the year 2019 31<sup>st</sup> march the stored vehicles are dispatched from the company. This indicates that the consuming storage cost is very low and risk related to preservation of the stock is very less.

### FINDINGS:

On the personnel interaction with the financial department as well as with the primary and secondary data's the following are the conditions and suggestions arrived. They are:

1. The analysis is carried out for a period of five years i.e., 2014-15- to 2018-2019 is not sufficient to conclude the Inventory position of the company as we have taken up to study for a period of 6 weeks is too less still we strived out best in exploiting the present inventory position of the company.
2. Inventory valuation is followed in weighted average method based on cost concept of the project costing is undertaken.
3. The inventory is different items of production; hence A-B-C analysis and Two Bin System are followed.
4. Some items are found to be slow and non-moving. The slow-moving items are spare and consumable goods; hence whenever necessity arises these items are being used. Non-moving items are also found in the inventory.
5. The reasons for Non-moving of Inventory from stores are studied. Due to MOQ (Minimum Order Quantity) clause these items procured extra than the requirement.
6. Raw material turnover ratio was low in the year 2014-15 which was not a good sign in the earlier. The ratio is higher in the year 2018-19 which is 9.12 which signifies a good sign.
7. The high inventory ratio indicates efficiency of the firm's inventory management.

### SUGGESTIONS

- 1) The investment on raw material should be made as per the requirement. Unnecessary investment may block up the funds.
- 2) Neither too high nor too low inventory turnover ratios may reduce profit and liquidity position of the industry. So, proper balance should be made to increase profits and to ensure liquidity.
- 3) The raw material should be acquired from the right source at right quality and at right cost.

The process that was being used by Kesoram Cements with the purchasing department should undergo changes, so that, it seeks enhance the celerity of the delivery of a product without compromising its quality by improving the utilization of materials, labour and equipment.

To reduce the work, the purchasing department may enter the purchasing order into database and did not send a copy to any one. When the merchandise arrived, the receiving clerk would enter the database and determine whether the order agreed with the electronic purchase order.

The material consumption was also increasing simultaneously with sales.

The company's efficiency in turning its inventory is increasing. The company's utilization of inventory in generating sales is good. The yearly holding of all types of inventory is decreasing. This is positive trend.

The over all inventory position of the company is satisfactory.

## CONCLUSION:

To days business scenario inventory management is becoming very crucial part of the organization. The system of inventory management in Tecumseh Products India Private Limited very effective. The organization is basically and assembling unit and thus inventory place a most significant role in the decision making process. From the various calculations and figures relating to inventory management it is clear that the inventory classification of A items are maintain for 1 – 3 days, as a result it reduce investment in raw material, reducing the lead time and also the large quantity discount because the stock are kept for 1 – 3 days.

In the classification of ABC items XYZ procedure is following in Tecumseh Plant has launched the different type of KANBAN card system for class C items.

Class A & B items are consider under the just in time philosophy as the procurement time has been reduced up to greater extent by the proper co-ordination of buyer and supplier.

There is great improvement in the inventory turnover ratio from 3 years. It is increased from 5.38 to 7.296% this position indicates that the stocks are fast moving and get converted into sales quickly in TECUMSEH,

Finally we conclude that TECUMSEH products india private limited Balanagar plant the inventory system is very good with high USA techniques.

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