

**“STUDY OF INVENTORY MANAGEMENT” AT AUTOLINE
INDUSTRIES LTD. CHAKAN**

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EXECUTIVE SUMMARY

Inventory management is burning topic in every organization; therefore to develop my skills and gain knowledge about inventory management, I undertook a research on Inventory Management at Auto line Industries Ltd Pune. (Plant II)

PROJECT TITLE : The study of Inventory Management

PROJECT CARRIED AT : Autoline Industry Limited, Chakan- II, Pune.

The main objective of this research was to understand the various types of inventory and how to control and reduce inventory cost in organization. These types of projects help to discriminate theory and practical characteristic and help how to apply theoretical concepts in to practical situation.

INTRODUCTION:

Introduction of Inventory:

Inventory is stock of materials of any kind of stored for future use, mainly in the production process. Thus, today's inventory is tomorrow's production. Inventories, which are nothing but idle resources. Therefore, inventories are materials or resources of any kind having some economic, value, either awaiting conversion or use in future.

Inventory can be referred to sum of the value of the raw material, fuel & lubricant, spare parts, maintenance, & finished goods stock at any given point of time. Inventory are primarily maintained for operational smoothness, the average business has about 30 to 40 % of its working capital tied up in Inventory, in sum company this figure may go still higher.

Material control means taking care of material cost from the stage of procurement to the stage their ultimate consumption. It include procuring, storing and supplying of material required for the production at lowest cost pursuit related with required quantity and with the least inventory in investment. Customer service can be improved if inventories are raised to the satisfaction level of production schedule are kept flexible to meet changing demand.

Need of the study

- Inventory Management topic because this concept is very important in every organization.
- In organization 60% to 65 % of capital tied up with the Inventory, therefore Inventory management is very important in every business.
- It is important to purchase correct quantity and quality of material for the best production.
- To study the purchase procedure of the organization and which method is used in inventory control procedure.
- Study the stock taking systems in the company and importance of periodic stock taking system.

The need for inventory

Inventory of material are needed by all manufacturing organizations big or small. But inventories tend to become big without proper control. Materials and inventories servesome social purpose in industries which stems from some economic motives. Broadly, they may be classified under three groups. Viz. Speculation, transaction and precaution. Typically speculative motive which afford ample scope for holding large amount inventories is not important for purpose of industrial activity. The transaction motive means the inflow and outflow of materials under certain condition. Precautionary motive arises out of the inability to predict future demand precisely and getting the materials ready in time.

Types of inventories

There are many types of inventories, such as raw materials and production inventories, components and services parts, as well as work in process and finished goods inventories. All of them do not necessarily require the same treatment and, therefore policy with regard to each may also differ, according to their type and need in different type of industries.

Autoline Industries Limited is a manufacturer of sheet metal components located in different parts of Pune, catering to the components and sub-assemblies requirements of leading automobile manufacturers. A partnership firm in the name of Autoline Pressings in 1995 was started with contract manufacturing of sheet metal components in January 1995 from a 2000 sq.ft. rented premises at Survey No. 825 Kudalwadi, near MIDC, Chinchwad Area, Pune. Subsequently, a Company by the name of Autoline Stampings Private Limited was incorporated on December 16th; 1996. This Company was renamed as Autoline Industries Limited w.e.f. January 2006. The company purchased the premises at Kudalwadi, Pune including the land measuring approx. 5500 sq.ft. In 1995. The manufacturing unit at Kudalwadi is located about 3 Km from Tata Motors and 5 Km from Bajaj Auto Limited with manufacturing facilities. Later on company set up another factory in 1997-98 at MIDC Chakan, Pune with a built up area of 104,000 sq.ft. On a plot of land measuring 114,000 sq. ft. The company set up 3rd manufacturing unit at MIDC, Bhosari in 1999-2000 on a 54,000-sq.ft. plot of land located near Tata Motors. Besides this we are having no. of following other units

1. Detroit Engineering product'), Toc USA (DEP)
2. Butler Indian Plant, USA
3. Nirmiti Autocomponents Pvt. Ltd (NIRMITI)
4. Union Autoline Spare Parts, LLC (Abu Dhabi UAE)

In November 2005 AIL acquired Western Pressing Private Limited, with facilities for manufacturing Silencers and Exhaust Systems required for auto sector.

RESERCH METHOLOGY:

Objective of Research

The study of inventory management

Type of Research

Qualitative Research

i) Primary data

Primary data is the main sources of data. It is collected through direct communication and by personally interacting with the different people at different department in the company

a) Company Records:

From company accounts and ledgers made by the company.

b) Observation method:

In which the simple observation of the subject & record relevant aspect of data collected.

Data collection method can also be classified as:

- a) Observation
- b) Interviewing
- c) Experimentation
- d) Simulation

Through which the important of the inventory management in company can come to known.

ii) Secondary data:

Secondary data is ready made data, which have been already collected and analyzed. It is detail regarding inventory its process etc. Secondary data is collected through various sources such as reference books, study material of inventory management, manual report of company, various websites etc.

Limitation:

- Two months duration for project completion is very less.
- Actually Inventory management subject is very vast I cannot research deeply.
- Company cannot give each and every information to researcher, because some data is confidential.

OBJECTIVES OF THE RESEARCH

1. To study of Inventory Management and Financial aspects related to it.
2. To study effective management of inventory for maximization of profit.
3. To study functions of store keeper for proper inventory management.

4. To extract various reasons of funds blocked in inventories.

SCOPE OF THE RESEARCH

This research work has given me deep knowledge of the Inventory Management of Autoline Industry. Inventory management is required at different locations within a facility or within multiple locations of a supply network to protect the regular and planned course of production against the random disturbance of running out of materials or goods. The scope of inventory management also concerns the fine lines between replenishment lead time, carrying costs of inventory, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory, available physical space for inventory, quality management, replenishment, returns and defective goods and demand forecasting.

RESEARCH METHODOLOGY

Objective of Research:

The study of Inventory Management

Type of Research:

Qualitative Research

DATA COLLECTION TECHNIQUES

Considering the objective of the project following method of study is adopted.

Primary data

Primary data is the main sources of data. It is collected through direct communication and by personally interacting with the different people at different department in the company.

Following are the various methods of primary data.

a) Company Records:

From company accounts and ledgers made by the company.

b) Observation method:

In which the simple observation of the subject & record re relevant aspect of data collected.

Data collection method can also be classified as:

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OBSERVATION & FINDINGS

The analysis shows that following observations and findings.

OBSERVATIONS

- Purchase procedure of the raw material is centralize therefore more time taken for purchase.
- No reviewing of minimum, maximum and re-order level to control the stock closing balance for each raw material.
- Bin card is not properly tag to the every material bin.
- No measurable values observed during every purchase (Facts& figure) related with analysis method.
- No proper & full use of the Microsoft dynamics ERP in inventory Management.
(Software installed in company)

FINDINGS

- Company held extra inventory in some months. In the session of festival.
- Autoline Industry has high inventory turnover which show his inventory (finished goods) into receivables in short time.

- The inventory of the Autoline industry comes from the Tata steel Ltd & Bhushan steel Ltd.

CONCLUSION:

In the research of inventory management is concluded that the inventory is the most important part of the every organization. Every business tries to minimize the inventory cost and achieved the production target.

Autoline Industry is a manufacturer of various auto parts, sheet metal components, with the help of press machine. The company used various types of material for production, steel is the major material used by company.

In the Autoline industry used the various methods for inventory control system; the company used ABC analysis and FIFO method & ERP in inventory process. The purchase and store department perform important role in inventory process. From the overall study it is conclude that inventory cost control is very important for every business, with the 'help of inventory techniques company minimizes the cost of the inventory.

SUGGESTION

1. Periodic Board Meetings should be held with the production department and material department taking into consideration of Finance Department.
2. To appoint sanction authorities for high value purchase in every unit.
3. There will be reviewing of minimum, maximum and reorder level to control the stock closing balance for each raw material.
4. Used 'Bin Card' to the every material.
5. Some of the components such as screws etc. are counted on approximate basis so company should consider exact values of that.
6. Optimum use of the Microsoft dynamics ERP in inventory Management.

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