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## A COMPARATIVE STUDY ON MANAGEMENT OF INVENTORY

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### ABSTRACT:

Inventory is essential detail of operating capital control within the company except Financial ones. Inventory management is the management of non-proliferative Assets i.E. Inventory and stock objects. This Research Paper is specially targeted on secondary statistics like, Various blogs, web sites ,Annual reports of the organization, Financial statements of the enterprise i.E. Earnings and loss Account and Balance sheet and so on. The first Aim of the study is to assess the profitability and liquidity of Sugar Companies. To examine the profitability and liquidity, exclusive statistical tools and accounting ratio has been used on this section.

Index Terms - Inventory control, Financial Ratio Analysis, Financial Statements, Financial Liquidity

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### INTRODUCTION

Inventory is critical element of operating capital control inside the company besides Financial ones. Inventory control is the administration of non-proliferative Assets i.E. Inventory and stock gadgets. This Research Paper is in particular targeted on secondary information like, Various blogs, websites ,Annual reviews of the organisation, Financial statements of the company i.e. Earnings and loss Account and Balance sheet and many others. The first Aim of the study is to assess the profitability and liquidity of Sugar Companies. To analyse the profitability and liquidity, special statistical gear and accounting ratio has been used in this segment. Index Terms - Inventory management, Financial Ratio Analysis, Financial Statements, Financial Liquidity

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### LITERATURE REVIEW

Prof. PR Halani had written in his paper in International Multidisciplinary Research Journal (RHIMRJ) on the subject “Inventory Management: A Comparative Study of Selected Paper Companies “. The main objectives of her study is to evaluate the liquidity position of the paper companies. And for that she used various Accounting tools and statistical tools for getting results like as average, S.D. C.V. Maximum and Minimum and used One way ANOVA test etc. She also explain the relationship between Inventory and working capital by using various Accounting Ratio And finally she recommended that paper companies should try to reduce the volume of inventory and try to increase the Current Assets. Hong shen ,Qiang Deng ,Rebecca Lao and Simon Wu (2017) had written in his Paper on “A Case Study of Inventory Management in a Manufacturing Company in China”. The main aim of this study is to focus on Inventory management in manufacturing company. They discussed the various factors affecting Inventory and conclude the efficient and effective approach regarding Inventory management. Also gives some basic idea for identifying the key factors in inventory Management.

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### TESTING OF HYPOTHESIS

H0 :There is No Significant Relationship between Inventory and Working Capital of Some Selected Sugar Companies in India.

H1:There is Significant Relationship between Inventory And working Capital of Some Selected Sugar Companies in India.

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## NEED FOR THE STUDY

Every enterprise needs stock for clean walking of its activities. It serves as a hyperlink among production and distribution processes. The investment in inventories constitutes the maximum big part of present day assets/working capital in maximum of the undertakings. Thus, it's miles very critical to have right control and control of inventories. The cause of stock control is to make sure availability of materials in sufficient amount as and when required and additionally to reduce investment in inventories. So, to be able to recognize the nature of inventory control of the agency, I took this Inventory Management as a topic for my assignment, to provide findings and tips by using adopting and studying special inventory control techniques.

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## SCOPE OF THE STUDY

The scope of the stock can also change based totally at the strategic goals of the business. Scope may additionally confer with specific factors of how stock counts are performed or to the manner stock information is used. A manufacturer of durable items can also use stock data to manipulate the prices of uncooked substances and to maximize margins, at the same time as a meals manufacturer may additionally prioritize rapid turnover of inventory to make certain freshness.

The importance of inventory counts in the ones examples may require team of workers dedicated to stock management, even as a small cleansing enterprise won't want more than an occasional scan of its cleansing elements stock to function effectively. It is beneficial for finding out operating policy & volume of stock. It helps to expand the rules for the executives in stock. It allows the organisation what objects goods are categorised.

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## 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.

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## 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

### *Period of the study:*

The financial data relating to the organization has been collected from year 2017-18 to 2021-22.

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## 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.

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## DATA ANALYSIS:

### INVENTORY PROPORTION OF TOTAL CURRENT ASSETS

Proportion of Inventories in T.C.A = Inventories / T.C.A x 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.

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## FINDINGS

- 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.
- E.O.Q method and ABC analysis are not followed by Jeypore Sugar Company Limited.
- The management effectively uses the inventory turnover ratios for inventory management.
- To overcome the problem of power-cuts, the firm has to maintain its own power plant.

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## 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.

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## 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.

Purchasing procedure and storing procedure of raw material, work-in-process and finished goods in JSC is studied the study also relates to such aspects as which type of materials are used and which type of inventory management techniques are used into exercise the inventory control.

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