

Dissertation Study

Gujarat Medical Services Corporation Ltd. – A study on inventory management of Surat Warehouse

Dissertation
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MBA Pharmaceutical
Management(2015-17)

OUTLINE

- Background
- Rationale of Study
- Research Questions
- Objective
- Methodology
- Results and Discussion
- Conclusion
- Limitations
- Recommendation

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BACKGROUND

- Inventory control, a similar term, is the area of inventory management that is concerned with minimizing the total cost of inventory while maximizing the ability to provide customers with product in a timely manner.
- A component of supply chain management, Inventory management supervises the flow of goods from manufacturers to warehouses and from these facilities to point of sale. A key function of inventory management is to keep a detailed record of each new or returned product as it enters or leaves a warehouse or point of sale.

❑ **Techniques of Inventory Control:** The following are different techniques commonly used to control the inventory :-

- **ABC Analysis**
- **Economic Order Quantity**
- **Perpetual Inventory System**
- **Review Of Slow And Non Moving Items**
- **Setting Of Various Levels**
- **VED Analysis**

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RATIONALE OF STUDY

- It is useful for deciding operating policy & volume of inventory.
- It helps to develop the policies for the executives in inventory.
- To give plan to the company what to order, when to order and how much to order.
- It helps the company what items goods are categorized.
- Project helps to deal with forecasting in inventory.

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RESEARCH QUESTIONS

- What is demand, consumption, position and pattern in stores, in order to plan a strategy to reduce inventory cost?

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OBJECTIVE

- To evaluate present status of demand, consumption, pattern and position of product in stores in order to plan a strategy to reduce inventory cost.

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METHODOLOGY

S. No.	PARAMETER	DESCRIPTION
1.	Research type	Descriptive Research
2.	Data type	Secondary data
3.	Tools used	ABC Analysis, VED Analysis
4.	Data collection tool	Records
5.	Sample size	100 drugs
6.	Sampling Technique	Purposive Sampling
7.	Analysis of Data	Microsoft Excel
8.	Month of data collection	April 2017

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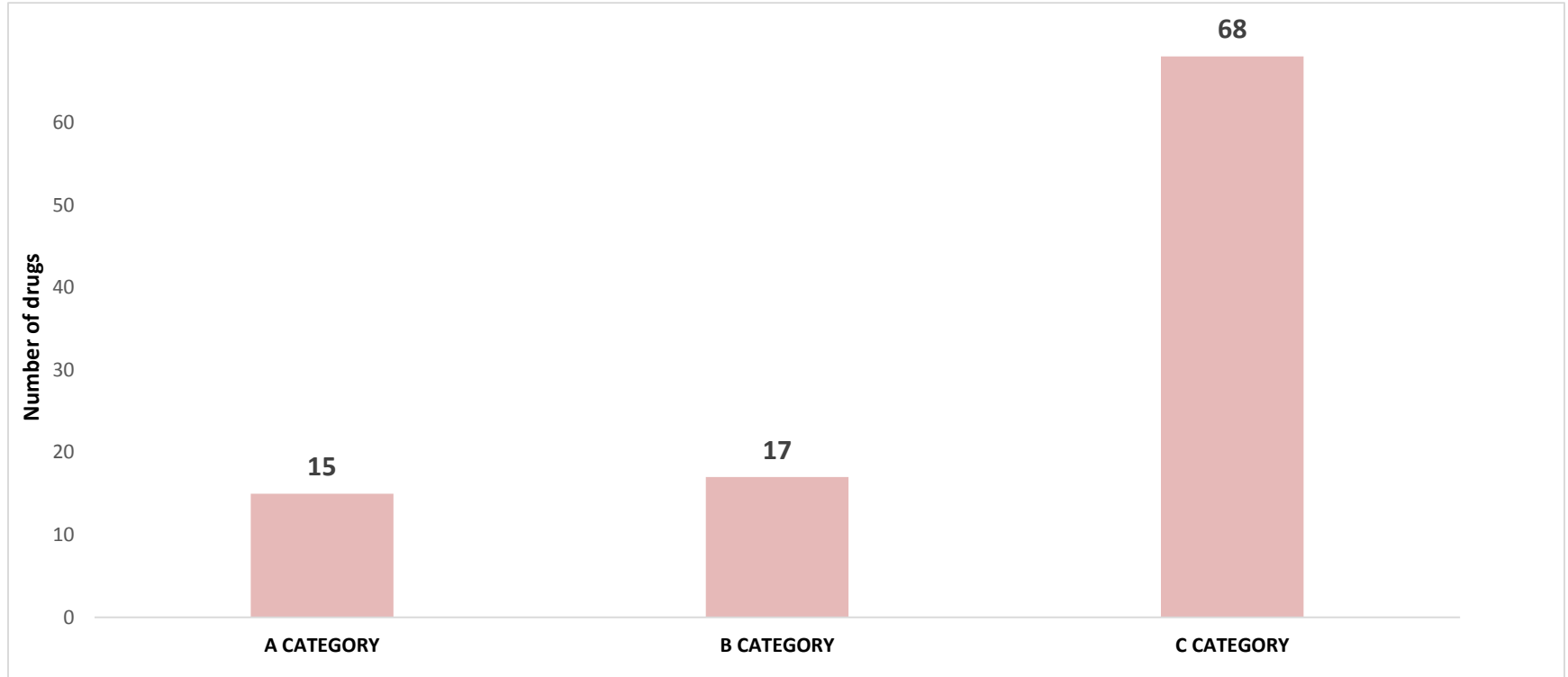
RESULT AND DISCUSSION

❑ ABC Analysis

- In a big drug store, large items are stocked in order to maintain a proper control of inventories. The ABC analysis (always better control) technique is used. In this materials are divided in three groups A, B,C according to the cost of the materials and money value of the consumptions.
- A Items in the whole inventory, there are few costly items which come under this group , these items may not be more than 10% of total items , but these consumed about 70% of the total budget of inventories.
- So these items require proper storage and handling, over-stocking is avoided, only necessary quantities of these inventories are purchased and stock, so as to minimize the investment of these items.
- B Items the items coming under this group are neither costly nor cheap, these items constitute 20% of the total quantity of the inventories and 20% of the expenditure of inventories is spent on these items.
- C Items these are cheaper in cost, and these items covers 70% of the total inventories and consumes 10% of the total expenditure of inventories.

SL NO.	ITEM CODE	DEMAND	UNIT COST	ANNUAL CONSUMPTION	ANNUAL CONSUMPTION %	cumulative consumption%	CATEGORY
1		5276	551.1976	2908118.33	0.091524	9.1524000%	A
2		578	4244.446	2453289.86	0.077209	16.8733246%	A
3		600	3483	2089800	0.065770	23.4503045%	A
4		160570	11.899	1910622.43	0.060131	29.4633801%	A
5		1372400	1.30015	1784325.25	0.056156	35.0789755%	A
6		10217	152.7173	1560312.8	0.049106	39.9895630%	A
7		405200	3.85	1560020	0.049097	44.8992291%	A
8		126420	11.47	1450037.4	0.045635	49.4627600%	A
9		1928600	0.538	1037586.8	0.032655	52.7282339%	A
10		455869	1.998294	910960.3	0.028670	55.5951913%	A
11		418700	2.172536	909641	0.028628	58.4579966%	A
12		36900	24.4648	902751.12	0.028411	61.2991183%	A
13		1636600	0.532653	871739.99	0.027435	64.0426422%	A
14		1185700	0.724	858446.8	0.027017	66.7443301%	A
15		1816500	0.38	690270	0.021724	68.9167351%	A
16		2820	243.5833	686905	0.021618	71.0785498%	B
17		17042	23.83	406110.86	0.012781	72.3566544%	B
18		17042	23.83	406110.86	0.012781	73.6347589%	B

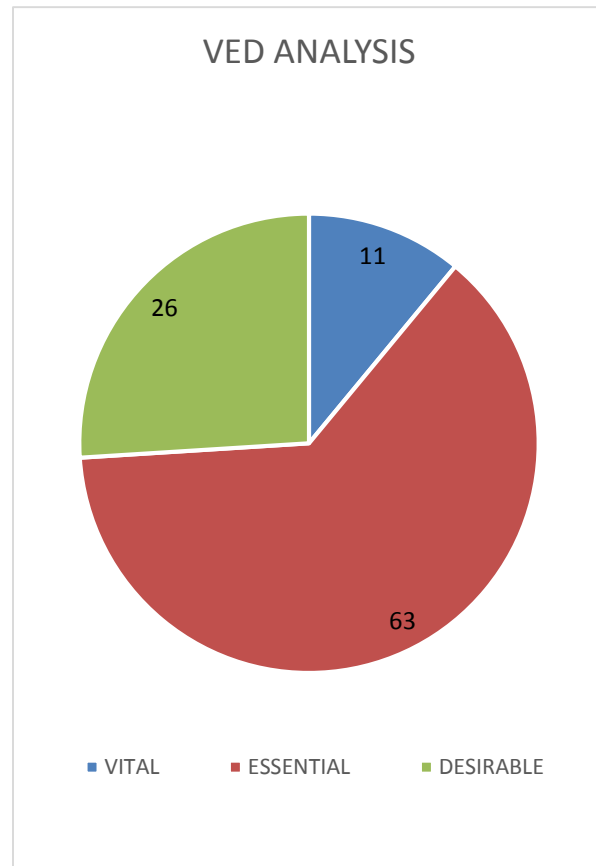
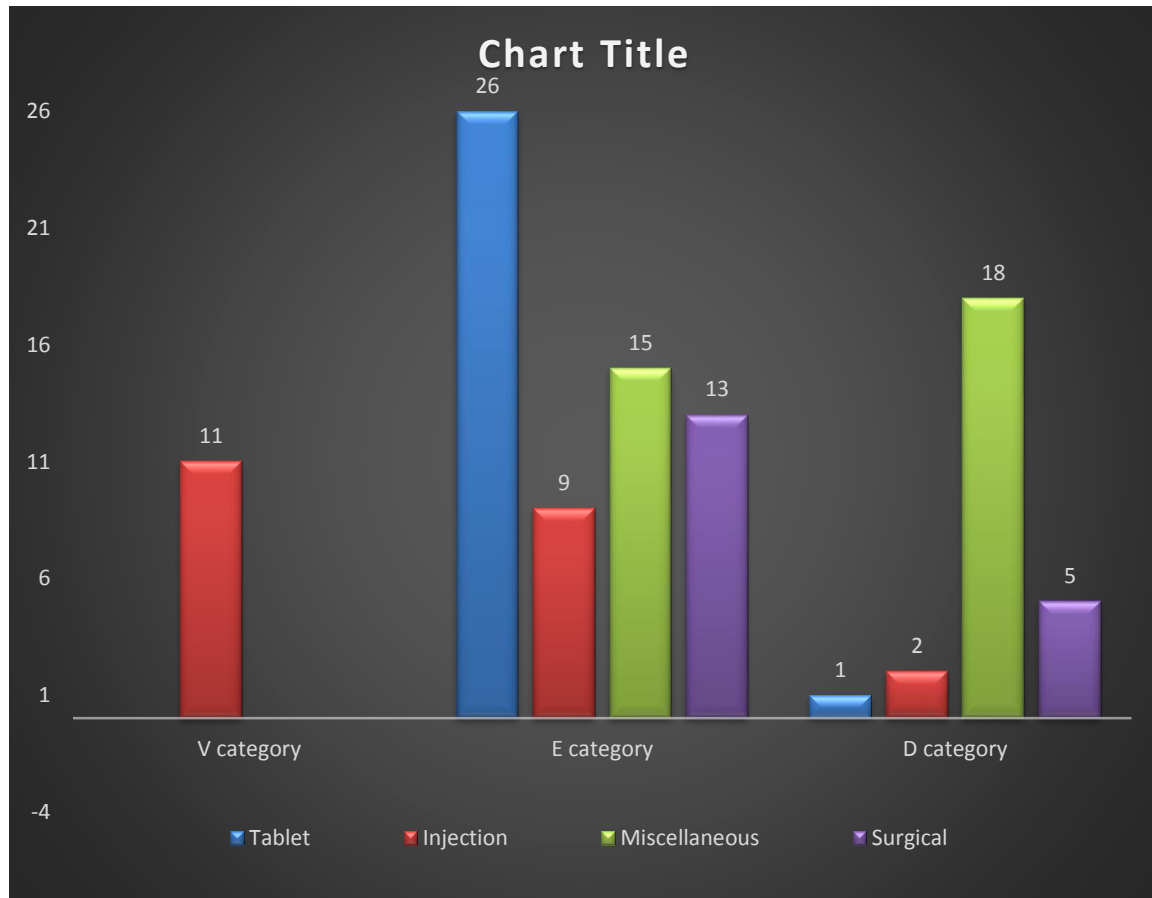
Number of drugs in defined categories as per ABC Analysis



VED ANALYSIS

- This is based on the utility of the material. In a drug store, VED analysis is very useful in controlling and maintaining the stock of various types of formulations of a particular group of drugs. The older the brand, the greater will be its requirements. The best way to solve this problem is to classify the different brands of drug formulations into any one of the categories:-
 - V= vital items
 - E=essential items
 - D= desirable items

FINDING FOR VED ANALYSIS



CONCLUSION

- By ABC analysis we can say that there is a little difference between A & B , max items from C class items , so every items is important for the organization.
- There is a positive correlation b/w sale to inventory.
- Organization aims to achieve max sales in future so it required huge amount of inventory in future.
- There is good relationship between company and their distributors vendors
- This study provides insights to the management of high value items and low value items.
- Analysis was carried out to identify the fast moving non-moving and important items the Surat warehouse has to periodically review the inventory to avoid production loss.
- The result of study can be used in future for further studies

LIMITATIONS

- It consumes lots of time and needed expenditure and also it needed more time to do this study.
- It is based on secondary data only.
- The Quality of the inventory is not compared in analysis.
- The analysis is based on the internal data which is provided by the organization.

RECOMMENDATIONS

- The company must maintain safety stock in order to avoid stock-out (no inventory) conditions & helps in continuous flow.
- If they follow according to EOQ, it will reduce the cost & help to enhance the profit.
- The company is expecting more inventories for future, The management is required to maintain the same inventory trend in the forthcoming year also.

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