INVENTORY MANAGEMENT TECHNIQUES (ABC-VED ANALYSIS)

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Introduction

ABOUT ORGANIZATION-
MPPHSCL is formulated to provide best in class healthcare infrastructure services to the over 1300 healthcare institutions under the department of Health & Family Welfare, Madhya Pradesh State

ABOUT PROJECT-
Inventory management in health care organization is a set of techniques and methods employed to assure in each moment, in the best economic conditions, the conservation of health care products availability for the user"

ABC ANALYSIS

- **A :** It is hardly found that 5-15% of items account for 70-80% of the total money spent on materials.
- **B :** These items are generally 30% of all items and represent 15% of the total expenditure on the materials.
- **C :** There are numerous (as many as 50–60% of the total items), inexpensive (represent hardly 5–10% of the total expenditure on materials) and hence insignificant (do not require close control) items.

VED ANALYSIS

- **V class** surgical items that are life-saving like Needle, implants etc and needed for life support must be available in the stocks always.
- **E class** surgical items, which have lower severity, are efficient for therapy of less life threatening, but still serious use for ex-endoscope, thermometer may be available in the stocks.
- **D class** surgical items with lowest severity, which are used for therapy of slight diseases.

Research question

How can inventory management concepts, principles and techniques be applied, or further adapted to improve the inventory management of Madhya Pradesh public health service cooperation ltd?

Specific Objectives

- To reduce stocking costs resulting from efficient matching of requirements to stock.
- To propose feasible suggestions to improve the inventory management through ***ABC and VED analysis***, after examining the relevant theories and understanding the operations of organisation

Methodology

Sample size-400 surgical items

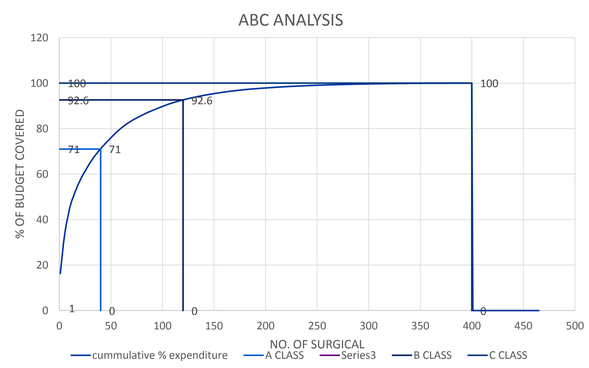
Research design-Descriptive study

Mode of data collection- Secondary data is collected by MP aushadhi website provided by organization

Results

ABC ANALYSIS

CETEGORY	NO. OF ITEMS	EXPENDITURE	COST COVERED
A	40	71.00%	545465619.6
B	80	21.48%	165086941
C	280	7.58%	56541798.95
TOTAL	400		767094359.6

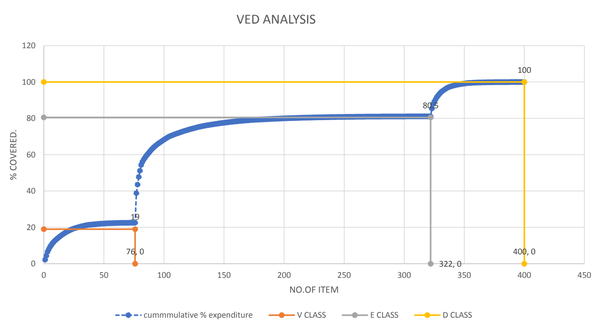


FINDINGS

Almost 70% of the expenditure must be incurred on just 40 surgical items (10%) hence these A category surgical items need tight and efficient financial monitoring. In contrast C category items require least control as they are cheap and larger quantities of these this can be stocked without blocking significant amount of money.

VED ANALYSIS

CETEGORY	NO. OF ITEMS	% COVERED OF TOTAL
V	76	19.00%
E	246	61.50%
D	78	19.50%
TOTAL	400	



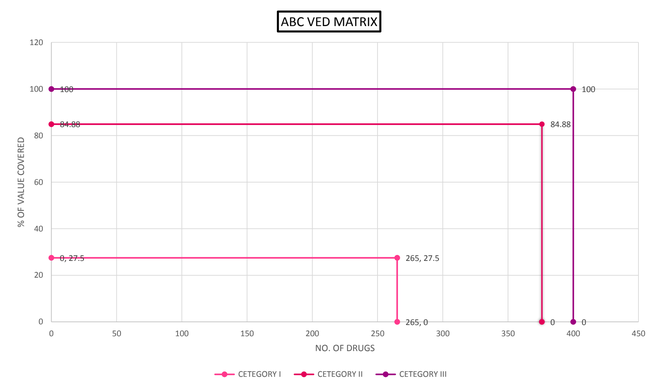
FINDINGS

Shortage of vital surgical for even a short period of time can cause serious problem in patient care. Therefore, vital surgical should always be stocked in sufficient quantity to ensure their constant availability. This group of surgical must be controlled and monitored with greatest care.
If essential surgical are in short supply for several days or a week, functioning of the hospital could be adversely affected. The shortage of desirable surgical would not adversely affect the patient care or functioning even if shortage is prolonged.

Results (CONTINUE)

ABC VED MATRIX

CATEGORY	CLASS	NO. OF ITEMS	% COVERED IN TOTAL VOLUME	% VALUE OF THE DRUG
I	AV+BV+CV+CE	265	66.25	27.5
II	BE+AE+BD	111	27.75	57.38
III	AD+CD	24	6	15.12
TOTAL		400	100	100



Conclusion

Using inventory control techniques like ABC and VED ANALYSIS, substantial improvement could be brought about in-patient care. These techniques would not only help in efficient and optimum use of scarce financial resources but would also help in avoiding shortage of surgical and stock out situations. Thus, inventory control techniques could be effective financial and material management tools to promote prudence and discipline in material management in health care organisations.

Recommendations

CATEGORY	SUGGESTIONS	Forecasting and Safety Stock
I AV+BV+CV+CE	Stores must make a very strict monitoring, tight level of control, and top level of management for Category I items	Very accurate forecasting needed; Safety stock should be analysed for individual items.
II AE+BE+CD	Stores must make a strict monitoring, moderate level of control, and middle level of management for Category II items	Moderately accurate forecasting; Medium stocks.
III AD+BD	As this items fall in desirable category but cover almost 90% budget, continuous monitoring is needed to reduce cost.	Forecasting may be low. Low stocks .