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Various inventory management systems are used to manage goods and supplies

Satish Prajapati[1], Kalpana Sachan[2], Harimohan Soni[3]

[1]*Mechanical Engineering Department, Bansal Institute of Science and Technology, Bhopal (M.P.), India.*
[2]*Mechanical Engineering Department, Bansal Institute of Science and Technology, Bhopal (M.P.), India.*
[3]*Mechanical Engineering Department, Bansal Institute of Science and Technology, Bhopal (M.P.), India.*

Abstract - Inventory is the predominant component of current assets for the bulk of Indian manufacturing firms. The primary aim of this study is to ascertain if numerous items in the Manufacturing Company can be assessed and comprehended using inventory management approaches. The study is classified as a qualitative single-case study. The applied study approach encompasses ABC analysis. Data gathering mostly occurs through interviews with the manager and other personnel engaged in inventory control activities. Secondary data is gathered from the information system to generate yearly reports, sales reports, buying reports, and associated journals of the firm. The study's research and conclusions offer a response to the essential inquiry about optimal inventory management by an organization. This thesis recommends an adequate number, quality, and timeliness of materials.

Key Words: Inventory, ABC analysis, quality management, organisation behaviour.

1. INTRODUCTION

Currently, both employees and management are apprehensive about work-life quality, ergonomics, and advancements in occupational safety and health. Innovations such as information and communication technology, together with specialized tasks necessitating repetition, underscore the demand for human factors in engineering. By analyzing, developing, testing, and assessing the workplace and interpersonal interactions, human factors engineers may cultivate a productive, safe, and fulfilling environment. Information Technology is a crucial component in industrial engineering.

In several industries, investment in production inventory constitutes a significant portion of the firm's assets. The huge investment necessitates profit-oriented sectors focus on maximizing returns on their expenditure for materials. The buying department is anticipated to accomplish this purpose despite several contradictory conditions; the ultimate purchase choice may need to be made based on insufficient information and time constraints. The calculation of purchase amount has garnered heightened attention in recent years.

The challenge of inventory systems is to minimize the stock and capital invested in manufacturing materials. To regulate production according to established demand requirements, the inventory control method known as materials requirement planning is employed in manufacturing systems and numerous trading enterprises. In these contexts, demand is non-deterministic, and procurement lead times are variable; however, fluctuations and trends can be accurately approximated using a cumulative probability distribution function. This form of inventory system, called stockiest inventory systems, is utilized to aid management in decision-making under conditions of ambiguity. Inventory or stock is a significant component of corporate investment and must be well managed to optimize profit. The predominant issues with inventory are its lack of control, inefficiency, high costs, and unreliability.

Companies often maintain elevated inventory levels to guarantee goods availability when required. Nonetheless, this is a significant expenditure that generates a diminished return on the capital allocated. An inventory solution may enhance your inventory management, enabling you to:

A) Ensure accurate inventory of necessary products. B) Enhance inventory turnover.
C) Decrease the optimal inventory and safety stock levels
D) Achieve reduced raw material costs via innovative supplier networking.
E) Minimize downtime F) Decrease taxes
G) Decrease insurance expenses
H) Decrease storage expenses
I) Enhance cash flow and working capital
J) Augment cash flow and working capital
K) Remove outdated stuff

An inventory solution may assist in training the following staff and aid your firm in cost reduction: materials planners, purchasing agents, quality assurance personnel, inventory control personnel, production engineers, and materials management specialists. The comprehensive inventory solutions offered are accessible to anyone seeking to decrease their present inventory levels and conserve millions of rupees from superfluous stock. It is also dedicated to delivering prompt, prioritized, and quantifiable outcomes with no concealed expenses. The primary purpose is to maintain a profitable organization. Consequently, industrial engineers amalgamate human, informational, material, financial, and technical resources to best manufacture goods and services. The primary areas of specialization include engineering economics and decision analysis, human factors (human-machine/computer interaction), manufacturing systems, production, distribution and material handling, statistics, and stochastic systems. Industrial engineering pertains to the design, development, and operation of manufacturing and service systems aimed at the efficient production and distribution of goods and services. The primary function of industrial engineering is to combine human resources, materials, equipment, computers, information, and control systems into complex systems. The industrial engineering faculty actively engages in research in the areas of

mathematical programming, operations and facilities design, and industrial control.

2. MATERIAL HANDLING AND INVENTORY MANAGEMENT

It plays a crucial part in business and commerce, but its significance is unparalleled in the effective functioning of manufacturing, housing, and distribution. Individuals who specialize in this field comprehend how material handling techniques, equipment, and systems can enhance productivity. They regard the material handling process and the available technologies as strategic competitive elements that contribute to cost reduction, increased throughput, and improved responsiveness in business operations. These factors are directly influenced by the effectiveness of an organization's material handling system.

Bill of Material Repulsion:

A bill of materials or product structure is a comprehensive enumeration of the raw materials, sub-assemblies, intermediate assemblies, sub-components, pieces, and their respective amounts required for the production of an end product. A Bill of Materials (BOM) may facilitate communication across production partners or be restricted to a singular manufacturing facility. A bill of materials is frequently associated with a manufacturing order, the issue of which may create reserves for in-stock components and requisitions for out-of-stock components.

A Bill of Materials (BOM) can delineate items in terms of their design, ordering, construction, or maintenance. The many forms of BOMs are contingent upon the specific business requirements and planned applications. In process industries, the Bill of Materials (BOM) is sometimes referred to as the formula, recipe, or ingredients list. The term "bill of material" (BOM) is commonly employed by engineers as an adjective to denote the present production configuration of a product, differentiating it from changed or enhanced versions under consideration or testing.

In electronics, the BOM denotes the inventory of components utilized on the printed wire board or printed circuit board. Upon completion of the circuit design, the Bill of Materials (BOM) is forwarded to the PCB layout engineer and the component engineer, who will acquire the necessary components for the design.

The goods holding cost refers to the expenses associated with the storage and maintenance of goods for a specified duration. Inventory expenses are generally expressed as a percentage of the yearly inventory value. They fluctuate significantly based on the industry, although they always remain elevated. Carrying expenses typically account for around 25% of the value of inventory held. Consequently, formulating a precise definition is challenging. The terminology related to inventory expenses, including inventory cost, total inventory cost (TIC), and total cost of inventory ownership, may be complex, with definitions varying somewhat across different sources and industries. This article emphasizes the expenses associated with a "static" inventory, rather than those incurred by inventory fluctuations. We set aside the issues concerning the flow of commodities to concentrate exclusively on the expenses associated with possessing a specific quantity of inventory. We also embrace a commercial viewpoint on the issue.

Cost: An amount that must be paid or relinquished to obtain something.
In business, cost often represents a monetary assessment of (1) work, (2) materials, (3) resources, (4) time and utilities utilised, (5) risks undertaken, and (6) opportunities for forfeited in the production and delivery of a products or service. All expenses are costs; however, not all costs, such as those associated with the acquisition of an income-generating asset, qualify as expenses.

Stockout cost: A stockout, or out-of-stock (OOS) occurrence, refers to an event that leads to the depletion of inventories. Although out-of-stocks can arise throughout the whole supply chain, the most conspicuous instances are retail out-of-stocks in the fast-moving consumer goods sector. Stockouts are the antithesis of overstocks, characterised by an insufficient inventory level.

Setup expenses:
Setup costs refer to the expenses associated with preparing a machine for a production run. This expense is classified as a fixed cost of the corresponding batch, so its cost is allocated across the quantity of units produced.

Inventory carrying costs:
This is the expense a firm incurs over a specific duration to maintain and keep its inventory. Businesses utilise this metric to ascertain the potential profit from existing inventory. It also assists businesses in determining whether to increase or decrease production to manage expenditure or sustain the same revenue stream.

Total economic cost:
Total cost (TC) in economics and cost accounting refers to the comprehensive economic cost of production. It comprises variable costs, which fluctuate with the quantity of goods produced and encompass inputs such as labour and raw materials, alongside fixed costs, which remain constant regardless of production volume and include inputs (capital) that cannot be adjusted in the short term, such as buildings and machinery. Total cost in economics encompasses the complete potential cost associated with each item of production, integrating it into both fixed and variable costs.

The rate of change in total cost relative to changes in production quantity is referred to as marginal cost. This is often referred to as the marginal unit variable cost.

Anticipated annual demand
A distribution centre for a collection of items is a warehouse or specialised facility, frequently equipped with refrigeration or air conditioning, that is stocked with goods for redistribution to retailers, wholesalers, or directly to customers.

A definition of the term "EBQ," or Economic Batch Quantity, is provided. It pertains to economic batch quantity. EBQ is identified as the ideal batch size for producing an item or

component at minimal cost. The batch size represents a trade-off, since unit prices escalate with. Economic order quantity
The economic batch quantity (EBQ), commonly referred to as the 'optimal batch amount' or economic production quantity, is a metric utilised to ascertain the number of units that may be produced at the lowest average costs within a certain batch or production run. The Economic Production Quantity model, or EPQ model, is an extension of the Economic Order Quantity.

Economic order quantity (EOQ) is the order quantity that minimises overall holding and ordering expenses. It is among the most ancient classical production scheduling schemes. The methodology employed to ascertain this order quantity is referred to as the Wilson EOQ Model, Wilson Formula, or Andler Formula.

Anticipated inventory holding cost: In business management, holding cost refers to the expenditure incurred to retain and preserve a stock of products in storage.
The primary holding costs encompass rent for the necessary space; charges for equipment, materials, and personnel to manage the space; insurance; security; interest in capital invested in inventory and space; and other direct expenditures. Certain held items become outdated before the sale, diminishing their income contribution without impacting their keeping cost. Certain commodities are compromised by handling, environmental conditions, or other factors. Certain items are lost due to carelessness, inadequate record-keeping, or theft, a category referred to as shrinkage.

The holding cost encompasses the potential cost associated with diminished responsiveness to consumers' evolving needs, delayed launch of enhanced products, and the value and direct expenditures of the inventory, since those funds may be allocated to alternative uses.

Particular	Qty	Rates per units	Total amount
Glove pair leather	100 PAIRS	40	140
Apron leather	100 NOS	108	10800(4)
Screen welding hand	200	65	13000(2)
Google pair welder	100	14	1400
Hammer scaling .25 kg with handle	100	37	3700
Chisel cold flat `19mm	200 NOS	50	1000
Centre punch9mm*	500 NO	22	11000(3)
Square hollow tubes	30 00	38/KG	114000
Rectangular hollow tubes	25 000	39/KG	975000
Flats tubes	25000	36/KG	900000
Steel primer	200 LITRES	375	75000
Welding rod	100 BOX	300	30000
Nuts	1000	20	20000
Bolts	1000	20	20000
Rivert	1000	5	5000
Rubber washer	500 NOS	3	15000
Gi sheets	1000SHEETS	1600	160000
Angles in different shapes	2500 KG	52 RS/KG	130000
Anchor bolts	300 NOS	22	6600
Pipes	3000 KG	42	126000
DUCO paint	500 LITRES	250	125000
Japany sheets	800 SHEETS	2000	1600000
Corrugated japany sheet	80 SHEETS	2200	176000
Self threading screw	200 NO	25	5000
Gi ANGLE	50 kg	52	25000
DIVIDER	50	42	2100
CALIPPER OUTSIDE 15CM	60NO	25	1500
Wire brush 15 cm *3.7 cm	100	22	2200
Spark lighter	25	22	550
Chipping screen hand	20	72	1440
Square blade 15 cm	20	43	860
Sriver 15 cm	20	18	360
Tongs holding 30 cm	12	72	864

The strategies employed in the collection and analysis of data are referred to as research methodology. This section endeavors to provide a framework and approach to research. This encompasses the research design, analysis, and data collection method.

2.1 Strategy

A case study is described as a strategy for conducting research that entails an empirical investigation of a specific contemporary phenomenon within its real-life context, utilising multiple sources of evidence. It is essential to remain vigilant regarding the necessity for diverse sources of evidence. “Every piece of evidence holds value for the case study investigator: nothing is dismissed.” However, this does not imply that it should engage with numerous individuals; rather, it must seek various forms of evidence: the statements made by individuals, their actions, the creations or productions they undertake, and the information presented in documents and records.

The current situation of inventory management at SOLAR System Ltd, Mandideep, was examined through a variety of evidence sources, including interviews with the manager and other relevant staff members at the company. Direct observation of the warehousing operation was also carried out. There exist two primary categories of case studies: the single-case study and the multiple-case study. Yin (2003) states that a single-case study resembles a single experiment, and many of the conditions that validate a single experiment also validate a single-case study. In contrast to single-case studies, evidence from multiple cases is frequently viewed as more persuasive, and the overall research is seen as more rigorous.

A single-case study approach was employed to carry out the research project at SOLAR System Ltd, Mandideep. The single-case study strategy facilitated a comprehensive understanding of the research context and provided insights into specific management issues. 3.2 Approaches to Gathering Data Essential information for this work was provided by primary and secondary sources.

2.2 sources include:

a) The first step is to conduct an interview with a few key individuals from the company's retail, buying, production, and inventory departments. It was necessary to observe the production process in order to have a better understanding of the flow of items during the conversion phase.
b) Observations were also made about the methods for patrolling and inspecting, as well as the handling and storage of materials.
c) The annual reports, product catalogue, sales reports, purchase reports, and purchasing reports of the firm, as well as the journals that are linked to the company, were researched and analyzed to collect relevant data.
d) A survey of the relevant literature focused on the ABC model was conducted in order to collect theoretical background material. The usage of e-mails was also employed to disseminate queries and collect replies.

3. Analysis of existing material management system

Various machinery and instruments are in need of frequent maintenance and repair at S.D. Solar India Pvt Ltd. The total cost of these devices and equipment is approximately 5 to 7 crores, and the spare parts and other materials required for their maintenance and repair work are approximately 1.5 to 1.75 crores.

An analysis of the material management system is necessary to ensure its effective utilisation and maintenance of a high-quality inventory system, as a significant sum of money has been invested.

Various kinds of analyses have been conducted on the current system, which includes all of the apparatus and materials that cost approximately Rs 15 crores.

3.1. ABC Analysis

The ABC Analysis will disclose the appropriate use of investment in the various equipment and materials used, which have varying costs.

ABC Analysis is a fundamental analytical management instrument that allows senior management to allocate resources to areas where they will yield the most significant results. The alphabetical approach, also known as "always better control," is a technique that has universal applications in a wide range of human endeavours. In an effort to ascertain the priority of any characteristic, the distribution is analysed by its monetary value. In material management, this technique has been implemented in areas that require selective control, including inventory, criticality of items, stocks, purchasing orders, material reception, inspection, storekeeping, and bill verification. The purpose of conducting ABC Analysis is to establish policy guidelines for selective control, thereby reducing the overall inventory by rationalising the number of orders.

3.2. The ABC analysis is implemented through the following steps:

a). Classify the items in inventories by determining the expected use in units and the price per unit for each item.
b). Multiply the expected units by the unit price of each item to ascertain the total value.
c). Sort the items in order of their total value, with the highest total value items being ranked first, and so forth.
d). Determine the ratios of the total value of each item to the total value of all items and the number of units of each item to the total units of all items (percentages).
e) Combine items according to their relative value to establish three categories: A, B, and C.

Item designated as "A"

According to the sample calculation analysis, the cost of 70% of the available spares and spares items is approximately 10% of the cost of inventory, while approximately 13% of the items cost approximately 70% of the cost of inventory. In other terms, A-items are goods with the maximum annual consumption value. Only 10-20% of the total inventory items are typically accounted for by the top 70-80% of the company's annual consumption value.

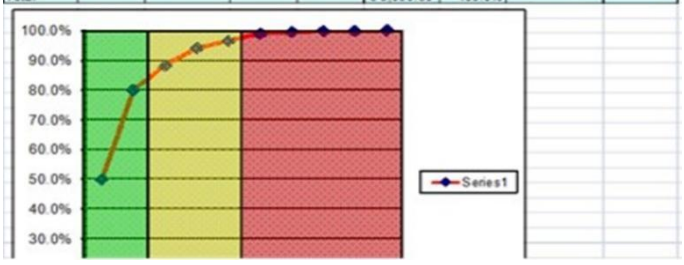
'B' Item: In other words, B-items are interclassing items with a medium consumption value, accounting for approximately 18% of the total inventory cost of material and parts. 30% of the total inventory items are typically accounted for by 15-25% of annual consumption value.

'C' Items: C items are those that have a value of approximately 10-12% of the cost and account for approximately 70% of the total inventory items.

3.3. ABC ANALYSIS:

A few thousand tonnes of fuel are consumed by an average medium-sized organization would be neither practicable nor worthwhile for an organization to select a high level of control over each item, as not all items are of equal importance, given the amount of work involved. Therefore, it is advisable to classify and group the items based on their significance, subjecting each class or group of items to control in a manner that is commensurate with their importance. This is the principle of selective control as it is applied to inventories and classified, which is referred to as "always Better Control". "The annual consumption is analyzed based on the principle of "vital few" -- "trivial many," with the criterion being the amount of money spent rather than the quantity consumed.
Items labelled as "A"
Based on the analysis, it is possible that approximately 10% of the commodities cost more than 75% of the inventory cost. This is classified as "A" items. From a control perspective, these are the most critical elements. To minimize the investment in these items, they should be ordered on a monthly, weekly, or even daily basis at the time of receipt. Their movement through the shop should be prioritized, and the movement time should be kept to a minimum. Stock or reserve stocking on such commodities should be kept to the utmost minimum. It is imperative to maintain a vigilant eye on the procurement and issuance of these items in order to optimize inventory management.

Sequence	Product number	Product Description	Cost per Piece	Yearly Usage	Yearly Turnover	% of the Yearly Turnover	Cumulative %	Category
1	5	Flange	€ 10.00	300	€ 3,000.00	50.0%	50.0%	A
2	8	Paint	€ 6.00	300	€ 1,800.00	30.0%	80.0%	A
3	1	Spindle	€ 0.50	1,000	€ 500.00	8.3%	88.3%	B
4	10	Riddle	€ 2.00	175	€ 350.00	5.8%	94.2%	B
5	4	Ball Bearing	€ 3.00	50	€ 150.00	2.5%	96.7%	B
6	9	Chock	€ 20.00	7	€ 140.00	2.3%	99.0%	C
7	6	Sheet Metal	€ 7.00	4	€ 28.00	0.5%	99.5%	C
8	2	Clamp	€ 1.00	24	€ 24.00	0.4%	99.9%	C
9	7	Bar	€ 0.50	10	€ 5.00	0.1%	100.0%	C
10	3	Pushing Clam	€ 0.25	12	€ 3.00	0.1%	100.0%	C
Total					€ 6,000.00	100.0%		



4. Results and discussion:

The year-wise income and expenditure for various sorts of machinery and equipment have been derived from the analyses conducted. The actual operating hours for the specified machinery and equipment have been determined. It demonstrates that the operational hours of machinery and equipment that are properly maintained and repaired promptly are significantly more than those that are undergoing repairs. Several pieces of equipment are undergoing repairs due to the unavailability of replacement components. When the spare parts are available, the maintenance working hours have been enhanced. The total income generated by machines and equipment with extended working hours is significantly higher, leading to increased corresponding expenditure and repair costs. However, comparative analysis reveals that the net income from these machines far exceeds that of the ideal machines. All these factors depend on the ABC components presented in the table.

1). The investigation indicates that the availability of replacement parts during maintenance enhances the operational hours of machines and equipment, hence increasing net income generated.
2). The acquisition of spare parts when needed is essential.
3). The inventory of commonly required spare parts enhances maintenance operations, hence increasing revenue savings.
4). The initial inventory of optimal spares must be verified. The absolute and utilitarian components may be discarded.
(5). ABC analyzes various elements based on cost and the significance of spare parts inventory.

The diverse outcomes suggest that savings are achieved in the procurement of various materials according to specific requirements. Minimise the inventory maintained throughout the year. This also enhances the operational hours for economically procuring things. It also provides the value of safety stock.
The aforementioned analysis also maintains a record of the purchase times, appropriate quantities of commodities, and the inventory balance in storage. Redundant objects may be disposed of periodically.

5. Conclusion:

The organization can enhance efficiency and ultimately generate more income by implementing the numerous references obtained from the analysis. The subsequent recommendations have been suggested.
(1). The inventory of a variety of items must be maintained in accordance with the ABC spare parts products.
(2) In order to prevent stock shortages, it is imperative to consider the quantity and timing of frequently purchased items.
(3). The periodic maintenance schedule must be planned, and the necessary parts must be ordered accordingly.
(4) In the event that the working hours of high-efficiency devices decline below the standard working hours, the underlying causes should be analysed and reported.

Consequently, the implementation of these recommendations will enhance efficiency and decrease the expense of superfluous materials that are either purchased or stored in inventory. It will contribute to the production of a greater amount of net income.

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