A Study on the Effectiveness of Inventory Management at Ashok Leyland Private Limited in Chennai

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ABSTRACT
Inventories constitute the most significant part of current assets in most undertakings, on an average. Inventories are approximately 60% of the current asset in the Public limited companies in India. The essential to manage inventories efficiently and effectively in order to avoid excessive investment. The management of inventories will be jeopardizing its long run profitability and may fail ultimately. It is possible for a company to reduce its level of inventories to a considerable extent without any adverse on production and sales by using simple inventory planning and control techniques. The reduction of excessive inventories will create a favourable impact on the company’s profitability. The purpose of inventory management is to ensure availability of raw materials in sufficient quantities as and when required and also minimise investment in inventories. Without an effective inventory management strategy, companies can make critical mistakes.

1. To help retailers develop an inventory plan that works.
2. Make a plan, and then execute.
3. Use multiple vendors.
4. Consistent, constant communication.

INTRODUCTION
Inventories are stock of goods kept in business and meant either for sale or for consumption in the production process. It includes raw materials, work-in-progress, and finished goods. The term inventory has meaning far beyond the usually accepted raw Materials, WIP, stocked components and finished goods related to a company’s products. For effective control, all items required for manufacturer must be included in the planning and control activities. These obviously include tools, fixtures, gages, cutters, testing equipment and similar devices employed in the production processing operations. Supplies such as lubricants, renderings, materials, cleaning and sterilizing compounds and fuels must be part of the formal inventory plan. Inventory has real value only when it is flowing through operations. Inventories constitute the most significant part of the current asset of a large majority companies in India. Because of the large size of the Inventories maintained by firms, a considerable amount of funds is required to be committed to them. It is therefore imperative to manage Inventories efficiently and effectively in order to avoid unnecessary investments. A firm neglecting the management of Inventories will be jeopardizing its long run profitability and may fail ultimately. It is possible for a company to reduce its inventories to a considerable degree of 10-20 percentages without any adverse effect on production and sales by using inventory planning and control techniques. The reduction in excessive inventories carries a favourable impact on the company’s profitability. In analysing the performance of profit making organization, financial and business analyst have developed a variety of financial ratios; many may also apply to inventory management. They have been used as the basis for developing inventory model as well.

Inventory Turnover Ratio: The annual cost of goods sold divided by the cost of inventory has always been a measuring stock for inventory management.

Inventory considered turnover ratio= Annual cost of goods sold / cost of inventory.
Importance of Inventories: There are three important motives for holding Inventories are: Transaction motive, Precautionary motive and Speculative motive.

Transaction motive: It emphasizes the need to maintain Inventories to facilitate smooth production and sales operations.

Precautionary motive: It necessitates hold of inventories to guard against the risk of Unpredictable changes in demand and supply forces and other factor.

Speculative motive: It influences the decision to increase or reduce inventory levels to the Unpredictable changes in demand and supply forces and other factor. Over investments in inventories result in unnecessary tie-up of the firm’s funds and loss of profit, excessive carrying cost and risk of liquidity. In the business world, not everyone follows good principles that aid in their success however, the principles of inventory management cannot be ignored if you expect to maintain a quality business with a good reputation for always being able to assist a customer. Employing good principles is the best way to profit in any industry because it keeps you afloat in a world of chaos and madness. Principles maintain organizational quality and responsibility to a project, aspects that are most important in inventory management. The following inventory management principles should be understood clearly to maintain proper inventory.

Raw material: Raw materials are the basic inputs. They are converted into finished product through the manufacturing process.

Work-in-progress: The raw materials enter the process of manufacture but they are yet to attain a final shape of finished goods.

Finished goods: Finished goods are completely products which are ready for sale. The levels of three kinds of inventories of a firm depend on the nature of business. A manufacturing firm have high levels of all three kinds of its manufacturing.

Successful inventory management: Successful inventory management involves balancing the costs of inventory with the benefits of inventory. Many small business owners fail to appreciate fully the true costs of carrying inventory, which include not only direct costs of storage, insurance and taxes, but also the cost of money tied up in inventory. This fine line between keeping too much inventory and not enough is not the manager’s only concern. Others include:
- Maintaining a wide assortment of stock—but not spreading the rapidly moving ones too thin;
- Increasing inventory turnover—but not sacrificing the service level; Keeping stock low—but not sacrificing service or performance;
- Obtaining lower prices by making volume purchases—but not ending up with slow-moving inventory; and
- Having an adequate inventory on hand—but not getting caught with obsolete items.

The purchasing plan: One of the most important aspects of inventory control is to have the items in stock at the moment they are needed. Thus, buying requires advance planning to determine inventory needs for each time period and then making the commitments without procrastination. Part of your purchasing plan must include accounting for the depletion of the inventory. Before a decision can be made as to the level of inventory to order, you must determine how long the inventory you have in stock will last. For instance, a retail firm must formulate a plan to ensure the sale of the greatest number of units. Likewise, a manufacturing business must formulate a plan to ensure enough inventories are on hand for production of a finished product. The purchasing plans details:
- When commitments should be placed;
- When the first delivery should be received;
- When the inventory should be peaked;
- When reorders should no longer be placed; and
- Well planned purchase affects the price, delivery and availability of products for sale.

Raw materials and purchased parts: When raw materials part or component is to be purchased, the question of how much to receive in any one delivery is critical and fundamental to inventory management. An effective material Control system has to
- Ensure availability of materials for production.
- Reduce wastage of raw materials
Achieve economy of buying and storage cost.
Reduces pilferage, theft, obsolescence and other material losses.
Avoid excessive investment in stock.
Help in maintaining perpetual inventory system to furnish information to management regarding materials.
Help in ascertaining values of jobs, processes and orders.

Controlling inventory
To maintain in-stock position of wanted items and to dispose of unwanted items, it is necessary to establish adequate controls over inventory on order and inventory in stock. There are several proven methods for inventory control. They are listed below, form simplest to most complex.

- Visual control enables the manager to examine the inventory visually to determine if additional inventory is required. In very small business where this method is used, records may not be needed at all or only for slow moving or expensive items.
- Tickler control enables the manager to physically count a small portion of the inventory each day so that each segment of the inventory is counted every so many days on a regular basis.
- Click sheet control enables the manager to record the items as it is used on a sheet of paper. Such information is then used for reorder purposes.
- Sub control enables the manager to retain a portion of the price ticket when the item is sold. The manager can then use stub to record the item that was sold.

As a business grows, it may find a need for a more sophisticated and technical form of inventory control. Today the use of computer system to control inventory is far more feasible for small business than ever before, both through the widespread existence of computer service organization and the decreasing cost of small-sized computer. After the justification for such a computer –based system is enhanced by the fact that company accounting and billing procedures can also be handled on the computer.

- Point-of-sale terminals relay information on each item used or sold. The manager receives information printouts at regular intervals for review and action.
- Off-line point-of-sale terminal relay information directly to the supplier’s computer who uses the information to ship additional item automatically to the buyer/inventory manager.

The Final method for inventory control is done by outside agency. A manufacturer’s representative visits the large retailer on a scheduled basis takes the stock count and writes the reorder. Unwanted merchandise is removed from stock and returned to the manufacture through a predetermined, authorized procedure. A principal goal for many of the methods described above is to determine the minimum possible annual cost of ordering and stocking each item. Two major control values are used:

1) The order quantity, that is, the size and frequency of orders; and
2) The reorder point, that is, the minimum stock levels at which additional quantities are ordered.

The economic order quantity formula is one widely used method of computing the minimum annual cost for ordering and stocking each item. The EOQ computation takes into account the cost of placing an order, the annual sales rate, the unit cost, and the cost of carrying inventory.

Development in inventory management: In recent years, two approaches have had a major impact on inventory management: material requirements planning (MRP) and just-in-Time. Their application is primarily within manufacturing but suppliers might find new requirements placed on them and sometimes buyers of manufactured items will experience a difference in delivery. Material requirements planning are basically an information system in which sales are converted directly into orders on the facility by sub-unit and time period. Materials are scheduled more closely, thereby reducing inventories, and delivery times become shorter and more predictable. Its primary use is with products composed of many components. MRP systems are practical for smaller firms. The computer...
The system is only one part of the total project which is usually long-term, taking one to three years to develop. Just in-time inventory management is an approach which works to eliminate inventories rather than optimize them. The inventory of raw materials and work-in-process falls to that needed in a single day. This is accomplished by reducing set-up times and lead times so that small lots may be ordered. Suppliers may have to make several deliveries a day or move close to the user plants to support this plan.

The basics of production inventory management: Production inventory management different forms general warehouse management because it involves the determination of how quickly to produce a particular product. The factors involved in many cases are similar, though there are some variances in making the final decision as to how quickly manufacturing should push items through the production line. They are,

Available material: The first concern in production inventory management is on the front end of the process. If there are enough materials required for production, then one cannot move forward in providing the products to others. So it should be made certain that all the suppliers, from raw materials to factory workers, to complete the production process are there.

Supply and demand: The current demand for the product on the market should be determined. Good production inventory management occurs when one produce just enough material to satisfy customers’ needs without over extending the production line and manufacturing too many of any given product. There is no need to have an incredible amount of back stock lying around, as this detracts from the net profit. On the other hand, there should be no short supply when a large order comes in, so having a little extra on hand is a great idea.

Quality control: Never simply assume that everything manufactured will be flawless. An important consideration in production inventory management is to allow room for error. In other words, calculate a sufficient amount of product to assume that, even with flaws that get past quality control efforts, there is sufficient stock of the product required.

Cost analysis: In many instances, even the best production inventory management strategies fail in the long run due to the cost of the production process being overlooked as a factor. It is important to maintain a cost effective production process, and this includes making sure that the inventory is not an overwhelming factor. This comes back to not overproducing any items that come off the assembly lines. Doing so is a waste of time and materials, costing excess money to create. Obviously, conservation of the materials, time, and energy consumed in manufacturing unnecessary goods is essential to maintaining a cost effective production inventory management strategy.

Inventory management: In managing inventories the firm’s objective should be in consonance with the shareholder wealth maximization principle. To achieve this, the firm should determine the optimum level of inventory. Efficiently controlled inventories make the firm flexible. Inefficient inventory control results in unbalanced inventory and inflexibility the firm may sometimes run out of stock and sometimes run out of stock and sometimes may pile up necessary stocks. This increases the level of investment and makes the firm unprofitable. Inventory management requires constant and careful evaluate on of external and internal factors and constant through planning and review. The most important objective or inventory control is to determine and maintain an optimum level of investment in the inventory. Most companies have now successfully installed one or the other system of inventory planning and control.

Objectives of the study:
- To find out the relationship between turnover and inventory.
- To find out the components of the inventory.
To find out the percentage of inventory components.
To familiarize with the ABC, XYZ, HML and FSN classification of materials in Ashok Leyland.
To examine the effectiveness of inventory of items using tools of Analysis.

Scope of study: The technique of inventory control i.e. ABC analysis, FSN analysis etc. if effectively implemented, then they are an important tool for reviewing the progress of inventory not only for the stores department in Ashok Leyland but also for the other departments namely, finance, production and purchase at any time.

Limitation of the study
- Difficulty of getting some important data due to its confidential nature.
- Collection of data was difficult because of offices busy schedule on budgets.

Data collection
1. Primary data
The primary data are those which are collected a fresh and first time, and it happens to be original in character.

2. Secondary data: The Secondary data are those which have been already collected by some of them and which have been already parried through the statistical process. The study is based on the secondary data collected from the annual reports and the stores department.

Inventory turnover Ratio: Inventory turnover ratios are also calculated to minimise the investment in inventories turnover ratio can be calculated regarding each item of inventory on the basis of the following formula,

\[
\text{Inventory turnover Ratio} = \frac{\text{Cost of goods sold or sold during the period}}{\text{Average inventory held during the period}}
\]

\[\text{Average Days to sell inventory} = \frac{\text{365 days or 12 months}}{\text{Inventory Turnover Ratio}}\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost Of Goods</th>
<th>Average Inventory</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>894714.72</td>
<td>122391.44</td>
<td>7.31</td>
</tr>
<tr>
<td>2008-09</td>
<td>666664.01</td>
<td>133001.44</td>
<td>5.01</td>
</tr>
<tr>
<td>2009-10</td>
<td>787259.74</td>
<td>163824</td>
<td>4.80</td>
</tr>
<tr>
<td>2010-11</td>
<td>1209360.68</td>
<td>220890.34</td>
<td>5.47</td>
</tr>
<tr>
<td>2011-12</td>
<td>1365847.17</td>
<td>223062.52</td>
<td>6.12</td>
</tr>
</tbody>
</table>

Source: Secondary Data

i) Slow moving inventories: These are inventories which have a low turnover ratio. An attempt should be made to keep these inventories at the lowest level.

ii) Dormant inventories: Inventories which have no demand are classified as dormant inventories. A decision should be taken by the financial manager in consultation be taken by the financial manager in consultation with the chief buyer, the storekeeper, the production controller and the cost accountant whether to retain these inventories because of good chance of future demand or to cut losses by scrapping them while they have some market value.

iii) Obsolete inventories: These are inventories which are no longer in demand because of their become out of data. They should be immediately disordered or scrapped.

iv) Fast moving inventories: These are inventories are very much in demand. Special care should be taken in respect of those items of inventories so that the production or the sales do not suffer on account of their shortage.
v) Aging of schedule of inventory: Classification of the inventories according to age also helps in identifying inventories which are moving slowly into production or sale. This requires identifying the data of purchase/ manufacture of each item of the inventories and classifying them.

VI) ABC analysis: ABC analysis is also called as part to analysis and 70-20-10 analysis. ABC analysis is a form of inventory control where in different degree of control where in different degree of control are exercised over different items of a stores on the basis of the investment (value) involved for organic engines involving high cost will be monitored closely, while cost of tyres, nuts and bolts etc., will be given loser attention

<table>
<thead>
<tr>
<th>Category</th>
<th>Importance</th>
<th>Records and Review</th>
<th>Total value of percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Highly Important</td>
<td>Complete and accurate records, frequent review</td>
<td>70</td>
</tr>
<tr>
<td>B</td>
<td>Relatively less important</td>
<td>Good record regular review</td>
<td>20</td>
</tr>
<tr>
<td>C</td>
<td>Less important</td>
<td>Minimal records, large inventories, periodic review and re-order</td>
<td>10</td>
</tr>
</tbody>
</table>

Awards/Achievements
In the journey towards global standards of quality, Ashok Leyland reached a major milestone in 1993 when it became the first in India’s automobile history to win the ISO 9002 certification. The more comprehensive ISO 9001 in 1998 and ISO 14001 certification for all vehicle manufacturing units in 2002. It has also become the first Indian auto company to receive the latest ISO/TS 16949 Corporate Certification (in July 2006) which is specific to the auto industry.

New products: The Company raised the curtain on some very innovative, modern solutions last year developed to meet exacting customer requirements. The Jan Bus is the world’s first single step, front engine, full flat floor bus and equipped with features to address the needs of passengers and operators alike.

ABC Analysis: CLASS A - 10% of total spares contributing towards 70% of total consumption value, CLASS B - 20% of total spares which account for about 20% of total consumption value and CLASS C - 70% of total spares which account for about 10% of total consumption value. In a specific spares control system, it is quite possible that in a single year, many spares would not have been consumed at all. In such cases, it is better to perform ABC analysis on longer consumed period data, say 3 years. Then only spares will not be left out in this classification. Policy for ‘A’ items: Maximum control, Value Analysis, More than one supplier and Control by top executives. Policy for ‘B’ and ‘C’ items: Minimum control, Bulk Orders and More items from same supplier.

XYZ analysis: X constant consumption, fluctuations are rather rare, Y stronger fluctuations in consumption, usually for trend moderate or seasonal reasons and Z completely irregular consumption X class items which are critically important and require close monitoring and tight control – while this may account for large value these will typically comprise a small percentage of the overall inventory count, Y class are of lower criticality requiring standard controls and periodic reviews of usage and Z class require the least controls, are sometimes issues as “free stock” or forward holding.

FSN Analysis
F, S & N stand for Fast moving, Slow moving and Non-moving items. This form of classification identifies the items frequently issued; less frequently issued for use and the items which are not issued for longer period, say, 2 years. Items that are issued less than once a month. Non-moving (N) = Items that are not issued/ used for more than 2 years. This classification helps spare parts management in establishing most suitable stores layout by locating all the fast moving items near the dispensing
window to reduce the handling efforts. Also, attention of the management focused on the Non-Moving items to enable decision as to whether they are required in the future or they can be salvaged. Experience shows that many industries which are more than 15 years old have more than 50% of the stock as non-moving Spares. Even if a few of them are disposed of and the locked up capital is made available, it will make available additional working capital to the organisation. Action for disposal should be taken based on the value of each item of spare.

SDE Analysis: Classification based on the lead time
This classification is carried out based on the lead time required to procure the spare part. The classification is: **Scarce (S)**: Item which are imported and those items which require more than 6 months lead time. **Difficult (D)**: items which require more than a fortnight but less than 6 months lead time. **Available (E)**: Items which are easily available i.e., less than a fortnights lead time. This classification helps in reducing the lead time required at least in case of vital items. Ultimately, this will reduce stock out costs in case of stock outs. A comprehensive analysis may ultimately bring down lead time for more & more number of items. This will also results in streamlining the purchase and receiving systems and procedures.

VED Analysis: Classification based on Criticality
Several factors contribute to the criticality of a spare part. If a spare is for a machine on which many other processes depend, it could be of very vital importance. Also if a spare is, say, an imported component for which procurement lead time could be very high its non-availability may mean a heavy loss. Similarly spares required for fighter aircraft at the time of war could be of great value in terms of fighting capability. In general, criticality of a spare part can be determined from the production downtime loss, due to spare being not available when required. Based on criticality, spare parts are conventionally classified into three classes, maintenance engineering and management: **VITAL (v)** - A spare part will be termed vital, if on account of its non-availability there will be very high loss due to production downtime and/or a very high cost will be involved if the part is procured on emergency basis. In a process industry, most spare parts for the bottleneck machine or process will be of vital nature. For example, bearing for a kiln in a cement plant will be considered vital. **ESSENTIAL (E)** – A spare part will be considered essential if, due to its non-availability, moderate loss is incurred. For example, bearings for motors of auxiliary pumps will be classified as essential. **DIFFICULT (D)** - A spare part will be desirable if the production loss is not very significant due to its non-availability. Most of the parts will fall under this category.

For example, gaskets for piping connection. The VED analysis helps in focusing the attention of the management on vital items and ensuring their availability by frequent review and reporting. Thus, the downtime losses could be minimized to a considerable extent.

HML ANALYSIS: Classification based on unit price:
This classification is as follows **High cost (H)**: Item whose unit value is very high, say, RS.1000/-and above. **Medium cost (M)**: Item whose unit value is of medium value, say, above RS. 100/- but less than RS. 1000/- **Low cost (L)**: Item whose unit value is low, say, less than RS.100/-  This type of analysis helps in exercising control at the shop floor level i.e.at the use point. Proper authorization should be there for replacing a high value spare. Efforts may be necessary to find out the means for prolonging the life of high value parts through reconditioning and repair. Also, it may be worthwhile to apply the techniques of value analysis to find out a less expensive substitute.

TABLE NO: 1 TABLE SHOWING ABC ANALYSIS

<table>
<thead>
<tr>
<th>Category</th>
<th>No of items</th>
<th>% of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>21500</td>
<td>11.87</td>
</tr>
<tr>
<td>B</td>
<td>27890</td>
<td>15.4</td>
</tr>
<tr>
<td>C</td>
<td>131760</td>
<td>72.73</td>
</tr>
<tr>
<td>Total</td>
<td>181150</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Secondary data
Interpretation:
The table above shows that 11.87% of the items constitute 97.27% of the issue value and 72.73% of the items constitute only 1% of the issue value. “A” are in 21500 numbers, claim greater issue value and hence more importance is required. B = this category consists a more items of medium value. C = this category consist an all other material of small value.

**TABLE NO:2 - TABLE SHOWING XYZ ANALYSIS**

<table>
<thead>
<tr>
<th>Category</th>
<th>No of items</th>
<th>% of items</th>
<th>% of values</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>8330</td>
<td>4.6</td>
<td>81.12</td>
</tr>
<tr>
<td>Y</td>
<td>23160</td>
<td>12.78</td>
<td>15.55</td>
</tr>
<tr>
<td>Z</td>
<td>149660</td>
<td>82.62</td>
<td>3.3</td>
</tr>
<tr>
<td>Total</td>
<td>181150</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Secondary data

Interpretation: It explains that of the items constitutes 81.12% of the issue value and 82.62% of the items constitute only 3.3% of the issue value. “Z” is 149660 in numbers, claim greater issue value and hence more importance is required to “Z” category. X= constant consumption, fluctuations are rather rare, Y =stronger fluctuations in consumption, usually for trend moderate or seasonal reasons, Z =completely irregular consumption

**TABLE: 3 - SHOWING FSN ANALYSIS**

<table>
<thead>
<tr>
<th>Category</th>
<th>No of items</th>
<th>% of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>105110</td>
<td>58.02</td>
</tr>
<tr>
<td>S</td>
<td>1810</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>74230</td>
<td>40.98</td>
</tr>
<tr>
<td>Total</td>
<td>181150</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Secondary data

Interpretation: Fast moving items forming high percentage of inventory at around 58.02%. Around 40.98% of inventory is found to be non-moving which requires special attention. Around 1% of inventory is found to be slow moving. F = Stands for Fast moving. S = Stands for Slow moving. N = Stands for Non-moving.

**TABLE 4: - SHOWING HML ANALYSIS**

<table>
<thead>
<tr>
<th>Category</th>
<th>No of items</th>
<th>% of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>5610</td>
<td>3.1</td>
</tr>
<tr>
<td>M</td>
<td>21810</td>
<td>12.04</td>
</tr>
<tr>
<td>L</td>
<td>153730</td>
<td>84.86</td>
</tr>
<tr>
<td>Total</td>
<td>181150</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Secondary data

Interpretation: Unit values more than RS.10000 are classified “H” there are 5610 items. The company must take care while purchasing these items so as avoid over stocking. In the above classification there are about 153730 items where the unit values are less than RS.1000. H = Stands for High cost. M = Stands for Medium cost. L = Stands for low cost.
FINDINGS

- Bulk of inventory items and routine controls should be adequate.
- “X” items should have high stock value. The company should take special effort to reduce these items.
- Purchase of “H” items has to be eliminated, so that unnecessary purchase can be avoided since it has high unit value.
- A critical analysis must be done in an effort to reduce of “A-X” analysis.

The management From the various analysis of inventory management, the following inferences are made;

- Around 21500 items fall under “A” class. These items have greater issue value.
- There are 8330 items falling under “X” category these items have greatest stock value.
- Around 105110 items considered being fast moving and 561 items have high unit value.
- Under FSN and HML analysis 2960 items have high unit value and are considered to be fast moving.
- Around 263 high unit value items are considered to non-moving items.
- The inventory stock in number of days to be found in 71 days which indicate of good inventory management.

SUGGESTIONS

- A close monitoring and stringent control is required for “A” class items .Class “C” items account for the focus is required on “A-F” items. The company should take more effort to reduce an item which falls under “A-N” and “C-N” categories.
- “A-H” items require higher control measures. In respect of other items, lower control is sufficient.
- Quick disposal of “N-H” items is advisable since it has high unit value. Even though the unit value is low for “N-L” items non-moving items involved are very huge. So it has to be disposed at optimum price.

CONCLUSION

Inventory management is important for keeping costs down, while meeting regulations. Supply and demand is a delicate balance, and inventory management hopes to ensure that the balance is undisturbed. Highly trained inventory managers and high-quality software will help make inventory management a success. The ROI of inventory management will be seen in the forms of increased revenue and profits, positive employee atmosphere, and an overall increase of customer satisfaction. The techniques of inventory management help in determining the optimum level of inventory as well as how much should be ordered and when it should be ordered. All these techniques are helpful in effective management of inventories and balancing the advantages of holding additional inventory against the cost of carrying inventory. It is finally concluded that inventory management at Ashokleyland is excellent and followed as a policy. More careful vigilant and optimize inventory management is practiced especially with regard to imported items.

BIBLIOGRAPHY