Chapter-V
Conclusion

CHAPTER V

CONCLUSION

5.1 INTRODUCTION:

In this chapter the researcher has tried to give conclusions of the present study and has made some of the important suggestions for better performance of the industries. These conclusions are based on analysis made in previous chapter. The analysis is done on inventory management performance of two small scale industries. On this analysis the researcher briefly gives the particular suggestions for the improvement performance of the industries.

5.2 FINDINGS RELATED TO THORAT INDUSTRY:

5.2.1 Findings Related to Turnover Ratio:

1) The ITR of Thorat industry shows that the highly increasing trend. But in the year 2011-12 to 2012-13 it was reduced ITR. It indicates the lower performance of Thorat industry in the year 2011-12 to 2012-13. (Table No 4.1)

2) The IHDR of Thorat industry show good performance of the industry in the year 2008-09 to 2010-11. But in the last two years IHDR was increased, which was not good for the inventory performance of the industry. (Table No 4.2)

3) It was found that RMTR of Thorat industry shows fluctuating trend in the year 2008-09 to 2012-13. It shows that in industry there is not a constant a raw material stock over the study period.(Table No 4.3)

4) The RMHDR of Thorat industry was changes between 9.72 days to 27.14 days over the study period. It shows that raw material is in stock for more days. (Table No. 4.4)

5) It is found that the Work-in-Progress Turnover Ratio goes from 26.25 times to 68.55 times from year 2008-09 to 2012-13. This ratio shows the increasing trend it was good for the performance of the industry. (Table No 4.5)

6) The Work-in-progress holding day's ratio shows the fluctuating trend in the study period. Over the study period only in year 2011-12, it was high i.e. 37.49 days other than that this ratio shows the good inventory management performance. (Table No 4.6)

7) The Inventory to Sales Ratio of Thorat Industry it was 0.05 to 0.10 during the study period. It indicating increasing trend of Thorat industry, which shows good performance in sales. (Table No 4.7)

8) It is found that the inventory to current assets ratio increases from 0.12 to 0.26 during the study period. It shows the inventory have increasing part to current assets ratio of the industry, which was not good for the liquidity of the industry. (Table No 4.8)

9) The current liabilities to inventory ratio of Thorat industry show the fluctuating trend over the study period. It shows that there is no any constant trend in this ratio. (Table No 4.9)

10) The inventory to net working capital ratio of Thorat industry shows the fluctuating trend in study period. It indicates the normal inventory working capital position of Thorat industry (Table No 4.10)

5.2.2 Findings Related to ABC Analysis:

1) In A- group items includes 9.27% out of total quantity of items. They invested 69.63% of a total value of inventory (Table No 4.12)

2) In B- group items includes 20.61% out of total quantity of items. They invested 19.80% of a total value of inventory (Table No 4.13)

3) In C- group items includes 69.57% out of total quantity of items. They invested 10.97% of a total value of inventory (Table No 4.14)

5.2.3 Findings Related to VED Analysis:

1) It was found that 6 items of inventory has 'V' categories that are 'Vital' it is a very important part of spares parts in overall inventory. (Table No 4.16)

2) It was found that 8 items of inventory has 'E' categories that are 'Essential' which were moderately important in the industry. (Table No 4.17)

3) There is 36 items of inventory has 'D' Categories that is 'Desirable items' which are less important in the production process. (Table No 4.18)

5.2.4 Findings Related to ABC-VED Matrix Analysis:

1) It was found that 12 items (24%) of total items (i.e. 50 items). It indicates that the management of Thorat industry should give more focus on these items because it was not easily available and more costly. (Table No 4.19)

2) There is 14 items (28%) of total items of Thorat industry. It shows that the class-II items are moderately important and essential to production process. (Table No 4.19)

3) There is 24 items (48%) of total items (50 items) of Thorat industry. It shows that the class-III items are least important and desirable items for management. If this class items are easily available and necessary for production process, but which are not available in timely they directly does not affect the production. (Table No 4.19)

5.3 FINDINGS RELATED TO YASH INDUSTRY:

5.3.1 Findings Related to Turnover Ratio:

1) The inventory turnover ratio of Yash industry shows the decreasing trend in the study period. This ratio shows that the inventory turnover of industry was decreased (Table No 4.20)

2) Inventory holding day's ratio of Yash industry is shows the fluctuating trend in over the study period. In over all study period this ratio was very high, which show that the inventory is kept in stock for more period. It will not good for the industry. (Table No 4.21)

3) The raw material turnover ratio is shows decreasing trend from 17.33 times to 8.49 times during the study period. This ratio shows the bad position of raw material performance of the Yash industry. (Table No 4.22)

4) The raw material holding day's ratio is increasing from 21.05 days to 42.99 days during the study period. It indicates the increasing raw material holding day's ratio of Yash industry. Which is adversely affected the performance of the industry. (Table No 4.23)

5) It is found that the work-in-progress turnover ratio of Yash industry showing continuously decreasing during study period. It was 29.58 times in 2008-09 and become decreasing 2.85 times in 2011-12. This ratio shows that the production process of industry take more time. (Table No 4.24)

6) It is found that the Work-in-Progress Holding Days Ratio of Yash Industry showing increasing trend year by year, because the decreeing in Work-in-Progress Turnover Ratio it's adversely affected this ratio. This ratio also shows the production of the industry take more time. (Table No 4.25)

7) The inventory to sales ratio of Yash industry showing continuously increasing trend year by year. This ratio is changes between 0.05 times to 0.53times over the study period. It shows that there is no any constant trend in sales and inventory of the industry. (Table No 4.26)

8) It is found that I to CAR of Yash industry showing the increasing trend through the study period. This ratio was 0.14 times in year 2008-09 and it become 1.06 times in year 2011-12. It means in Yash industry in current assets portion of inventory was increasing year after year. This is not good for the liquidity of the industry. (Table No 4.27)

9) It is found that the current liability to inventory ratio of Yash industry is continuously growing year by year. It was 0.33% to 1.72%. It shows the increasing current liabilities of Yash industry. It will affect the timely payment of the industry. (Table No 4.28)

10) The inventory to net working capital ratio of Yash industry showing continuously increasing trend, but in the year 2010-11 it was reduced and become -8.58 and in the next year 2012-13 it was 1.48. This ratio shows that the more working capital is required for the inventory management in the industry. (Table No 4.29)

5.3.2 Findings Related to ABC Analysis:

1) In 'A' categories items include are 10.21% out of total quantity of items. They invested 68.58% of a total value of inventory, this item not easily available in market. (Table No 4.31)

2) In 'B' categories items includes are 20.61% out of total quantity of items they invested 20.35% of a total value of inventory (Table No 4.32)

3) In 'C' categories items includes 69.28% out of total quantity of items they invested 10.89% of a total value of inventory. these items easily available in market. (Table No 4.33)

5.3.3 Findings Related to VED Analysis:

1) The 9 items of inventory has 'V' categories that is Vital, these items is very important and related to the spares parts. (Table No 4.35)

2) The 10 items of inventory has 'E' categories that is Essential, these items are available or not available in market. It will not make direct impact on production. (Table No 4.36)

3) The 31 items of inventory has a 'D' category that is Desirable. If these items are not available, they do not result into any significant production down loss. (Table No 4.37)

5.3.4 Findings Related to VED Analysis:

1) Class-I items of Yash industry is 15 items (30%) of total items (i.e. 50 items). If these items are not available in timely the production process is breakdown. (Table No 4.38)

2) There is 16 items (32%) of total items of Yash industry. It shows that the class-II items are moderately important and essential to production process

3) There is 19 items (38%) of total items (50 items) of Yash industry. It shows that the class-III items are least important and desirable items for management.

5.4 FINDINGS RELETED TO COMPARATIVE PERFORMANCE OF THORAT INDUSTRY AND YASH INDUSTRY:

1) It was found that over the study period the inventory turnover ratio of Thorat industry is better than the Yash industry. It means Thorat industry showing good performance in inventory management then the Yash industry.

2) There is significant difference between inventory holding day's ratio of Thorat industry and Yash industry. The inventory holding days of Thorat industry is decrease it is good position but Yash industry is continuously increasing ratio, it shows that not sufficient position of this industry.

3) The raw material turnover ratio of Thorat industry is better than the Yash industry, throughout the study period. It means the raw material is in stock of Yash industry for more days then the Thorat industry.

4) The raw material turnover ratio shows that the inventory management performance of Thorat industry is good then the Yash industry. This ratio of Thorat industry is more than the Yash industry.

5) Work-in-progress turnover ratio shows there is significant difference between Thorat industry and Yash industry. The work-in-progress turnover ratio of Thorat industry is better than the Yash industry because; it was more in Thorat industry as compared to Yash industry.

6) There is significance difference in work-in-progress holding day's ratio of Thorat industry and Yash industry. The work-in-progress holding days of Thorat industry is decrease it is good position but Yash industry ratio shows continuously raising trend so it is a not sufficient position of this industry in work-in-progress.

7) The overall inventory to sales ratio of both industries is almost similar throughout the study. It shows that there no any significant difference in this to industries.

8) The inventory to current assets ratio of both industries is almost similar. The both industries do not have big difference they have same kind of performance in study period.

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9) The current liabilities to turnover ratio shows increasing trend in the Thorat industry but, Yash industry it shows decreasing trend. So the performance of Thorat industry is better than the Yash industry.

10) It is found that the overall performance of inventory to net working capital ratio of Thorat industry and Yash industry have does not big difference, only in year 2011-12 this ratio of Yash industry is negative i.e.: (-8.58%)

5.5 COMPARATIVE FINDINGS OF ABC ANALYSIS:

1) It was the found that over the study period of the ABC analysis of Thorat industry. The Thorat industry 'A group items includes 9.27% out of total quantity of items and they invested 69.63% of total value of inventory. The Yash industry 'A' group items includes 10.21% out of total quantity of items. And they invested 68.58% of total value of inventory; The Thorat industry and Yash industry have some position in A items.

2) It was found that over the study period of ABC analysis the Thorat industry and Yash industry 'B' groups items are same position.

3) 'C' items of Thorat industries include 69.57% of total quantity of items, and they invested 10.97% of total value of inventory, the Yash industry 'C' items include 69.28% out of total quantity of items and they invested 10.89% of total value of inventory that is same position of both selected two small scale industries.

A tight control should be exercised on items 'A' in order to maximize profitability on its investment. Simple control on items 'C' will be sufficient.

5.6 COMPARATIVE FINDINGS OF VED ANALYSIS:

1) It was found that the overall study 6 items of inventory has 'V' that is Vital in Thorat industry and the Yash industry 6 items of inventory has 'V' that is Vital there is not any significance difference of these analysis.

2) The essential 'E' items of Thorat industry 8 items and Essential items of Yash industry is 10 items there is no any significance difference in these items.

3) In these overall study it is found that 'D' item of Thorat industry includes 36 and Yash industry 'D' items includes of 31 items. So there is no any big and large difference in these items.

5.7 SUGGESTIONS:

1) The both industries should use ABC analysis in there day to day working. The industries should try to enhance the operating efficiency.

2) Thorat industry should provide safety facilities (i.e. Gulfs, goggles, Helmet, Dress, Shoes etc.) to the workers, for there better performance and safety life work.

3) The industries should be providing new training facilities (i.e. computer training, handling new CNC Machine, advances the technology) it will help to improve the production capacity and quality of production.

4) The both industries should appointed skilled labour according to the requirement of production process to improve the quality of production.

5) Both industry are should make proper arrangement of transportation facility to reduce the transportation cost and supply of production at time.

6) Both industries should establish various departments like Planning, and Procurement Department for making proper arrangement of production process completed in time.

7) Both industries should give attention on proper communication between purchase and production Departments.

8) The Yash industry should make proper implementation of Total Quality Management (TQM) technique particularly in all departments of production to ensure better sales and reduce the inventory and finished product.

9) There should be increases in warehousing capacity of the both industries to store the higher production.

10) It is suggested that they can have close monitoring of receipts and issues for A Class items in order to have control of inventory.

11) Both industries should take measure for maintenance of proper stores and spares for avoid the frequent breakdown of the machinery.

12) Both industries should plan to achieve more sale it may require huge amount of inventory in future. So the industries have to arrange capital to meet future requirement.

5.8 CONCLUSION:

The present study is on the "Inventory Management Performance in Small Scale Industries: A Comparative Study of Thorat Industry and Yash Industry in Palus." For the analysis and interpretation of data researcher used parameters of Turnover Ratios, ABC Analysis Technique, VED analysis Technique, and ABC-VED Matrix analysis. Researcher also studies comparative study of these parameters of two small scale industries. From hypothesis testing it concludes that both industries have no significance difference between Turnover Ratios and ABC analysis, VED analysis and ABC-VED Matrix analysis both industries are having same position. The suggestions given were very useful to both industries to improve their inventory management. From the inventory management performance it will conclude that the inventory to Current Assets Ratio, Inventory to Working Capital Ratio, Inventory to Sales Ratio these ratio shows that the good and similar position. The small scale industries should include more efficient work for the industrialization and overall development of the economy of the country. Industry is the segment of economy concerned with production of goods. The developments of small scale industries are very important for a country.