

CHAPTER - THREE

RESEARCH DESIGN

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3.1 INTRODUCTION:

Inventory management is an important area of both production and financial management and plays a crucial role in cost control and cost reduction in any manufacturing unit.

3.2 STATEMENT OF THE PROBLEM:

Accordingly, "A STUDY OF INVENTORY MANAGEMENT IN MARATHE TEXTILE MILLS PROP. BALWANT TEXTILE MILLS LTD., MIRAJ", has been undertaken due to the importance of inventory management.

3.3 OBJECTIVES OF THE STUDY:

The study has been undertaken with the following objectives:

1. To study the purchase policy of the organization;
2. To study the recording of receipts of materials;
3. To study the method of storing materials;
4. To study the various methods of controlling stocks;
5. To study the method of issuing inventory to different departments;

3.4 METHODOLOGY ADOPTED:

For the present study, the survey method and the observation method have been adopted.

In the survey method, various departments connected with inventory management of Marathe Textile Mills were visited. Similarly, observation method was also carried out to observe the method of storing of inventories, the general layout of stores, the material handling equipments used, the system of issue and receipts of materials, etc.

Sources of Data Collection:

For the present study, the data has been collected through primary as well as secondary sources. For collecting the data through primary sources, a questionnaire was prepared and administered. In order to administer the questionnaire, the heads of various departments directly or indirectly related with inventory control were contacted. The interviews with the stores-in-charge and purchase manager were conducted. These interviews were informal and unstructured in nature.

Secondary data was collected from the office records and the published literature. The following libraries were visited:

1. Library of Chh.Shahu Central Institute of Business Education and Research, Kolhapur;
2. Barr.Khardekar Library, Shivaji University, Kolhapur;

3. Library of G.A.College of Commerce, Sangli;
4. Library of Chintamanrao College of Commerce, Sangli;
5. Library of Vasanttraodada Patil Institute of Management Studies and Research, Miraj. /

3.5 SIGNIFICANCE OF THE STUDY:

In modern competitive world, one of the burning problem of every business and industry is that of cost control and cost reduction. An all-pervasive effort for cost control and cost reduction from 'A-to-Z' is of paramount importance for the survival and growth of every industrial enterprise. That is why inventory management, as a scientific device for controlling inventory cost and eliminating wastage is now regarded as an integral part of industrial management. Unlike other technics such as rationalization, work re-organization, productivity devices, etc., inventory management does not involve any human factor as it concerns itself not with man but inventories. Inventory management can secure rich dividends much more easily and without inviting any resistance and that is why modern management has started taking greater interest in the inventory management.

Hence, inventory control is considered a goldmine for saving and hence, the present study has its significance from the organization's operational point of view.

3.6 SCOPE OF THE STUDY:

The present study is confined to one organization (case study) and its emphasis is on the study of materials management. The period of study with regard to the inventories is 1987-90.

3.7 LIMITATIONS OF THE STUDY:

The study is conducted from the year 1987-88 to 1990-91 i.e. for a period of three years only. As the management of the company changed in the year 1987, data relating to previous years was not available. Also, proper records of inventory were maintained only after 1987. The policy of inventory management and purchasing also changed after 1987 under the new management. Due to the peculiar nature of the raw material, i.e., cotton, the purchasing policy has been flexible and modified taking into account practical considerations. Therefore, it is not easy to study the style of purchasing of this organization.

3.8 CHAPTER SCHEME:

The study is divided into Five Chapters. The First Chapter is related to introduction, meaning, definition, clarification, procedures, documents, stores, etc.

The Second Chapter is allocated for organization's

information. It includes historical background of organization, present situation and other related information.

The Third Chapter explains the research design and includes objectives, statement of the problem, methodology, scope, limitations and the chapter scheme.

The Fourth Chapter contains the presentation and analysis of the data which was collected with the help of questionnaire, interviews and observations.

The Fifth Chapter records the conclusions drawn from the analysis and interpretation of the data presented and also certain suggestions for the possible improvements in the organization for inventory management.

The questionnaire used for collecting the data comprises the Appendix and a comprehensive Bibliography concludes the Dissertation.