INTRODUCTION
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Coimbatore, the second largest city in Tamilnadu is the Headquarters of the district of the same name. As it is exposed to the Palghat gap of Western Ghats, it enjoys a salubrious climate. There are more than 25,000 small, medium, large and tiny industries and textile mills. No wonder COIMBATORE is rightly called the Manchester of South India. Coimbatore is also famous for the manufacture of motor pumpsets and varied engineering goods, due to which it has earned the title 'The Detroit of the South'. The city is also known for its handloom products. There are a number of technical institutions as well. Coimbatore, the entrepreneur's dream, remains a city where age old customs survive, where family bonds are strong and where tradition is a way of life. It is this unusual blend of tradition and modernity, the secret of its success.

The complexities of present-day industrial and commercial operations in business require a high degree of optimization if an industry is to survive and remain healthy. A viable industrial enterprise has to lay great stress on professionalism of management aspects such as better utilisation of resources, productivity of area, materials and money, and input-output ratios. These efforts towards optimisation increase profitability and ensure better financial performance. Sustained industrial production is not only essential from the point of view of ensuring requisite degree of growth and reasonable prices, but also to enhance
the competitiveness in export market. In the national task of maximising production and employment and of containing prices, productivity assets, in both public and private sectors, assumes a critical role. It is usual for industrial management's to refer to low labour productivity as cause of the economic malaise, but there are many areas where within the control of management distinct improvements can be made.

Materials management plays a pivotal role in these efforts demanding efficiency and skill from materials managers and an integrated approach towards this branch of management from the organisation. As it is difficult to increase profits, the only other effective way left for enhancing return on capital blocked up in inventories is, not only achieving a higher return on investment by minimising tied-up working capital, but also improving the liquidity position of the enterprise.

Inventory management is still in an early stage of development and spare parts management is of even more recent origin. Not only are there no ready-made solutions available in this field, but there is also no satisfactory way of representing the true part played by scientific inventory management within a business enterprise. Inventory management is not an isolated factor; it is intimately bound up with the essential purpose of the business, which in an industrial enterprise, is production or sales. For reducing materials cost and
unnecessary investment in materials, a co-ordinated effort is required. Traditional management practices and vertical divisions should not be permitted to hinder an integrated approach to materials management. Effective co-ordination and feedback between concerned departments and promptness in every phase of work connected with spare parts will reduce the stock. Paper work can be minimised and supplies made available more efficiently. Large reductions in spare parts requirements can be possible by the sharp contraction of the time required to procure, produce, deliver and maintain items and by discarding old ideas under which needlessly large quantities are kept for a number of components and parts. Although spare parts may constitute only a part of the total inventory, their management is complex and requires sophisticated decision-making techniques to enable high service levels to users of spares, with the lowest possible inventory investment. In view of technological innovations in industry and the resultant high rate of obsolescence, inventory should be kept at a minimum level.

Materials management embraces all functions concerned with ordering, storing and movement of materials. It embraces all activities performed by purchasing, production control, stores, traffic and physical distribution.

Materials management is defined as "a confederacy of traditional materials activities bound by a common idea - the idea of an integrated management
approach to planning, acquisition, conversion, flow and distribution of production materials from the raw materials state to the finished product state." by Donald W Dobler, Lamer Lee Jr and David N Burt.

The Dictionary of American Production and Inventory Control Society defines the materials management as: "Materials Management is a term to describe the grouping of management functions related to the complete cycle of material flow, from the purchase and internal control of production materials to the planning and control of work in progress, to the warehousing, shipping and distribution of finished product".

Materials management is defined as "the function responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide a pre-decided service to the customer at a minimum cost". - P.Gopalakrishnan and M.Sundaresan.

The materials management concept advocates the assignment of all major activities, which contribute to materials caused to a single materials management department. This includes the primary responsibilities which are generally found in the purchasing department, plus all other procurement responsibilities, including inventory management, traffic, receiving, warehousing, surplus & salvage, and frequently production planning and control.
Inventory is the amount of raw materials, fuel and lubricants, spare parts and semi-processed material to be stocked for the smooth running of the plant. Inventory Control is defined as the application of control theory in managing inventory within the pre-determined levels. Inventory control is the "life-system" control needed for continuous operation in all businesses. Inventory can be compared to the life-blood of the human body in the correct quality and quantity at the right time, so too, the replacements of used up inventory is needed in correct quality and quantity at the right time for continuous operation. Much of the resources of many major companies are inventory, so failure to control inventory can mean the difference between profits and loss.

Buying the optimal quantity can result from a good inventory control system, which in turn is achieved only by wise reconciliation of natural conflict of department objectives among a company's major departments. In fact, an inadequate inventory control plan is one of the most common causes of departmental misunderstanding. It is therefore imperative that the management carefully study the ramifications of various approaches to specific inventory problems and adopt policies which in total satisfactorily balance its two major, but conflicting objectives: (1) to tie up the minimum possible capital in inventory and (2) to maintain an efficient continuity of operations in production and in the supporting departments.
Inventory permits the relative independence of operations between two activities. Inventory also provides for continuous operations when demand for the product is not consistent. Another purpose of inventory is to allow the filling of orders quickly, thereby maintaining customer satisfaction. Sometimes, it is impractical to monitor every item in inventory with the same degree of intensity. In such cases, it is useful to categorise the items in inventory according to the degree of control needed.

Stores and Warehouses are specific places where materials are received, stored and issued. The objective of stores is to carry out the above functions in the most efficient and economical manner so that the costs incurred are kept to the minimum, which is a part of materials management. Stores form the basis of materials management.

Efforts are necessary to install scientifically based spare parts inventory management systems and to study their net effect on the profitability and technical viability of the company. These scientific methods, combined with a practical approach to problems giving rise to high levels of spare parts inventories in various industries and surpluses worth crores of rupees, should lead to a reduction of spare parts inventories and spare parts consumption consistent with increased utilisation of capacities and productive effort.
IMPORTANCE

Materials in the form of raw materials and semi-finished goods are of great significance for the success of an enterprise. These can directly affect the efficiencies of a system. It is observed that irrespective of the size of an enterprise, the expenditure on materials is a major item of the budget. In many cases material consumption varies from 25 per cent to 75 per cent of sales turnover. The expenditure on materials is money invested in inventories, cost of storage, transportation costs, insurance, wastage and others. Because of the magnitude of expenditures required in acquiring and controlling materials and their impact on profits, a great deal of attention is required towards the management of operations associated with materials.

It is becoming increasingly difficult for most companies to control inventories effectively due to the increase in the number of components going into the stores. Because of this the amount of money invested in inventory is increasing at a faster rate than the number of items. It is ironical that stores functions are the most neglected area of materials management. Storage of materials for long periods causes loss due to locking up of money in the form of stock, space and personnel. Long storage also means interruption of the flow of these materials to their destination resulting in further loss at the receiving end. At the receiving end these materials are required either for consumption or for conversion by value addition. In either case, non-availability of items in time results in tangible
and intangible losses of unfulfilled demands. Inefficient stores management leads to overstocking or under-stocking. Inadequate control causes loss due to pilferage and deterioration of stores. More than 60 per cent of the cost of production and 90 per cent of the working capital accounts for materials. Hence any saving on materials will have significant improvement on profitability. All these aspects highlight the importance of stores.

Effective control over costs can be obtained only when a firm is analysed and controlled as a total operating unit i.e. (a total system). Uncoordinated cost reductions can be misleading, because cost reductions made in one area frequently appeared as increased costs in another area(s). Purchasing cost can be reduced, by buying in larger quantities and passing increased carrying cost along to inventories. Or inventories can be reduced to the minimum, passing additional cost along to (1) production, in the form of manufacturing delays and / or possible down time, and (2) purchasing in the form of higher ordering cost, additional receiving activities, payments and others. Similarly, reduce transportation cost resulting from the use of slower methods of transport can be passed along as increased inventory cost and possible production delays. Packaging cost can be reduced, by passing the cost along to materials handling and customer claims.
Management's were long been aware of the fact that manufacturing and marketing are the two main activities of an enterprise but of late there is a feeling for a third basic economic activity known as materials management. Like manufacturing and marketing, in material management also capital is employed and costs are incurred to produce something of economic value.

Essentially, materials management is the process of co-ordinating the activities involved in the acquisition and use of materials employed in the production of finished goods/products. In a production process, materials management can be considered as a preliminary activity to transformation process. It involves planning and programming for the procurement of material and capital goods of desired quality and specification at reasonable price and at the required time. It is also concerned with market exploration for the items to be purchased to have up-to-date information, stores and stock control, inspection of the material received in the enterprise, transportation and material handling operations related to materials and many other functions. In the words of Bethel, "Its responsibility end when the correct finished product in proper condition and quantity are passed to the consumer".

MODERN TREND EVOLVING

The growing availability and expanded capability of low-cost mini and microcomputers and related equipments continue to increase the adoption of the
total materials management concept. The reindustrialisation, with its automated factories using CAD/CAM systems, assures a continuation of the refinement and the acceptance of various versions of both the materials and logistics management.

Despite some advantages, a systems approach to coordinating and managing a firm's materials activities has proved to be extremely beneficial. In addition, a rewarding fringe benefit is the fact that a synergism is produced among the departments when the departments coordinate and integrate their materials interests. The benefits typically achieved by a firm making the transition to materials management are higher profits stemming from greater inventory turnover, increased productivity, fewer stock-outs, improved supplier deliveries, higher machine utilization, better materials planning, and reduced conflict among the firm's functional managers.

NEED FOR THE STUDY

Coimbatore, is concentrated with Textile Mills which is responsible for the bulk production of yarn. It is a labour intensive industry, using advanced technology. The basic raw material required is cotton. This raw material is converted into quality yarn through the process of manufacture with modern technology. Since number of machines are used in the production process, the requirement of materials (inventory), to maintain the machines in proper conditions is necessary
so that the production is not affected. The continuous production provides to reduce the cost of production. Stores expenditure is an important item of cost of production in a textile mill, next only in importance to raw material and labour costs. Store keeping is a service to manufacturing with respect to materials, parts, equipment and other elements used in production. To perform this principal function of stores most economically, efficiently and to maintain continuity of supply to provide uninterrupted production are the main objectives of store keeping.

In a spinning mill, the value of consumable stores and spare parts, packing materials, lubricants and others varies from about 3 per cent to 5 per cent of the sale value of the material. The actual consumption depends on the size and age of the mills, the counts spun, the quality and level of maintenance of machinery. Whilst the value of these stores is small in comparison with the value of cotton, it is nevertheless quite important to keep this cost down.

Since prices of the textile stores do not fluctuate from day to day, they tend themselves conveniently to "Bulk" buying and get maximum discounts. However, it is to be borne in mind that all stocks of stores on hand represent funds that are not productive. Stocks should be kept in store such that stocks required by the mills are readily available the quantity should be kept at a minimum to avoid possible losses due to obsolescence and deterioration.
The general guideline to the purchase of stores is quality consistent with price. Most progressive mill, therefore, links quality and price. The normal practice is to find out the life of the store item offered by various suppliers, relate it to price and find out the value per unit of life. Once the supplier quoting the item with lowest price per unit is established, goods are bought consistently from him, even though inquiries are sent to various firms to make sure that this price situation remains unchanged. Each supply is checked for deterioration in quality of goods. Thus an efficient material management system helps the Textile mills to reduce the cost of production and increase the profitability.

LIMITATIONS OF THE STUDY

The study has been conducted in the mills located at Coimbatore District only and the results pertain only to these mills and cannot be generalised. The study has been conducted in the mills, which were functioning at the time of data collection and they may/may not function due to the economic crisis existing in the textile mills.

The study has been limited to the spares parts management of the store in textile mills. The raw materials stores, has not been considered due to non-availability of data and reluctance on the part of the mill management not to reveal it.
Financial data pertaining to the mills were not provided by the management of the mills and hence financial analysis could not be done in depth. Only for a few areas for which approximate data were provided, an analysis has been done.

OPERATIONAL DEFINITION OF TERMS USED

Stores management: Management of physical storage of materials carried in the store room in a scientific manner with a view of saving them from all kinds of damage and losses, excercising control over their investment and movement.

Inventory: It is defined as a usable resource, which is physical and tangible such as materials, fuel and lubricants, spare parts and semi-processed materials to be stocked for the smooth running of the plant.

Inventory Control: The process whereby the investment in materials and parts carried in stock is regulated within the predetermined limits set in accordance with the inventory policy established by the management.

Lead-time: The time between ordering and receiving of the materials is known as lead-time.

Codification: It is the process of representing each item by a number, the digit of which indicates the group, sub-group, the type and the dimension of the item.
Minimum Level: The minimum level of stock that should be maintained in the stores in order to have a continuous production.

Maximum Level: The maximum level of stock that should be on hand in order to optimise the investment in stock in stores.

Re-order-level: The level of stock, which indicates the time for replenishment of stock to re-order.

Non-moving item: A classification done on the basis of consumption pattern of the items to production. An item which has not been issued from the stores for more than a period of two years is classified as a Non-moving item (NMI).

Inventory turnover: The number of times the inventory is rotated in a year is known as inventory turnover. It is measured with reference to the average inventory maintained in stores.