CHAPTER - 8

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SUMMARY OF FINDINGS & CONCLUSIONS

8.1.0 Introduction

8.1.1 On June 1, 1987 Mr. V. Krishnamurthy, the then Chairman of Steel Authority of India in his address at the Commonwealth Public Enterprises Management Annual Round table at Cyprus mentioned (1)

"Public enterprises no doubt, have a "public" dimension but they also have an 'enterprise' dimension. There is an increasing feeling that the 'enterprise' dimension should be predominant if they are to function effectively. They are considered providers of infrastructure; yet they are required to have commercial viability. They must earn profits to grow and fulfil the objectives. Except for a few bright stars, the overall performance of public enterprises all over the world has not been very good. India is no exception".

Some of the deficiencies noticed in Indian public enterprises may be due to the general nature of the economic structure and certain social and political consideration, but a major chunk is responsible for poor managerial practices within the enterprise. In this study we have tried to analyse one of the managerial practice namely "Inventory Management".

8.1.2 A closer analysis may reveal that so far inventory is concerned there is no real difference between private or public
In the private enterprise, there are certain environmental factors which are different from public enterprises. Those are characterized by a sense of accountability coupled with a general atmosphere of taking multiple responsibility. Lack of these factors in public enterprises has tended to diffuse and dilute the organizational effort to function as successful business enterprise. Accepting these facts, we have tried to take an in-depth look at the organizational endeavor in managing the inventory in public enterprises.

8.1.3 The total study can be broadly divided into two parts—while the first part deals with understanding of the seriousness of the problem, the effect of environmental factors of organizational decision making and the conceptual and contextual analysis of inventory management, the second part is totally devoted to the empirical studies. In the process of identifying the areas of inadequacy in inventory management through empirical studies, it has been revealed that although during 1980-81 to 1989-90 there had been a healthy trend of having improved control on inventory holding, the comparison is relative. A postmortem type analysis reveals that we performed little better in terms of turnover ratios compared to the previous years but in absolute terms the rise in inventory is not arrested. This has led to several questions:

(a) Is the traditional approach to inventory management correct? Despite lots of OR models available for inventory management at the present day, why the reduction in inventory is not that effective?
Looking at the past inventory holdings and consumption can we forecast what should be ideal terminal inventory? Can we determine what is the excess inventory in absolute terms which we have been carrying over the years?

Can this methodology be used for forecasting the optimal inventory, if we know the budgeted consumption, so that a more realistic purchase plan and production plan may be prepared.

In this study we dwelt upon in these areas also.

8.1.4 While carrying out the empirical studies, we have tried to analyse them in three levels.

1. A macro study of inventory management considering all the public sector enterprises as such.

2. A study of inventory management considering the public sector enterprises coming under the cognate group "Steel" as suggested by BPE.

3. A micro level study of inventory management for the public enterprise - Steel Authority of India Ltd.

8.1.5 An added feature of this study is that at the micro level we have studied the inventory management practices of SAIL and also suggested some improvements based on the informal discussions we had with the relevant persons working at different levels in SAIL. A structured questionnaire has been avoided in order to encourage the individuals to look at this multifaced problem from different angles.

8.1.6 One extra dimension at the micro level study is the comparison of inventory performance of SAIL with that of private sector integrated steel plant TISCO. Apart from empirical comparison, this has helped us in validating the methodology.
developed for determining the ideal inventory for cognate group steel in general and for SAIL in particular.

8.2.0 Summary of finding

8.2.1 Introducing the Problem

1) In India public enterprises have been chosen as vehicles for economic development. Public enterprises are now expected to generate surpluses not only for their growth, but also to contribute to the total economic growth of the country. Thus the attention has now been focussed to the profitability objective or in other words; generation of surpluses which will keep the continuity of growth.

2) In 1989-90 only Rs.3112.1 million were disbursed by way of dividend by the public enterprises which is less than 1% of the equity. The bulk of the investment of Rs.389570 million in equity has come from the borrowed funds of the Central Government. Assuming the average rate of interest of borrowing as 10 percent the total interest liability comes to around Rs.38957 million against which the dividend income is 3112 million only resulting in net deficit of Rs.35845 million which had been met by additional taxation. So it is logical that there should be some search for the reasons which had lead to this situation.

3) In business a good amount of losses occur due to improper management of working capital. It is important therefore that we should start looking back how was the planning and control of working capital. The predominance of inventories in the working capital management puts forward the question - have these public enterprises been managing the inventories effectively?
4) The effectiveness of inventory management is judged usually by the upward and downward movement of "Inventory turnover Ratios". If the objective is to improve the inventory turnover ratio, it can be achieved even by increasing the consumption. But since our objective is to reduced inventory and also the consumption, it is needed that the consumption budget is controlled and reduced and we should know the optimal terminal inventory in absolute terms at the end of the year. At present there is no such method known.

5) Presently inventory is managed by comparing with the norms. These norms are nothing but achievable adhoc targets fixed by the firm under the prevailing situation. So the moment the norms are achieved, a tougher norm is targeted. Determination of terminal inventory in absolute terms may also help in getting away with the adhoc norms.

8.2.2 Public Enterprises: Its History, Objectives & Policies

1) The nature of the organisation, the policy and attitude of management have bearing upon an efficient inventory management. So, we should dwell upon the history and growth of the public sector industry in India.

2) Although there have been improvements in the performance of public enterprises, but considering its business identity, the performance is not good. The prime reason may be that the objectives of public enterprises have never been defined properly. In 1976, standing conference of public enterprises (SCOPE) resolved that "There is an urgent need for a declaration of national objectives in respect of the role of the public sector
The poor profit performance of public enterprises should be viewed against the background of the multidimensional objectives of public enterprises and also the fact that these enterprises have been functioning in different segments of industry and facing divergent constraints.

3) The perspective of the development of public enterprises will help us in understanding under what set up the public enterprises' Chief Executives have been operating and what could be their approach to all financial decision including "Inventory Management".

8.2.3 History & Growth of Steel Industry in India

1) The post independence history of installing steel industry in India is not a very pleasant one. We had to go to different countries for technological assistance and also for financial assistance. Due to the limitations of assistances, we have different technologies in different steel plants. So standardisation was not possible. As a result, taking SAIL in totality, the variety of items had been increased - resulting in increase in inventory.

2) The bulk of the equipment and plant is of foreign origin and was erected in many cases on "Turn key" basis. There were large leftovers of imported materials, equipments, tools and tackles when the projects were completed. These leftovers were placed in the inventory with the hope that these would be handy during the future expansion or operation. In actual practice, requirements of expansion and operation turned out to be different and these materials mostly are lying in the stores.
3) Foreign suppliers taking into consideration their own notion of "Indian condition" of working, suggested us the types and quantities of initial spares. Whether the foreigners took us for a ride or made genuine mistake that's a separate issue, but the fact remains that a seizeable quantity of initial spares have been rusting and rotting in the stores throughout the life span of the equipment. Many of these spares are known as "Insurance spares".

4) The history also reveals that we made gross mistakes in the area of management of steel plants. At the budding stage civil servants were available to head these projects. They introduced the administrative culture of the government into the working of industrial plants. In government, the Finance Ministry is supreme, it has the final veto on everything. The same culture was introduced into the industrial administration with tragic results in many cases.

5) Lots of experiments had been done about the structure of the organisation and control of these steel plants. Even now we have not evolved a firm management policy. This creates a "play-safe attitude" in every sphere of management. It has its reflection in inventory management also.

8.2.4 Conceptual & Contextual Analysis of Inventory Management

1) Top Management and Finance Management look at inventory as an important ingredient of working capital, which is determined either by "Balance sheet" or by "Operating cycle approach". In both the cases for effective working capital management the inventory levels should be kept low. Their approach to inventory
management is to check whether the inventory turnover ratios are within the predetermined norms or not. In the present study, empirical analysis have been made by calculating different turnover ratios.

2) Persons who are responsible for controlling the level of inventory, to them inventory is held:

* To meet the uncertainties in demand and supply of individual item.
* To take advantage of cost benefits for bulk purchase.
* To decouple the successive operations.

The above mentioned compelling reasons ultimately lead to a situation of balancing two costs namely.

* Cost of having the item when not needed i.e. storage cost and
* Cost of not having the item when needed i.e. shortage cost.

Along with these two costs ordering cost is also to be considered. OR models are available to optimise the total costs.

3) A host of inventory models have been developed by different authors for different inventory situations. Considering the inventory management in the light of "Systems Approach" a generalised model has been developed where by incorporating the specific conditions specific models may be derived.

4) Since the total number of items in store are usually large, it is not possible to use OR models for all the items. This necessitates the methodology of "Selective Control". Depending on the purpose of control, several "Selective Control" methodologies have been discussed.

5) To what extent these scientific inventory control techniques are being used in public enterprises cannot be judged
from the annual reports, since detailed itemwise informations are not available from the annual report.

8.2.5 Inventory Management in Public Enterprises

1) Lots of observations have been made about the inventory management in Public Sector Enterprises in this chapter—groupwise, companywise and component-wise. Because of the heterogeneity of enterprises it is not possible to conclude anything about the comparative performances of inventories belonging to different groups. Observations are confined mostly to two years 88-89 and 89-90.

2) The total value of inventories expressed as number of days production/sales show a downward trend every year and it was 83 days in 1989-90. This was a positive feature of inventory management of public enterprises compared to earlier years.

3) Apart from reduction in inventory level, many other significant improvements had been achieved in the inventory management area like organisational setup, training, identification of non-moving items, disposal of surplus, obsolete and scrap items, foreign exchange saving by developing import substitution etc.

4) Considering the enterprises producing and selling goods, the average of inventories expressed as number of days of production/sales turnover was 91, which was lesser than 1988-89 figure of 94 days, but higher than the national average of 83 days.

5) The groupwise analysis of inventories for the enterprises producing and selling goods reveal that out of 13 groups 10 groups exceeded the national average of 83 days and 7 out of 13 groups carried the inventory which was more than 125 days (i.e., 150% of national average).
6) In the companywise analysis, it reveals that in 1989-90, out of 160 companies, six companies had inventory holdings for about one year or more. Apart from these six companies, few other companies also had the inventory holding for more than one year in 1988-89, but they could reduce their inventory. This trend was also a healthy one.

7) The frequency distribution of inventory holding in number of days reveals that out of 160 companies, 85 companies carried inventory for 100 days or less.

8) Considering raw material consumption/day, it reveals that in 1989-90, out of 160 companies, 23 companies had inventory for more than one year, and 13 companies out of these 23 companies, instead of reducing or arresting the inventory, had increased it compared to 1988-89 figures.

9) Companies engaged in shipbuilding have usually high work-in-progress inventory, but Cochin shipyard could manage with low inventory.

10) Nine companies out of 160 companies had finished goods inventories of 4 to 7 months' stock, rest had less than 4 months' stock, barring of course, Brushware Ltd., where finished goods inventory was of the level of about 10 months. An overall reduction had also been set in the case of finished goods inventories for public enterprises.

11) Componentwise "Power" group had the higher inventory for raw material, stores & spares taken together. The figure was abnormally high of 3031.46 days, with concomitant evils.

12) Spares inventory appeared to be high for "Coal and Lignite", "Fertilizer", "Power" and "Minerals & Metals" groups.
13) The inventory holding of stores other than spares were comparatively high for "Steel" & "Coal & Lignite" groups.
14) The raw material inventory was high for "Medium & Light Engineering", "Transportation Equipment", "Heavy Engineering" and "Textile" groups.
15) The work-in-progress inventory was higher in groups like "Transportation Equipment", "Heavy Engineering", "Medium & Light Engineering" and "Agro-based industries".
16) Finished goods inventories were high for the groups "Steel", "Fertilizer", "Textiles" and "Agro-based industries".

8.2.6 Inventory Management of Public Enterprises: Steel Group

1) While analysing the behaviour of different components of inventories in enterprises coming under the group "steel" during 1980-89 to 1989-90, it appears that:
   * A good amount of awareness about high inventory has come among the executives in these enterprises.
   * The turnover ratio, which is a fairly good indicator of how efficiently the inventories were managed show a steady improvement with little deviation from year to year. The improvement is from the ratio of 1.66 to 2.91 which is about 75% improvement in 9 years.
   * The turnover ratios of inventory of raw materials, stores and spares showed a gradual improvement from 1.50 to 2.76 in 9 years. Yearwise projection of turnover ratios on graph show almost a linear relationship.
2) In the component of finished and semi-finished goods, the turnover rate had gone up to 6.07, barring 1981-82 and 1982-83 when there was market slump and there was large accumulation of unsold finished steel, which takes the lion's share in the aggregate statistics of this group. A graphical representation of the turnover rates of finished and semifinished goods indicate that effective steps had been taken to improve the turnover rate.

3) Since the upward trend of turnover ratios do not disclose the adequacy of the size of inventory kept by the companies, a theoretical model has been developed to determine the optimal terminal inventory, based on consumption value.

4) The excess inventory holdings have been calculated on the basis of a reference year, when the inventory level was low and we presumed the inventory of that reference year as achievable minimum.

8.2.7 Inventory Management in SAIL

1) The total inventories of SAIL on different years have been calculated in terms of number of days of cost of sales. The turnover ratios have also been calculated yearwise. From these figures, it may be concluded that the inventory was comparatively high towards the early eighties, but from 1983-84 onward the inventory in terms of "number of days of cost of sales" started reducing. In 1988-89, it was by far the best having 129 days' cost of sales with a turnover ratio of 2.8.

2) In absolute value, the inventory was showing an increasing trend, barring 1983-84, 1984-85 and 1985-86. Similarly, the cost of sales figures were also on the continuous rise, barring 1986-87
Since cost of sales and value of inventory both are rising, it is difficult to conclude whether inventory management had been improved towards the late eighties or not.

3) In order to specify the areas of inadequacy, further analysis have been done with inventories of

- Raw materials, stores & spares.
- Finished and semifinished goods.

It becomes obvious from the analysis that the inventory level for both the types were high comparatively during early eighties, but improvements were visible towards the later parts of eighties.

4) Since these conclusions are based on ratios, this does not speak with confidence about the adequacy of the inventories. So we used the methodology developed in chapter 6 to determine the optimal inventory and from that the excess inventory levels have also been calculated.

5) One extra advantage of this model is that knowing the total consumption budget we may calculate the closing inventory. From these two values the purchase budget be determined as follows:

Purchase budget = Consumption budget - Opening inventory + Closing inventory.

Similarly the production plan may be determined as follows:

Production plan = Sales plan - Opening balance of finished goods inventory + Closing finished goods inventory.

The aggregated purchase plan and production plan may then be judiciously broken down into departmental plan. At the control stage also, since real time controls are possible now with computers, inventory can be maintained at desired levels.
At the item level the OR models may be used in determining the reorder levels and economic order quantities.

6) A comparative study of inventory of SAIL has been made with that of private sector integrated steel plant, TISCO. It appears that inventory management of TISCO is better than that of SAIL. TISCO is slightly in advantageous position because in the raw material area TISCO has got its captive collieries, which SAIL does not have, barring few for IISCO. TISCO's growth shop at Adityapur has been giving a good support for manufacturing spares whereas SAIL's growth shop has not yet come to that stage. So we compared the inventory holdings of finished and semifinished goods for TISCO and SAIL.

7) By using the model developed in chapter-6, a comparative study of excess inventory holding in finished and semifinished goods for SAIL and TISCO has been done. Apart from knowing the comparative performances, this gives an opportunity for the validation of the model. It becomes apparent while validating the model that a change of reference year is necessary, if the calculated terminal inventory differs drastically from the actual inventory.

8) To produce one million-tonne of hot metal, approximately four million-tonne of raw materials are required. With such large quantities involved, steel plants being located at different points and raw materials available in certain other areas, planning and procurement of raw materials and movement of the same assumes great importance and needs coordination at national level. In SAIL, raw material inventory was never high because of the short supply of suitable wagons.
8.3.0 Suggestions for Improvement in Inventory Management in SAIL

8.3.1 In the generalised control system, the control is at the "input" and "Process" to get the desired output. The traditional inventory model also emphasises the input control, by establishing the reorder level or economic order quantities etc. In this study, it has been clarified that inventory control is nothing but "Process Control". Unless there is "Indent control" or "Consumption control", inventory management can never be effective. This is one of the reasons for increase in inventory inspite of application of scientific inventory control techniques.

8.3.2 Standardisation and variety reduction can help in reducing inventory for both spares and general stores. SAIL plants have been making endeavour in this direction. The absence of proper indigenous manufacturer and the disadvantages due to lack of commonality between various steel plants gave birth to idea of "Inter Plant Standardisation in Steel industry". Since its inception in August, 73 number of interplant standards have been developed and more are yet to be covered.

8.3.3 From the informal discussion with SAIL executives it appears that there is lot of scope in reducing the consumption norms for certain consumable stores like refractories, lubricants etc. Such items where the consumption norms can be reduced (based on last 5 years statistics) need to be identified and revised norms should be used, perhaps with the help of techno-economists.

8.3.4 Through informal discussion, it came to the light that considerable reduction in inventory may be achieved by controlling the drawal of stores and spares to avoid a build up.
on the shopfloor, especially during the second half of the year.

8.3.5 Attention need to be paid towards reclaimation of the worn out parts through specialised process that are available. This will not only reduce the pressure on demand for spare but also will effect economy. Standardisation and salvaging in the area of refractories, lubricating oils etc are important considering the high value involved in their annual consumption. For continuously running plant a number of risk insurance spares have to be kept. The decisions to keep the number of such spares should be judiciously taken.

8.3.6 Items like earth moving equipments, cranes etc which are common to all the plants should have common codification. They should have interplant transferability for their optimal utilisation. The spares of these equipments may be rate contracted to bring down the lead time and inventory level.

8.3.7 Inorder to avoid inventory build up and over-indenting the responsibilities for holding inventory within norms in respect of different items of stores and spares, should be fixed in SAIL as under:

   a) for spare parts - Dy General Manager (Maint.)
   b) for general stores and automatic procurement items - General Manager (Materials)
   c) for rolls - Dy General Manager (Rolling Mills)
   d) for refractories - Dy General Manager (Iron & Steel)

8.3.8 For making a real break through in inventory management serious thinking should be given for selection, recruitment and training of persons to be employed in this function. Without unreserved backing and support of the top management and without
suitable status and recognition for inventory management function, the active cooperation, involvement and participation of other functions will not be forthcoming.

8.3.9 Reduction of finished stock really means aggressive marketing and improving the distribution system. There are different factors and constraints and above all a "base stock" is to be maintained at the stockyard, so that customer's requirement can be met on "off-the-shelf" basis. Based on informal discussion, a number of suggestions have been mentioned like more emphasis on road movement, movement through coastal routes and waterways, mixing yards, creation of second and third-tier distribution system, etc.

8.4.0 Impact of Excess Inventory on Profitability

8.4.1 While projecting the comparative study of excess inventory holding in finished and semifinished inventory of SAIL and TISCO in the earlier chapter, it becomes evident that 1981-82 and 1982-83 were two worst years for SAIL. This has been reflected in the Directors Reports in the Annual Reports 1981-82 and 1982-83. It will not be out of place if those are quoted here one by one.

"The increased requirements of working capital on account of accumulation of finished and semifinished goods and rising inventory of stores and spares etc. were met partly from internal resources and partly from additional borrowings. The company's Cash Credit Account with the State Bank of India stood at Rs.299.02 Crores (Rs.2990.2 Million) as at the end of the year secured by hypothecation of raw materials, finished product, stores and spares, book debts
and other debts. The State Bank of India has been approached to increase the limit of cash credit by Rs.100 Crore, which is under their active consideration" [Annual Report 1981-82(2)]

The pace of domestic off take showed evident signs of slowing down throughout the year. The output of hot rolled coils and cold rolled sheets/coils and re-rolleables could not be fully absorbed by the market. Hence along with ensuring smooth flow of supplies to various sectors, accent was also placed on liberalisation of distribution policy. Some of the measures taken to stimulate offtake included relaxation of end-use restrictions, abolition of entitlement formula, dispensing with the system of registered traders, supply of certain items of steel at internationally competitive prices, adjustments in policy to check avoidable imports, extension of credit facilities on a selective basis, inter-branch stocks transfers and more efficient customer service.

Even these measures could not contain build up of stocks of saleable steel which increased from 0.998 million tonnes at the beginning to 1.398 million tonnes at the close of the year.

The off-take was sluggish particularly from priority sectors which lifted only about 57% of allocation of 2.52 million tonnes made to them for the year. Though stockyard sales were 1.7% higher than the previous year, the stockyard operated under tremendous constraints. Due to high accumulation, even movements and deliveries were affected". [Annual Report 1982-82(3)]
8.4.2 The above two remarks made in Directors Report reveal how the constrained situation of high inventory had affected the working capital and in turn the profitability. Now let us see what would have been the impact on profitability, had the excess inventory wouldn't have been there.

8.4.3 The excess inventory have been calculated taking raw materials, stores and spares in one group and the other group comprising of finished and semifinished goods. So far raw materials are concerned, SAIL has never carried much inventory; so the excess inventory is in the area of stores and spares. In a country where all the systems are little sluggish, it is safer to have little high inventory for the stores and spares. Further, since shortages may become excuses to cover up inefficiencies, it is better to have little inventory rather than shortage. So we shall consider the impact on profitability for the finished and semifinished goods.

8.4.4 The reduction in excess inventory at finished goods may be effected by three ways:

a) By producing less or
b) By selling more
c) By combination of the above two

In each of the above three cases the profitability would be affected in a complex way. But a simple assumption may be made that the absence of this extra inventory will reduce the interest burden in the cash credit account or short term loans. If we presume a saving of 17.5% interest of the excess inventory, the yearwise notional profitability is given in Table 8.1
Table-8.1

SAIL's Profitability as it would have been

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Excess Saving of Profit as Profitability (before tax)</th>
<th>Inventory Interest it would have been % of notional Profit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>9.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1981-82</td>
<td>391.1</td>
<td>2149.6</td>
<td>376.1</td>
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<td></td>
<td></td>
<td></td>
<td>767.28</td>
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<tr>
<td>1982-83</td>
<td>(1057.7)</td>
<td>4322.9</td>
<td>756.51</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(301.19)</td>
</tr>
<tr>
<td>1983-84</td>
<td>(2146.1)</td>
<td>1767.2</td>
<td>309.26</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1836.84)</td>
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<tr>
<td>1984-85</td>
<td>41.0</td>
<td>1129.4</td>
<td>197.65</td>
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<td></td>
<td></td>
<td></td>
<td>238.65</td>
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<tr>
<td>1985-86</td>
<td>1590.0</td>
<td>15083.3</td>
<td>263.95</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>1853.95</td>
</tr>
<tr>
<td>1986-87</td>
<td>528.1</td>
<td>2833.6</td>
<td>495.88</td>
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<td></td>
<td>1023.98</td>
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<td>1987-88</td>
<td>632.7</td>
<td>2284.2</td>
<td>399.74</td>
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<td></td>
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<td>1032.44</td>
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</tbody>
</table>

Compiled from SAIL Annual reports and from Table 7,9

8.4.5 The inventory picture of public sector enterprises and specially for SAIL is not that good, but with predetermined inventory targets and with scientific management, a good amount of saving can be achieved.

8.5.0 Suggestions for further research

8.5.1 Along with several objectives mentioned in para 1.4.0 in the present study, we have mentioned a few limitations also in para 1.7.0. It is pertinent now to suggest a few areas for further research that we consider promising and relevant having regard to our study. It is needless to point out that numerous extensions and improvements of our study is possible. However, we mention only a few areas for further research.

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(1) Having regard to the inventory management of SAIL, a detailed plant-wise study has not yet been made due to lack of time and resources involved. Therefore, with formal permission from the SAIL and facilities being made available detailed plant-wise data may be collected to validate the methodology of inventory management suggested in this study.

(2) Proper implementation of the methodology for day to day inventory planning and control is even more important. Therefore, linking the forecasts based on our suggested methodology with actual data needs to be done to ensure day-to-day inventory control through computers. A study in this area will have its own advantages.

(3) In view of delicensing through New Economic Policy introduced by the Government in July 1991, many new steel plants are coming up in the economy. Therefore, inventory management in these new plants may be compared with that of the older ones, including SAIL.

(4) The present study is totally concerned with the cognate group 'Steel' in general and SAIL in particular. Similar studies concerning inventory management may be made in respect of each of the other cognate groups as inventory occupies equally important position which needs proper management.

(5) One of the subsidiary companies of SAIL is IISCO which, prior to 1971, had been in the private sector. Whether nationalisation has any impact on inventory management may also be looked into in another study.
(6) The New Economic Policy demands better performance on the part of public enterprises in order to retain their identity as such. Inventory being one of the traditional problem areas in these enterprises, a study may also be taken up to prove as to whether the expectations of the Government in this crucial area are being fulfilled.
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