"The Public Enterprises no doubt have a public dimension, but they also have an 'enterprise' dimension and when we see from the enterprises' dimension, then whether it is private or public, the approach towards inventory should be same i.e. inventory is a 'necessary evil'. Necessary because without this no business can run, evil because lesser it is better it is. So from enterprise angle, adequacy of inventory comes as the first question in inventory management.

The question then comes, why should we study specifically the inventory management of public enterprises in India. The answer may be viewed from the fact that inventory management is a function of risk taking attitude of the managers, it is a function of environment in which the managers are taking their financial decisions, it very much depends on how managers feel concerned about the high inventory. From these consideration there may be differences in the approach of private and public enterprises. So there is a need to study the inventory management of public enterprises in India.

A macro level study considering the inventories of all the public enterprises has been attempted but because of diversities of type, size, structure of enterprises no meaningful conclusion has been arrived. It has only indicated the state of affairs for a particular year. So a second level study has been conducted keeping in view of the similarity of technology. Thus the inventory behaviour of enterprises coming under the cognate group
'steel' as grouped by Bureau of Public Enterprises (BPE) has been studied.

Again out of eight enterprises in the cognate group 'steel', Steel Authority of India Ltd. (SAIL) has the dominating share and that has prompted us to study the inventory behaviour in SAIL, in detail.

Along with these three level studies, one of the important objective of this study is to suggest a methodology for determining the ideal inventory level, so as to measure how effectively the inventory is being managed in public enterprises in general and SAIL in particular. A comparison of inventory management of SAIL with that of Tata Iron & Steel Company (TISCO) in the private sector has also been attempted. The study ends with some suggestions for improving the inventory management of SAIL.