

INVENTORY MANAGEMENT IN SELECTED CENTRAL GOVERNMENT COMPANIES

QUESTIONNAIRE

1. How inventory is defined in your concern ?
2. Please indicate your lines of production and extent of diversification, if any.

- (i) Main
- (ii) Diversified

3. (a) Total number of personnel employed in your stores
Department

- (b) Please fill up the following for the above

| | <u>Categories</u> | <u>Qualifications</u> | <u>Position</u> |
|-----|-------------------|-----------------------|-----------------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |
| 7. | | | |
| 8. | | | |
| 9. | | | |
| 10. | | | |

4. (a) What is the objective of your entity ?

Social/Financial

- (b) If financial, please rank in order of their importance

- (i) To maximise the percentage of return on total capital employed
- (ii) To maximise aggregate earnings
- (iii) To increase earning per share
- (iv) To maximise the value of the firm

- (c) If social how do you quantify the ?

5. Please give details as per the following :

(a) Average Inventory held during the period :

| Composition of Inventory | 1975-76 | 1976-77 | 1977-78 | 1978-79 | 1979 |
|-------------------------------|---------|---------|---------|---------|------|
| 1. Raw materials : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 2. Consumable Stores : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 3. Work in Progress | | | | | |
| 4. Spare Parts : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 5. Finished Goods | | | | | |
| 6. Packing Materials | | | | | |
| Consumption during the period | | | | | |
| Composition of Inventory | | | | | |
| 1. Raw Materials : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 2. Consumable Stores : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 3. Spare Parts : | | | | | |
| (i) Indian | | | | | |
| (ii) Foreign | | | | | |
| 4. Packing Materials | | | | | |

III

6. How is the inventory management function organised in your Co. Is it under materials or Production Planning, manufacturing or any other function or department ?
7. In case the Company has divisions/branches, are the purchases and inventory control functions centralised/decentralised/partially decentralised ?
8. The organisational chart of the Purchasing/Store keeping/materials Management Department of your Company.
9. Procedure for procuring materials/spares and capital equipment.
10. Methods that are presently followed for estimating materials requirements.
11. (a) Please indicate the major difficulties, if any, that your Company might have experienced in the import of raw materials and spares.
(b) Measures taken by your Company to overcome them.
12. What are the sources of funds to finance your inventories ?
13. What has been the impact of R.B.I. Policy on the provision of working capital to the Industry in the light of Tandon Committee suggestion ?
14. Are the items of inventory classified and codified ?
If so, please indicate the basis of classification and codification.

IV

15. Company's payment policies for buying materials :

| (A) Market | Purchases (Average) | |
|--------------|---------------------|--------|
| | Cash(Amt.) | Credit |
| | | Amount |
| Nationalised | | |
| Foreign | | |
| (B) Sector | | |
| Private | | |
| Public | | |

16. Company's credit policies for selling finished goods :

| (A) Market | Purchases (Average) | |
|--------------|---------------------|--------|
| | Cash (Amt.) | Credit |
| | | Amount |
| Nationalised | | |
| Foreign | | |
| (B) Sector | | |
| Private | | |
| Public | | |

17. Computation of the relevant costs of Inventory
carrying Purchase Order and stockout :

| | 1975-76 | 1976-77 | 1977-78 | 1978-79 | 1979-80 |
|--|---------|---------|---------|---------|---------|
|--|---------|---------|---------|---------|---------|

Inventory Carrying Costs :

Elements :

- (1)
- (2)
- (3)
- (4)
- (5)

Purchase Order Costs :

Elements :

- (1)
- (2)
- (3)
- (4)
- (5)

Stock-out Costs :

Elements :

- (i)
- (ii)
- (iii)
- (iv)
- (v)

VI

18. (a) Economic Order quantity of Main Raw Materials.
(b) How this is calculated.
(c) Difficulties experienced in the implementation of EOQ
(d) Are you to change the same during the period from 1975-76 to 1984-85
(e) If so what's the reasons

19. Does your Company classify items of Inventory in the following manner for selective control ?
 - (i) A B C (High Medium - Low consumption in value p.a.) Method
 - (a) If yes - the basis of classification
 - (b) If no - reasons for not classifying as such
 - (ii) X Y Z (Age analysis of the items)
 - (iii) F S N (Fast, slow, non-moving items analysis)
 - (iv) S D E (Scarce, Difficult, - Easy, to procure items)
 - (v) G-NG-L-F (Government, Non-Government, Local and Foreign sources of raw materials)
 - (vi) S O S - (Seasonal and off seasonal nature of surplus)

20. For which class of items does your Company follow the growing inventory systems :
 - (a) Maximum - Minimum Stock System
 - A
 - B
 - C

VII

- (b) Two-bin System
 - (c) Automatic replenishment system
 - (d) Fixed quantity, ordinary and variable time cycle system
21. What is the average time taken
- (a) from organisation of indent to despatching of Purchase Order (i.e. Administrative lead time)
 - (b) from despatching of purchase order to receipt after inspection of items of inventory to stores (i.e. Procurement lead time)
22. Please specify whether there is any variation of this lead time in any year and if so, what is the reason therefore, during the period from 1975-76 to 1984-85
23. In the case of imported items what is the average lead time involve ?

VIII

24. .What is the percentage of obsolete stock in the total Inventory and how this is disposed of. Please specify the reasons for such obsolete Stock :

Percentage of obsolete stock and reasons

| Years | Category A | Reasons | Category B | Reasons | Category C | Reasons |
|-------|------------|---------|------------|---------|------------|---------|
|-------|------------|---------|------------|---------|------------|---------|

25. Please state the specific problems faced by your industry in inventory Management