INVENTORY MANAGEMENT IN AUTOMOBILE INDUSTRY

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ABSTRACT

Inventory management has emerged as most of the important tools to improve operational efficiency over the last 30-40 years across the globe. The automobile industry uplift it for profit it solve unemployment problem, it shows new technologies through this save time money and manpower. Inventory is individual of the major and most significant resources a developed commerce possesses, and the earnings of stock is one of the major source of proceeds production for a company The aim of inventory administration is to hold inventory at the lowest potential charge, given the objectives to guarantee continual provisions for continuing operations, while creation decisions on inventory management has to find a compromise between different cost components. Such as the costs of supplying inventory inventory–holding costs and costs resulting from insufficient inventories.

INVENTORY MANAGEMENT

Inventory management is mainly about that identifying what the industry. Inventory management is momentous as it helps to shelter the intended way of production contrary the random of running out of considerable materials or goods inventory management also includes making essential connections between the refill lead time of goods, asset management, the conveyance cost of inventory, future inventory price forecasting, physical inventory available space for inventory, demand forecasting and much more[1-5].

Inventories are stock of a company is manufacturing the product for sale components and sale that make up the product. The diverse forms in which inventories process and finished goods.

Raw materials are basic inputs that are change into finished product through the manufacturing process. Raw materials inventories are those units purchased and stored for future production.

Work-in-process inventories are semi-manufactured products. They represent products the need more work before they become finished products for sale[6-9].
**Finished goods** Inventories are fully manufactured products whichever ready for sale. Stocks of raw materials and work-in-process alleviate production, when stock of finished goods is so link between the production and consumption of goods[10-15].

**Objective of inventory management**

The main goal of inventory management is prepared and economic. The equipped entity means accessibility of resources and spare in adequate quantities for without interruption flow of making[16-20]. The economic point means stash in inventory should not continue idle and smallest amount functioning assets should be protected in it.

**The other objectives**

To ensure continues supply of inventories to the production.
To avoid over store and underneath stocking.
To keep material cost under control, to keep low cost of production.
To eliminate duplication in ordering or replacing stocks.
To minimize losses through, deterioration, pilferage, wastage and damages.
Designing structures for good inventory management.
Perpetual inventory control of materials.
To facilitate data for short and long term planning and control of inventory.

**Need for inventory control:**

A cost secretarial scheme is to be successful there should be a correct control of account and equipment form the time information are positioned with supplier until they have been successfully make use of in manufactur[21-26].

Resources are correspondent to money and they create up an significant part of the sum cost. It is essential that materials should be properly safeguarded and correctly accounted.
In a automobile industry planning and routing department is accountable for positioning how and anywhere the job is to be completed and issue instructions.

**AUTOMOBILE INDUSTRY**

The automobile industry invented in 1769. Nicolas Joseph Cugnot created a steam built the first self propelled road vehicle, later Gasoline automobile powered by internal combustion engine Created by Karl Friedrich Benz. There are different types of automobile sector in the world (Steam, electric and gasoline etc.). The automobile industry is manufacturing the largest purchase of many industrial products such as steel[27-29]. The automobile industry using new technology plug-in hybrids, gasoline, hydrogen cars, and alternative fuel. New material replace the car, bus bodies, fiberglass, carbon annotates and carbon fiber. Communication also connected with car, bus and train with the large number of people working in the automobile industry. The automobile industry is a primary mode of transportation for many developed economies. Around the world developed country earning high profit by automobile.

The automotive industry manufacturer designs market and sells the world in motor and car. About 906 million car and light truck on the road in 2010. The vehicle are increasing rapidly especially in china and India in 2007 with rapidly rising oil prices as the automotive industry the combination of pricing pressure from raw material cost and changes in consumer buying habit. China is becoming a largest automobile producer in the world. China 2009 sales have 13.6 increasing form one million of domestic car sales. The automobile industry manufactures product supply to the automotive industry. The roles of each contribution to the supply chain are discussed below. Third Tier supplier[30-33]: These Company are provide for a basic products like rubber, glass, plastic, and steel. Second tier supplier: These companies are vehicles design system or bodies for first tier suppliers and OEMs. First tier suppliers are responsible not simply for the gathering of division into total entity but also for the management of second-tier suppliers.

The automakers & vehicle manufactures original equipment manufacturers: After analyze the customer’s needs and wants automakers begin designing models which are tailored to consumers demand. The design process normally taking the automaker five years. These companies having manufacturing units where engine are manufactured and parts are assembled. AUTOMAKERS industry is the supply chain of the automotive industry. Examples of these companies are Toyota, Tata motors, and Honda. Innovation, design and branding focus these companies[33-36].

The Challenge

The recent trend in automobile industries has been to outsource of inventory management function to third party service providers. Many companies outsource both raw material inventory as well as completed supplies to the service contributor.
In casing of completed goods inventory, depends upon the supply chain design her may be multiple stocking points at national regional and state levels. In each of the warehouse a different service provider may manage operations as one may not be able to find a supplier having conduct all over the country.

Therefore the account in such a circumstances will be handled in the corporation system as well as in the service provider system. account administration and control develop into a significant meaning particularly in such situations where various service providers at various stations are involved.

To ensure Inventory control is maintained over all locations, following critical points if focused upon will help:

1. **Establish and outline Operations Process for Service furnishers:** Draw Standard Operating procedure detailing warehouse inventory system process, warehouse operations process, as well as documentation process.

   Especially in a third Party Service furnisher’s facility, it is important to have process adherence as well as define administration, approval and appreciation construction for function fading which inventory operations will not be under control.

2. **Establish inventory visibility at every location through MIS Reports:** Initiate daily merchandise count procedure to be carried out at all of the locations and reported return to the inventory desk. Daily merchandise count should be able to reflect location accuracy, stock accuracy as well as transaction summary for the day.

3. Monthly audits and archive count should be implemented at all locations without fail and insist on one hundred percent adherence.

4. Central archive team to be responsible for ensuring review of all reports and controlling inventories at all locations.

5. Visiting major sites and being present during physical stock audits on periodical or semi annual base is extremely significant.

6. Finally maintain reviewing processes and ensure training and re training is carried out frequently in addition to at all period at location so that a process oriented culture is imbibed and all operating staff understand the importance of maintaining processes as well as archive health.

**Findings**
When maintained. Without archive control procedure in place, the store and department can become out stocked or under stocked.

Merchandise control systems also help buyers recognize most excellent sellers early on sufficient in the period so that reorders can be placed to increase total sale for the store.

Merchandise shortages and shrinkage can be identified using inventory control systems. Excessive shrinkage will indicate that more effective merchandising control needs to be implemented to reduce employee shoplifting.

But the size and complexity of the network inventory management challenge these days means so as to new technology apparatus, such as circulated arrange management or inventory optimization software, may need to be a large part of the answer.

New technology will bring its own process (and people) challenges, but we believe for most the benefit will be well worth the efforts and investments, through again caution that experienced hands will often need to be part of the team to ensure success.

**Conclusion:**

In any business, make it big or small, we must understand that taking good care of our record is very essential. We see that managers do not understand the concept of good inventory management, we must learn to be familiar with it and its applications. One or the reasons for the failure of a commerce is its inventory organization. In attendance are a lot of traditions to fight failure, and we can start from here. There are new technologies that can help us maintain and supervise out inventory. What we can do is learn, implement and evaluate our business.

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