A Study on Inventory Management and Control System of Him Shree Food Pvt. Ltd. Pokhara

A Thesis Submitted to: Office of the Dean Faculty of Management Tribhuwan University

By Rinku Kumari Karn Kailali Multiple Campus, Kailali T.U. Reg. No.: 7-1-38-2142-2002 Exam Roll No. 3270241

In partial fulfillment of the requirement for the Degree of Master of Business Studies (M.B.S.)

July, 2013

DECLARATION

I hereby declare that the work reported in this thesis entitled "A study on inventory management and control system of him Shree food Pvt. Ltd. Pokhara" submitted to office of the Dean, Faculty of Management, Tribhuvan University, is my original piece of work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Studies (M.B.S) under the supervision and guidance of Govinda Raj Joshi, Lecturer of Kailali Multiple Campus.

•••••

Rinku Kumari Karn (Researcher) MBS student Kailali Multiple Campus

ACKNOWLEDGEMENT

This Thesis report has been prepared for the partial fulfillment of the degree of master of Business studies (MBS) final year program prescribed by Tribuvan university. It provides us an opportunity to express our theoretical knowledge in partial work. In this respect I have chosen my topic **A study on inventory management and control system of him Shree food Pvt. Ltd. Pokhara** to be submitted to office of the Dean, faculty of management, Tribhuvan university is my original work it is done in the from of partial fulfillment of the requirements for the master of business studies (M.B.S.) under the supervision and guidance of **Mr. Govinda Raj Joshi**, Lecture of Kailali multiple campus Dhangadhi, Kailali. This work would not have been possible without sincere co-operation of may family member and all my friend for supporting me during each every steps of fieldwork writing.

Researcher Rinku Kumari Karn Kailali Multiple Campus

TABLE OF CONTENTS

Title	2		Page No.
RECOMMENDATION			I
VIVA-VOCE SHEET			II
DECLARATION			III
ACKNOWLEDGEMENT			IV
TABLE OF CONTENTS			V
LIST OF TABLE			VIII
LIST OF FIGURE			IX
ABBREVIATION			X
CHA 1.1		I: INTRODUCTION ground of the Study	
1.2	A Brie	ef Introduction of Him Shree Foods Pvt. Ltd.	
1.3	Statements of the Problems		
1.4	Objectives of the Study		
1.5	Significance of the Study		
1.6	Limitations of the Study		
1.7	Organ	nization of the Study	
CHA 2.1		TWO: REVIEW OF LITERATURE retical Framework	
2.2	Concept of Inventory		
	2.2.1	Classification of Inventory	
	2.2.2	Motives of Holding Inventory	
	2.2.3	Benefits of Holding Inventory	
2.3	Objec	Objectives of Inventory Management	
2.4	Need	Need and Important of Inventory Management	
2.5	Invent	Inventory Cost Concept	
	2.5.1	Purchase Price	
	2.5.2	Carrying/ Holding Cost	
	2.5.3	Ordering/ Procurement Cost	
	2.5.4	Stock Out cost	

- 2.5.5 Over Stock Cost
- 2.6 Inventory Management Techniques
 - 2.6.1 Economic Order Quantity (EOQ)
 - 2.6.2 Re-order point (Re-order level)
 - 2.6.3 Safety Stock
 - 2.6.4 Maximum Stock Level
 - 2.6.5 Minimum Stock Level
 - 2.6.6 Average Stock Level
 - 2.6.7 Danger Stock Level
- 2.7 Inventory System
 - 2.7.1 Perpetual Inventory System
 - 2.7.2 Comparison of the periodic and perpetual inventory system
 - 2.7.3 Concept of Inventory Level
 - 2.7.4 Multi-Stage Inventory
 - 2.7.5 Multi Level Inventory
- 2.8 Inventory Control System
 - 2.8.1 ABC Analysis
 - 2.8.2 Rend line method
 - 2.8.3 Two Bin System
 - 2.8.4 Computerized System
 - 2.8.5 Statistical Inventory Control System
 - 2.8.6 Just-in-Time (JIT)
- 2.9 Review of the Article and related studies
- 2.10 Research Gap

CHAPTER III: RESEARCH METHODOLOGY

- 3.1 Introduction
- 3.2 Research Design
- 3.3 Nature and Sources of Data
- 3.4 Population and Sample
- 3.5 Data Collection Technique
- 3.6 Tools used to Analysis

CHAPTER IV: DATA PRESENTATION AND ANALYSIS

- 4.1 Introduction
 - 4.1.1 Comparison of Selling and Cost Price of Noodles

- 4.2 Trend of Profit and Production of Him Shree Foods Pvt. Ltd.
- 4.3 Inventory Position of Him Shree Foods Pvt. Ltd.
 - 4.3.1 Stock of Raw Materials in Values
 - 4.3.2 Closing Stock of Finished Goods
- 4.4 Procurement of Raw Materials
 - 4.4.1 Procurement of Raw Materials by Him Shree Foods Pvt. Ltd.
 - 4.4.2 Actual Quantity Used in Values
- 4.5 Production of Noodles in Quantity
 - 4.5.1 Consumption of Raw Materials and Production of Noodle in Values
- 4.6 Trend of Average Material Cost and Average Cost Price of the Noodle
- 4.7 Trend of Material Cost and Sales of Noodle
- 4.8 Order Placement for Raw Materials
- 4.9 Purchasing Practices
- 4.10 Inventory Position and Profit of the Him Shree Foods Pvt. Ltd.
- 4.11 Ratio Analysis of Him Shree Foods Pvt. Ltd.
 - 4.11.1 Inventory Turnover Ratio
 - 4.11.2 Current Ratio
 - 4.11.3 Quick Ratio
 - 4.12 Major Findings

CHAPTER V:SUMMARY, CONCLUSION AND RECOMMENDATIONS

- 5.1 Summary
- 5.2 Conclusions
- 5.3 Recommendations

Bibliography

Appendices

Questionnaire

LIST OF ABBREVIATIONS

ABC = Always Better Control

AD = Anno Domini

BNL = Bottlers Nepal Limited

BS = Bikram Sambat

CEDA = Central Economics Department of Administration

COGS = Cost of Goods Sold

CR = Current Ratio

DDC = Dairy Development Corporation

EOQ = Economic Order Quantity

FIFO = First in first out

FY = Fiscal Year

HMG = His Majesty Government

ITR = Inventory Turnover Ratio

JIT = Just in Time

LIFO = Last in First Out

PE = Probable Error

Pvt. = Private

Ltd. = Limited

RDL = Royal Drugs Limited

ROL = Re-order Level

ROP = Re-order Period

Rs. = Rupees

WIP = Work-In-Progress