Preface

Materials constitute one of the important factors of production in a business. The term ‘materials’ refers to the commodities supplied to an enterprise for the purpose of consumption in the process of manufacture or for the purpose of rendering service or for transformation into products. The cost of all such materials form part of the cost of jobs, operations, products or services for which they are utilized.

The term ‘inventory’ is often used synonymously with materials. The former has, however, a wider meaning and it covers not only the raw materials consumed or utilized in production but also such other items as sundry supplies, maintenance stores, fabricated parts, components, tools, fixtures and other equipments. Finished and partly finished products are also often included under the term ‘stores’. The term ‘inventory’ covers the stock not only of raw materials but also components, work-in-progress and finished goods.

The term inventories applied to all goods that will ultimately be sold. The term merchandise inventory is normally applied to goods held by a trading concern, either wholesale or retail, when such goods have been acquired in condition of resale.

A lot of endeavours are made by the Indian government to develop Indian ship building industry right from 1948. The industrial resolution of 1948 and 1956 pronounce the importance of the ship building industry. Accordingly the shipyards which constructs below 10,000 DWT vessels are to be taken up by private sector. Above 10,000 DWT vessels irrespective of their use must be taken up by the public sector ship building industry. In India, ship building industry gained importance in various contexts of our national socio-economic objectives of industrial growth, supportive role for shipping, employment generation, promotion of its commerce, regional development and developing strong naval force. As on now there are seven shipyards in public sector viz. Mazagon Dock Ltd., (MDL), Hindustan Shipyard Ltd., (HSL),
Garden Reach Ship builders and Engineers Ltd., (GRSE), Garden Reach Ship Builders and Engineers Ltd., (GRSE), Goa Shipyard Ltd., (GSL), Central Island Water Transport Corporation Ltd., (CIWTL), Cochin Shipyard Ltd., (CSL) and Hoogly Dock and Port Engineers Ltd., (HDPE). Out of these HSL and CSL are constructing general cargo vessels, GRSE, MDL and GSL catering to the needs of the Indian Navy. The remaining two units CIWTL and HDPE are constructing only small size vessels.

In India, the ship building industry is spending 55% of the total cost of production on the materials of which about 65 percent account for the imported materials. Nearly 20,000 items are required to put into the construction of a ship. Majority of these items are not available indigenously and the shipyards tend to buy the same from foreign sources and which involves longer lead times in procuring such materials and ultimately prolonged ship construction cycle time. Here lies the importance of inventory management in ship building industry.

Very little effort was made in research in the area of inventory management. Therefore, the present study seeks to examine the issue with special attention of inventory management of selected shipyard companies. The conclusions, which are going to be made in the study, will be of great use for shipyard industry in the country.

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