



Asia Pacific Journal of Research

A peer reviewed international Journal

IMPACT FACTOR : 6.58

Print -ISSN -2320 - 5504
Online-E-ISSN - 2347 - 4793



University Grants Commission

Approved Journal S.N.45797

TESTING THE RELATIONSHIP BETWEEN FINISHED STOCK TURNOVER RATIO AND RAW MATERIAL TURNOVER RATIO FOR EFFECTIVE INVENTORY CONTROL SYSTEM: A STUDY ON JSPL

Rutuparna Dash

Research Scholar, Fakir Mohan University, Balasore.

&

Dr. Gayadhar Parhi

Reader in Commerce (Retd.),

FM (Auto) College, Balasore, Odisha 756001

ABSTRACT

The fundamental reason for carrying inventory is that it is physically impossible and economically impractical for each stock item to arrive exactly where it is needed, exactly when it is needed. The activities of inventory management involves are identifying inventory requirements, setting targets, providing replenishment techniques and options, monitoring item usages, reconciling the inventory balances, and reporting inventory status. Inventory management also demands a solid understanding of how long it will take for those materials to transfer out of the inventory to be established. But in practice very little research has been carried out that test the relationship between finished stock turnover ratio and raw material turnover ratio for effective inventory control system. Based on this gap this research paper is an attempt to investigate the effectiveness of inventory control system by establishing the relationship between finished stock turnover ratio and raw material turnover ratio. In this research paper the granger causality test has been implemented as the data collected based on a time series format.

Keywords: *FSTR, RMTR, Inventory, Granger, Effectiveness*