

# **FINAL YEAR PROJECT REPORT**

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**DIPLOMA IN MECHANICAL ENGINEERING  
FACULTY OF MECHANICAL ENGINEERING  
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## **INVENTORY CONTROL USING MAXIMO SERIES 5 BASIC SCHOOL SOFTWARE**

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## **1.1 INTRODUCTION**

### **1.1.1 Definition Of Inventory**

The term inventory is used in day to day life as manpower inventory, equipment inventory, inventory of documents, inventory of raw materials, inventory of spare parts, inventory of semi-finished items, inventory of finished goods and inventory of vehicles. The Longman Dictionary defines the word inventory as “stock of goods”.

Inventory, in management parlance, is an idle resource of any kind having an economic value. So long as the resource is kept in the warehouse, it is idle. But, the material has economic value in the sense that it is capable of being converted to semi-finished and finished goods and sold to the customers to buy more items. This kind of cycle goes on and on. Even though in practice the term covers only industrial items, this concept can be extended to other things, such as water, forests, space and manpower. For example, too much water causes flood and too little of it results in drought.

### **1.1.2 Reasons For Carrying Inventories.**

Basically, there are many reasons for carrying inventories. However, it must be carried proficiently. Inventories are to serve customers with immediate and seasonal demands. They help in protecting against supply errors, shortages and stockouts. Inventories help level production activities, stabilize employment, and improve labor relations.

Moreover, inventories decouple successive stages in operations so those breakdowns do not stop the entire system. Finally, inventories provide a means of hedging against future price and delivery uncertainties, such as strikes, price increases and inflation.

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