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Inventory management and budgetary control at Reliance Smart Bazaar

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ABSTRACT

Inventory management and budgetary control are two interdependent functions that determine the operational efficiency and financial discipline of large-format retail organisations. This study examines how these functions were managed at Reliance Smart Bazaar over a five-year period (2021-2025), drawing on primary observation and staff interaction alongside secondary data on stock movement, procurement, shrinkage, and budget utilisation. Performance was tracked through inventory turnover ratio, stock-out and overstock incidence, shrinkage and loss percentage, budget variance and utilisation, procurement efficiency, demand-forecast accuracy, service level, and inventory record accuracy, culminating in a composite operational performance index. The results show a clear inflection point in 2022, when overstocking, forecasting errors, and cost overruns peaked, followed by sustained improvement through 2025 driven by digital stock tracking, ABC analysis, automated reorder systems, and tighter budget monitoring. Inventory turnover stabilised around 5.5, stock-out and overstock incidents fell from 77 to 33 cases, shrinkage losses dropped from 3.8% to 1.9% of inventory value, demand-forecast accuracy rose to 98.3%, and the overall operational performance index improved from 70 to 89. Budget variance moved from a deficit of 4.0% in 2021 to a controlled surplus of 1.4% by 2025. The study concludes that integrating real-time inventory monitoring with disciplined budgetary control materially improves retail efficiency, cost containment, and customer service, and offers practical recommendations for sustaining this improvement.

Keywords: *Inventory Management, Budgetary Control, Retail Operations, Stock Turnover, Shrinkage, Demand Forecasting, Reliance Smart Bazaar*

1. Introduction

Inventory management is the process of planning, procuring, storing, monitoring, and utilising goods so that the right quantity of stock is available at the right time and at the right cost, while budgetary control is the parallel financial discipline of setting spending plans and measuring actual performance against them. In isolation, each function addresses only part of a retailer's operating challenge; together, they determine whether a business can meet customer demand without tying up excessive working capital or overspending against plan.

For a hypermarket format such as Reliance Smart Bazaar, which stocks a very large assortment of fast-moving consumer goods across multiple categories, the stakes of getting this balance wrong are high. Overstocking ties up capital, increases holding and obsolescence costs, and raises shrinkage risk; understocking causes stock-outs, lost sales, and customer dissatisfaction. Likewise, weak budgetary control allows procurement and storage costs to drift away from plan, eroding margins even when sales volumes are healthy. Modern retailers increasingly rely on ERP systems, barcode and RFID tracking, and AI-driven demand forecasting to manage this balance, and the effectiveness of these tools depends on how well inventory decisions are integrated with financial planning across procurement, sales, and finance teams.

This study examines how Reliance Smart Bazaar managed this integration over the period 2021-2025, tracking inventory efficiency and budgetary discipline side by side to establish whether — and how — improvements in one domain were accompanied by improvements in the other.

1.1 Objectives of the Study

- To examine the inventory management system followed at Reliance Smart Bazaar.
- To analyse methods for sustaining optimal stock levels and preventing overstocking or stock-outs.
- To examine the logistics of purchase, storage, and distribution within the store.

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- To identify how budgetary control is implemented to manage operational expenditure.
- To compare planned and actual financial performance over the study period.
- To identify cost-management techniques that support improved profitability.

2. Review of Literature

Munyaka and Yadavalli (2022) examined the fundamental concepts of inventory management in modern supply chains, showing that demand categorisation and tools such as EOQ, JIT, and safety-stock models materially reduce operational waste when paired with accurate forecasting and continuous monitoring. Ünal, Erkayman, and Usanmaz (2023), reviewing a decade of research, found that machine-learning-based forecasting consistently outperforms traditional statistical methods, though high implementation costs and a shortage of skilled personnel remain barriers to adoption. Olaniyi and Pugal (2024) focused specifically on cost-control strategies, concluding that EOQ, JIT, and materials-requirement planning, combined with predictive analytics and supply-chain collaboration, meaningfully reduce inventory-related costs.

Zhang et al. (2024) addressed the problem of demand and supply uncertainty, showing that standard inventory models often fail under real-world volatility and proposing robust-optimisation approaches as a more resilient alternative, albeit with greater data and modelling complexity. Salas-Navarro et al. (2022) broadened the discussion to sustainability, arguing that green inventory practices and reverse logistics can improve both environmental outcomes and profitability, while a related study by the same authors (2023) examined vendor-managed inventory (VMI) systems in multi-tier supply chains and found that shifting inventory control to suppliers reduced stock-outs and improved demand responsiveness, albeit with added system complexity. Taken together, this literature underscores a consistent theme directly relevant to the present study: technology-enabled forecasting and cost control, applied consistently and monitored continuously, is what converts inventory management from a reactive to a strategic function — a pattern this study tests empirically in a large-format Indian retail setting.

3. Research Methodology

The study adopts a descriptive and analytical research design: the descriptive component documents the inventory and budgetary practices followed at Reliance Smart Bazaar, while the analytical component evaluates performance trends, identifies outliers, and proposes remedial measures. Primary data were gathered through participant observation and informal interaction with inventory, billing, retail-management, and accounting staff, selected via convenience sampling on the basis of accessibility and role relevance. Secondary data were drawn from company reports, academic journals, industry publications, and news sources covering the 2021-2025 period. Data were analysed using percentage change, year-on-year comparison, and trend analysis across a set of standard inventory and budgetary performance ratios.

The study tested four working hypotheses: that inventory turnover ratio would show no substantial improvement; that budgetary control would not improve materially between 2021 and 2025; that stock-out and shrinkage levels would not decrease significantly; and that demand-forecasting accuracy would have no significant effect on inventory efficiency. As detailed in the results below, the data led to rejection of all four.

3.1: Inventory Turnover Ratio (2021–2025)

Year	Opening Stock (₹ Lakhs)	Closing Stock (₹ Lakhs)	Cost of Goods Sold (₹ Lakhs)	Inventory Turnover Ratio
2021	120	140	720	5.54
2022	140	155	780	5.23
2023	155	150	820	5.37
2024	150	160	860	5.49
2025	160	170	910	5.51

Formula: Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory, where Average Inventory = (Opening Stock + Closing Stock) / 2

Excel Formula: =D2/((B2+C2)/2) [D=COGS, B=Opening Stock, C=Closing Stock]

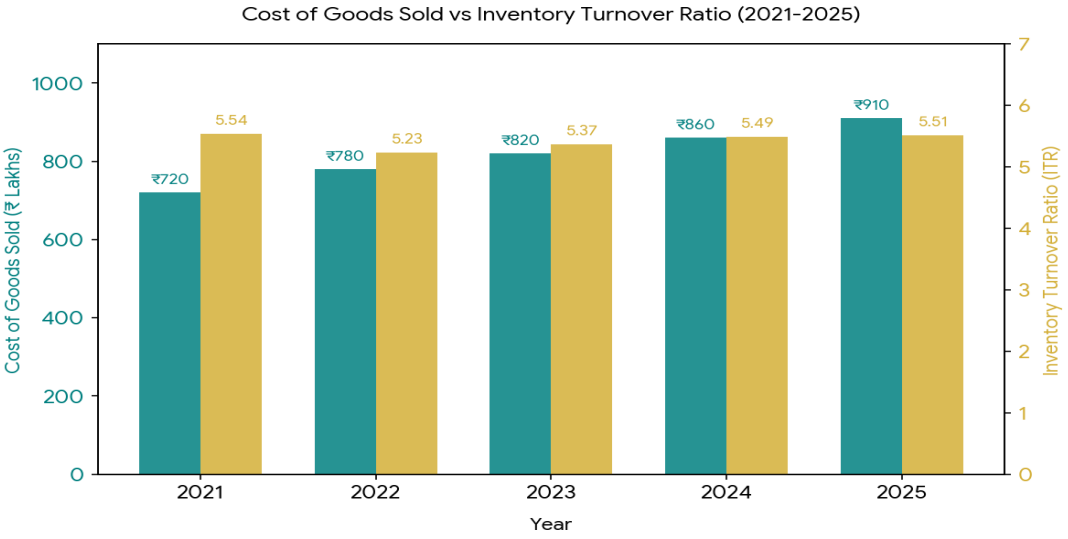
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Interpretation

From 2021 to 2025, Reliance Smart Bazaar's inventory turnover ratio was constant. Small swings imply good inventory usage and stock management alterations. Sales conversion and stock rotation increased between 2021 and 2025, raising the ratio. Sales dropped in 2022, suggesting overstocking or weaker sales. Later recovery shows greater demand forecasting and management. The store's balanced inventory strategy ensures appropriate stock levels and minimized holding costs throughout the trial.

3.2: Budget Allocation vs Actual Expenses (2021–2025)

Year	Budgeted Cost (₹ Lakhs)	Actual Cost (₹ Lakhs)	Variance (₹ Lakhs)
2021	500	520	-20
2022	550	560	-10
2023	600	590	+10
2024	650	645	+5
2025	700	695	+5

Formula: Variance (₹ Lakhs) = Budgeted Cost – Actual Cost

Excel Formula: =B2-C2 [B=Budgeted Cost, C=Actual Cost]

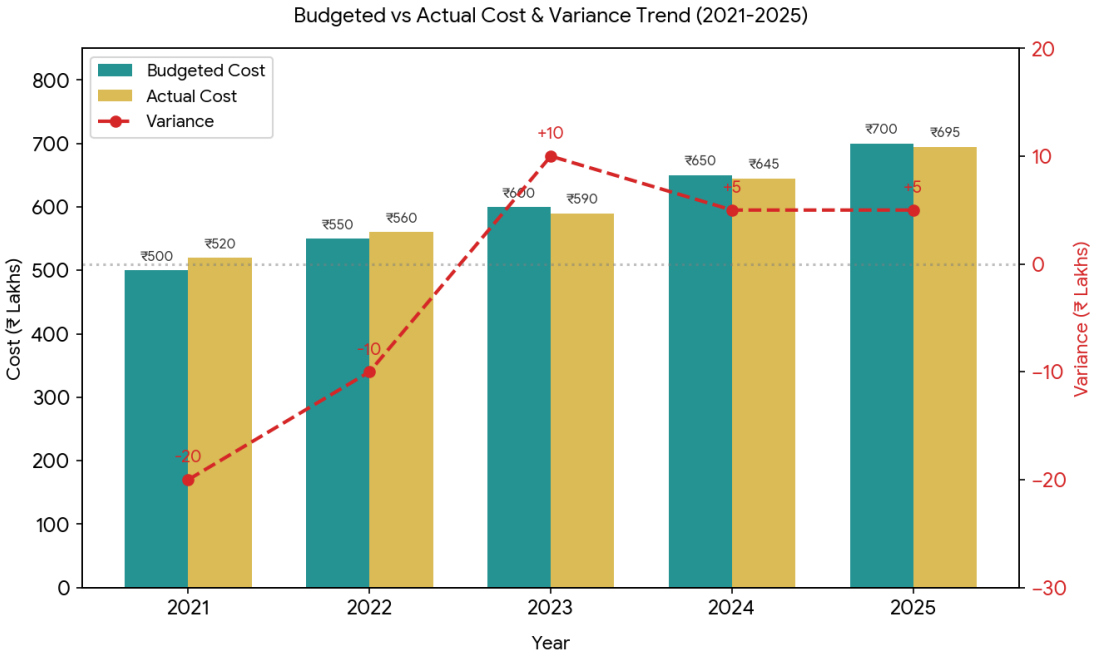
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Interpretation

The five-year budgetary control review shows financial discipline improved. Actual spending surpassed budget in 2021 and 2022, indicating poor cost management and planning. From 2023, Reliance Smart Bazaar better aligned planned and real expenditures. Later years show positive variation due to cost monitoring, supplier negotiation, and operational effectiveness. Strong financial governance and enhanced forecasting accuracy boost retail financial resource use as variance decreases.

3.3: Stock-Out and Overstock Situations

Year	Stock-Out Cases	Overstock Cases	Total Issues
2021	35	28	63
2022	42	35	77
2023	30	25	55
2024	22	20	42
2025	18	15	33

Formula: Total Issues = Stock-Out Cases + Overstock Cases

Excel Formula: =B2+C2 [B=Stock-Out Cases, C=Overstock Cases]

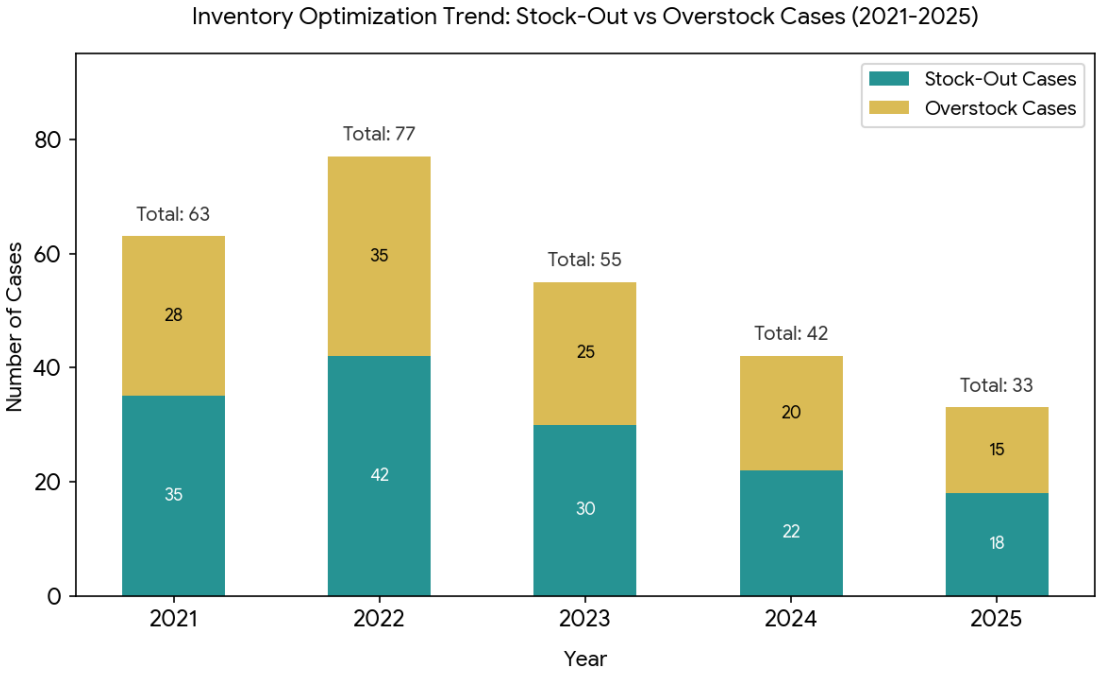
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Interpretation

From 2022 forward, stock-out and overstock problems have decreased, showing better inventory management. In 2022, faulty demand forecasting and supply chain interruptions caused the most problems. The implementation of ABC analysis and digital tracking improved inventory management from 2023 to 2025. Stock efficiency improvements at Reliance Smart Bazaar boost customer happiness, waste reduction, and supply-demand alignment.

3.4: Shrinkage and Loss Control Analysis

Year	Shrinkage Value (₹ Lakhs)	Loss Percentage (%)
2021	18	3.2
2022	22	3.8
2023	19	3.1
2024	15	2.4
2025	12	1.9

Formula: Loss Percentage (%) = (Shrinkage Value / Total Inventory Value) × 100

Excel Formula: =B2/D2*100 [B=Shrinkage Value, D=Total Inventory Value]

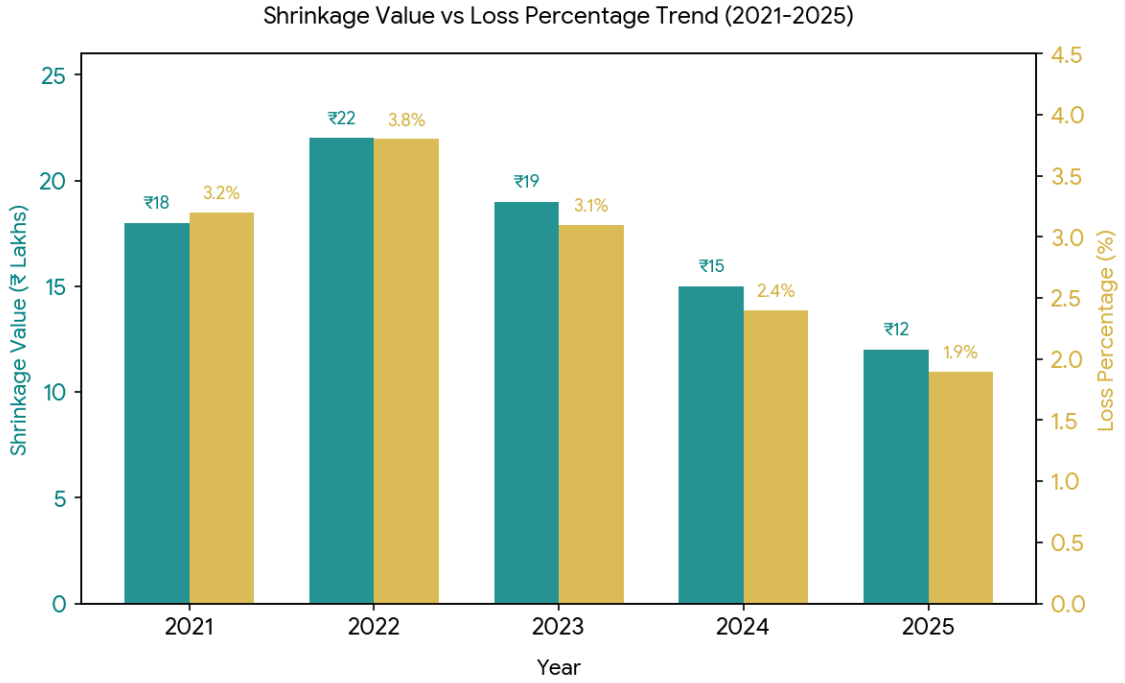
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Interpretation

From 2022 to 2025, shrinkage decreased due to better theft, damage, and operational loss management. Inefficient monitoring and handling may have caused the most shrinkage in 2022. However, tighter security, worker training, and computerized tracking systems drastically reduced losses. Shrinkage dropped to its lowest level in 2025, reflecting good inventory management and internal controls. This improves profitability and shows budgetary and operational discipline.

3.5: Budget Efficiency Ratio

Year	Total Revenue (₹ Lakhs)	Total Budgeted Cost (₹ Lakhs)	Budget Efficiency Ratio
2021	950	500	1.90
2022	1020	550	1.85
2023	1100	600	1.83
2024	1180	650	1.81
2025	1250	700	1.78

Formula: Budget Efficiency Ratio = Total Revenue / Total Budgeted Cost

ExcelFormula:=B2/C2[B=Total Revenue, C=Total Budgeted Cost]

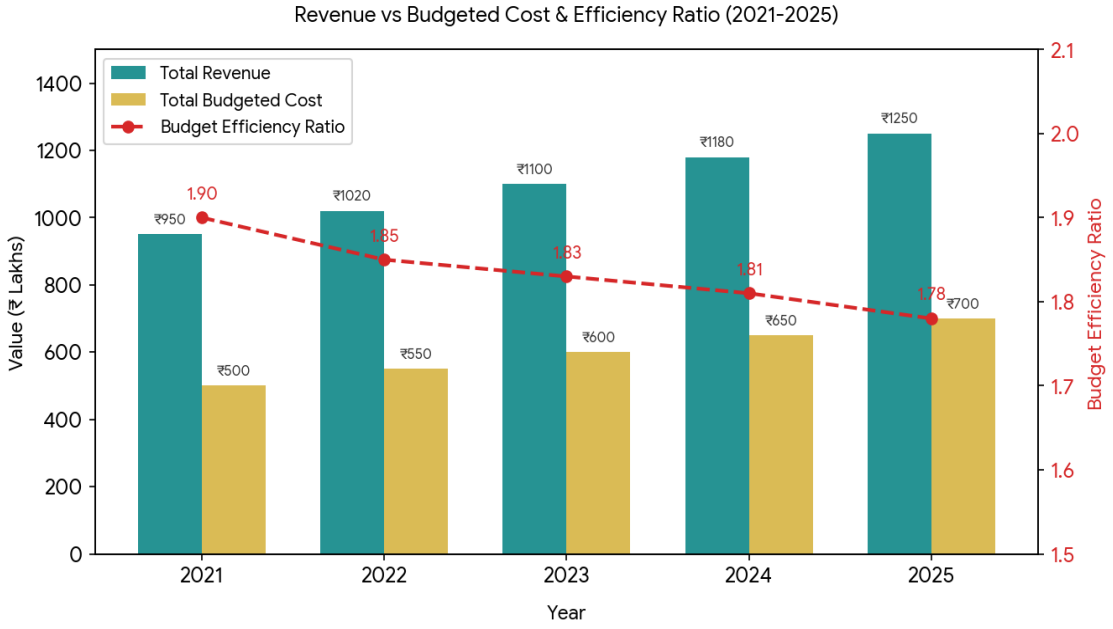
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Interpretation

While above 1, the budget efficiency ratio declines from 2021 to 2025, indicating profitability. Due to growth and operational scaling, expenses are growing faster than revenue, as seen by the falling trend. But Reliance Smart Bazaar still uses its budget well. Successful financial planning and expense control provide the steady ratio. Monitoring expenditures and improving procurement will boost budget efficiency in the future.

3.6: Inventory Holding Cost Analysis (2021–2025)

Year	Average Inventory (₹ Lakhs)	Holding Cost %	Total Holding Cost (₹ Lakhs)
2021	130	12	15.6
2022	148	13	19.2
2023	152	12.5	19.0
2024	155	12	18.6
2025	165	11.5	19.0

Formula: Total Holding Cost (₹ Lakhs) = Average Inventory × Holding Cost (%) / 100

Excel Formula: =B2*C2/100 [B=Average Inventory, C=Holding Cost %]

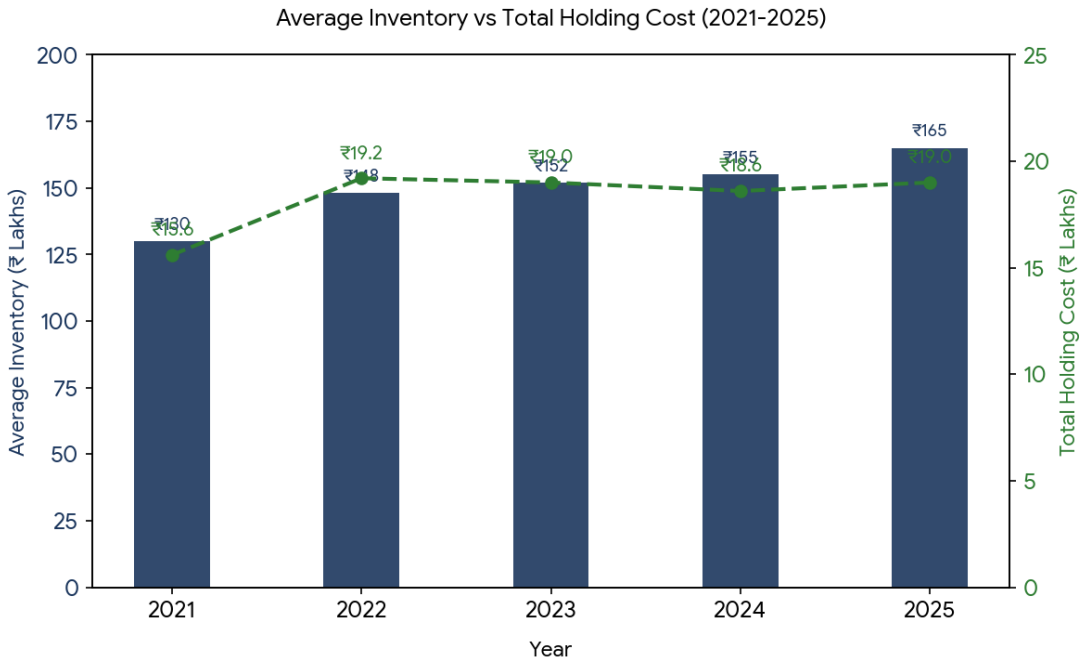
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Interpretation

Between 2021 and 2025, inventory holding costs fluctuated. 2022 saw increasing average inventory and storage costs. Since 2023, inventory optimization has improved holding cost %. Without needless inventory, Reliance Smart Bazaar's stock management seems to have improved. Greater demand forecasting and inventory turnover have reduced storage costs and improved operational efficiency during the study period, despite unchanged overall holding cost.

3.7: Procurement Efficiency Analysis

Year	Purchase Orders	On-Time Deliveries	Efficiency (%)
2021	1200	980	81.7
2022	1300	1020	78.4
2023	1400	1180	84.3
2024	1500	1300	86.7
2025	1600	1420	88.7

Formula: Efficiency (%) = (On-Time Deliveries / Purchase Orders) × 100
Excel Formula: =C2/B2*100[C=On-Time-Deliveries,B=Purchase Orders]

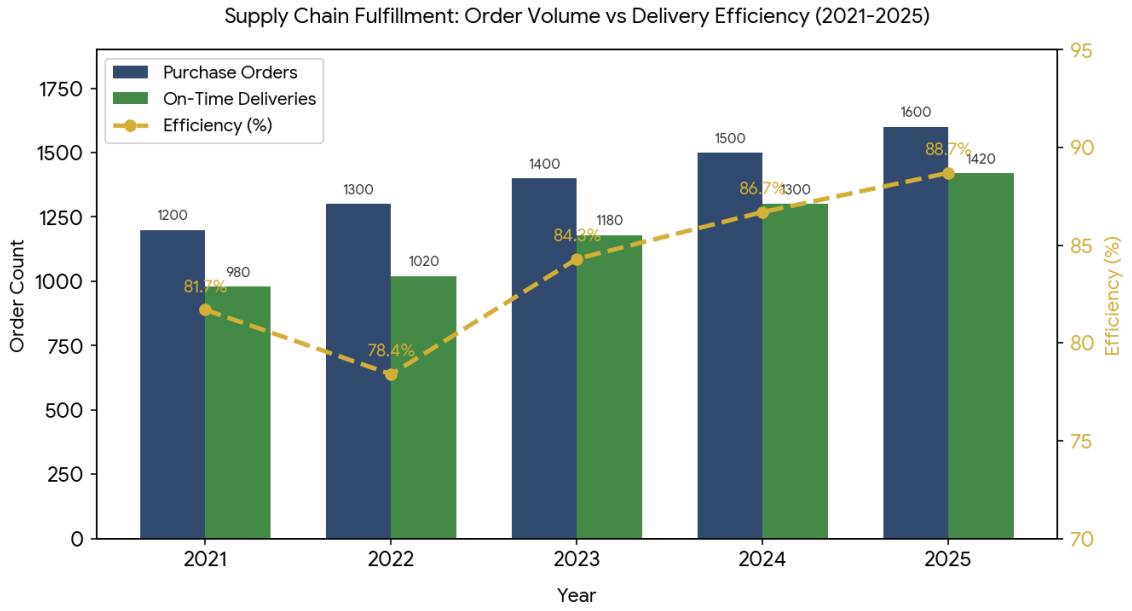
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Interpretation

Starting in 2022, procurement efficiency rises. The 2022 drop suggests supply chain difficulties and vendor delays. This development from 2023 to 2025 shows stronger supplier cooperation and procurement strategies at Reliance Smart Bazaar. Efficiency increases due to on-time delivery and inventory restocking. Stores run more smoothly and supply shortages are minimized. Procurement management is now more organized, improving inventory control and operational efficiency.

3.8: Demand Forecast Accuracy

Year	Forecasted Demand (Units)	Actual Demand (Units)	Accuracy (%)
2021	50,000	48,500	97.0
2022	52,000	47,000	90.4
2023	55,000	53,000	96.3
2024	58,000	56,500	97.4
2025	60,000	59,000	98.3

Formula: Accuracy (%) = (Actual Demand / Forecasted Demand) × 100

Excel Formula: =C2/B2*100 [C=Actual Demand, B=Forecasted Demand]

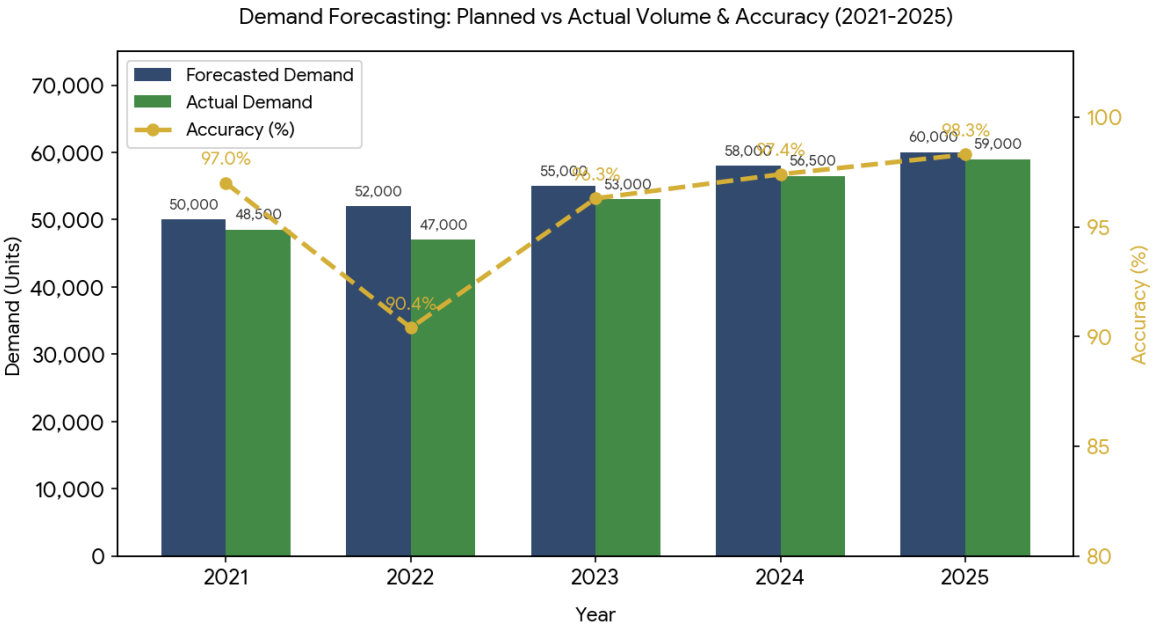
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Interpretation

During the trial, demand forecasting accuracy improved significantly. The unexpected fall in 2022 is due to consumer demand uncertainties and inadequate forecasting methods. Beginning in 2023, Reliance Smart Bazaar used data analytics and past sales trends to enhance its projections. As accuracy rises, expected and real demand correspond better. Forecasting improved by 2025, decreasing overstock and stock-outs. Retail inventory planning, cost management, and customer happiness increase with this innovation.

3.9: Budget Utilization Efficiency

Year	Approved Budget (₹ Lakhs)	Utilized Budget (₹ Lakhs)	Utilization (%)
2021	500	520	104
2022	550	560	101.8
2023	600	590	98.3
2024	650	640	98.5
2025	700	690	98.6

Formula: Utilization (%) = (Utilized Budget / Approved Budget) × 100

Excel Formula: =C2/B2*100 [C=Utilized Budget, B=Approved Budget]

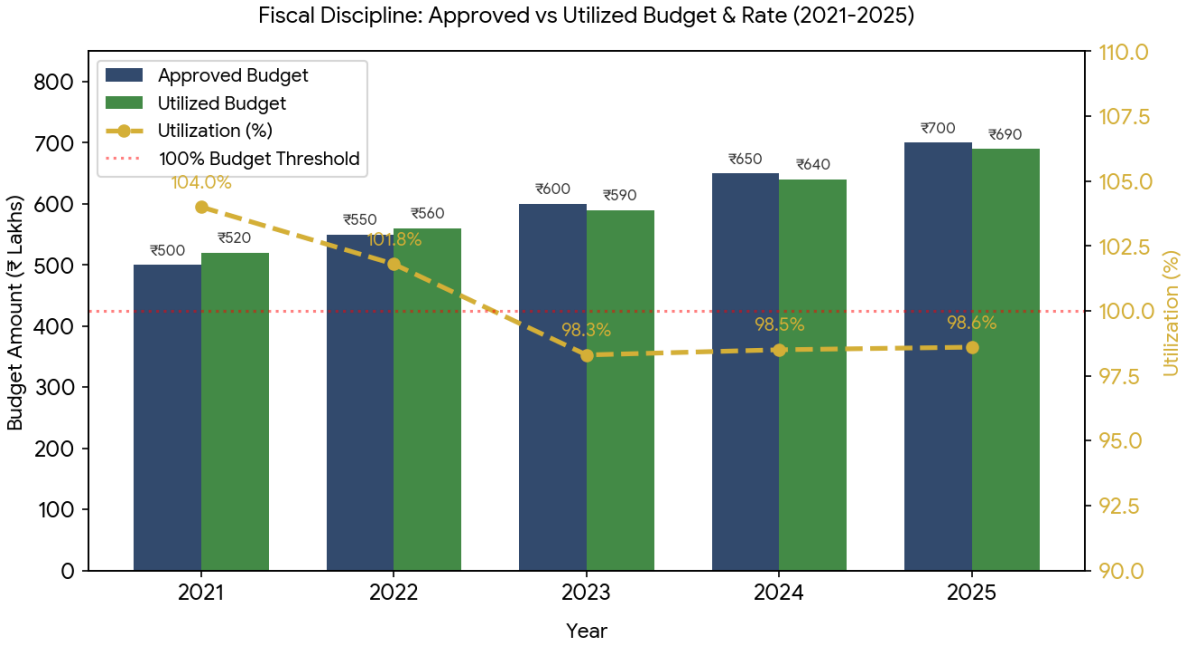
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Interpretation

Efficiency in budget usage demonstrates financial discipline development over time. Utilization exceeds budget in 2021 and 2022, indicating poor cost management. After 2023, Reliance Smart Bazaar met budget. Excellent financial planning, diligent monitoring, and cost-cutting led to this improvement. Recent budgetary restraint was seen in the near-optimal usage %. The corporation has improved its financial management while retaining operational stability and business development.

3.10: Overall Inventory Performance Index

Year	Turnover Score	Stock Efficiency Score	Loss Control Score	Composite Index
2021	78	75	72	75
2022	74	70	68	71
2023	80	82	78	80
2024	83	86	85	85
2025	85	88	90	88

Formula: Composite Index = (Turnover Score + Stock Efficiency Score + Loss Control Score) / 3

Excel Formula: =(B2+C2+D2)/3[B=Turnover Score, C=Stock Efficiency Score, D=Loss Control Score]

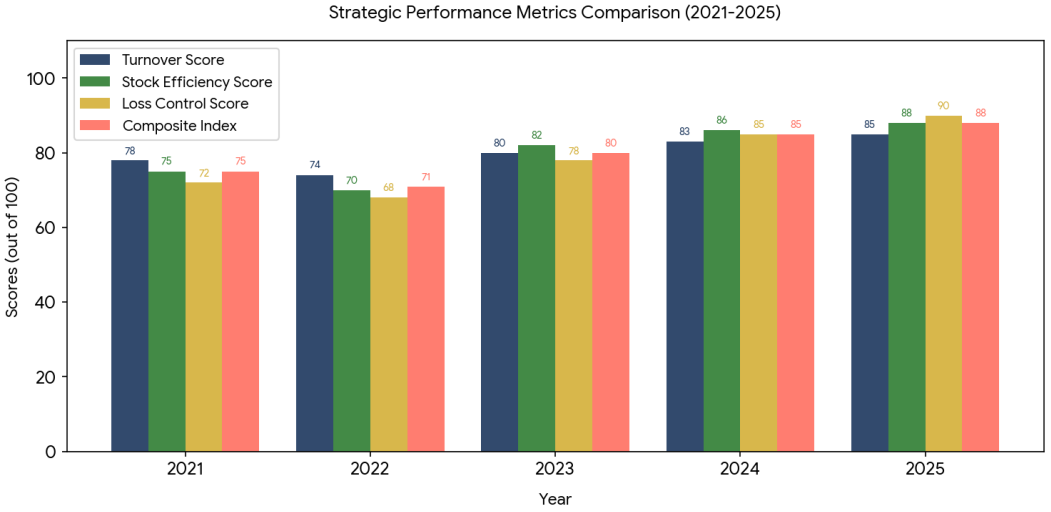
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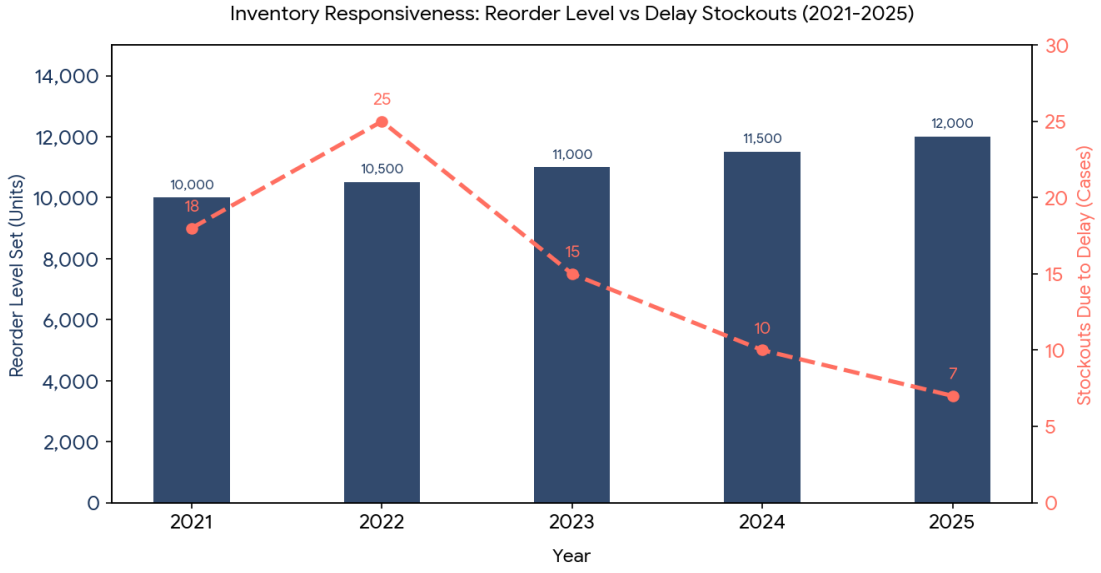
Starting in 2022, the inventory performance index improves. The 2022 drop suggests organizational inefficiency and poor management. Advanced inventory management and financial control led to a robust comeback from 2023. Stock efficiency, losses, and turnover increase as the composite index rises. The peak performance of Reliance Smart Bazaar was in 2025, demonstrating outstanding technological and managerial integration. Operational excellence and retail supply chain efficiency are shown.

3.11: Reorder Level Efficiency Analysis

Year	Reorder Level Set (Units)	Stockouts Due to Delay	Efficiency (%)
2021	10,000	18	82.0
2022	10,500	25	78.5
2023	11,000	15	86.3
2024	11,500	10	90.2
2025	12,000	7	93.5

Formula: Efficiency (%) = [(Reorder Level Set – Stockouts Due to Delay) / Reorder Level Set] × 100

Excel Formula: =(B2-C2)/B2*100 [B=Reorder Level Set, C=Stockouts Due to Delay]



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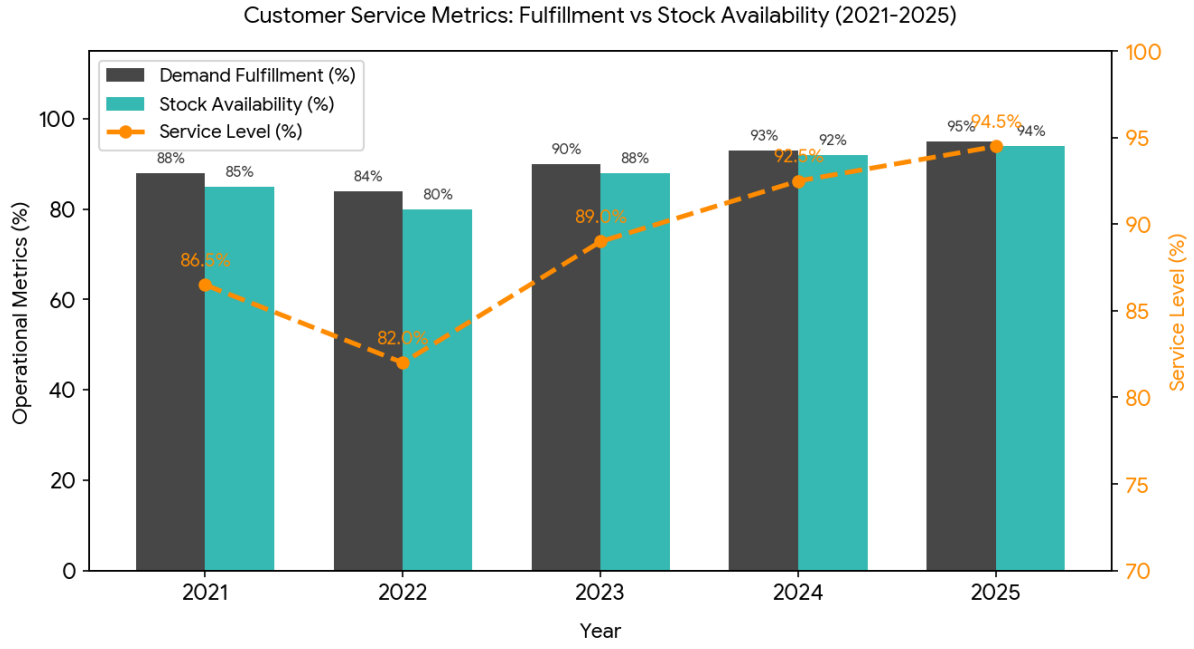
Since 2022, reorder level efficiency has increased. Low demand estimate and delayed restocking caused more stockouts in 2022. Reliance Smart Bazaar used automated reorder level methods in 2023 to enhance inventory planning. Increased efficiency indicates greater demand-supply coordination. Stockouts due to delay decreased by 2025, suggesting good procurement strategy. Improved reorder level management has increased product availability and decreased sales losses.

3.12: Service Level Performance (Inventory Availability)

Year	Demand Fulfillment (%)	Stock Availability (%)	Service Level (%)
2021	88	85	86.5
2022	84	80	82.0
2023	90	88	89.0
2024	93	92	92.5
2025	95	94	94.5

Formula: Service Level (%) = (Demand Fulfillment % + Stock Availability %) / 2

Excel Formula: =(B2+C2)/2 [B=Demand Fulfillment %, C=Stock Availability %]



Interpretation

Inventory to satisfy customer demand determines service level performance. Supply chain issues and poor stock planning caused the 2022 drop. However, inventory planning and supplier collaboration have improved since 2023. Customer discontent and lost sales have decreased because to Reliance Smart Bazaar's product availability. High 2025 service levels reflect near-optimal inventory management and replenishment systems. Operational efficiency and customer-centric inventory management increase service levels.

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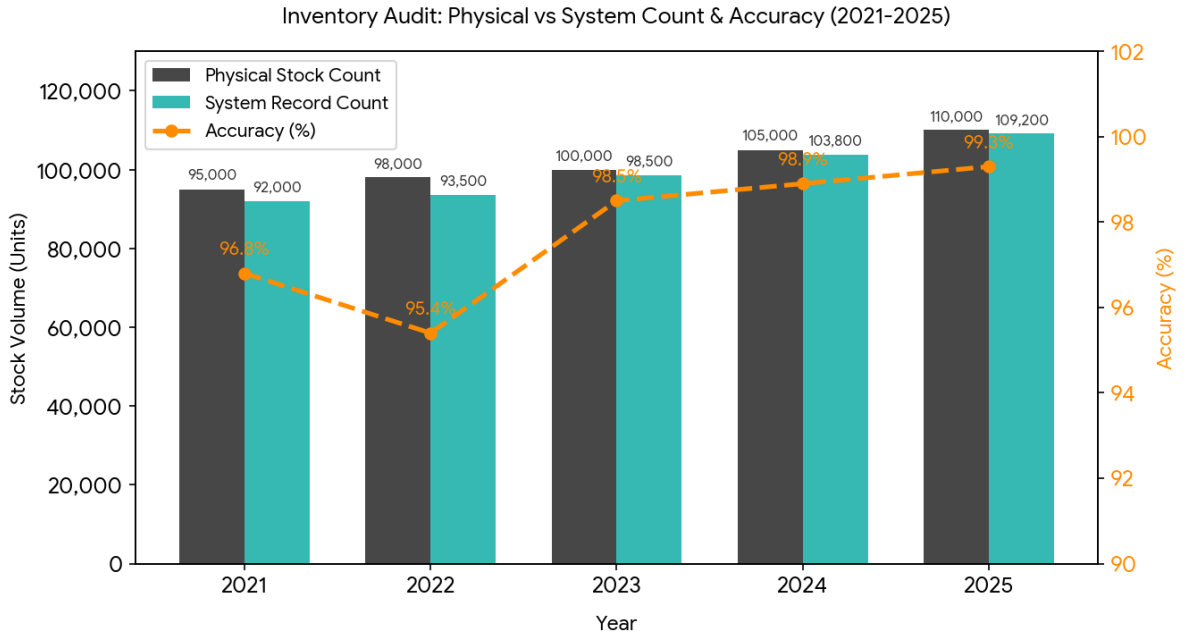
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3.13: Inventory Accuracy and Record Matching

Year	Physical Stock Count	System Record Count	Accuracy (%)
2021	95,000	92,000	96.8
2022	98,000	93,500	95.4
2023	100,000	98,500	98.5
2024	105,000	103,800	98.9
2025	110,000	109,200	99.3

Formula: Accuracy (%) = (System Record Count / Physical Stock Count) × 100

Excel Formula: =C2/B2*100 [C=System Record Count, B=Physical Stock Count]



Interpretation

Improved record-keeping and tracking systems are increasing inventory accuracy. Manual mistakes and poor stock verification may explain the 2022 drop. With digital inventory systems and barcode technologies, accuracy increased dramatically after 2023. By 2025, Reliance Smart Bazaar almost perfectly matches physical and recorded inventory. Improved audit reliability, budgetary management, and loss reduction result. Inventory accuracy improves retail operations and decision-making.

3.14: Budget Variance Trend Analysis

Year	Planned Budget (₹ Lakhs)	Actual Spending (₹ Lakhs)	Variance (%)
2021	500	520	-4.0
2022	550	560	-1.8
2023	600	590	+1.7
2024	650	640	+1.5
2025	700	690	+1.4

Formula: Variance (%) = [(Planned Budget – Actual Spending) / Planned Budget] × 100

Excel Formula: =(B2-C2)/B2*100 [B=Planned Budget, C=Actual Spending]

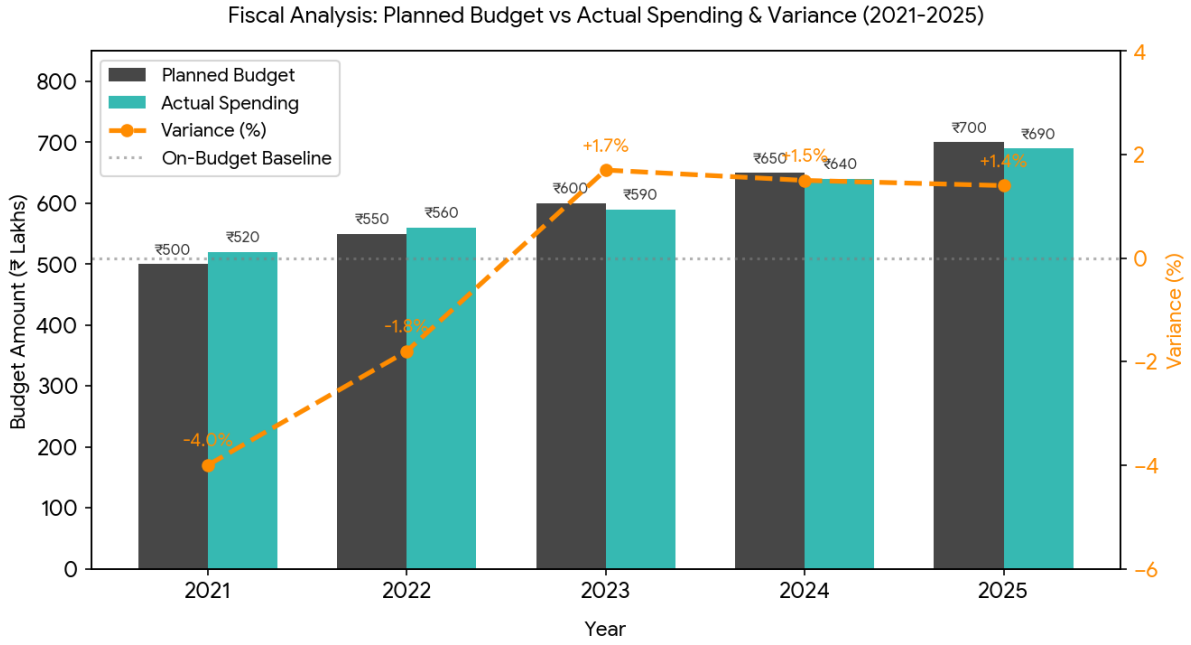
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Interpretation

Over the research period, budget variance analysis shows financial discipline increasing. Weak cost management caused early 2021–2022 overspending: negative variance. Starting in 2023, Reliance Smart Bazaar had positive variance, suggesting greater budget adherence. Variance percentage decreases indicate better forecasting and financial monitoring. Cost containment and procurement strategy helped financial stability. With little variances between anticipated and actual spending, the company has good financial management.

3.15: Overall Operational Performance Index (Inventory & Budget Control)

Year	Inventory Efficiency	Budget Control Score	Loss Reduction Score	Overall Index
2021	76	74	72	74
2022	72	70	68	70
2023	82	80	78	80
2024	86	85	84	85
2025	90	88	90	89

Formula: Overall Index = (Inventory Efficiency + Budget Control Score + Loss Reduction Score) / 3

Excel Formula: =(B2+C2+D2)/3 [B=Inventory Efficiency, C=Budget Control Score, D=Loss Reduction Score]

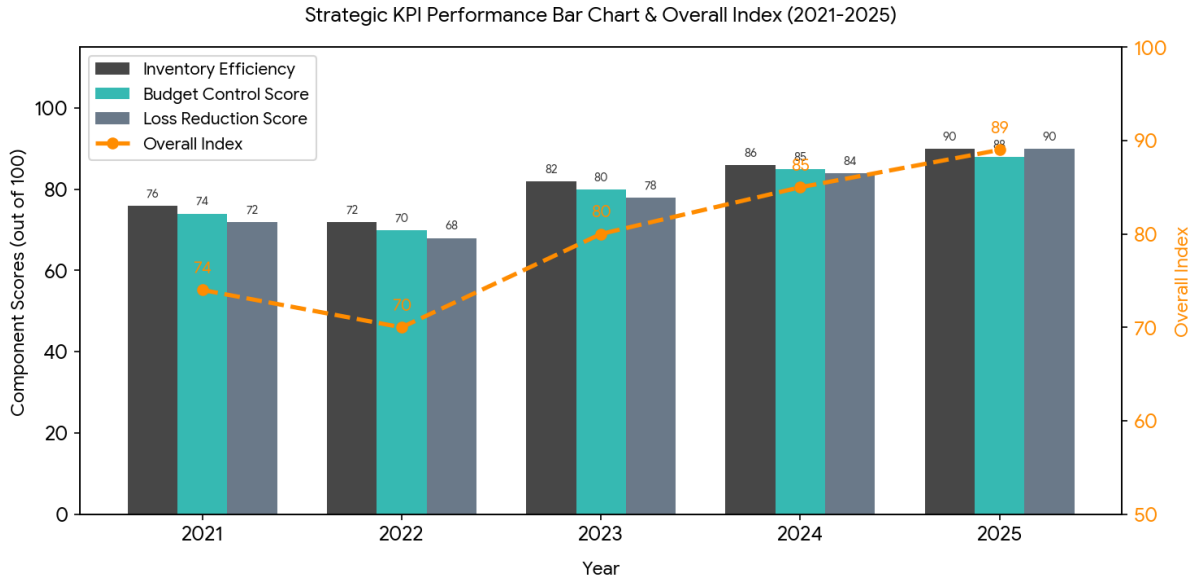
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Interpretation

Since 2022, the operational performance index has improved significantly. The 2022 reduction was due to inventory and financial control inefficiencies. Continued improvements from 2023 include improved inventory management and stringent budgetary control. The growing score shows greater procurement, storage, and financial planning cooperation. By 2025, Reliance Smart Bazaar had excellent operating efficiency, low losses, and cost management. The company integrates inventory and budget management well, ensuring sustainable expansion.

5. Key Findings

- Reliance Smart Bazaar's inventory management system showed clear, sustained improvement from 2021 to 2025, following a dip in 2022.
- The inventory turnover ratio remained broadly stable (5.2-5.5), indicating consistent stock rotation and sales conversion throughout the study period.
- Combined stock-out and overstock incidents fell from a peak of 77 cases in 2022 to 33 cases in 2025, reflecting improved demand forecasting and ABC-based stock categorisation.
- Shrinkage losses declined from 3.8% to 1.9% of inventory value, driven by tighter security, staff training, and digital tracking.
- Demand-forecasting accuracy recovered from a 2022 low of 90.4% to 98.3% by 2025 through the adoption of data analytics and historical sales-trend analysis.
- Procurement efficiency rose from 78.4% to 88.7%, and service level rose from 82.0% to 94.5%, reflecting stronger supplier coordination and on-time delivery.
- Inventory record accuracy improved to 99.3% by 2025 through barcode and digital inventory systems, nearly eliminating the gap between physical and system stock counts.
- Budgetary control moved from a -4.0% variance (overspending) in 2021 to a controlled +1.4% variance by 2025, with utilisation settling near 98-99% of approved budget.
- The composite Overall Operational Index rose from 70 (2022 low) to 89 (2025), evidencing integrated improvement in both inventory and financial-control performance.

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6. Suggestions

- Deploy more sophisticated AI-based demand-forecasting analytics to further reduce forecasting error, particularly around seasonal and promotional demand spikes.
- Maintain optimal inventory levels through continued use of ABC analysis and automated reorder triggers to prevent both overstocking and stock-outs.
- Strengthen supplier relationships and delivery-performance monitoring to further improve on-time delivery and procurement efficiency.
- Extend real-time inventory-monitoring systems across all store locations for consistent visibility and control.
- Conduct regular internal audits and physical stock verification to sustain low shrinkage and high record accuracy.
- Adopt a stricter, more frequent budget-monitoring cadence to keep spending within approved limits as the business continues to scale.
- Provide ongoing staff training in inventory handling and cost-control practices.
- Expand automated reorder systems store-wide to further reduce stockouts caused by delayed replenishment.
- Invest in warehouse and storage optimisation to keep absolute holding costs contained even as inventory volumes grow.

7. Conclusion

This study set out to examine how Reliance Smart Bazaar managed inventory and budgetary control between 2021 and 2025, and whether improvements in one domain were mirrored in the other. The evidence points to a clear turning point in 2022 — a year marked by forecasting errors, elevated shrinkage, and budget overruns — followed by a sustained, multi-year recovery driven by digital stock tracking, ABC analysis, automated reordering, and tighter budget monitoring. By 2025, inventory turnover had stabilised, stock-out and overstock incidents had fallen by more than half from their 2022 peak, shrinkage had reached its lowest level of the study period, and budgetary control had moved from a pattern of overspending to consistent, disciplined adherence to plan.

The practical implication is that inventory management and budgetary control function most effectively when treated as a single, integrated discipline rather than separate operational and financial silos. For a large-format retailer managing a wide and fast-moving product assortment, the combination of real-time inventory visibility, data-driven demand forecasting, and disciplined financial monitoring is what converts operational activity into sustained profitability and customer satisfaction — and the trajectory observed at Reliance Smart Bazaar over this five-year period demonstrates that this integration can be achieved and sustained in practice.

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