

## **ABSTRACT**

A significant challenge facing by the Sri Lanka Navy (SLN) Medical Service is the continuous increase of costs associated with its pharmaceutical stock. SLN budget allocation increased by nearly 164% for health service in comparison to year 2010 (Rs. 132.6 million) and 2015 (Rs. 350 million). During that time it observed Central Medical Warehouse (CMW) of SLN has unable to meet with patients' requirement and reported lot of malpractice and expired of drugs. In order to analysis of the perception on factors influencing the performance of medical inventory and warehouse, this thesis analyzes the historical inventory management methods by participating 55 respondents who served at CMW in year 2004 to 2015.

At the analyzing session it was determined that CMW holding an excessive amount of pharmaceutical stocks. The reason was due to focus equal attention to all pharmaceuticals and surgical items used at CMW. As a result it generated lack of space, more work load and huge amount of money freeze in unnecessarily at slow moving drugs. Therefore it is suggested to go for combination of ABC and VED matrix method in order to identify most vulnerable and critical pharmaceuticals. Further this study has identified factors of warehouse space, training, working atmosphere, categorize of drugs, economic order quantity of pharmaceuticals which belong to 'V' and 'E' categories (under ABC-VED matrix), usage of information technology, security and lean method had slightly more influence toward the performance of medical inventory and warehouse management.