

Course: B.Com Part III

Paper: V

Topic: Material Control

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Definition of Material Control:

Materials control may be defined as a system which ensures availability of the required quantity of material of proper quality at the proper time and at the same time avoidance of unnecessarily blocking up of capital in stores. The system of material control should be so comprehensive that it covers the whole procedure from the point when order is placed with the suppliers up to the stage until the materials are consumed in production.

Objectives of Material Control:

The following may be listed as broad objectives of materials control or, in other words, the following steps have to be taken to see that there is no inefficiency as regards materials:

1. Availability:

The various materials and stores necessary for carrying on production smoothly should always be available. This means not only ensuring supplies of the main raw materials and the chief stores which are required but also of small and inexpensive but necessary materials. For example, in a cotton textile mill supplies of cotton and coal will always be looked after, but it is also necessary that the proper lubricating oil for machines is also always available. Stoppage of production due to any reason is very costly and the person in charge of supply of materials and

stores must see to it that production is not interrupted for want of any item of materials and stores.

2. Proper Quality and Price:

While purchasing the materials and stores, care should be taken to see that the requisite quality of materials is purchased and that the price paid is reasonably low. It is no use purchasing goods of inferior quality or of very superior quality. For every product or job there is a particular quality of materials which is needed and that quality alone should be purchased. For printing text books, for example, neither art paper nor newsprint is to be used; white printing paper of reasonable weightage will be needed. But a book containing art pictures and priced quite high must be printed on good quality art paper; newspapers have to use newsprint as otherwise the cost will be too high.

Prices also must be unnecessarily high although in certain cases it may be the company's policy to encourage certain supplies by paying them a price higher than prevailing in the market; but this can be only for a short period and in special cases.

3. Minimum Wastage:

While various materials are being stored in the godowns, the loss of or damage to the various items must be kept as low as possible. The losses usually are pilferage or damage due to rust dust dirt or water. All these losses must be thoroughly kept under control.

4. No Overstocking:

Investment in stocks of materials and stores must be kept as low as possible. This means that unnecessarily large stocks must not be maintained.

5. Information about Availability of Stocks:

Information must be continuously available regarding stock. This will ensure proper planning of work and also replenishment on time.

6. Minimum Loss during Process:

While the materials are being used in the factory the wastage must be kept at the minimum possible level. Some wastage is bound to be there, but efficiency demands that the wastage must not be allowed to go above the minimum level.