

FAQ

Q1. What is importance of Bin Cards in material control?

Answer:

Bin cards are used to records and control the quantity of material when store keeper receives and issues the material. Bin- card is kept in each cabinet or tray of material.

Q2. What is the meaning of material control?

Answer:

Material control involves planning, organizing and controlling the procurement, storage and usage of material for achieving the objective of efficiency and economy. Material control ensures proper functioning of the following operations;

1. Purchasing of the material
2. Receiving of the material
3. Inspection of the material
4. Issuing of the material
5. Maintenance of inventory records
6. Stock control

Q3. Why is Internal Check System used for material control?

Answer:

Internal check system is useful to check misappropriation of material. For reducing it, work duties are changed with in store, production and purchase departments.

Q4. What are the objectives of Material control?

Answer:

1. To avoid the situation of under stocking- i.e, to provide continuous supply of required inventory so that the activities of production, service and sales departments may not be held up.
2. To avoid over stocking, i.e., to maintain optimum investment in inventory considering the operating requirements and financial resources so as to reduce carrying cost.
3. To ensure the procurement of materials and stores of the required quality at minimum cost from a reliable source.
4. To minimize the total cost (purchase cost, ordering cost, carrying cost).
5. To avoid wastage and losses due to defective or long storage or from obsolete.
6. To manage proper and up to date records of inventories.

Q5. Write down the specimen of purchase order. Explain its significance.

SPECIMEN OF PURCHASE ORDER

ABC AND CO.		
MATERIAL PURCHASE ORDER		
ORDER NO.	INDENT NO.	STORES RECEIPT NO.
DATE	QUATATION NO.	INSPECTION NOTE NO.
TO		
.....		
.....		
.....		
This is in response to your quotation against our tender no.....The terms and conditions mentioned overleaf will be applicable. Please supply the following items at the price indicated below:		

SL.NO	DESCRIPTION	STORES CODE NOSPECIFICATION	QTY
UNIT PRICE			

TERM OF DELIVERY	
TERM OF PAYMENT	PLEASE SEND BILL TO:
SPECIAL CONDITIONS	FOR A.B.C AND CO.

The purchase order has legal and accounting significance. From legal point of view, it binds both the parties to the terms of the contract. From accounting point of view, it signifies the amount which has to be spent. It signifies the stores department to accept the goods and the accounts department to accept the bill.