

1. Materials Management

Definition:

Materials Management is the planning, organizing, and controlling of the flow of materials from purchase to production to delivery — ensuring the **right material**, in the **right quantity**, at the **right time**, and at the **right price**.

Functions of Materials Management

1. **Planning & Scheduling** – Estimating material needs.
 2. **Purchasing** – Buying materials from suppliers.
 3. **Receiving & Inspection** – Checking the quality and quantity of incoming goods.
 4. **Storage** – Properly storing materials to prevent damage.
 5. **Issue & Distribution** – Supplying materials to departments when needed.
 6. **Inventory Control** – Keeping track of stock to avoid shortages or wastage.
-

Importance of Materials Management

- Reduces production cost.
 - Improves efficiency.
 - Avoids delays in manufacturing.
 - Ensures continuous production by avoiding material shortages.
 - Helps in standardizing materials and reducing waste.
-

Relationship with Other Departments

- **Production:** Ensures materials are **available** for manufacturing.

- **Finance**: Helps in budgeting and cost saving.
 - **Quality Control**: Ensures materials meet quality standards.
 - **Sales**: Supports timely delivery of products.
 - **Stores**: Manages storage and supply of raw materials.
-

2. Purchase

Objectives of Purchasing

1. Buy materials of right quality.
 2. Buy in proper quantity.
 3. Get at the lowest possible price.
 4. Ensure timely delivery.
 5. Select reliable suppliers.
-

Purchasing Systems

- **Centralized Purchasing** – All purchases by one department.
 - **Decentralized Purchasing** – Each department purchases for itself.
 - **Local Purchasing** – Material bought near the location.
 - **Rate Contract** – Fixed price contract for a period.
-

Purchase Procedure (Steps)

1. Requirement or Requisition from department.
2. Find suppliers and get quotations.
3. Compare prices and select the best supplier.
4. Place Purchase Order.
5. Receive materials and inspect.

Centralized is like one person shopping for the whole family; decentralized is like everyone shopping for themselves

6. Match invoice with purchase order and stock entry.
7. Payment to supplier.

Terms & Forms Used in Purchase Department

- **Purchase Requisition**: Internal request for materials.
- **Enquiry**: Asking price/availability from suppliers.
- **Quotation**: Offer by supplier.
- **Purchase Order (PO)**: Legal contract to buy goods.
- **Goods Receipt Note (GRN)**: Confirmation of received goods.

3. Storekeeping

Functions of Storekeeping

- **Receiving** and **recording** materials.
- Proper **storage** and **maintenance**.
- **Issuing** items to different departments. giving items
- **Keeping track of stock levels**.
- **Preventing damage or loss of materials**.

Classification of Stores

Type	Centralized Store	Decentralized Store
Meaning	One main store for whole company	Stores located near each department
Advantages	Easy control, less duplication, cost saving	Fast issue, less movement of people/material
Disadvantages	Slow issue time, more distance to travel	Harder to control, may duplicate stock
Application	Small companies, uniform needs	Large companies, different location needs

Types of Records Maintained in Stores

- **Bin Cards** – Show stock details for each item.
 - **Stock Register** – Complete record of material movement.
 - **Goods Received Register** – Details of incoming goods.
 - **Material Issue Register** – Details of outgoing materials.
-

Storage Equipment

- Racks and Shelves
 - Bins and Boxes
 - Pallets
 - Cupboards and Cabinets
 - Automatic storage systems (in big warehouses)
-

Need for Codification in Stores

Codification means giving a unique code or number to each item.

- Reduces confusion or duplication.
- Makes searching faster.
- Helps in computerizing inventory.

Methods of Codification

- **Alphabetical** (e.g., A for bolts)
- **Numerical** (e.g., 101 for steel rods)
- **Alphanumeric** (e.g., B123)
- **Colour coding.**

