

UNIT - III

MANAGEMENT OF INVENTORY

14. INVENTORY MANAGEMENT

Inventories constitute a major element of working capital. It is, therefore, important that investment in inventory is properly controlled. The objectives of inventory management are, to a great extent, similar to the objectives of cash management. Inventory management covers a large number of problems including fixation of minimum and maximum levels, determining the size of inventory to be carried, deciding about the issues, receipts and inspection procedures, determining the economic order quantity, proper storage facilities, keeping check over obsolescence and ensuring control over movement of inventories.

Inventory Management has been discussed in detail in Chapter 2 (Material Cost) Paper 4: Cost and Management Accounting. Students are advised to refer the same.