

Importance of Inventory Control

IMPORTANCE OF INVENTORY CONTROL SYSTEM

➤ *Control over fluctuations :-*

Inventory control is very important to supply products in the market. In many cases the demand forecast of any product is never accurate. Sometimes there are huge difference in the estimated demand & actual demand.

➤ *Customer satisfaction :-*

Proper inventory helps to produce products & supply in the market at right time. It helps to fulfill the demand of the customers & provide more satisfaction to them.

➤ *Continuous Production :-*

Proper inventory is useful in maintaining continuity of flow of production. This is because company can prepare entire resources of production & produce the products & supply in the market .

➤ *Reduction in Risk :-*

It helps to reduce the risk of loss (Fire, Theft) on account of damages of the products. It also helps to maintain right stock of finished goods , spare parts, machinery etc.

➤ *Proper Use Of Capital :-*

Inventory control is useful for the right use of working capital & fixed capital. It helps in maintaining & avoiding overstocking. Therefore working capital is not blocked in excess inventory.

➤ *Avoiding Duplication in Ordering :-*

It avoids duplication in ordering of resources because of proper planning & keen observation.

TECHNIQUES OF INVENTORY CONTROL

JIT (JUST IN TIME),

EOQ (ECONOMIC ORDER QUANTITY),

ABC (ALWAYS BETTER CONTROL).

FAST MOVING,

MRP(material Requirement Planning) ,

MAX-MINIMUM SYSTEM