

Objectives

The word 'inventory' refers to any kind of resource that has economic value and is maintained to fulfill the present and future needs of an organization. Fred Hansman defined inventory as, an idle resource of any kind provided such a resource has economic value.

Such resources may be classified into three categories, One, physical resources such as raw materials, semi-finished goods, finished goods, spare parts, lubricants, etc., Two, human resources such as unused labour (manpower), and Three, financial resources such as working capital, etc.

Since the final product or output of a service organization such as bank, hospital, etc., cannot be stored for use in the future, the concept of inventory control then is associated with the various forms of productive capacity. The following are a few examples of the type of inventory held by various organizations.

By the end of this session, you will be able to:

- Explain the meaning of inventory control
- Explain the forms and functional role of inventory