

Good Morning Students,
This lesson is for class 9th for the subject of 'Commercial Studies'. The topic for today is 'Production and Purchasing and Stores Department' which is covered in Chapter 13 titled 'Production' and Chapter 14 titled 'Purchasing and Stores' of your book.

This lesson is being submitted to you on 5/8/24..

All the students now please open page number 85 of your book.

Production:

Production implies creation of goods and services with the help of certain processes. In other words, it is concerned with the conversion of raw materials into semi finished and finished products by applying various processes and procedures.

"Any process involving the transformation of a set of inputs and resources like materials, manpower, machinery, information and energy into certain outputs like finished products, components, parts etc. may be called production".

Production Management:

The basic aim of the production function is to produce the goods required by the customers in an efficient and

economical manner. It is essential to plan, organise, direct and control the production system in order to achieve this aim. These activities are collectively known as Production Management.

"Production management involves planning, organising and controlling of the production activities of an enterprise so that the objectives of efficiency and economy are achieved."

Objectives of Production Department:-

- (1) To plan ahead the production facilities in the optimal possible manner, keeping in mind the proper systematic planning of production activities.
- (2) Calculate in advance the workforce and the material requirement and cost needed for production.
- (3) To minimise the inventory (stock) cost and other associated cost of production.
- (4) To optimise space allocation and cost allocation associated with production.
- (5) To meet rising demand of consumers in terms of production of goods and services.

Functions of Production Department:-

The scope of production management is very wide and it covers a wide range of activities from the location

of plant to the packing of products. The design and control of production system requires managerial decisions in the following areas:-

(1) Design of the Product:-

The product to be produced by a firm is decided by its top management.

Once the product is decided, the production department prepares its design. Product design consists of form and function. The form design is concerned with the shape, size and appearance of the product whereas the functional design involves the working condition of the product.

(2) Design of Production System:-

Production system is the framework within which inputs are converted into outputs.

(3) Production Planning and Control:-

Production planning is concerned with the planning of production activities before actual operations begin. It lays down the requirements for machinery, materials and man power etc. and establishes the exact sequence of operations for each part.

Production control is a function of comparing actual production with pre-determined standards and taking necessary corrective action.

(4) Selection of the Plant:-

The choice of the place where factory

or plant is to be located has an important influence on the cost of production. Plant should be located at such a place where production and distribution costs are the minimum.

(5) Plant Building:-

Well planned building helps to ensure economical and efficient production. Plant building should be designed to fit the requirements and capacity of the plant. It should be adaptable to change in production process and equipment.

(6) Plant layout:-

Plant layout identically involves the allocation of space and arrangement of equipment in such a manner that ensure steady, smooth and economical flow of materials.

(7) Selection of Plant and Equipment:-

The choice of plant and equipment depends upon several factors such as scale and quality of output desired, the cost the life of the machine, the adaptability of the equipment or technological feasibility of the machine etc.

(8) Research and Development:-

Continuous arrangement for research and development are required to make improvements in the products, processes and equipment. It is concerned with the design and fabrication of new products and processes and then testing their usefulness keeping in

view the requirements of customers.

(9) Manufacturing:-

Manufacturing here refers to the actual processing of materials and component parts, so as to convert them into finished products. Generally, there are several processes which are employed in manufacturing. For example, a cotton textile factor consists of ginning, spinning, weaving, dyeing, bleaching and processing sections.

(10) Quality Control:-

Production department is responsible for ensuring proper quality of goods manufactured in the factory. Right quality is essential for satisfying the customers and making good sales. Several techniques such as inspection, control charts, acceptance, sampling, ISO certification, Total Quality Management (TQM) etc. are employed for this purpose.

Before going further, let's take a short break. Write the answers of the following questions in your notebooks.

1. What is Production Management?
2. Give two objectives of production department.
3. What is Production Control?

A business enterprise requires money, manpower, machines, materials, market and management. Materials are very important for the success of any industrial undertaking. Right quantity and quality of materials must be available at right cost and at the right time. Excess and shortage of materials both are harmful to business.

Material Management:-

Material management is the process of planning and controlling the amount, location, movement and timing of various materials used in and produced by industrial enterprises. It begins with determination of the number, type and quantity of each material required for manufacturing. Then it attends to the location and purchase of needed materials, their storage and movement through the manufacturing process. The main activities involved in the materials management are as follows:-

- (i) Assessment of the materials required with the help of sales programme and production programme.
- (ii) Purchasing the required materials from appropriate suppliers.
- (iii) Receiving and storing materials safely and in good conditions.
- (iv) Issuing materials against the requisition from the appropriate authority. (6)

Thus, purchasing and storage are the major components of materials management.

Purchasing:-

Purchasing means the procurement of materials, supplies, component etc. required for the equipment, maintenance and operation of a manufacturing plant.

Procedure for purchasing:-

The main steps involved in purchasing procedure as follows:-

- (i) Receipt of the purchase requisitions.
- (ii) Analysis of the market reports and production schedules
- (iii) Choice of the supplier.
- (iv) Enquiries and quotations.
- (v) Issue of purchase order.
- (vi) Follow up of the purchase order.
- (vii) Receipt and inspection of materials.
- (viii) Making payment.

For explanation refer to page number of your book.

Storage:-

Storage means physically keeping the raw materials, parts and finished products in proper condition until they are used up or sold. Storage is concerned with receiving, storage and issuing raw materials, parts, factory and office supplies, finished

products etc. at the minimum costs and in proper condition.

Storage functions seeks to achieve the following objectives:-

- (i) To avoid idle materials so as to minimise investment in inventory.
- (ii) To ensure continuous flow of materials so that manufacturing operations are not interrupted for lack of materials.
- (iii) To protect materials against damage, deterioration, theft, pilferage etc.
- (iv) To ensure economical use of storage space and labour.
- (v) To facilitate stock taking.

Functions of Purchase and Storage Department:-

In a large company there is normally a centralised purchasing and storage department. This department is headed by a director. This department is divided into purchase and storage sections.

Purchase manager looks after the purchase section and stores manager handles the storage section. These sections work in accordance with the purchase policy and storage policy laid down by the top management. The main functions of the Purchasing and Storage department are given below:-

- (i) Location and selection of the sources of supply

- (2) Placing the Order.
- (3) Follow Up.
- (4) Verification of Invoices
- (5) Issuing Requisitions.
- (6) Receiving Materials
- (7) Storing Materials
- (8) Issuing Materials
- (9) Miscellaneous Functions.

For explanation refer to page number of your book.

With this, I am ending my topic here. Write the answers of the following questions in your note-book.

- Qn1 What is Material Management?
- 2 Give two objectives of store department.
- 3 Explain various steps involved in the process of purchasing.

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