

OBJECTIVES OF CODIFICATION

In order to identify the items correctly and logically for processing the transactions, and to facilitate easy location in stores, a codification system should be evolved with the following objectives :-

- Accurate and logical identification:

A separate code allotted to each of the items available in the warehouse indicating the size, quality price, usability, special characteristics, specification etc.

- Prevention of duplication:

All items are separately codified and are arranged in a logical order. Similar materials are grouped together (such as stationery items, hardware items) and given a code.

- Standardisation and reduction of varieties:

For codification, grouping of identical item is done and it enables the stores to examine the entire range of items. It facilitates the elimination of those varieties in place of which other varieties of the same quality can be used. This reduces the number of varieties to a minimum. If proper standardisation is achieved and the number of items is kept at the minimum, it will considerably reduce investment in inventory items as well as the cost of inventory carrying.

- Efficient purchasing:

The filling up of purchase requisition, and preparation of purchase orders are simplified by the use of codes which easily indicates the materials required. Efficient recording and accounting codes leads to effective stock control, efficient recording and it results in yielding accounting. Chances of mistakes are minimized.

- Easy locating, indexing and inspection of all materials is possible.

- Easy computerization:

The computer work better with codes then with long description of materials.