

## **Chapter 2 : Q. 1 - Page 27**

**Query :** There is a confusion in classifying the Quality Cost specially regarding "Raw Material Inspection" or "Supplier's Inspection"? Should it be classified as 'Appraisal Cost' or 'Prevention Cost' ?

### **Solution :**

- (1) There is a difference between "Material Inspection" and "Supplier's Inspection".
- (2) When we check the Quantity and Quality of incoming material to our factory, it is called as "Material Inspection". It is an 'Appraisal Cost'.
- (3) When we do the "Inspection i.e. Evaluation of Supplier", then our staff visits the premises of Supplier to know whether supplier is TQM certified and whether the supplier is in a position to supply good quality material on consistent basis. This is 'Prevention Cost'. It will prevent bad quality of material coming to our factory.
- (4) Please check examples of 'Prevention Cost' and examples of 'Appraisal Cost' on Page 25 of our classroom notes.