

Date
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B. Com Part III

* What is Materials Cost?

Materials cost refers to the direct cost of raw materials, components, or goods used in the production of a product or service. It is a critical component of a company's overall cost structure and is often one of the largest expenses incurred by a business.

• Types of Materials cost -

- ① Direct Materials Cost - The cost of raw materials or components used directly in the production process.
- ② Indirect Materials Cost - The cost of materials used indirectly in the production process, such as maintenance supplies or cleaning materials.

• Examples of Materials cost:

- ① Raw materials (e.g., wood, steel, cotton)
- ② Components (e.g., electronics, machinery parts)
- ③ Packaging materials (e.g., boxes, bags, labels)
- ④ Consumables (e.g., ink, toner, fuel)