

QUESTION 2012

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following:

i) Materials Management can improve a company's profit by

- a) increasing sales
- ✓ b) reduction of direct materials cost
- c) reduction of direct labour cost.
- d) none of these

ii) The objective of materials management is to

- a) provide the required level of customer service
- ✓ b) maximize the use of the firm's resources
- c) both (a) and (b)
- d) none of these

iii) The criterion employed in ABC analysis is

- ✓ a) Usage value
- b) Unit price
- c) Seasonality
- d) none of these

iv) The criterion employed in VED analysis is

- ✓ a) criticality of the item
- b) source of procurement
- c) issues from stores
- d) none of these

v) The objectives of MRP are to

- a) determine requirements
- ✓ c) both (a) and (b)
- b) keep priorities for current
- d) none of these

vi) The objective of vendor development is

- a) to negotiate the price of material
- ✓ b) for the overall development of vendor
- c) to transport the material at some location
- d) to produce cheap quality product

vii) Certificate of origin is a document

- ✓ a) for clearing item by custom department of importing country
- b) for clearing item by exporting country
- c) required by third party
- d) none of these

viii) The document prepared on receipt of materials in store is known as

- a) MRN
- ✓ b) GRN
- c) Challan
- d) Bill of material

ix) The method by which a limited number of items selected at random or on a preplanned basis are checked every day at specific time interval is known as

- a) physical verification
- ✓ c) continuous verification
- b) periodic verification
- d) materials audit

x) Lead time represents

- a) time required for placing order
- b) time required for receiving materials

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- ✓ c) time required between placing order and receiving the materials in store
 - d) none of these
- xi) Value analysis is a technique of
- a) Calculating the inventory level
 - b) Finding out the unnecessary cost associated with the production
 - c) Routing and scheduling
 - ✓ d) None of these
- xii) Hedging Technique is used
- a) when there is an organized commodity market
 - b) when large quantities of a particular commodity are bought or sold
 - c) both (a) and (b)
 - ✓ d) none of these

GROUP – B

(Short Answer Type questions)

2. The fixed costs for making a pottery item in house is Rs. 12,000 and variable cost per unit is Rs. 1.50. If the potter buys the item from a vendor, it incurs annual fixed cost of Rs. 2400 and a variable cost of Rs. 2 per unit. The owner of the pottery expects to sell 25000 units of the item per year. What is the potter's decision: Make or Buy? Explain.

See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 8.

3. Define the terms of obsolescence, surplus, defective and scrap in storage control. Briefly state their disposal procedure.

See Topic: STORES MANAGEMENT, Short Answer Type Question No. 3.

4. Explain in detail the concept of economic order quantity (EOQ). How is it calculated?

See Topic: INVENTORY CONTROL, Long Answer Type Question No. 1.

5. Examine the significance of the concept of integrated materials management.

See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 6.

6. a) State the advantages of ERP.

b) What do you mean by the purchase cycle?

a) See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 9.

b) See Topic: PURCHASE MANAGEMENT, Short Answer Type Question No. 6.

GROUP – C

(Long Answer Type questions)

7. (a) What do you understand by preservation of stores?

(b) State and discuss the precautions and specific method of preservation of some important items kept in the store?

a) See Topic: STORES MANAGEMENT, Long Answer Type Question No. 3(a).

b) See Topic: STORES MANAGEMENT, Long Answer Type Question No. 3(b).

8. (a) What is MRP?

(b) Highlight the inputs of MRP.

(c) Illustrate by means of a flowchart the steps involved in an MRP program.

See Topic: INTEGRATED MATERIALS MANAGEMENT, Long Answer Type Question No. 4.

9. a) ABC Ltd. manufactures a special product A. The following particulars were collected for the year 2010:

Monthly demand of A	-	100 units
Cost of placing an order	-	Rs. 100
Annual carrying cost per unit	-	Rs. 15
Normal usage	-	50 units per week
Minimum usage	-	25 units per week
Maximum usage	-	75 units per week
Re-order period	-	4 to 6 weeks.

Compute from the given information:

- Re-order level
- Re-order quantity
- Minimum level
- Maximum level
- Average level.

b) Differentiate between an agreement and a contract. Under what conditions does a contract become void?

a) See Topic: STORES MANAGEMENT, Long Answer Type Question No. 4(a).

b) See Topic: PURCHASE MANAGEMENT, Short Answer Type Question No. 7.

10. a) Describe the sequential steps in making an ABC analysis with an illustrative example.

b) Prepare a store ledger account under the LIFO Method of pricing the issue of stores, using the following information:

2012		Units
January 1	Balance in hand @Rs. 1.10 per unit	100
January 2	Received @ Rs. 1.20 per unit	200
January 10	Issued	150
January 14	Received @ Rs. 1.30 per unit	100
January 18	Issued	150
January 23	Returned from the issues on 10 th January	20
January 26	Received @ Rs. 1.20 per unit	100
January 30	Wastage	10
January 31	Issued	110

a) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 20(a).

b) See Topic: STORES MANAGEMENT, Long Answer Type Question No. 5.

11. Write short notes on any three of the following:

- Letter of credit
- Computer applications in inventory control
- Principles of purchasing
- Vendor rating and evaluation
- FSN analysis

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- a) See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.(b).
- b) See Topic: INTEGRATED MATERIALS MANAGEMENT & EVALUATION, Long Answer Type Question No. 2.(a).
- c) See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No.8.(c).
- d) See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.(d).
- e) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 20.(d).