

QUESTION 2015

GROUP – A

(Multiple Choice Type Question)

1. Choose the correct alternatives for any ten of the following:

i) Forward system of purchasing from one's customer preferred to other is known as

- a) forward Buying
- b) tender Buying
- c) reciprocal Buying
- ✓ d) blanket Order

ii) Purchase Order is a legal binding contract only if it is

- a) accepted by the supplier
- ✓ b) acknowledged by the supplier
- c) posted by the supplier
- d) none of these

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- iii) Indian Sales of Goods Act came into force
 a) 1945 b) 1947 ✓ c) 1930 d) 1985
- iv) Negotiation is done for
 ✓ a) price b) quantity
 c) quality d) free delivery
- v) The method by which a specific number of items are checked every day in specific time interval is
 a) physical verification ✓ b) periodic verification
 c) continuous verification d) materials audit
- vi) The document prepared on receipt of materials in store is known as
 a) MRN ✓ b) GRN
 c) Challan d) Bill of Material
- vii) The parameters for vendor rating include
 a) Price b) quality
 c) delivery ✓ d) all of these
- viii) The criterion employed in ABC analysis
 ✓ a) usage value b) unit price
 c) seasonality d) none of these
- ix) The criterion employed in VED analysis
 ✓ a) criticality of the item b) source of procurement
 c) issues from stores d) none of these
- x) FSN analysis classifies goods on the basis of Time is
 a) function, size and number
 ✓ b) fast, slow and non-moving
 c) foreign made, small scale made and non-branded
 d) none of these
- xi) If the annual demand is 12000 and procurement lead time is 3 months, what should be the reorder level?
 a) 1000 b) 2000
 ✓ c) 3000 d) none of these

GROUP - B

(Short Answer Type Questions)

2. What do you understand by materials management? What are the broad functions of materials management?

See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 1.

3. What are the basic factors in choosing "Materials Handling Equipments"?

See Topic: STORES MANAGEMENT, Short Answer Type Question No. 1.

4. Explain materials holding costs with relevant examples.

See Topic: INVENTORY CONTROL, Short Answer Type Question No. 7.

5. Define codification and write down the advantages of codification.

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

6. What is meant by the Q-system of inventory? In a Q-system of inventory what is meant by ROP? How is ROP calculated?

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

GROUP - C

(Long Answer Type Questions)

7. a) The ABC Fun novelty company buys 80000 shipping containers per year. Price of each container is Rs. 0.40. Cost of ordering Rs. 80 per order, cost of holding one container per year Re. 0.10. Bank rate of interest 15% including a charge for taxes and insurance. Find

i) The economic order quantity and time between orders based on 220 working days per year.

ii) The total cost of the inventory per year.

iii) If the company had been following a policy of quarterly ordering what would have been the increase in Total Cost?

b) In a Factory component "A" is used as follows:

Normal usage – 50 kg per week, Minimum usage – 25 kg per week,

Maximum usage – 75 kg per week, Re-order Quantity – 300 kg, Re-order Point – 4 to 6 weeks.

Calculate for component "A":

i) Re-order Level

ii) Maximum Level

iii) Minimum Level

iv) Average Stock Level.

a) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 12.

b) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 13.

8. a) What is ABC analysis? Discuss.

b) The following data is available on consumption pattern of certain materials in an organization.

Group	No. of Items	Monthly Consumption (units)	Price per Item (Rs.)
I	40	300	90
II	20	270	100
III	100	1700	5
IV	200	1500	4
V	60	340	50
VI	300	2500	1
VII	250	2000	2
VIII	30	170	500

Find out A, B, C, items when:

'A' item account for 85% of consumption value.

'B' item account for 10% of consumption value.

'C' item account for 5% of consumption value.

a) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 16(a).

b) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 14.

9. a) Explain the relevance of standardization for effective materials management.

b) Briefly explain the concept of MRP-I and MRP-II and examine its relevance in material managers.

a) See Topic: PURCHASE MANAGEMENT, Short Answer Type Question No. 11.

b) See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 2.

10. a) Discuss some of the various legal aspects that the Purchase Manager has to deal with.

b) Explain the concept of EOQ graphically and analytically.

c) A manufacturer has an annual demand of an item of 600 units of a particular component item. It buys the same from a supplier at a cost of Rs. 6/- per item and the cost of ordering is Rs. 10/- each item. If the stock holding costs are 20% per year of stock value, how frequently should the stock be replenished?

Suppose the supplier offers a discount of 5% on orders between 200 and 1000 items and 10% discount on orders exceeding 1000 units of item, can the manufacturer reduce the cost by taking advantage of either of these discounts?

a) See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 2.

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

c) See Topic: INVENTORY CONTROL, Long Answer Type Question No. 15.

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

a) Perpetual Inventory System

b) Bin Card

c) Vendor Rating

d) Make or buy decision

e) FSN analysis

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

b) See Topic: STORES MANAGEMENT, Long Answer Type Question No. 8.(c).

c) See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.(a).

d) See Topic: INTEGRATED MATERIALS MANAGEMENT, Short Answer Type Question No. 4.

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