

QUESTION 2016

GROUP – A

(Multiple Choice Type Questions)

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

i) A written order sent by the storekeeper to the purchase department for requesting purchase of materials is called

- ✓ a) purchase requisition
- c) bill of materials

- b) purchase order
- d) none of these.

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- ii) Bin Card is a record of
- a) quantity of materials
 - c) record of return of materials
 - ☒ b) both quantity and value of materials
 - d) none of these
- iii) Store Ledger is a record of
- a) quantity of materials
 - c) record of return of materials
 - ☒ b) both quantity and value of materials
 - d) none of these
- iv) Under ABC Analysis materials are classified as per their
- a) rate of consumption
 - ☒ c) values of consumption
 - b) availability
 - d) none of these
- v) Carrying cost curve under EOQ Technique is
- ☒ a) upward rising
 - c) parallel with horizontal axis
 - b) downward sloping
 - d) parallel with vertical axis.
- vi) A = Annual Demand of an item. Q_0 = EOQ. C_p = Cost per order, i = Average Inventory Carrying Cost (in % per annum). If C_p , C_u and i are unchanged and Q_0 is doubled; what will be the effect on Annual Demand A ?
- a) Remain unchanged
 - ☒ c) Increase four times
 - b) Decrease to half
 - d) Increase to twice.
- vii) Oldest stock is depleted first in
- a) LIFO Method
 - c) Average Stock Method
 - ☒ b) FIFO method
 - d) Standard Cost Method.
- viii) Items in working order but are in excess of the requirement are
- a) Obsolete
 - ☒ c) Surplus
 - b) Scrap
 - d) Unserviceable
- ix) Stock out cost is
- ☒ a) Deterministic
 - c) Probabilistic
 - b) Quantifiable
 - d) All of these
- x) Criteria of VED analysis is
- a) Unit price of the materials
 - ☒ c) Critical nature of the item
 - b) Annual value of consumption
 - d) None of these.
- xi) The parameters for vendor rating include
- a) Price
 - c) Delivery
 - b) Service
 - ☒ d) All of these

- xii) Which of the following cost is not taken into consideration for Make or Buy Decision?
- ✓ a) Fixed cost
 - b) Variable cost
 - c) Semi-variable cost
 - d) None of these

Group – B

(Short Answer Type Questions)

2. Classify the following items into A, B, C category. (C-4)

Following ABC analysis of Inventory management:

Sl. No.	Items	Annual Usage	Price/Unit (Rs.)
1.	Graphite	4000 kg	10/kg
2.	Tar	800 kg	5/kg
3.	Wax	600 kg	10/kg
4.	Grease	2000 kg	6/kg
5.	Drums	1000 kg	18/kg

See Topic: INVENTORY CONTROL, Short Answer Type Question No. 8

3. Compute the EOQ from the following: (C-4)

- a) Annual usage : 40000 units
- b) Purchase price per unit : Rs. 16
- c) Cost of placing an order : Rs. 480
- d) Annual carrying cost per unit : 15% of inventory value.

See Topic: INVENTORY CONTROL, Short Answer Type Question No. 9.

4. Differentiate between the meaning of scrap, waste spoilage and defective. (C-3)

See Topic: STORES MANAGEMENT, Short Answer Type Question No. 9.

5. Differentiate between fixed order quantity system and periodic order quantity system. (C-4)

See Topic: INVENTORY CONTROL, Short Answer Type Question No. 2.

6. M/s X and Co. manufactures a special product A. The following particulars were collected for the year 2011: (C-4)

- a) Monthly demand of A: 1000 units
- b) Cost of placing an order: Rs. 100
- c) Annual carrying cost per unit: Rs. 15
- d) Normal usage: 50 unit per week
- e) Maximum usage: 75 units per week
- f) Minimum usage: 25 units per week
- g) Re-order period: 4 to 6 weeks.

Compute from the above:

- a) Re-order level
- b) Re-order Quantity
- c) Minimum level
- d) Maximum level
- e) Average stock level.

See topic: INVENTORY CONTROL, Short Answer Type Question No. 4.

Group – C
(Long Answer Type Questions)

7. Prepare a store ledger account under the FIFO and FIFO method of pricing the issue of stores, using the following information and discuss the differences in value of closing stock so arrived under two methods. (C-3)

2015		Units
January 1	Balance in hand @Rs. 1.10 per unit	100
" 2	Received @ Rs. 1.20 per unit	200
" 10	Issued	150
" 14	Received @Rs. 1.30 per unit	100
" 18	Issued	150
" 23	Returned from the issues on 10 th January	20
" 26	Received @1.20 per unit	100
" 30	Wastage	10
" 31	Issued	110

See Topic: STORES MANAGEMENT, Long Answer Type Question No. 7.

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

a) Letter of credit

See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.b).

b) Different types of selective inventory control (SIC) Techniques

See Topic: INVENTORY CONTROL, Long Answer Type Question No. 19.h).

c) Bill of Lading and Commercial invoice

See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.g).

d) Decentralised storing

See Topic: STORES MANAGEMENT, Long Answer Type Question No. 8.d).

e) Blanket order.

See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 8.h).

9. a) "JIT is very simple to learn but difficult to implement in developing countries like India." Discuss the reasons behind it.

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

b) How much team work is important in case of Continuous Process Improvement method?

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

10. a) Tata Motors is decide to produce tire for its upcoming Nano model. Till to date they have purchase it from outsource with the costing of Rs. 50 per tire. For that the production manager of Tata Motor is try evaluate the expected cost of this venture and found that Material require for one tier is Rs. 20 whereas the labour cost per tier is Rs. 10. Fixed cost estimated to run this project is Rs. 2,00,000. As a logistic expert, suggest the suitable condition to Tata Motors.

See Topic: PURCHASE MANAGEMENT, Long Answer Type Question No. 7.a).

b) Explain the application of ABC method in the following shop's inventory system:

- i) Anjali jewelers (Jewellery shop)
- ii) Traders Assembly (Sharee shop)
- iii) Ornamental Fish Store.

See Topic: INVENTORY CONTROL, Long Answer Type Question No. 17.

11. Discuss VED analysis with examples.

State the conditions under which materials requirement planning is useful.

See Topic: INVENTORY CONTROL, Long Answer Type Question No. 18.