



Name :

Roll No. :

Invigilator's Signature :

CS / BBA(H), BIRM, BSCM / SEM-4 / BBA-402 / 2010

2010

MATERIALS MANAGEMENT

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following :

10 × 1 = 10

- i) Follow-up cost and set-up cost are examples of
 - a) Ordering Cost
 - b) Carrying Cost
 - c) Under-stocking Cost
 - d) Overstocking Cost.
- ii) Materials which are processed from wastage are called
 - a) obsolete
 - b) scrap
 - c) surplus
 - d) waste.
- iii) The oldest stock is depleted first in
 - a) FIFO method
 - b) LIFO method
 - c) Average Stock method
 - d) Standard Cost method.



- iv) In the period of rising prices, the most effective method of pricing inventory is
- a) FIFO method
 - b) LIFO method
 - c) Average Cost method
 - d) Standard Cost method.
- v) A stipulation in a contract of sale pertaining to goods which is essential to the main purpose of the contract is called
- a) Rejection
 - b) Warranty
 - c) Acceptance
 - d) Condition.
- vi) When the contract of agency is in writing it is called
- a) Law of Agency
 - b) Qui facit peractum facit per se
 - c) Power of Attorney
 - d) none of these.
- vii) An arrangement whereby the obligation to pay an exporter is undertaken by a bank is called
- a) Bill of Lading
 - b) Letter of Credit
 - c) International Credit
 - d) Hundi.
- viii) The type of buying most suitable for C category of items of inventory is
- a) Forward Buying
 - b) Tender Buying
 - c) Blanket Order
 - d) Systems Contract.



- ix) The system of codification which uses 7 digits and is applied in 3 phases is called
- a) Kodak system b) Brisch system
c) none of these d) all of these.
- x) Which of the following is false for ABC analysis ?
- a) Always Better Control is the other name for ABC Analysis
b) ABC analysis is based on the principle of 'critical few and trivial many'
c) ABC analysis is also called Pareto analysis
d) All of these statments are true.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. 3 × 5 = 15

2. Define Materials Management. Management of Materials is very significant in a Firm." Discuss.
3. What is the *Q* system of inventory ? In a *Q* system of inventory what is called to be ROP ? How is it calculated ?
4. Define Make-Or-Buy decision. What are the different factors that influence the Make Or-Buy decision except cost factor ?
5. Differentiate between *P*-system and *Q*-system of inventory management.
6. Define the terms 'obsolescence.' 'surplus', 'defective' and 'scrap' in storage control. Briefly state their disposal procedure.



GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. An auto parts supplier sells Hardy-brand batteries to car dealers and auto mechanics. The annual demand is approximately 1200 batteries. The supplier pays \$28 for each battery and estimates that the annual holding cost is 30 per cent of the battery's value. It costs approximately \$20 to place an order (managerial and clerical costs). The supplier currently orders 100 batteries per month.
- a) Determine the ordering, holding and total inventory costs for the current order quantity.
 - b) Determine the economic order quantity (EOQ).
 - c) How many orders will be placed per year using the EOQ ?
 - d) Determine the ordering, holding and total inventory costs for the EOQ. How have ordering cost, holding cost, total inventory cost changed ? $3 + 3 + 3 + 6$
8. a) What is *ABC* classification ? Why is it necessary ? Explain as to how the items can be classified into *ABC* categories.
- b) Discuss the use of *ABC* analysis in deciding the safety stock of various items. $8 + 7$
9. a) What do you understand by scientific storekeeping ? State the main objectives of it.
- b) Name the different types of store & explain briefly the function of each store. $8 + 7$
10. a) Briefly discuss the various methods of purchasing practised by various organisations.
- b) Discuss the purchase procedure of materials department with the help of a diagram. $8 + 7$
11. Explain the purpose of the following files : 5×3
- i) Order file
 - ii) Item master file
 - iii) Product structure file
 - iv) Inventory transaction file
 - v) Machine utilisation card file.