



Name :

Roll No. :

Invigilator's Signature :

CS/BBA (H)/BIRM/BSCM/SEM-4/BBA-402 /2012

2012

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 any *ten* of the following :

$10 \times 1 = 10$

- 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
 - b) keep priorities for current
 - c) both (a) and (b)
 - 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
 - b) periodic verification
 - c) continuous verification
 - d) materials audit.
- x) Lead time represents
- a) time required for placing order
 - b) time required for receiving materials
 - c) time required between placing order and receiving the materials in store
 - d) none of these.



- xi) Value analysis is a technique of
- Calculating the Inventory level
 - Finding out the unnecessary cost associated with the production
 - Routing and scheduling
 - None of these.
- xii) Hedging Technique is used
- when there is an organized commodity market
 - when large quantities of a particular commodity are bought or sold
 - both (a) and (b)
 - none of these.

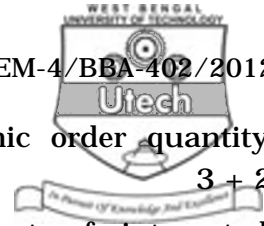
GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

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

3 + 2



4. Explain in detail the concept of economic order quantity (EOQ). How is it calculated? 3 + 2
5. Examine the significance of the concept of integrated materials management.
6. a) State the advantages of ERP.
- b) What do you mean by the purchase cycle? 3 + 2

GROUP - C

(Long Answer Type Questions)

Answer any *three* of the following. 3 × 15 = 45

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? 4 + 11
8. a) What is MRP ?
- b) Highlight the inputs of MRP.
- c) Illustrate by means of a flowchart the steps involved in an MRP programme. 2 + 5 + 8
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.



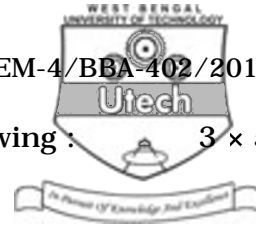
Compute from the given information :

- i) Re-order level
 - ii) Re-order quantity
 - iii) Minimum level
 - iv) Maximum level
 - v) Average level.
- b) Differentiate between an agreement and a contract. Under what conditions does a contract become void ?

10 + 5

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	
	„	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 10th January	20
	„	26	Received @ Rs. 1.20 per unit	100
	„	30	Wastage	10
	„	31	Issued	110
				7 + 8



11. Write short notes on any *three* of the following : 3 × 5

- a) Letter of credit
- b) Computer applications in inventory control
- c) Principles of purchasing
- d) Vendor rating and evaluation
- e) FSN analysis.

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