



Name :

Roll No. :

Invigilator's Signature :

**CS/BBA (H)/BIRM/BSCM/SEM-4/BBA-402/2013
2013**

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 × 1 = 10

i) The classification of inventory based on annual consumption and annual value is known as

- a) ABC classification b) VED classification
c) FSN classification d) HML classification.

ii) Fixed order quantity system of inventory management is also known as

- a) Max-min system b) Q-system
c) Re-order point d) all of these.



- iii) The document prepared on receipt of materials in store is known as
 - a) MRN
 - b) GRN
 - c) Challan
 - d) Finance Department.
- iv) The purchases order form is designed by
 - a) Materials Manager
 - b) Purchase Manager
 - c) Marketing Manager
 - d) None of these.
- v) Work-in-progress is a
 - a) procedure
 - b) method
 - c) value addition process
 - d) none of these.
- vi) Purchase Budget has an impact on
 - a) profitability of the company
 - b) materials budget of the company
 - c) bill of materials
 - d) all of these.
- vii) also called part lists or building lists is the document generated at the design stage.
 - a) MRP (Material Requirement Planning)
 - b) BOM (Bill of Materials)
 - c) MPS (Master Production Schedule)
 - d) None of these.



- viii) is the time that elapses between issuing replenishment order and receiving the material in stores.
- a) Replenishment time b) Lead time
c) Idle time d) All of these.
- ix) Purchasing responsibilities can be divided into Buying, Clerical and division.
- a) Packing b) Traffic
c) Record d) Follow-up.
- x) Raw materials and WIP can be classified under
- a) Indirect material b) Direct material
c) Finished material d) Standard parts.
- xi) Which is not a part of 5R's of buying ?
- a) Right Quality b) Right Quantity
c) Right Attitude d) Right Price.
- xii) Procuring an item in staggering deliveries according to the delivery schedule finished to the supplier by the buyer is known as
- a) Seasonal buying
b) Hand to mouth buying
c) Scheduled buying
d) Tender buying.



GROUP - B

(Short Answer Type Questions)

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

2. State the factors to be taken into account in arriving at make or buy decisions
3. Define the terms 'obsolescence', 'surplus', 'defective and scrap' in storage control. Briefly state their disposal procedure.
4. What is the *Q*-system of inventory ? In a *Q*-system of inventory what is called to be ROP ? How is it calculated ?
5. M/s Laha & Co. manufactures a special product A. The following particulars were collected for the year 2011 :
 - 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 units 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.
6. Discuss the concept and objectives of MRP.



GROUP - C

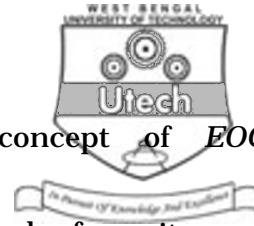
(Long Answer Type Questions)

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

7. a) From the following transaction prepare a Stores Ledger Account using
- i) FIFO
 - ii) LIFO
 - iii) Weighted Average Method.

Date	Particulars
1st July, 2006	Opening Stock 2500 units @ Rs. 31
4th July, 2006	Purchased 700 units @ Rs. 30
6th July, 2006	Issued to production 600 units
8th July, 2006	Purchased 1500 units @ Rs. 15
9th July, 2006	Issued to production 250 units
13th July, 2006	Issued to production 200 units
24th July, 2006	Purchased 800 units @ Rs. 28
28th July, 2006	Issued to production 300 units.

- b) What are the minimum criteria of scientific store layout ? What are the factors to be considered in case of vendor rating ? 9 + 6
8. Product A consists of three B type sub-assemblies and one C type sub-assembly. The sub-assembly B consists of one D, one E sub-assemblies and one F. The sub-assembly C consists of a G and an F. The sub-assembly E consists of a D and a K.
- i) Prepare a product tree.
 - ii) Prepare the number of each sub-assembly components required to produce fifty units of item A. 8 + 7

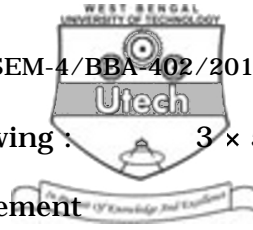


9. a) What is *EOQ* ? Explain the concept of *EOQ* mathematically.
- b) A shopkeeper has an annual demand of an item of 600 units. He buys from a supplier at a cost of Rs. 6 per item and the cost of ordering Rs. 10 each time. If the stock holding costs are 20% per year of stock value, how frequently should he replenish his stock ? Suppose the supplier offers a 5% discount on orders between 200 and 999 items and a 10% discount on orders exceeding or equal to 1000. Can the shopkeeper reduce his cost by taking advantage of either of these discounts ? 7 + 8
10. a) The store of an oil engine repair shop has 10 items whose details are shown in the following table. Apply *ABC* analysis to categorize the items.

<i>Component Code</i>	<i>Description</i>	<i>Price/Unit</i>	<i>Unit/Year</i>
C01	Packing thread	100	100
C02	Tower bolt	200	300
C03	Hexagonal nut	50	700
C04	Bush	300	400
C05	Coupling	500	1000
C06	Big bearings	3000	30
C07	Small bearings	1000	100
C08	Fuel pump	7000	500
C09	Fixture	5000	105
C10	Drill bit	60	1000

- b) What do you understand by principles of purchase ? Discuss the various principles of purchasing in brief.

9 + 6



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

- a) Importance of JIT in Materials Management
- b) Commercial invoice
- c) Selective control
- d) Importance of sourcing
- e) Disposal of surplus and scrap.

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