



Name :
Roll No. :
Invigilator's Signature :

CS/MBA (OLD)/SEM-3 FT & 5 PT/MB-304/2010-11

2010-11

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)

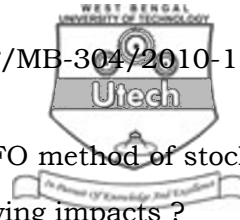
1. Choose the correct alternatives for the following :

10 × 1 = 10

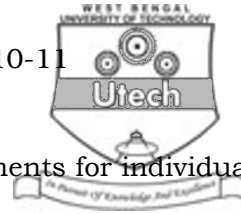
- i) A product tree shows
 - a) the parts that go into making a product
 - b) the subassemblies used in making the product
 - c) the sequence in which parts go together
 - d) all of these.
- ii) A supplier offers a quantity discount. Which of the following will influence the decision to accept the discount or not ?
 - a) Material cost
 - b) Cost of carrying inventory
 - c) Cost of placing one order
 - d) All of these are relevant.



- iii) What method of analysis is used for determining age of inventory ?
- a) VED analysis
 - b) ABC analysis
 - c) FSN analysis
 - d) A combination of FSN analysis and ABC analysis.
- iv) An integrated information system that synchronizes all aspects of the internal resources of the business is called
- a) Material Requirement Planning
 - b) Manufacturing Resource Planning
 - c) Enterprise Resource Planning
 - d) Budgeting.
- v) If annual requirement is 2400 no. of items, ordering cost is Rs. 1,200 per order and cost of inventory holding is Rs. 36 per unit per year, then the Economic Order Quantity is
- a) 4000
 - b) 600
 - c) 800
 - d) 480.



- vi) In a situation of falling prices, the FIFO method of stock valuation will have which of the following impacts ?
- a) Inflated Profit b) Suppressed Profit
c) Unchanged Profit d) None of these.
- vii) C.I.F. stands for
- a) Carriage, Insurance & Freight
b) Cost, Insurance & Freight
c) Cartage, Indemnity & Fare
d) Cost, Indemnity & Fare.
- viii) What is MRP-II ?
- a) Manufacturing Resource Planning
b) Material Resource Planning
c) Material Restructure Planning
d) Management Restructure Planning.
- ix) A legal document issued by the seller for the buyer in a format mentioning the description of goods, quantity of goods is called
- a) Challan b) Waybill
c) Invoice d) Consignment Note.



- x) A statement of a schedule of requirements for individual end items is called
- a) a master production schedule
 - b) a master requirement plan
 - c) a production plan
 - d) a capacity plan.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.

3 × 5 = 15

- 2. How can MIS be used for effective materials management ?
- 3. Describe the process of MRP in Materials management with example.
- 4. State the different ways of measuring the efficiency of the stores function.
- 5. Discuss the process of a materials budget.
- 6. How is hedging different from forward buying ?



GROUP – C

(Long Answer Type Questions)

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

7. a) Define integrated materials management.
- b) Enumerate the concept EOQ mathematically.
- c) A particular item has demand of 3,000 units per year. The cost of one procurement is Rs. 100 and the holding cost per unit is Rs. 2.40 per year. The replacement is instantaneous and no shortages are allowed.
- Determine (i) the economic lot size, (ii) the number of orders per year, (iii) the time between orders, and (iv) the total cost per year if the cost of one unit is Re. 1.

2 + 6 + 7

8. What are the objectives of vendor rating ? Mention the usual criteria or factors on the basis of which vendors are assessed. Give one quantitative technique by which vendor rating can be performed.

4 + 5 + 6



9. a) Derive economic lot size formula when shortage costs are allowed.
- b) A purchase manager has decided to place order for a minimum quantity of 500 units of a particular item in order to get a discount of 10%. From the records, it was found in the last year 8 orders each of size 200 units have been placed. It is given that ordering cost = Rs. 500 per order, inventory carrying cost = 40% of the inventory value, and the cost per unit = Rs. 400. Is the purchase manager justified in his decision ? What is the effect of his decision to the company ? 5 + 10
10. a) What do you understand by 'Purchasing or Procurement Cycle' ? List the steps and explain the key elements of purchasing procedure.
- b) State the functions of Purchasing Department.
- c) If purchases were 40% of sales and other expenses were 50% of sales, what would be the increase in profit if through better purchasing, the cost of purchases was reduced by 38% of sales ? 7 + 3 + 5



11. Write notes on any *two* of the following.

- a) ERP
- b) Product Tree
- c) Stores Accounting & Verification
- d) Store Location and layout.

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