



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management.
PAPER No. 10 (New)
INVENTORY MANAGEMENT

June 2015

Date : 18.06.2015

Time : 10.00a.m. to 1.00 p.m.

Max. Marks :100

Duration : 3 Hrs.

Instructions:

1. The question paper is in three parts A, B & C.
2. Part A is compulsory. Each question carries one mark. Total : 32 Marks
3. In Part B, answer 3 questions out of 5. Each question carries 16 marks.Total : 48 Marks
4. Part C is a case study with sub questions and it is compulsory. It carries 20 marks.
5. Use of calculator is allowed wherever necessary.
6. Graph sheets can be used wherever necessary.

Part – A (compulsory)

32 marks

(Attempt all questions each question carries 1 mark)

Q.1 State whether the following statements are True or False.

- 1.1 Ordering Cost and Inventory Carrying Cost are useful in determining ROL
- 1.2 VED Analysis is based on Pareto Law.
- 1.3 Imprest Stock Control system is suitable for 'A' class item.
- 1.4 Salary of Inventory Control Section is a part of Inventory Carrying Cost.
- 1.5 EOQ can be applied to buying Mangoes.
- 1.6 Raw material Stores generally keep finished goods inventory.
- 1.7 Reduction of tare weight increases efficiency of Material Handling.
- 1.8 Normal Loss is avoidable.

Q.2 Fill in the blanks:

- 2.1 In PQR classification Item having least shelf life is -----
- 2.2 In ----- Manufacturer/Supplier is responsible for maintaining end users inventory.
- 2.3 Darwin's Theory of survival of fittest apply to ----- Inventory
- 2.4 Drying/leakage is known ----- loss.
- 2.5 Kanban is an example of ----- System
- 2.6Inventory ends all inventory .
- 2.7 WIP depends on ----- Cycle .
- 2.8 Barcodes is an example of

Q.3. Match A and B**Marks: 08**

| A | B |
|------------------------------|---------------------------------|
| 3A.1) Stock taking | 3B.1) Requirement Consolidation |
| 3A.2) Robot | 3B.2) Two Bin System |
| 3A.3) Demand Aggregation | 3B.3) Warehousing activities |
| 3A.4) Safety stock | 3B.4) Variety Reduction |
| 3A.5) Codification | 3B.5) Lead Time |
| 3A.6) Activity Based Costing | 3B.6) Physical check |
| 3A.7) SDE Analysis | 3B.7) Service Level |
| 3A.8) Fixed Order System | 3B.8) Material Handling |

Q.4. Expand the following:

1. GIT 2. SIT, 3. KO 4. BOM 5. FIFO 6. MSDS 7. SOS 8. BIS

PART – B**Write any three (3) of the following questions****– 16 marks each (48 Marks)**

Q.5 (A) How you will apply technique of ABC Analysis in Purchasing, Inventory Management, Distribution and Warehousing .

(B) Explain classification of inventory.

Q.6 How you will turn Spare parts management in to a profit centre?

Q.7 (A) The annual demand of A is 10,000 nos, Ordering Cost is Rs 200, Inventory Carrying Cost is 20%, Price is Rs 100/- per unit. Party offers 1% discount Order if placed for 1000 nos and above.

Find out i) EOQ

ii) Total Saving

iii) Advise whether 1% discount should be accepted. Show working.

(B) Is safety stock necessary ? How you will determine safety stock.

Q.8 What will be your stocking policy for following items:

| | P | Q | R |
|----------------|----------|----------|----------|
| | | | |
| <i>F Items</i> | | | |
| | | | |
| | | | |
| <i>S Items</i> | | | |
| | | | |
| | | | |
| <i>N Items</i> | | | |
| | | | |

| | F | S | N |
|----------------|----------|----------|----------|
| | | | |
| <i>A Items</i> | | | |
| | | | |
| | | | |
| <i>B Items</i> | | | |
| | | | |
| <i>C Items</i> | | | |
| | | | |

Q.9 Write Short Notes on (any four)

- (A) Material Requirement Planning
- (B) Types of Forecasts
- (C) Codification
- (D) Effective Material Handling
- (E) Accounting for loss/pilferage.

PART – C

(20 marks)

compulsory

Q 10. Prepare Stores Ledger Account on FIFO basis for the following data.

| DATE | | OPENING | RECEIPTS | | ISSUES |
|-------------|------|----------------|-----------------|---------|---------------|
| | Unit | Rate Rs | Unit | Rate Rs | Unit |
| | | | | | |
| 1st April | 500 | 10 | | | |
| 4th April | | | | | 200 |
| 5th April | | | 200 | 12 | |
| 10th April | | | | | 400 |
| 12th April | | | 150 | 11 | |
| 15th April | | | | | 100 |
| 19th April | | | | | 100 |
| 20th April | | | 300 | 13 | |
| 25th April | | | 400 | 10 | |
| 26th April | | | | | 200 |
| 30th April | | | | | 250 |

Questions:

- a) Show Opening Stock, Value
- b) Show all receipts and its value.
- c) Show all issues and its value
- d) Show closing stock and its value
