INVENTORY MANAGEMENT

Date : 14.06.2018
Max. Marks : 100

Part – A (compulsory) 32 marks

(Question paper is in three parts A, B & C. Part A is compulsory. Each question carries one mark. Total: 32 Marks)

Q1. State TRUE or FALSE – 1 Mark each (8 Marks)

1. Inventory management does not make decisions or manage operations.
2. Purchase of materials and services involves less expenditure than other items like wages, depreciation, taxes etc.
3. Activity based costing is mainly used in warehouse planning and administration.
4. PQR classification is based on stock value of materials.
5. Longer lead time items require more safety stocks.
6. Dependant items can be calculated based on production schedule.
7. Trade-In is a method of disposal of surplus goods.
8. LIFO method of stock valuation is most suitable in case of falling prices.

Q2. Fill in the Blanks – 1 Mark each (8 Marks)

1. Stock in trade are _______ goods.
2. ROI means net income divided by ________ -.
3. Insurance and capital spares have life ________ life of machine.
4. ________ value of material is used to carry out ABC analysis.
5. Exponential smoothing technique has value of alpha between ________.. 
6. EOQ fails when goods in question are _______ goods...
7. Imprest stock control system uses _______ system for receipt of materials.
8. Locating warehouse nearest to customers is called _______ positioned approach.
Q3. A. Expand the following abbreviations (1 mark each) - 8 Marks

1. FIFO  
2. SDE(classification)  
3. BOM  
4. ERP.  
5. WIP  
6. JIS(standard)  
7. MRO(items)  
8. RFQ

Q4. Match the following in column A with those in column B - 1 Mark each (8 Marks)

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hazardous materials</td>
<td>A. Quantitative technique</td>
</tr>
<tr>
<td>2. VED classification</td>
<td>B. Develops material schedule.</td>
</tr>
<tr>
<td>3. 20% of stock value.</td>
<td>C. MRP</td>
</tr>
<tr>
<td>4. Inventory records file.</td>
<td>D. MSDS</td>
</tr>
<tr>
<td>5. Buyer-Planner</td>
<td>E. Process costing</td>
</tr>
<tr>
<td>8. KU</td>
<td>H. Y-items.</td>
</tr>
</tbody>
</table>

**PART - B**

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

Q5. Which, according to you, is the most important analysis in inventory management? Explain why?

Q6. How will you decide safety stocks of various items in stores? Explain criteria.

Q7. Write short notes on any two. (2 x 8 = 16 marks)

   1) Insurance and capital spares.
   2) Two-Three bin systems.
   3) Vendor managed inventory system.
   4) Disposal of surplus inventory.

Q8. Which is the best system of stock valuation? Explain with reasons.

Q9. How MRP system is different from other inventory management systems? Where is it more applicable?
PART – C

Q. 10 compulsory (20 marks)

A process manufacturing company has a turnover of Rs.500 crores. It has investment of Rs. 100 crore in plant and machinery.

Questions:

1) What should be ideal inventory of spare parts?
2) How will you classify spares and decide its inventory levels and ordering process for spares?

*******