



**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.

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**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
- 2.6 .....Inventory 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:

	<b>P</b>	<b>Q</b>	<b>R</b>
<i>F Items</i>			
<i>S Items</i>			
<i>N Items</i>			

	<b>F</b>	<b>S</b>	<b>N</b>
<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.

<b>DATE</b>		<b>OPENING</b>	<b>RECEIPTS</b>		<b>ISSUES</b>
	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

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