



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Materials Management  
Graduate Diploma in Materials Management.

Dec. 2018

PAPER No. 10

INVENTORY MANAGEMENT

Date : 28.12.2018

Max. Marks :100

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

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 TRUE or FALSE

– 1 Mark each (8 Marks)

1. Materials ordered and paid for but not received are called stock-in -trade..
2. Objective of inventory control is to maximize customer service and minimize costs.
3. Items under X-Y-Z analysis are classified based on their value of stock..
4. Modular bill of materials is bill of materials in sequence..
5. Perpetual review system is excellent for high cost items..
6. EOQ is good for seasonal items.
7. The most common unit load is pallet..
8. Weighted average method is most rational for determination of issue price of materials.

Q.2. Fill in the Blanks

– 1 Mark each (8 Marks)

1. Stock in trade includes \_\_\_\_\_ready for sale.
2. Profit margin is calculated by dividing \_\_\_\_\_by \_\_\_\_\_..
3. Obsolescence and deterioration forms \_\_\_\_\_% of total inventory carrying cost.
4. Insurance items have \_\_\_\_\_life as compared to machine.
5. PQR classification is based on \_\_\_\_\_of items.
6. GOLF classification is based on nature of \_\_\_\_\_of items.
7. Goods in transit contribute to \_\_\_\_\_inventory..
8. Perishable material requires \_\_\_\_\_controlled storage.

**Q3. A. Expand the following abbreviations**

**(1 mark each) - 8 Marks**

- |         |       |        |          |
|---------|-------|--------|----------|
| 1. ROI  | 2.MRP | 3. GIT | 4. SIT.  |
| 5. MSDS | 6. KU | 7. ABC | 8. LIFO. |

**Q4.Match the following in column A with those in column B**

**- 1 Mark each (8 Marks)**

<b>A</b>	<b>B</b>
1. ABC classification.	A. Low Safety stock.
2. ASTM	B. MRP System
3. Low shelf life..	C. Large WIP in inventory
4. Two Bin System	D Supplier managed inventory.
5. Bill of Materials	E Annual consumption value
6. Job shop method.	F International Standard..
7. SMI	G Fixed Order system..
8. Rotable spares.	H Can be repaired and reused.

**PART - B**

**Write any three (3) of the following questions**

**- 16 marks each (48 Marks)**

**Q5.**How will you account for loss and pilferage while accounting for inventories ?

**Q6.**Explain factors influencing finished goods inventory..

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

- 1) Advantage of vendor managed inventory.
- 2) Analysis of spare parts inventory.
- 3) Reorder level system.
- 4) Qualitative techniques of demand forecasting..

**Q8.**For assembly type of products, MRP will work better-explain in detail.

**Q9.**Analyse inventory of your company in terms of FSN and discuss how you will deal with slow and non moving items.

PART – C

**Q. 10 compulsory**

**(20 marks**

You have a Scooter Manufacturing unit producing 1 lakh scooters per year in 3 varieties. How will you arrange MRP system-show your Master Production Schedule and other processes..

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