



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management- 3 years Graduate Diploma in Materials Management. PAPER No. 10

Dec 2019

INVENTORY MANAGEMENT

Date : 27.12.2019

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. 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 TRUE or FALSE –(1 Mark each)

(8 Marks)

1. Packaging materials are part of finished goods.
2. Transaction costing is not same as Activity based costing.
3. Packaging does not add value to the product.
4. Vital items are always very costly.
5. Standardization is achieved through variety reduction.
6. Periodic review system fixes Re-order point.
7. Safety stock of medicine should not be high.
8. Weighted average method is most rational method in finding issue price of materials.

Q.2. Fill in the Blanks –(1 Mark each)

(8 Marks)

1. Stock-in-trade includes all _____goods.
2. Consumables are materials which act as _____in production process.
3. VMI results in _____of supply chain
4. Receiving and inspection costs are included in _____cost.
5. Mid range forecasts generally range from ____to____years..
6. Semi dependant demands include items for _____of vehicles.
7. Three-bin system is a part of _____system of inventory control.
8. Continuous process has almost _____WIP.inventory

Q3. A. Expand the following abbreviations (1 mark each) -

(8 Marks)

1. WIP 2. AGV 3. FIFO 4 MRO(items). 5.ABM 6. VED 7.ASTM. 8.BOM

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

- | A | B |
|-------------------------------|-------------------------------|
| 1. XYZ Analysis | A. Perpetual Inventory system |
| 2. Erratic consumption | B. Forecasting in uncertainty |
| 3. VMI | C. Shortening of supply chain |
| 4. Ss System | D. Overhauling |
| 5. DELPHI technique | E. Pallets |
| 6. Master Production Schedule | F. Stock value of items |
| 7. Mandatory Spares | G. MRP |
| 8. Unit load | H. Safety stock.. |

PART - B

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

(48 Marks)

- Q5.** Explain difference between ABC analysis and XYZ analysis. How will you use XYZ analysis in your company? **(16 marks)**
- Q6.** Which are the quantitative techniques in Demand forecasting? Which is the best method in Time series lysis—Why? **(16 marks)**
- Q7.** Write short notes on any two.. **(2 x8=16 marks)**
- 1) PQR classification of materials-its use in inventory management.
 - 2) Standardization & Variety reduction.
 - 3) Reorder level system of inventory replenishment.
 - 4) Disposal of surplus inventory.
- Q8.** How will you decide safety stock of raw materials in your company? **(16 marks)**
- Q9.** How will you control WIP inventory in a batch process industry-like paint industry? **(16 marks)**

PART – C

Q. 10 compulsory

(20 marks)

Your company has requirement of bearings of different types in 50 varieties. All bearings are used regularly for manufacturing machines. Total usage is worth Rs.50 lacs.per annum.

Which method of inventory management you will use to order and stock bearings? Explain process.
