



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM Post Graduate Diploma in Materials Management - 2 years

PAPER No. 12(enrolment code- PMM,PSM,CMM,CSM)

Inventory Management

DEC 2025

Date : 21.12.2025
Time : 10.00 a.m to 1.00 p.m.

Max. Marks : 70
Duration : 3 Hrs.

Instructions:

- From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
- From Part B – Answer any 3 questions out of 5 questions. Each question carries 10 marks. **Total :30 Marks**
- Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions **Total: 20 Marks**

Part – A

[20 Marks]

(Attempt all questions. Each sub question carries 1 mark.)

Q.1.State True or False (Do not reproduce the statement)

[5 marks]

- Cost of inbound Logistics of Raw materials is part of Inventory Carrying Cost.
- The qualitative perspective of forecasting predicts the future demand based on past data.
- HML Classification is based on value of material.
- In perpetual System of inventory management, review is carried out randomly.
- In JIT System, Inventory is looked as burden.

Q. 2. Fill in the blanks. (Do not reproduce the statement)

[5 marks]

- At EOQ, the _____ Cost and _____ Cost are at optimum level.
- _____ Classification help to control Spare parts inventory.
- In VMI, responsibility to replenish stock is on _____.
- MRP help to _____ inventory.
- _____ Technique help to reduce set up time of machine.

Q.3. Expand the following:

[5 marks]

- a) SKU b) TPM c) MTS d) ITR e) MTO

Q. 4. Match the following (re write the correct pair)

[5 marks]

Sl. No.	Column A		Column B
1.	Fishbone Diagram	A	Mistake Proofing
2.	Poka Yoke	B	Continuous Improvement
3.	Kaizen	C	Push System
4.	Forecasting	D	Cause & Effect
5.	JIT	E	Pull System

PART B **[30 marks]**
(Attempt any 3. Each question carries 10 marks)

- Q.5** a) What are different Types of Inventory? **[5 marks]**
b) Explain Selective Inventory Control Methods. **[5 marks]**
- Q.6**a) How will you implement VMI in your organization? **[5 marks]**
b) What are different methods of Forecasting? **[5 marks]**
- Q.7** a) How will you implement JIT System? **[5 marks]**
b) Explain ROL System. **[5 marks]**
- Q.8** a) What are different Cost associated with inventory? **[5 marks]**
b) What are challenges in managing inventory in Retail? **[5 marks]**
- Q. 9** Write short notes on any two **[2 x 5 = 10 marks]**
- a) Finished Goods Inventory. .
 - b) WIP Inventory
 - c) Stock Verification Methods
 - d) Period Review System

PART – C **[20 marks]**
(Compulsory)

- Q. 10.** A) Zeno Electronics is facing the problems of delay in receipt of materials, forecasting errors etc which is resulting in loss of sale. The Manager would like to keep safety stock and has provided following information:
- The normal daily sale of an item is 8000 kg. However during peak it reaches to 14000 kg. The usually raw material is delivered in 10 days. But at times is delayed to 16 days.
- Questions:**
- 1) Calculate Safety Stock. **(6 marks)**
 - 2) What will be impact of safety stock on inventory cost? What are your suggestions? **(4 marks)**
 - 3) Libra Tools Ltd has annual consumption of 20,000 units. Its ordering Cost is Rs 250/- per order, Cost of item is Rs 50 per unit. Carrying Cost is Rs 10 per unit.
 - a) Work out EOQ. **(6 marks)**
 - b) What are limitations of EOQ **(4 marks)**