INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Graduate Diploma in Materials Management.

PAPER No. 10 (New)

INVENTORY MANAGEMENT

Date   : 16.06.2016   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.

<u>Part – A</u> (compulsory)   **32 marks**

(Attempt all questions each question carries 1 mark)

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

1. ABC analysis is a selective inventory control concept.
2. Manufacturing companies can maintain just in time supplies for finished goods.
3. A fast food restaurant will have high WIP inventory.
4. Master production schedule must be approved by Marketing and Finance.
5. MRP-II stands for manufacturing Resource Planning.
6. Two bin system is a periodic review system.
7. Safety stock is the amount of inventory carried in addition to expected demand.
8. Weighted average method is a qualitative method of forecasting.

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

1. Time series analysis uses _____data to predict future.
2. Insurance costs are part of _____costs..
3. Insurance spares are held as _____against break down.
4. _____ is required to identify items in inventory management.
5. Make or Buy decisions must be taken after thorough _____-analysis..
6. Fixed order quantity system assumes that annual requirement of item is _____.
7. Long transit time leads to_____inventory of finished goods.
8. The most common unit load is _____..

Q3. **A. Expand the following abbreviations (1 mark each) - 8 Marks**

1. MSDS 2. AS/RS 3. AGV   4 GIT.   5. MSP   6. SOS   7. LIFO.   8. VMI..

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

A	B
1. PQR Analysis.	A. Under stocking cost.
2. Safety stock	B. Allocation of overheads.
	C. VMI
3. Shortening of supply chain.	.
4. KU	D. Time series analysis.
5. Cost drivers.	E. MRP
6. Trend projections	F. Shelf life.
7. Bill of Materials.	G. Can be interchanged..
8. Rotable spares.	H. Lead time variations..

PART - B

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

Q5. How will you do ABC analysis of items in your company?

Q6. Which method of valuation will you use in your company for finished goods? Why?.

Q7. Write short notes on any four..
1) 3 bin system.
2) Ordering costs.
3) Modular bill of materials.
4) Control of WIP inventory.
5) Classification of spare parts inventory.
6) Principles of materials handling.
7) Hifo method of valuation of inventory..

Q8. How will you dispose off surplus inventory? Which is the best method and why?

Q9. How safety stock is related to service level? How do you arrive at service level for item having fluctuating monthly demand over a period of one year?

PART – C

Q. 10   compulsory   **(20 marks)**

 You are appointed inventory control manager for a company producing chemicals with annual turn over of Rs. 500 crores. There are 10000 items of inventory with stock value of Rs. 200 crore.

1) How will you classify the items?
2) What will be your plan to reduce inventory?
3) What will be your main interaction points with production, maintenance and marketing functions?
4) Do you see any major hurdle in reducing inventory? Explain.

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