



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Graduate Diploma in Materials Management.

June 2018

PAPER No. 10

INVENTORY MANAGEMENT

Date : 14.06.2018

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.

Part – A (compulsory)

32 marks

(Attempt all questions each question carries 1 mark)

Q1. State TRUE or FALSE

– 1 Mark each (8 Marks)

1. Inventory management does not make decisions or manage operations.
2. Purchase of materials and services involves less expenditure than other items like wages, depreciation, taxes etc
3. Activity based costing is mainly used in warehouse planning and administration.
4. PQR classification is based on stock value of materials..
5. Longer lead time items require more safety stocks.
6. Dependant items can be calculated based on production schedule.
7. Trade-In is a method of disposal of surplus goods.
8. LIFO method of stock valuation is most suitable in case of falling prices.

Q2. Fill in the Blanks

– 1 Mark each (8 Marks)

1. Stock in trade are _____ goods.
2. ROI means net income divided by _____.
3. Insurance and capital spares have life _____ life of machine.
4. _____ value of material is used to carry out ABC analysis.
5. Exponential smoothing technique has value of alpha between_____..
6. EOQ fails when goods in question are _____ goods..
7. Imprest stock control system uses _____ system for receipt of materials.
8. Locating warehouse nearest to customers is called _____ positioned approach.

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

- | | | | |
|---------|------------------------|---------------|---------|
| 1. FIFO | 2. SDE(classification) | 3. BOM | 4. ERP. |
| 5. WIP | 6. JIS(standard) | 7. MRO(items) | 8. RFQ |

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

- | A | B |
|----------------------------|--------------------------------|
| 1. Hazardous materials | A. Quantitative technique |
| 2. VED classification | B. Develops material schedule. |
| | C. MRP |
| 3. 20% of stock value. | . |
| 4. Inventory records file. | D. MSDS |
| 5. Buyer-Planner | E. Process costing |
| 6. Normal loss. | F. Spare parts management. |
| 7. Time series analysis | G. Under stocking cost. |
| 8. KU | H. Y-items. |

PART - B

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

Q5. Which, according to you, is the most important analysis in inventory management? Explain why?

Q6. How will you decide safety stocks of various items in stores? Explain criteria.

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

- 1) Insurance and capital spares.
- 2) Two-Three bin systems.
- 3) Vendor managed inventory system.
- 4) Disposal of surplus inventory.

Q8. Which is the best system of stock valuation? Explain with reasons.

Q9. How MRP system is different from other inventory management systems? Where is it more applicable?

PART – C

Q. 10 compulsory

(20 marks)

A process manufacturing company has a turnover of Rs.500 crores. It has investment of Rs. 100 crore in plant and machinery.

Questions:

- 1) What should be ideal inventory of spare parts?
- 2) How will you classify spares and decide its inventory levels and ordering process for spares?
