

**CS/BBA(H)/BIRM/BSCM/SEM-4/BBA-402/2011**

**2011**

**MATERIALS MANAGEMENT**

*Time Allotted : 3 Hours*

*Full Marks : 70*

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words*

*as far as practicable.*

**GROUP – A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the

following :

10 × 1 = 10

i) Which one of the following is not included in the 5R in purchasing ?

a) Quality b) Quantity

c) Price d) None of these.

ii) The purchase order form is designed by

a) Materials manager b) Marketing manager

c) Purchase manager d) None of them.

iii) ABC analysis is a method of

a) stock classification b) stock coordination

c) both (a) & (b) d) none of these.

iv) Right quality means

a) overspecifying the quality standards for purchasers

b) underspecifying the quality for purchasing

c) buying standard items

d) buying quality which suits without incurring extra cost to the company.

- v) FSN analysis classifies goods on the basis of
- a) Function, Size & Number
  - b) Fast, Slow & Non-moving
  - c) Foreign made, Small scale made & Non-branded
  - d) Frequency required, Sometimes required & Never required.
- vi) The parameters for vendor rating include
- a) price b) delivery
  - c) service d) all of these.
- vii) The classification of inventory based on annual consumption preferred to others is known as
- a) forward buying b) reciprocal buying
  - c) tender buying d) blanket order.
- viii) Work in progress is a
- a) procedure b) method
  - c) value addition process d) none of these.
- ix) Criteria of VED analysis is
- a) unit price of the materials
  - b) criteria nature of the items
  - c) annual value of consumption
  - d) none of these.
- x) The oldest stock is depleted first in
- a) FIFO method b) LIFO method
  - c) Average stock method d) Standard cost method.
- xi) Materials which are processed from wastage are called
- a) obsolete b) surplus
  - c) scrap d) waste.
- xii) When the contract of agency is in writing it is called

- a) Law of agency
- b) *Qui facit peractum facit per se*
- c) Power of attorney
- d) None of these.

**GROUP – B**

**( Short Answer Type Questions )**

Answer any *three* of the following.  $3 \times 5 = 15$

- 2. A firm uses 1200 units per month of an item each costing Rs. 2. Cost of planning each order is Rs. 50. Carrying cost of average inventory is 6% per year. Find EOQ.
- 3. State the concept of integrated materials management.
- 4. Define materials planning. How is it related with “Bill of Materials” ?
- 5. What is meant by vendor development ? Mention the main considerations in vendor evaluation.
- 6. What is storekeeping ? Write down the main functions of storekeeping.

**GROUP – C**

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

- 7. Define MRP. Highlight the inputs of MRP. Discuss the steps involved in MRP.  $2 + 5 + 8$
- 8. State the latest concept of Just-in-time technique of purchasing. Explain its scope in Indian situation. Give a comparative analysis between JIT and Traditional Purchasing.  $7 + 5 + 3$
- 9. a) State the importance of MIS with relevance of materials management.

b) Classify the inventory items as *A*, *B* and *C* based on Annual Consumption Value.

Items	I	II	III	IV	V	VI	VII	VIII	IX	X
Annual usage	90	40	130	60	100	180	170	50	60	120
Unit price	60	350	30	80	30	20	10	320	510	20

Use the following basis for classification :

‘A’ items account for 70% of the total annual consumption value.

‘B’ items account for 20% of the total annual consumption value.

‘C’ items account for 10% of the total annual consumption value. 5 + 10

10. a) State the various methods of valuation of stocks.

b) Explain any two methods of valuation of stocks indicating merits and demerits of each.

c) Determine the safety stock, reserve stock and buffer stock for the following data of a firm :

Normal usage = 100 per week

Lead Time = 4 to 6 weeks

Minimum usage = 50 per week

Maximum usage = 150 per week

Also calculate the re-order level, minimum and

maximum levels of inventory and average level.

2 + 4 + 9

11. Write notes on any *two* of the following : 2 × 7.5

i) Legal aspects of purchasing

ii) Application of ABC analysis

iii) Material budget

iv) Perpetual inventory system.

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