

**CS/BBA (H)/BIRM/BSCM/SEM-4/BBA-402/2012**

**2012**

**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 :

10x1 = 10

i) Materials Management can improve a company's profit

by

a) increasing sales

b) reduction of direct materials cost

c) reduction of direct labour cost

d) none of these.

ii) The objective of materials management is to

a) provide the required level of customer service

b) maximize the use of the firm's resources

c) both (a) and (b)

d) none of these

iii) The criterion employed in ABC analysis is

a) Usage value b) Unit price

c) Seasonality d) none of these.

iv) The criterion employed in VED analysis is

a) criticality of the item

b) source of procurement

- c) issues from stores
  - d) none of these.
- v) The objectives of MRP are to
- a) determine requirements
  - b) keep priorities for current
  - c) both (a) and (b)
  - d) none of these.
- vi) The objective of vendor development is
- a) to negotiate the price of material
  - b) for the overall development of vendor
  - c) to transport the material at some location
  - d) to produce cheap quality product.
- vii) Certificate of origin is a document
- a) for clearing item by custom department of importing country
  - b) for clearing item by exporting country
  - c) required by third party
  - d) none of these.
- viii) The document prepared on receipt of materials in store is known as
- a) MRN b) GRN
  - c) Challan d) Bill of material.
- ix) The method by which a limited number of items selected at random or on a preplanned basis are checked every day at specific time interval is known as
- a) physical verification
  - b) periodic verification
  - c) continuous verification

- d) materials audit.
- x) Lead time represents
- a) time required for placing order
  - b) time required for receiving materials
  - c) time required between placing order and receiving the materials in store
  - d) none of these.
- xi) Value analysis is a technique of
- a) Calculating the Inventory level
  - b) Finding out the unnecessary cost associated with the production
  - c) Routing and scheduling
  - d) None of these.
- xii) Hedging Technique is used
- a) when there is an organized commodity market
  - b) when large quantities of a particular commodity are bought or sold
  - c) both (a) and (b)
  - d) none of these.

### **GROUP – B**

#### **( Short Answer Type Questions )**

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

2. The fixed costs for making a pottery item in house is Rs. 12,000 and variable cost per unit is Rs. 1.50. If the potter buys the item from a vendor, it incurs annual fixed cost of Rs. 2400 and a variable cost of Rs. 2 per unit. The owner of the pottery expects to sell 25000 units of the item per year. What is the potter's decision : Make or Buy ?

Explain.

3. Define the terms obsolescence, surplus, defective and scrap in storage control. Briefly state their disposal procedure.

3 + 2

4. Explain in detail the concept of economic order quantity (EOQ). How is it calculated ?

3 + 2

5. Examine the significance of the concept of integrated materials management.

6. a) State the advantages of ERP.

b) What do you mean by the purchase cycle ?

3 + 2

### GROUP – C

#### ( Long Answer Type Questions )

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

7. a) What do you understand by preservation of stores ?

b) State and discuss the precautions and specific method of preservation of some important items kept in the store ?

4 + 11

8. a) What is MRP ?

b) Highlight the inputs of MRP.

c) Illustrate by means of a flowchart the steps involved in an MRP programme.

2 + 5 + 8

9. a) ABC Ltd. manufactures a special product A. The following particulars were collected for the year 2010 :

Monthly demand of A — 100 units

Cost of placing an order — Rs. 100

Annual carrying cost per unit — Rs. 15

Normal usage — 50 units per week

Minimum usage — 25 units per week

Maximum usage — 75 units per week

Re-order period — 4 to 6 weeks.

Compute from the given information :

i) Re-order level

ii) Re-order quantity

iii) Minimum level

iv) Maximum level

v) Average level.

b) Differentiate between an agreement and a contract.

Under what conditions does a contract become void ?

10 + 5

10. a) Describe the sequential steps in making an ABC analysis with an illustrative example.

b) Prepare a store ledger account under the LIFO Method of pricing the issue of stores, using the following information :

<b>2012</b>		<b>Units</b>
<b>January</b>	1 Balance in hand @ Rs. 1·10 per unit	100
„	2 Received @ Rs. 1·20 per unit	200
„	10 Issued	150
„	14 Received @ Rs. 1·30 per unit	100
„	18 Issued	150
„	23 Returned from the issues on 10th January	20
„	26 Received @ Rs. 1·20 per unit	100
„	30 Wastage	10
„	31 Issued	110

7 + 8

11. Write short notes on any *three* of the following : 3 5

- a) Letter of credit
- b) Computer applications in inventory control
- c) Principles of purchasing
- d) Vendor rating and evaluation
- e) FSN analysis.

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