

VPM's
DR VN BRIMS, Thane
Programme: MMS (2018-20) (Operations)
Third Semester Examination October 2019

Subject	Materials Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	3	Date	19.10.2019

	<p>Instructions:-</p> <ul style="list-style-type: none"> • Q. No 1 is compulsory. • Attempt Any Four from the Remaining Six Questions. • Figures to the right indicate marks in full. 	Marks																
Q. 1	<p>Case/Case-let Study</p> <p>Given the following product tree, explode, offset, and determine the gross and net requirements. All lead times are one week, and the quantities required are shown in parentheses. The master production schedule calls for production of 100 “A”s in week 4 and 50 in week 5. There are 300 “B”s scheduled to be received in week 1 and 200 “D”s in week 3. There are also 20 “A”s available</p> <div style="text-align: center;"> <pre> graph TD A --> B2["B(2)"] A --> C1["C(1)"] B2 --> D1_1["D(1)"] B2 --> E1_1["E(1)"] C1 --> D2["D(2)"] C1 --> B1["B(1)"] B1 --> D1_2["D(1)"] B1 --> E1_2["E(1)"] </pre> </div>	20																
Q. 2	<p>Answer Any two from the following.</p> <p>a. “Material constitutes the most fruitful area for cost reduction”. Discuss</p> <p>b. Can you distinguish between centralized and decentralized materials management?</p> <p>c. A tool manufacturing company buys small engineering items from suppliers. Company is with multiple suppliers and now purchase manager decided to go for vendor evaluation due to revision of policy of single supplier. The different vendors have data as given below for last 30 orders with each of them.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Supplier s</th> <th>No. of Delays in order fulfillment</th> <th>No. of rejections</th> <th>Cost offered in Rs.</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>3</td> <td>7</td> <td>380</td> </tr> <tr> <td>B</td> <td>5</td> <td>6</td> <td>335</td> </tr> <tr> <td>C</td> <td>8</td> <td>2</td> <td>345</td> </tr> </tbody> </table> <p>The criterion and its Weightage also specified as Quality = 0.45, Cost = 0.30, Delivery 0.25. Determine the best vendor by vendor evaluation.</p>	Supplier s	No. of Delays in order fulfillment	No. of rejections	Cost offered in Rs.	A	3	7	380	B	5	6	335	C	8	2	345	5x2 = 10
Supplier s	No. of Delays in order fulfillment	No. of rejections	Cost offered in Rs.															
A	3	7	380															
B	5	6	335															
C	8	2	345															
Q. 3	<p>Answer Any two from the following.</p> <p>a. State What is store keeping and What are the functions of store keeping?</p>	5x2= 10																

	b.	You are a purchase manager of an organization. You are asked by the CEO to submit a cost reduction plan to him. What factors would you consider in finalizing the report?											
	c.	State the significant differences between purchase of capital equipment and purchase of consumption material?											
Q. 4		Answer Any two from the following.	5x2 = 10										
	a.	<p>A hardware store procures and sells hardware items. Evaluate the best order size for the given information.</p> <p>Expected annual sales = 8,000 units Ordering cost = Rs. 180 per order Holdig cost = 10% of the average inventory value</p> <p>The item can be purchased according to the following schedule:</p> <table style="margin-left: 40px;"> <thead> <tr> <th>Lot Size</th> <th>Unit Price (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1-999</td> <td>Rs. 22.00</td> </tr> <tr> <td>1,000-1,499</td> <td>Rs. 20.00</td> </tr> <tr> <td>1,500-1,999</td> <td>Rs. 19.00</td> </tr> <tr> <td>2,000 and above</td> <td>Rs. 18.50</td> </tr> </tbody> </table>	Lot Size	Unit Price (Rs.)	1-999	Rs. 22.00	1,000-1,499	Rs. 20.00	1,500-1,999	Rs. 19.00	2,000 and above	Rs. 18.50	
Lot Size	Unit Price (Rs.)												
1-999	Rs. 22.00												
1,000-1,499	Rs. 20.00												
1,500-1,999	Rs. 19.00												
2,000 and above	Rs. 18.50												
	b.	Explain procurement cycle in details											
	c.	State the purchase principles and explain them in detail											
Q. 5		Answer Any two from the following.	5x2 = 10										
	a.	Discuss some good store practices in any organization you have heard about.											
	b.	If you are a purchase manager of a steel manufacturing company, and you come across a decision of Purchase or Lease, how you will deal with the situation?											
	c.	State the advantages and disadvantages of standardization											
Q. 6		Answer Any two from the following.	5x2 = 10										
	a.	Explain your understanding about Low Level Code (Level 0)											
	b.	International purchase is an integral part of many organizations, do they come across Bill of Lading document? Explain it in detail.											
	c.	What are the different outputs and reports MRP gives in the form of outputs?											
Q. 7		Answer Any two from the following	5x2 = 10										
	a.	What are the factors responsible for generation of Scrap, Surplus and Obsolete materials in the organization?											
	b.	Under ethical materials management, what is your opinion about Back Door Selling?											

c. a) A firm maintains its stores ledger on LIFO method basis. Following is the summary of the receipts and issues of raw materials during the month of June 2006:

Stores Ledger Sheet									
Date	Particulars	Receipts			Issues			Balance	
2006		Quantity	Rate Rs.	Amount Rs.	Quantity	Rate Rs.	Rs.Amount	Quantity	Amount Rs.
June 01	Balance	200	18	3600					
June 03	P.O.NO. 09	300	20	6000					
June 07	M.R.NO. 14				250	20	5000		
June 11	P.O.NO. 09	400	22	8800					
June 16	M.R.NO. 16				400	22	8800		
					50	20	1000		
					100	18	1800		
June 19	P.O.NO. 21	600	20	12000					
June 22	M.R.NO. 18				300	20	6000		
June 24	P.O.NO. 24	300	25	7500					
June 26	M.R.NO. 26				300	25	7500		
					200	20	4000		

								0		
June 28	P.O.NO. 27	200	27	5400						
June 29	M.R.NO. 32				200	27	5400			
					100	20	2000			
June 30	P.O.NO. 30	150	30	4500						
Calculate closing stock value for LIFO method										