

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2014-16)
Fourth Trimester (Operations) Examination September 2015

Subject	Materials Management & Transportation		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	4	Date	25.09.2015

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

The Charminar Club

The Charminar Club, Hyderabad became 50 years old on 7 January 1963. The anniversary celebrations were held on a lavish scale, though many in the staff were sorry, since 7 January 1963 was to be the last working day for Captain Bob Doll (Retired), Royal Navy. Captain Doll had been the Secretary of The Charminar Club for over 15 years. The staff had always worshipped Doll Sahib as their 'King'. There was a general understanding that the days of the old world charm must come to an end. The managing committee of the club had appointed Mr N.G. Kavi, a chartered accountant as the new secretary. The President of the club, Mr Raja Reddy had briefed Kavi about various things. He had stated, 'The Charminar Club has been the prime club of the Hyderabad State and was included among the prestigious institutions in south India. The Charminar Club had affiliations with the best clubs in India, Europe and the USA. The active membership of the club was frozen at 7,400. Outstation members totalled 2,500. The club had received generous donations from the administration during the British regime and 80 per cent of the members were Europeans. This continued till the merger of the State and the formation of Andhra Pradesh. The environment of the club and the mindset of the staff were, therefore, oriented towards lavishness.

Unfortunately, financial support to the club had stopped some years ago. The administration of the club managed to survive and practice the old system for these past years due to accumulated assets of the previous years. We have now scrapped the

bottom of the barrel and reality must take over. The staff is very good. They were very attached to the Captain, but are aware of our predicament. They are frightened about the unknown so must be handled with tact. It is up to you to conserve the resources, restore the financial health of the club but maintain the good name of The Charminar Club.'

Kavi was maintaining a low profile and generally walked around to get the feel of things. One night, at about 9 p.m., he was startled to see a horse-drawn cart parked in front of the back staff entrance of the library. Kavi knew that the staff of the club did not like him, so he just watched from a distance. Shortly, the cart started being loaded with old newspapers and magazines. It drove away when it was fully loaded. Security staff stopped it at the gate. The coachman made appropriate entries in the security register and drove away. Kavi checked the security register the next morning and learnt that the cart had made two trips. The entries showed that old magazines and newspapers had been taken away in the cart. Security supervisor confirmed that this usually happened once a month. Magazines older than 9 months and newspapers older than 3 months were taken out for sale. Kavi was impressed with such a clean and transparent transaction. However, his sixth sense kept nagging him that all was not well.

He waited for a month for the credit from the library for the sale of these newspapers and the magazines, but no such voucher passed through his desk. He had instructed that all credit and debit vouchers should be shown to him. The staff had ridiculed these instructions, '. . . after all, a Chartered Accountant'. He discretely inquired and learnt that no such credit ever came from the library. These inquiries were obviously communicated to old Mr Richard, the librarian. Within 15 minutes, there was a knock on Kavi's door. Mr Richard entered and with an elaborate show of respect, placed a neat copy in front of Kavi. The copy contained the income from the sale of old papers. It totalled to Rs 4707 for the current financial year. The sales were done by Mr Richard and the club 'purchaser' (materials executive) had no involvement with these transactions. Kavi was informed that this amount was used for one picnic of the entire library staff and one set of clothes to the families of the staff on Christmas/Diwali. Mr Richard bowed his head and almost whispered, 'Captain Sahib knew about this.'

Kavi was stumped. The Chartered Accountant in him recalled the words of the President '... conserve the resources, restore the financial health of the Club.' But the manager in him warned, '... the staff is frightened, ... they were very attached to the Captain'. Kavi also realized that this story will be repeated in other departments too. The funds from the disposal of the scrap will not be coming to the coffers of the club. The total could add up to a substantial amount. Simultaneously, financial accountability for the sale of scrap would involve virtually the entire staff. They will further cling to the memories of the Captain and Kavi will continue to be unaccepted as their leader. What should Kavi do?

Questions:

1. List the other items of club scrap (besides old newspapers & magazines) that can be sold. Estimate approximate quantum of income from each head of scrap sale. (10 Marks)
2. What should the new secretary do about the sale of scrap?(5 Marks)
3. Draft a set of guidelines if Mr. Kavi chooses to regularize the sale of scrap material? (5 Marks)

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the methods of classification?
- b) Explain the concept of MRP and describe its inputs and their relationship.
- c) What is meant by location of stores? Discuss the basic principles that must be taken into account to determine the best location for stores?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Compare Centralized & decentralized materials management
- b) Explain 5 R's of buying
- c) Explain the range of buyer-supplier relationship?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the consideration made while evaluation of bid
- b) What is letter of credit? Explain in detail along with diagram
- c) Write short note on: Types of Stores

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the benefits of codification?
- b) What are the reasons for the occurrence of obsolete items?
- c) What are the modes of disposal?

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Write a short note on: Costing of receipt of materials.
- b) Explain supplier evaluation & selection process.
- c) Explain Common Terms of payment in Import process.

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Explain advantages & disadvantages of standardization.
- b) Explain Carter's 10 C's of Supplier Selection.
- c) Explain two fundamental systems of codification.