

VPM's
Programme: PGP (2014-15)
Second Semester Examination July 2015 (Operation)

Subject	Purchase & Materials Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages		Date	19-07-2015

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

Q1) 20 Marks (Compulsory)

A) The requirement of a particular size of oil seal at an automobile firm is estimated at 40,000 no's per annum. The oil seal is available in the market for Rs 10/ pc and the lead time is 2 weeks.

The cost of order writing, follow-up primary inspection and in-warding stores is calculated at Rs 50 per order. The holding cost is estimated at Rs 2/unit of storage plus 20% per unit per year as the opportunity cost of capital.

- i) How many units should the firm order to optimise the inventory cost?
- ii) What are the annual inventory costs?

B) Write short notes on: i) Speculative Buying ii) Dead stock items. iii) Cross Docking activities

Attempt Any FOUR from the Remaining SIX Questions

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

- a) What are the challenges faced by the Materials Manager in the Globalized economy?
- b) Describe the important cost components controlled by the Materials Management Department.
- c) What do you understand by the rate of return on investment (RoR) as applied to Materials Management?

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

- a) What is Integrated Materials management and what obstacles are faced in implementing it?
- b) What the different types of materials handled by the Materials management function?
- c) What is Material Requirement Planning? What type of Industries is best suited for MRP?

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

- a) Describe the Roles of a Purchase department of a large manufacturing firm
- b) A company has several manufacturing plants each making different products for the firm. What form of Purchasing would you recommend for such a firm? Give reasons.
- c) A Purchase manager is required to have both knowledge and skill with managing people. Explain the importance of this statement with respect to the tasks performed by the Purchase Manager

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

- a) Provide a suitable definition of Inventory. Why is it important to control the Inventory?
- b) What are the important costs components of the total cost of the Inventory? Describe them briefly
- c) What are the different ways to classify material? Discuss briefly the classification of materials based on the stage of the conversion of materials

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

- a) What is the Procurement Cycle? What are the important steps in the procurement cycle?
- b) What are the functions of Stores Management? Briefly explain their importance to the firm's operations
- c) Discuss the different types of warehouses that a large company operates.

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

- a) What do you understand by codification? What are the advantages of a uniform system of codification?
- b) Discuss how codification of materials helps in the following: a) Preventing Duplication b) Locating materials.
- c) What is Waste Materials management? Discuss the importance of waste management to firms operations.