



Name :
Roll No. :
Invigilator's Signature :

CS / MHA / SEM- 2 / MHA - 202 / 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) Prime cost + Factory overhead cost is
 - a) Conversion cost
 - b) Production cost
 - c) Total cost
 - d) none of these.
- ii) The combination of direct material and direct labour is
 - a) Total production cost
 - b) Prime cost
 - c) Conversion cost
 - d) Total manufacturing cost

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[Turn over



- iii) Inventory control aims at
- a) achieving optimisation
 - b) ensuring against market fluctuations
 - c) acceptable customer service at low capital investment
 - d) discounts allowed in bulk purchase.
- iv) Which of the following is a factor that should be taken into account for fixing reorder level ?
- a) Average consumption b) EOQ
 - c) Emergency lead time d) Danger level.
- v) When opening and closing inventories are compared, if ending inventory is more than opening inventory, it means that
- a) increase in inventory b) decrease in inventory
 - c) both (a) and (b) d) none of these.



- vi) The classification of inventory based on annual consumption value is
- a) VED classification b) FSN classification
c) SDE classification d) none of these.
- vii) If the order quantity is 400 and annual demand is 10000, then number of orders per year is
- a) 25 b) 50
c) 65 d) none of these.
- viii) Which of the following best represents the optimal economic order quantity (EOQ), where total usage of the inventory item is 100,000 units for the planning period, the cost per order is \$ 180, and the carrying cost per unit for each period is \$1 ?
- a) 6000 units b) 4243 units
c) 556 units d) 4 units.
- ix) Fixed cost per unit decreases when
- a) production volume increases
b) production volume decreases
c) variable cost per unit decreases
d) variable cost per unit increases.



- x) method assumes that the goods received most recently in the stores or produced recently are the first ones to be delivered to the requisitioning department.
 - a) FIFO
 - b) Weighted average method
 - c) Most recent price method
 - d) LIFO.

- xi) Duration time between placing an order and receipt of material is called
 - a) recorder level
 - b) safety stock
 - c) buffer stock
 - d) lead time.

- xii) According to law of agency, the principal is
 - a) employer of the agent
 - b) employee of the agent
 - c) enemy of the agent
 - d) subordinate to the agent.



GROUP – B

(Short Answer Type Questions)

Write notes on any *three* of the following : $3 \times 5 = 15$

2. AMC.
3. Vendor evaluation.
4. Two-bin inventory system.
5. Stores layout.
6. Purchase cycle.

GROUP – C

(Long Answer Type Questions)

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

7. 'Vendor development and evaluation is an important aspect of material management.' Discuss.
8. "Stores management is an integral part of materials management." Explain the statement with requisite examples from hospital industry.



9. The Peace Care Hospital uses 3500 boxes of sterile bandages each month. The annual carrying cost is \$ 2.90 per box per year. The ordering cost is \$25 each time an order is placed, regardless of the order quantity. The hospital operates 365 days per year. Peace Care Hospital would like to use the EOQ model.

- i) How many boxes of sterile bandages should be ordered each time an order is placed using the EOQ ?
- ii) How many orders per year are expected using the EOQ order ?
- iii) Suppose that currently the manager uses an order size of 900 boxes. What additional cost is the hospital incurring by using this current order size rather than the EOQ ? [Hint : compare the cost of using the EOQ amount versus the cost incurred using an order size of 900 boxes.]

5 + 5 + 5

10. What are OTC drugs ? Give the main classification of various schedules under the Drugs and Cosmetics Act as amended till date.



11. Perform the ABC analysis on the following samples of drugs :

Item Name	Annual Consumption	Price per unit (Rs.)
Drug I	300	10
Drug II	2100	15
Drug III	44	10
Injection I	1100	5
Injection II	40	5
Injection III	200	100
Drug V	700	7
Drug IX	80	11

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