

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**  
**PGDM / PGDM (M) / PGDM (SM)**  
**TERM V (Batch 2017-19)**  
**END TERM (RE-APPEAR) EXAMINATIONS**

<b>Course Name</b>	<b>Materials and Inventory Management</b>	<b>Course Code</b>	<b>OP-502</b>
<b>Max. Time</b>	<b>2 Hour</b>	<b>Max. Marks</b>	<b>40</b>

**INSTRUCTIONS: Answer All questions:**

**Marks as indicated**

1. Monthly sale of Olive Oil in 5 Kg Pack at Big Bazar is 400 Packs. Cost of each Pack is Rs 1000. Inventory Carrying cost is 2% of the Price. Ordering Cost per Order is Rs 100. Lead time of stock replenishment from Mumbai is 1 month. The store decides to place replenishment orders on stock review basis every 2 months. Since it is a slow-moving item Big Bazar decides to have only 1 week consumption as Safety Stock. Estimate Order Quantity on following 3 review cycles:

- A) Review I , if the stock in hand is 400
- B) Review II , when Stock in hand reduces to 200
- C) Review III, when the stock drops to 100

**5. Marks**

2. A retail store has annual demand of wipes for 2400 packs. The store buys from the wholesaler at the rate of Rs10.00 each. Buying cost per order is Rs100. Inventory holding cost per unit per year works out to 24% of the unit price. Wholesaler offers a discount of 10% for a minimum lot size of 500 packs and Discount of 20%, if the lot size for purchase is above 1000. Advise the retailer to buy on EOQ or avail any of the two discounts offered.

**5 Marks**

**PTO**

**3. Rate the following 3 Vendors supplying Tires to an Automobile Factory.**

The company considers Three Parameters, Namely Quality / Price / Delivery for assessment of Vendor Performance.

Company assigns weightage to the three parameters of performance as follows:

**Quality: 40% / Price: 35 % / Delivery: 25 %**

**Determine composite performance rating for each and determine the Best Vendor.**

Vendor	Quality Factor	Quality Factor	Price Factor	Price Factor	Price Factor	Delivery Factor
Name	Lots Received	Lots Accepted	Price Per Lot	Discount Per Lot	Transport Per Lot	Missed Delivery
APPOLO	70	55	500	5%	50	10%
CEAT	60	60	600	0%	70	5%
JK	80	50	400	10%	20	20%

**(5 Marks)**

**4. Explain Inward Materials Receipt Process with a Flow Diagram (5 Marks)**

**5. Explain following practices used in Materials Mgmt.: (4 X 5=20 Marks)**

- A. A B C and V E D Analysis in Selective Inventory Control**
- B. Techniques for Lead Time Reduction**
- C. Codification / Standardization and Variety Reduction**
- D. Value Analysis Technique**