

University of Pune
Department of Management Sciences
MBA-BT Semester I
Semester Exams Nov 2013
106-Materials and Logistics Management

Question Paper: 50marks

Time: 3Hrs

SECTION 1 (Marks -25)

- Q1. What is the role played by purchase department in reducing the cost of production and increasing the sales of a product? List down the steps followed in purchasing cycle. (Marks 10)
- Q2. Define Codification. Explain the benefits of codification. (Marks 10)
- Q3. Write Short note on (Any One) (Marks 5)
- a. Negotiation
 - b. Stages of Scientific Codification

SECTION 2 (Marks -25)

INSTRUCTIONS TO CANDIDATES:

- a. Attempt any five questions. Each question carries five marks.

Q1: The balance sheet of ABC Company indicates the opening and closing stocks of inventories at 23.5 lakhs and 26.5 lakhs respectively. The profit and the loss account for the same year indicated Rs. 18 lakhs as the profit before taxes. The capital deployed is Rs. 90 lakhs.

The study carried out in the area of inventory management indicates that the company has accumulated considerable number of obsolete and dormant stocks that had blocked company's productive capital of Rs. 262500. The discussion with the materials manager of the company indicated that the disposal of such items is likely to fetch 40% of the original value of these items. The last issue of certain items was as late as 3 years. The insurance cost is Rs. 12500.

Total storage area = 6000 sq. feet.

The construction cost is Rs. 100 per sq. foot.

Expected life of the building is 40 years.

Maintenance cost of stores is Rs. 24068

Bank lending rate is 12%

Calculate Inventory cost.

Q2: An engineering organization purchases its requirements *every quarter*. One of the items required by the organization has the monthly requirement of 500 nos. However, to take care of the manufacturing defects, 10 % additional material has to be purchased. The procurement cost is Rs. 50 per purchase order and the inventory carrying cost is 24%. If the price per unit of the item is Rs. 11

1. Calculate E.O.Q.
2. What is the total cost of the existing inventory policy?
3. How much can the company save by switching over to E.O.Q. purchases?

Q3: Why is it necessary to identify the bottleneck machine quickly and accurately? What steps need to be taken to identify the bottleneck machine quickly and accurately?

Q4: Increasing the efficiency of every department kills the efficiency of the organization ---Discuss

Q5: Enlist the different functions of the purchase department. Do not describe.

Q6: For the efficient functioning of the purchase department policy decisions are required. What are the different parameters for which policy decisions are required?