MEASI INSTITUTE OF MANAGEMENT
CHENNAI-14

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Inventory and Warehousing Management PMF28

Question Bank

SECTION A

1. Define Inventory.
2. What is SKU?
3. What is Decoupling?
4. Define Setup cost.
5. What is Inventory Turn-over?
6. Discuss the objectives of Inventory Management
7. What are the various types of inventory?
8. Discuss how the efficiency of Inventory Management can be increased?
9. Discuss the Various types of costs associated with Inventory
10. Maintenance, Repairs and Operating (MRO) supplies
11. ABC Analysis
12. Categorization of Inventories
13. Bar Coding
14. Economic Order Quantity
15. . Economic lot size
16. Selective inventory control
17. JIT
18. Kanban.
19. DRP

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SECTION B

20. Define the term inventory. Give a few examples.
21. Explain the meaning of Inventory Control
22. Describe the three main objectives of Inventory Control
23. Explain how an Inventory Control Manager would achieve each of these objectives. Illustrate your answer with examples.
24. List six consequences of a poor Inventory Control System.
25. Suggest five ways of reducing wastes through effective stores operations.
26. In which circumstance is Forecasting used as an Inventory Control technique. Give an example
27. Describe two benefits and two drawbacks of a Just In Time (JIT) supply system. Give examples to illustrate your points.
28. Explain the meaning of "Standardization of stock items". Give examples.
29. Mention and explain the factors that have a bearing on Site selection in Warehouse location . Discuss also in detail macro & micro approached in WH selection and acquisition.
30. Discuss briefly constituents of Consumption Rate and Lead Time with regard to Safety Stock
31. Explain in detail the costs involved in EOQ.
32. Explain factors influencing finished goods inventory.
33. Analyse inventory of your company in terms of FSN and discuss how you will deal with slow and non-moving items?
34. For assembly type of products, MRP will work better-explain in detail.
35. Advantage of vendor managed inventory.
36. Analysis of spare parts inventory.
37. Reorder level system.
38. Qualitative techniques of demand forecasting.
39. How will you account for loss and pilferage while accounting for inventories?
40. What do you understand by the ABC analysis and how is it useful in inventory control?
41. Explain the uses of ERP in inventory control.
42. Discuss where and when the P model and Q model of inventory replenishment can be Used?

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SECTION C

43. Calculate Ordering Level, Minimum Level and Maximum Level from the following data:

Re-order quantity	1,500 units
Re-order period	4 to 6 weeks
Maximum consumption	400 units per week
Average consumption	300 units per week
Minimum consumption	250 units per week

44. The following information is available in respect of component DP 5:

a. Maximum stock level 8,400 units
b. Budgeted consumption- maximum 1,500 units per month
c. Budgeted consumption- minimum 800 units per month
d. Estimated delivery period Maximum 4 months and minimum 2 months
e. You are required to calculate Re-order level

45. From the following date for the last twelve months, compute the Average Stock Level for a component.

Maximum usage in a month	300 units
Minimum usage in a month	200 units
Average usage in a month	225 units
Re-ordering quantity	750 units
Time lag procurement of material	Maximum 6 months and Minimum 2 months

46. **Case Study:**

Mr. Karthik, CEO of M/s. Fantastic Foods Pvt. Ltd. is not happy recently on the performance of materials department in general and inventory in particular of his organization. He has given nod to his Materials Manager Mr. Surendra to appoint an Inventory Control Officer to revamp the department.MM, Mr. Surendra appointed Mr. Rabindra as Inventory Controller to streamline the given assignment. He was given all the required data to analyse and take remedial action.

Based on the above inputs you are asked to find out the answers for following questions:

a. Identify H, M & L classified items with percentage (L equals Rs. 999/- & less, M equals values between Rs.1000/- and Rs. 4999/- and H equals to Rs. 5000/- and more).

b. Identify FSN items and find out how many numbers each class has? How many number of items Mr. Rabindra recommended for speedy disposal?

c. Identify A, B and C items with percentage? What % of items requires moderate control? What percentage of items need very strict consumption control basis? Hardly any check is required for what percentage of items?

47. Calculate **Economic Order Quantity** (EOQ) from the following:

Annual consumption	6,000 units
Cost of ordering	Rs. 60

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Carrying costs Rs. 2

48. From the following particulars, calculate the Economic Order Quantity (EOQ):
Annual requirements 1,600 units
Cost of materials per units Rs. 40
Cost of placing and receiving one order: Rs. 50
Annual carrying cost for inventory value 10%

49. Calculate EOQ from the following?
Consumption during the year = 600 units
Ordering cost Rs. 12 per order
Carrying cost 20%
Selling Price per unit Rs. 20

50. Calculate EOQ from the following data:
Annual Usage/ Demand 100 units;
Procurement cost Rs. 25/- per order; Cost per piece
Rs. 100/-; Cost of carrying Inventory 10%

51. You have a Scooter Manufacturing unit producing 1 lakh scooters per year in 3 varieties. How will you arrange MRP system-show your Master Production Schedule and other processes.

52. The head of an engine gasket shows time independent behaviour. The average demand for these items is 12 items per month. The shortage costs of these items is worked out to be Rs. 500 per item, the price of the component is Rs.50 per item and the cost of carrying inventory is 25%. What buffer stock should be maintained for these components if the lead time for procurement of these items is 2 months?

53. With reference to a warehouse of your choice, describe five main operations which the Warehouse Manager is required to perform in order to provide a satisfactory level of service. Illustrate your answer with appropriate examples.

54. Distinguish between private and public warehouses. Explain in detail the functioning of a warehouse with an example.

55. Explain customer order cycle with help of an example.

56. What are the different material handling equipment.? What are the objectives of material handling?

57. Explain the procurement process with help of examples.

58. Discuss the latest trends in warehousing management.

59. What is EMI and how different is it from JIT?

60. What are the economic and service benefits of having a warehouse?

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