

**B.E (Chemical) - 10th Semester**  
**Purchase and Materials Management**  
**MST-June, 2021**

*Time allowed: 1hour*

*Max. Marks: 25*

**Instructions**

*Attempt 2 questions in all (12.5\*2)*

- I. What is inventory management? Explain in detail the methods of Inventory management
- II. Explain the steps involved in Material requirement planning
- III. Explain in detail about the stores accounting and stock verification systems
- IV. Explain how effective management of Materials function contributes to meeting customer requirement and profitability.
- V. (a) Explain the principles in effective material handling  
(b) A customer has been ordering 5000 units at the rate of 1000 units per order during last year. The production cost is Rs12 per unit- Rs 8 for materials and labor and Rs4 overhead cost. It costs Rs1500 to set up for one run of 1000 units and inventory carrying cost is 20% of the production cost. Since this customer may buy at least 5000 units this year, the company would like to avoid making five different production runs. Determine the most economic production run.