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## **Department of Management Studies**

### **2 Mark Questions and Answers**

#### **Unit IV : Materials Management**

**1. What are the types of inventory cost?**

- Ordering cost
- Carrying cost

**2. What is capital cost?**

It is the loss of interest on money involved invested in inventory building & inventory control equipment.

**3. What is inventory control?**

When to replenish the inventory of an item.

How much of an item to order when the inventory of the item is to be replenished.

**4. What is economic order quantity?**

The sum of ordering cost& carrying cost for each item order size which is equal to total cost. The ordersize at which the total cost is minimum is caused economic quantity  $q$ =optimal order size.

**5. What is back order?**

The time or order will be received instantaneous and they are consumed at a constant rate. The purchase price per unit remains same irrespective of order size. If there is no stock at the time of receiving a request for the items, it is assured that it will be satisfied at a later date with a penalty.

**6. What are the types of wastages in JIT?**

Over production , Higher cost waiting time & delay ,Unnecessary handling or transportation ,Unnecessary inventory ,Processing waste, Inefficient work methods, Defective products.

**7. What is bill of material?**

It provides the information recording all the materials parts and the subassembly that go in to the end product.

**8. What is product explosion?**

It is the process of determining from the product structure and planned order releases and the gross requirements for components.

**9. What is pegging?**

It is the process of tracing mrp records and all the levels of the product structure to identify how changes in the record of one components with affects the record of the other component.

**10. What is cyclic counting?**

Counting on on hand inventory at regular intervals to verify inventory quantities shown in theMRP.

**11. What is time fence?**

It designated the length of time that must pass without changing the mps to stabilize the mrp system.

**12. What is period order quantity?**

It also order quantity and lot sizing policy in which order quantity varies according to a comparision of holding order cost.

**13. What is manufacturing resource planning II?**

It addresses the planning a control activity related to materials, capacity, finance , engineering , sales & marketing.

**14. What is closed loop MRP II?**

A system built around material requirement planning I and also including additional planning functions such as crp & mps.

**15. What is distribution requirement planning?**

A time phased stock replenishment plan for all levels of a distribution network using the MRP planning logic.

16. Define ordering cost.

In the EOQ model, **order costs** are the incremental **costs** of processing an **order** of goods from a supplier.

17. Define carrying cost.

In the EOQ model, **order costs** are the incremental **costs** of processing an **order** of goods from a supplier.

18. Define fixed order quantity system.

Arrangement in which inventory level is continuously monitored and replenishment stock is ordered is **fixed quantity** whenever at-hand stock falls to the reorder point.

19. Define Project Management

Project management is the application of processes, methods, skills, knowledge and experience to achieve specific project objectives according to the project acceptance criteria within agreed parameters. Project management has final deliverables that are constrained to a finite timescale and budget.

20. Inventory Management

Inventory management refers to the process of storing, ordering, and selling of goods and services. The discipline also involves the management of various supplies and processes.

One of the most critical aspects of inventory management is managing the flow of raw materials from their procurement to finished products. The goal is to minimize overstocks and improve efficiency so that projects can stay on time and within budget.