

SRM VALLIAMMAI ENGINEERING COLLEGE

(An Autonomous Institution)

SRM Nagar, Kattankulathur – 603 203

DEPARTMENT OF MANAGEMENT STUDIES

QUESTION BANK

III SEMESTER

PBA 502 – MATERIALS MANAGEMENT

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Prepared by

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UNIT – I – INTRODUCTION

SYLLABUS: Materials Management Process – Purpose – Aggregate planning – Role, need, strategies, costs techniques, approaches – Master scheduling – Manufacturing planning and control system – Manufacturing resource planning – Enterprise resource planning – Making the production plan.

PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is a value package in production process?	Level 1	Remembering
2.	What is operations management?	Level 2	Understanding
3.	Define order qualifiers.	Level 1	Remembering
4.	What are order winners?	Level 1	Remembering
5.	What is aggregate planning?	Level 1	Remembering
6.	List the objectives of aggregate planning.	Level 2	Understanding
7.	What is MPS?	Level 1	Remembering
8.	List the chief objectives of developing an MPS.	Level 2	Understanding
9.	What is FAS?	Level 1	Remembering
10.	What are make-to-stock products?	Level 1	Remembering
11.	List out the factors that govern the operating environment.	Level 1	Remembering
12.	What do you understand by MPC?	Level 2	Understanding
13.	What is MRPII?	Level 1	Remembering
14.	Define Inventory.	Level 2	Understanding
15.	What is the American Production and Inventory Control Society's definition of MRP?	Level 1	Remembering
16.	List the chief benefits of ERP.	Level 1	Remembering
17.	What are the product groups?	Level 2	Understanding
18.	What is make-to-order strategy?	Level 2	Understanding
19.	What is subcontracting?	Level 1	Remembering
20.	List the risks carried by ERP.	Level 2	Understanding
21.	What is closed loop MRP?	Level 2	Understanding
22.	Define Materials Management.	Level 2	Understanding
23.	What are Assemble-to-order products?	Level 1	Remembering
24.	State the inputs of MRP system.	Level 1	Remembering

PART- B			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	How do environmental factors affect a specific organization's operations?	Level 3	Applying
2.	Analyze how different factors influence aggregate planning decisions in a manufacturing firm	Level 4	Analyzing
3.	Apply different aggregate planning strategies to a given business scenario. How do they address planning needs?	Level 3	Applying
4.	Analyze the interrelationship between various MPC system activities and their impact on production efficiency.	Level 4	Analyzing
5.	Distinguish between aggregate planning and MPS.	Level 3	Applying
6.	Analyze the relationship between aggregate planning variables and the development of a Master Production Schedule (MPS).	Level 4	Analyzing
7.	What do you mean by materials planning? Describe the objectives and prerequisites of a good materials management system.	Level 4	Analyzing
8.	Explain the advantages of master scheduling and manufacturing resource planning.	Level 3	Applying
9.	Construct a flowchart to demonstrate how MRP I and MRP II processes function in a production system.	Level 3	Applying
10.	Analyze the benefits and limitations of MRP-II in terms of their impact on operational performance.	Level 4	Analyzing
11.	How would you apply the knowledge of ERP evolution to understand the development of modern ERP systems in an organization?	Level 3	Applying
12.	Compare the benefits and limitations of ERP systems and assess their impact on different functional areas of a business.	Level 4	Analyzing
13.	Elaborate the 8 key elements for successful ERP implementation.	Level 4	Analyzing
14.	How would you apply risk management strategies to address the 3 key risks involved in ERP implementation?	Level 3	Applying
15.	Difference between MRP and ERP.	Level 3	Applying
16.	Analyze different production planning strategies and evaluate their suitability for various manufacturing environments.	Level 4	Analyzing
17.	How do you prepare the production plan? Explain with a suitable example.	Level 3	Applying

UNIT – II- MATERIALS PLANNING			
SYLLABUS: Materials requirements planning – Bill of materials – Resource requirement planning – Manufacturing resource planning – Capacity management – Scheduling orders – Production activity control – Codification.			
PART- A			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What is MRP?	Level 1	Remembering
2.	Define Dependent Demand.	Level 2	Understanding
3.	How MRP is being used?	Level 1	Remembering
4.	What is Lead time?	Level 1	Remembering
5.	What is bill of materials?	Level 1	Remembering
6.	List the 3 points of consideration in bill of materials.	Level 2	Understanding
7.	What is product tree?	Level 1	Remembering
8.	What is resource requirement planning?	Level 2	Understanding
9.	What is bill of materials?	Level 1	Remembering
10.	What is planning horizon?	Level 1	Remembering
11.	Define capacity.	Level 1	Remembering
12.	What is capacity planning?	Level 2	Understanding
13.	List the benefits of production scheduling.	Level 1	Remembering
14.	What is PAC?	Level 2	Understanding
15.	What are the three categories in which manufacturing processes can be classified?	Level 1	Remembering
16.	What is intermittent manufacturing?	Level 1	Remembering
17.	What is codification?	Level 2	Understanding
18.	List the advantages of codification.	Level 2	Understanding
19.	What is bar coding?	Level 1	Remembering
20.	What is the manufacturing application of bar codes?	Level 2	Understanding
21.	What is flow manufacturing?	Level 2	Understanding

22.	What is arbitrary approach in coding?	Level 2	Understanding
23.	What is symbolic approach in coding?	Level 1	Remembering
24.	Define scheduling.	Level 1	Remembering

PART- B			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	How would you apply the MRP process to plan material requirements for a manufacturing order?	Level 3	Applying
2.	Analyze various materials planning methods and evaluate their effectiveness in different organizational contexts.	Level 4	Analyzing
3.	How would you apply the steps of materials requirement planning (MRP) to develop a production schedule for a given case?	Level 3	Applying
4.	Analyze the structure of a BOM and evaluate its role in different stages of the manufacturing process.	Level 4	Analyzing
5.	Explain the various stages of manufacturing resource planning with suitable diagram.	Level 3	Applying
6.	How would you apply different alternative sources of capacity to solve a capacity planning problem in a manufacturing setup?	Level 3	Applying
7.	Discuss the process of capacity requirement planning.	Level 4	Analyzing
8.	Explain in detail RCCP & CRP.	Level 3	Applying
9.	How would you apply RCCP and CRP techniques to solve a production scheduling problem?	Level 3	Applying
10.	Analyze the differences between forward and backward scheduling and evaluate their advantages and disadvantages in various manufacturing scenarios.	Level 4	Analyzing
11.	How would you apply order scheduling to improve production efficiency in a manufacturing setting?	Level 3	Applying
12.	Compare the categories of the PAC system and discuss their impact on production planning and control.	Level 4	Analyzing
13.	What is flow manufacturing? Discuss its characteristics in detail.	Level 4	Analyzing
14.	Demonstrate the use of bar-coding technology to solve common tracking problems in a warehouse.	Level 3	Applying
15.	Explain the process of production activity control with suitable examples.	Level 3	Applying

16.	Evaluate the benefits and challenges of adopting international codification standards in global supply chains.	Level 4	Analyzing
17.	What are the requirements for codes and discuss any two company's codification process.	Level 3	Applying

UNIT – III– INVENTORY MANAGEMENT			
SYLLABUS: Policy Decisions – Objectives – Control – Retail Discounting Model, Newsvendor Model – EOQ and EBQ models for uniform and variable demand with and without shortages – Quantity discount models – Probabilistic inventory models.			
PART- A			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Why are logistical strategies designed?	Level 1	Remembering
2.	What is inventory?	Level 2	Understanding
3.	List the objectives of inventory management.	Level 1	Remembering
4.	Enumerate any 2 problems found in inventory management.	Level 1	Remembering
5.	What is retail discounting model?	Level 1	Remembering
6.	What is EOQ?	Level 2	Understanding
7.	What is EBQ?	Level 1	Remembering
8.	List out the cost associated with inventory management.	Level 2	Understanding
9.	Define holding/carrying cost.	Level 1	Remembering
10.	Define setup /ordering cost.	Level 1	Remembering
11.	Define shortage/stock out cost.	Level 1	Remembering
12.	What are the variables of EBQ model?	Level 2	Understanding
13.	What is quantity discount model?	Level 1	Remembering
14.	What are advantages of holding a sizeable inventory?	Level 2	Understanding
15.	What are the drawbacks of carrying a large inventory?	Level 1	Remembering
16.	What is Newsvendor model?	Level 1	Remembering
17.	What is probabilistic inventory model?	Level 2	Understanding
18.	Classify inventory management models.	Level 2	Understanding
19.	Define safety stock. How can safety stock be computed?	Level 1	Remembering
20.	How is the reorder point determined? Illustrate with an example and graphically.	Level 2	Understanding

21.	What is Quantity discount.	Level 2	Understanding
22.	Why are logistical strategies designed?	Level 2	Understanding
23.	What is inventory?	Level 1	Remembering
24.	List the objectives of inventory management.	Level 1	Remembering

PART- B			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	How would you apply the advantages of holding sizeable inventory to improve production continuity in a manufacturing process?	Level 3	Applying
2.	Discuss the concept of Inventory control systems.	Level 3	Applying
3.	Analyze the assumptions and components of the newsvendor model and evaluate its effectiveness in managing inventory risk.	Level 4	Analyzing
4.	Explain the EOQ and EBQ Models for uniform and variable demand with and without shortage. When is each model used in a firm?	Level 4	Analyzing
5.	List out the need and objectives of inventory management. How is it critical in maintaining correct level of stocks in a firm?	Level 3	Applying
6.	Demonstrate the use of specific control techniques to achieve policy objectives in a real-world scenario.	Level 3	Applying
7.	Raw material requirements of a Rudraksha automobiles are fulfilled by a supplier/vendor. The annual demand of the firm is 4500 units; ordering costs and carrying costs are ₹. 50 per order and 10% of the purchase price per unit per month respectively. If the purchase price is ₹.1 per unit, find the following. i) Economic Order Quantity(EOQ) ii) Total cost w.r.t. EOQ, iii) Number of orders placed in a year and Time between two successive orders(lead time)	Level 4	Analyzing
8.	Akshaya air craft company uses rivets at an approximate customer rate of 2500 kg per year. Each unit costs ₹. 30 per kg and the company personnel estimate that it cost carrying cost ₹.130 to place an order, and that the carrying costs of inventory is 10% per year. How frequently should order ₹. Of rivets be placed? Also determine the optimum size of each order.	Level 4	Analyzing
9.	Amarnath aircraft uses rivets at an approximately constant rate 5000 kg per year. The rivets costs ₹.20 per kg and the company personnel	Level 4	Analyzing

	<p>estimate that it cost ₹.200 to place an order and the carrying cost of inventory is 10% per year.</p> <p>i) How frequently should orders for rivets be placed and what quantities should be ordered?</p> <p>ii) If the actual costs are ₹.500 to place an order and 15% for carrying cost the optimum policy would change. How much is the company losing per year because of imperfect cost information?</p>		
10.	<p>The demand for one of the components used by Chaanakya industries is 9000 units per year. The holding/carrying cost of each unit is ₹.500 per year, the ordering cost is ₹.1000 per order and the shortage cost is ₹.1500 per unit per year. Find the</p> <p>i) Optimal values of economic order quantity</p> <p>ii) Maximum inventory</p> <p>iii) Maximum shortage quantity</p> <p>iv) Cycle time(t)</p> <p>v) Inventory period(T1)</p> <p>iii) Shortage period(T2)</p>	Level 4	Analyzing
11.	<p>The annual demand for Bilva Group of companies is 24000 units. The carrying cost is ₹.0.40/unit/year, the ordering cost is ₹.20 per order and the back order cost is ₹.10/unit/year. Find the optimal values of the following.</p> <p>i) EOQ</p> <p>ii) Maximum inventory</p> <p>iii) Maximum shortage quantity</p> <p>iv) Cycle time</p> <p>v) Inventory period(t1)</p> <p>vi) Shortage period(t2).</p>	Level 4	Analyzing
12.	<p>Contractor Vinaayak has to supply 10000 bearings per days to Kumaran industries. He finds that when he starts a production run, he can produce 25000 bearings per day. The cost of holding a bearing per day is ₹. 0.0020 per bearing per day and the setup cost of a production run is ₹.720. How frequently should the production be planned?</p>	Level 4	Analyzing
13.	<p>The demand for an item in a company is 18000 units per year, and the company can produce the item at a rate of 3000 per month. The cost of one setup is ₹.500 and the holding cost of one unit is ₹.1 per unit per month. The shortage cost of one unit is ₹.20 per month. Determine the optimum manufacturing quantity and the number of</p>	Level 4	Analyzing

	shortages. Also determine the manufacturing time and time between setups.																																						
14.	<p>Annual demand for Anubava enterprise for an item is 6000 units. Ordering cost is ₹.600 per order. Inventory carrying cost is 18% of the purchase price/unit/year. The price breakups are as shown below,</p> <table border="1"> <thead> <tr> <th>Quantity</th> <th>Price(in ₹.) per unit</th> </tr> </thead> <tbody> <tr> <td>$0 \leq Q_1 \leq 2000$</td> <td>20</td> </tr> <tr> <td>$2000 \leq Q_2 \leq 4000$</td> <td>15</td> </tr> <tr> <td>$4000 \leq Q_3 \leq$</td> <td>9</td> </tr> </tbody> </table> <p>Find the optimal order size.</p>	Quantity	Price(in ₹.) per unit	$0 \leq Q_1 \leq 2000$	20	$2000 \leq Q_2 \leq 4000$	15	$4000 \leq Q_3 \leq$	9	Level 3	Applying																												
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15.	<p>The daily demand of Sesame Oil at a kiosk follows a discrete distribution as given below.</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Demand, D</th> <th>Probability P</th> </tr> </thead> <tbody> <tr><td>1</td><td>25</td><td>0.2</td></tr> <tr><td>2</td><td>26</td><td>0.11</td></tr> <tr><td>3</td><td>27</td><td>0.10</td></tr> <tr><td>4</td><td>28</td><td>0.09</td></tr> <tr><td>5</td><td>29</td><td>0.08</td></tr> <tr><td>6</td><td>30</td><td>0.12</td></tr> <tr><td>7</td><td>31</td><td>0.14</td></tr> <tr><td>8</td><td>32</td><td>0.05</td></tr> <tr><td>9</td><td>33</td><td>0.04</td></tr> <tr><td>10</td><td>34</td><td>0.04</td></tr> <tr><td>11</td><td>35</td><td>0.03</td></tr> </tbody> </table> <p>The purchase price of the Sesame oil is ₹.8 per packet. The selling price is ₹.11 per packet. If the sesame oil bottles are not sold within the day of purchase, they are sold at ₹. 4 per bottle to hotels for secondary use. Find the optimal order size of the sesame oil.</p>	S. No.	Demand, D	Probability P	1	25	0.2	2	26	0.11	3	27	0.10	4	28	0.09	5	29	0.08	6	30	0.12	7	31	0.14	8	32	0.05	9	33	0.04	10	34	0.04	11	35	0.03	Level 4	Analyzing
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16.	How would you apply the probabilistic inventory model and quantity discount model to optimize inventory decisions in uncertain demand scenarios?	Level 3	Applying																																				
17.	Explain the advantages and disadvantages of quantity discount model and probabilistic inventory model.	Level 4	Analyzing																																				

UNIT – IV – PURCHASING MANAGEMENT

SYLLABUS: Establishing specifications – Selecting suppliers – Price determination – Forward buying – Mixed buying strategy – Price forecasting in purchasing – Buying seasonal commodities– Purchasing under uncertainty– Demand management – Purchasing of capital equipment– International purchasing.

PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What are the basic types of purchase contracts?	Level 1	Remembering
2.	What are the common objectives of the purchasing function?	Level 2	Understanding
3.	What are the approaches for price determination?	Level 1	Remembering
4.	What is a purchase order?	Level 1	Remembering
5.	What is a limited tender?	Level 1	Remembering
6.	What is BOM?	Level 2	Understanding
7.	What are the five R's of purchasing?	Level 1	Remembering
8.	What is forward buying?	Level 2	Understanding
9.	List out the factors affecting supplier selection.	Level 1	Remembering
10.	What is Blanket order?	Level 1	Remembering
11.	What is diversified purchasing?	Level 1	Remembering
12.	What is Industrial buying?	Level 2	Understanding
13.	What is competitive bidding?	Level 1	Remembering
14.	Define forecasting.	Level 1	Understanding
15.	What is seasonal index?	Level 1	Remembering
16.	What are the different methods of vendor rating?	Level 1	Remembering
17.	What are made-to-order items?	Level 2	Understanding
18.	What is contract buying?	Level 2	Understanding
19.	What is LCSS?	Level 1	Remembering
20.	What is JIT?	Level 2	Understanding
21.	What is supply seasonality?	Level 2	Understanding
22.	What is the concept of 'best buy'?	Level 2	Understanding
23.	What are risks involved in seasonal commodities?	Level 1	Remembering
24.	Write a short note on vendor rating.	Level 1	Remembering

PART- B			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Explain the responsibilities of a Purchase manager.	Level 3	Applying
2.	Discuss the factors affecting supplier selection.	Level 3	Applying
3.	Describe the forward buying and mixed buying strategy with examples.	Level 4	Analyzing
4.	Explain the various price forecasting methods in materials management	Level 4	Analyzing
5.	Explain the procedure involved in selecting suppliers.	Level 3	Applying
6.	Describe the different methods of price determination.	Level 4	Analyzing
7.	Describe the steps involved in purchasing process in an organization.	Level 3	Applying
8.	How does a firm forecast demand and price of materials for purchase?	Level 4	Analyzing
9.	Explain the merits and demerits of forward buying and mixed buying strategy with day today examples.	Level 3	Applying
10.	Discuss the advantages and limitations of International Purchasing.	Level 4	Analyzing
11.	Explain the Strategies for Trading Seasonal Trends in Commodities.	Level 3	Applying
12.	Elaborate the impact of supply and demand in seasonal commodities.	Level 3	Applying
13.	Describe the Decisions towards purchasing under Uncertainty with examples.	Level 4	Analyzing
14.	Elucidate Delphi concept and its procedures used in case of buying under uncertainty.	Level 3	Applying
15.	Elaborate the procurement under demand management.	Level 4	Analyzing
16.	Explain the considerations of purchasing a capital equipment.	Level 3	Applying
17.	Describe the strategies and logistical challenges in International Purchasing.	Level 4	Analyzing

UNIT –V– WAREHOUSE MANAGEMENT

SYLLABUS: Warehousing functions – Types, safety measures and compliance – Stores management, stores systems and procedures, incoming materials control, stores accounting and stock verification – Obsolete, surplus and scrap value analysis – Material handling – Transportation and traffic management – Operational efficiency – Productivity cost effectiveness – Performance measurement.

PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	List the activities under stores layout and administration.	Level 1	Remembering
2.	What is a warehouse?	Level 2	Understanding
3.	What are material receipts?	Level 1	Remembering
4.	List the activities under material inspection.	Level 1	Remembering
5.	What is material requisition?	Level 1	Remembering
6.	Why is inspection important?	Level 2	Understanding
7.	What are statutory compliances?	Level 1	Remembering
8.	What is the basic purpose of stores accounting?	Level 2	Understanding
9.	Distinguish between FIFO and LIFO	Level 1	Remembering
10.	Define Stock Verification.	Level 1	Remembering
11.	Define surplus.	Level 1	Remembering
12.	What is obsolete?	Level 2	Understanding
13.	What is scrap?	Level 1	Remembering
14.	List at least four material handling devices.	Level 2	Understanding
15.	What is a freight elevator?	Level 1	Remembering
16.	What is performance management?	Level 1	Remembering
17.	List the reasons for measuring performance.	Level 2	Understanding
18.	What is non-moving inventory?	Level 2	Understanding
19.	What is value analysis?	Level 1	Remembering
20.	List the types of value.	Level 2	Understanding
21.	What is traffic management?	Level 2	Understanding
22.	List the terms used in imports.	Level 2	Understanding
23.	What is Material handling Labor ratio?	Level 1	Remembering
24.	What is Direct Labor handling Loss ratio?	Level 1	Remembering

PART- B			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Discuss the factors affecting warehouse location in detail.	Level 3	Applying
2.	Explain the components of logistics system.	Level 4	Analyzing
3.	Illustrate the factors affecting the total cost of transportation.	Level 3	Applying
4.	Describe the stores accounting and stock verification process.	Level 4	Analyzing
5.	Explain the fixed and the floating systems of stock location.	Level 3	Applying
6.	Explain distribution requirement planning (DRP)?	Level 4	Analyzing
7.	Explain the necessity to have a standardized stores management procedure.	Level 3	Applying
8.	Explain the principles of effective material handling.	Level 4	Analyzing
9.	Write a short note on the following: (i) Traffic Management (ii) Productivity (iii) Cost effectiveness (iv) Warehouse Management	Level 3	Applying
10.	Describe the categorization of Obsolete and obsolescence, with justification.	Level 3	Applying
11.	Explain how to control the scrap and measures to control of obsolescence.	Level 4	Analyzing
12.	Describe the factors influencing the Material Handling and the methods to reduce the cost.	Level 3	Applying
13.	Elucidate the Operational Efficiency in Warehousing.	Level 4	Analyzing
14.	Explain various methods to Improve Warehouse Efficiency & throughput.	Level 3	Applying
15.	Explain the Warehouse Strategy Ideas for Improved Warehouse Operations towards cost effectiveness.	Level 4	Analyzing
16.	Narrate the benefits of WMS.	Level 3	Applying
17.	Elaborate the Key Performance Indicators (KPI's) that are most useful for WMS.	Level 4	Analyzing