

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**Post-Graduate Dept. of Commerce**  
**M.Com (Part-II), Semester-III, Semester End Examination, January 2021**  
**COO 320: Materials Management (0A-18A)**

**Duration: 2hrs**

**Max Marks: 40**

**Instructions:**

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.

**QI Write short notes on the following:**

**(5x2=10)**

- i. Lead time
- ii. TQM
- iii. JIT
- iv. Value Analysis
- v. LIFO / FIFO

**QII. Answer ANY 3 of the following in 200-220 words each**

**(03x10=30)**

**Q.1** 'Integrated Materials Management coordinates interdepartmental activities efficiently and hence helps in cost reduction and profit improvement'. Discuss this statement. **10**

**Q.2** Why is materials management essential in the present industrial situation. Discuss critically. **10**

**Q.3** Discuss the objectives and scientific methods of negotiations. **10**

**Q.4** How is ABC analysis combined with XYZ situation to result in effective control of inventory? **10**

**Q.5** Local sourcing is a strategy very assiduously followed by McDonald's to serve its business purpose and to build local goodwill by benefitting farmers and entrepreneurs. McDonald's India purchases more than 96% of its products and supplies domestically. The restaurants are constructed using local architects, contractors, labour and maximum local content in materials.

The corporation very carefully selects the suppliers to ensure that the quality and delivery standards are satisfied. Suppliers must adhere to national regulations on food, health and hygiene while continuously maintaining McDonald's recognized standards. The suppliers are

supported with arrangements for provision of international technology to make sure that local supplies match its standards.

Further, as the required quality potato was not available in India, McDonald's and its supplier partner, McCain Foods Pvt. Ltd., began to work closely with farmers in Gujarat and Maharashtra to develop process-grade potato varieties. Leaders in agronomy, technology and innovation partnered with McDonald's to work with farmers in Gujarat to interact with agronomists to demonstrate best practices in their fields.

i) Comment on the strategic sourcing practices of McDonald's 05

ii) Evaluate the Supplier Development strategies of the firm. 05

**Q.6**Exo Ltd. uses 3 types of materials A, B and C for the production of its final product. The relevant monthly data for the components are as given below:

	A	B	C
Normal usage (units)	200	150	180
Minimum usage (units)	100	100	90
Maximum usage (units)	300	250	270
Reorder quantity (units)	750	900	720
Reorder period (months)	2 to 3	3 to 4	2 to 3

You are required to calculate a) Re-order level b) Minimum level c) Maximum level  
d) Average stock level 10