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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – MAY 2025** |
| **Date:** 22-05-2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOM-UG | **Program:** BBA (E commerce & supply chain management) | |
| **Course Code:** BBA3040 | **Course Name:** Purchase and Inventory Management | |
| **Semester**: VI | **Max Marks**: 100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **30** | **30** | **22** | **24** | **-** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. 10Q x 2M=20M** | | | | |
| **1.** | Define purchasing management. | **2 Marks** | **L1** | **CO1** |
| **2.** | Describe the term “make or buy decision”. | **2 Marks** | **L2** | **CO2** |
| **3.** | List any two ethical standards in purchasing. | **2 Marks** | **L1** | **CO1** |
| **4.** | State the features of modern purchasing practices? | **2 Marks** | **L1** | **CO2** |
| **5.** | Name any two vendor evaluation criteria. | **2 Marks** | **L1** | **CO1** |
| **6.** | Distinguish between blanket purchase order and normal purchase order. | **2 Marks** | **L2** | **CO2** |
| **7.** | Name two ICT tools used in modern inventory management. | **2 Marks** | **L1** | **CO4** |
| **8.** | Show a method to assess vendor performance. | **2 Marks** | **L1** | **CO2** |
| **9.** | Choose a way to manage excess stock using inventory strategies. | **2 Marks** | **L1** | **CO3** |
| **10.** | Define supply chain management (SCM). | **2 Marks** | **L1** | **CO1** |

**Part B**

**Answer ALL the Questions. Each question carries 7 Marks. Total Marks 35M**

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| 11. | a. | Explain the role of purchasing in supply chain management. | 07 Marks | L2 | CO1 |
| Or | | | | | |
| 12. | **a.** | Describe the process and significance of the key stages involved in the purchasing cycle. | **07 Marks** | **L2** | **CO1** |

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| 13. | a. | Explain the importance of the "make or buy" decision and its impact on effective procurement planning. | 07 Marks | L2 | CO2 |
| Or | | | | | |
| 14. | **a.** | Differentiate between traditional and modern purchasing practices. | **07 Marks** | **L2** | **CO2** |

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| 15. | a. | Determine the importance of stock classification in inventory planning. | 07 Marks | L2 | CO3 |
| Or | | | | | |
| 16. | **a.** | Explain the business implications of holding excess inventory. | **07 Marks** | **L2** | **CO3** |

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| 17. | a. | Identify how MRP (Material Requirements Planning) helps in inventory control. | 07 Marks | L3 | CO4 |
| Or | | | | | |
| 18. | **a.** | Explain the methods and importance of maintaining optimal stock levels in a retail chain store. | **07 Marks** | **L2** | **CO4** |

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| 19. | a. | Illustrate the role of bar code scanners in enhancing inventory accuracy and their significance in inventory management. | 07 Marks | L2 | CO5 |
| Or | | | | | |
| 20. | **a.** | Design a simple inventory tracking system using cloud-based tools. | **07 Marks** | **L3** | **CO5** |

**Part C**

**Answer any Three Questions. Each question carries 15 marks 3Q x 15M=45M**

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| 21. | a. | Kavya Enterprises is a mid-sized distributor of electronic accessories. The company holds various types of inventories including raw materials, work-in-progress (WIP), and finished goods. Recently, the management noticed that while some items like USB cables and mobile chargers were moving fast, other items like outdated adapters were piling up. This led to high storage costs and blocked working capital. The operations manager suggested applying ABC analysis to classify inventory and focus more on high-value, fast-moving items.  Questions:   1. Based on the case, identify the types of inventories maintained by Kavya Enterprises. 2. Organise the ABC analysis which help Kavya Enterprises manage its inventory more efficiently. | 15 Marks | L3 | CO1 |

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| 22. | a. | Vikram Auto Parts Ltd., a growing automotive component manufacturer, produces gear assemblies in-house. Recently, the company has faced rising production costs due to increased raw material prices and equipment maintenance. A supplier approached Vikram Auto Parts offering to supply the same gear assemblies at a lower cost with guaranteed quality and timely delivery. The production manager argues in favor of buying, citing cost savings and focusing on core activities, while the plant head prefers making the parts in-house to maintain control over quality and flexibility.  Questions:   1. Explain the factors of Vikram Auto Parts Ltd. consider before making a make-or-buy decision. 2. Relate outsourcing gear assemblies impact the company’s operations and strategic focus. | 15 Marks | L2 | CO2 |

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| 23. | a. | Aruna Retail Store sells over 500 different products, ranging from daily essentials to premium groceries. Despite maintaining good overall sales, the store often faces stockouts on high-demand items and overstocking on slow-moving ones. To improve inventory efficiency, the store manager decides to implement ABC Analysis. After analysis, they classify items:   * Category A: 20% of items contributing to 70% of sales revenue * Category B: 30% of items contributing to 20% of sales * Category C: 50% of items contributing to 10% of sales   Questions:   1. Identify the ABC analysis that help Aruna Retail Store improve its inventory management. 2. Simply one strategy that can apply for each category (A, B, and C) to manage inventory better. | 15 Marks | L3 | CO3 |

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| 24. | a. | Fresh Mart is a regional supermarket chain specializing in perishable goods like fruits, vegetables, dairy, and frozen foods. The company recently experienced a surge in customer complaints due to frequent stockouts of essential items like milk and bread, while some items like seasonal fruits were found overstocked and wasted. The inventory team realized that their planning was reactive and based on past trends without considering current demand patterns, promotional activities, or supplier lead times. To address this, they decided to revamp their inventory planning by integrating demand forecasting, reorder point systems, and supplier performance metrics.  Questions:   1. Illustrate the key problems faced by Fresh Mart due to poor inventory planning. 2. Analyze the demand forecasting and reorder point systems improve inventory planning for perishable goods. | 15 Marks | L3 | CO4 |