



- 4 (i) Discuss in brief the various tools of method analysis. 7
- (ii) What is work sampling ? Discuss its procedure. 7
- 5 What do you mean by inventory control ? Discuss the various tools of inventory management ? 14
- 6 What do you understand by network analysis ? Explain its objective. 14

### SECTION - B

7 Case study / problem :

A dealer supplies you the following information with regard to a product dealt in by him :

Annual demand = 10,000 units

Ordering cost = Rs. 10 per order

Price = Rs. 20 per unit

Inventory carrying cost = 20 per cent of the value of inventory per year.

The dealer is considering the possibility of allowing some backorder (stockout) to occur. He has estimated that the annual cost of backordering will be 25% of the value of inventory.

(a) What should be the optimum number of units of the product he should buy in one lot ?

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- (b) What quantity of the product should be allowed to be backordered, if any ?
- (c) What would be the maximum quantity of inventory at any time of the year ?
- (d) Would you recommend to allow backordering ? If so, what would be the annual cost saving by adopting the policy of backordering ?

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