Q.1 A company is considering a selective inventory control using the following data:

|  |  |  |
| --- | --- | --- |
| Item | Units | Unit Cost (Rs) |
| 1 | 6000 | 4.00 |
| 2 | 61200 | 0.05 |
| 3 | 16800 | 2.10 |
| 4 | 3000 | 6.00 |
| 5 | 55800 | 0.20 |
| 6 | 22680 | 0.50 |
| 7 | 26640 | 0.65 |
| 8 | 14760 | 0.40 |
| 9 | 20520 | 0.40 |
| 10 | 90000 | 0.10 |
| 11 | 29940 | 0.30 |
| 12 | 24660 | 0.50 |

Assuming the ABC analysis of selective control is indicated, arrange the data for presentation to the management.

Q.2 A company, ABC Ltd., for one of its class 'A' items, placed 8 orders each for a lot of 150 numbers, in a year. Given that the ordering cost is ` 5,400.00, the inventory holding cost is 40 percent, and the cost per unit is ` 40.00. Find out if the company is making a loss in not using the EOQ Model for order quantity policies.

What are your recommendations for ordering the item in the future? And what should be the reorder level, if the lead time to deliver the item is 6 months?