Inventory Management Problems Pdf (1-5)

**Problem # 1:** From the following calculate (i) Re-ordering Level and (ii) Minimum Level

- Minimum usage: 100 units per week
- Normal usage: 200 units per week
- Maximum usage: 300 units per week
- Re-order period: 4 to 6 weeks

**Solution:**

(i) Re-ordering Level

(ii) Minimum Level

**Problem # 2:** Calculate Ordering Level, Minimum Level and Maximum Level from the following data:

- Re-order quantity: 1,500 units
- Re-order period: 4 to 6 weeks
- Maximum consumption: 400 units per week
- Average consumption: 300 units per week
- Minimum consumption: 250 units per week

**Solution:**

(i) Ordering Level

(ii) Minimum Level

(iii) Maximum Level
**Problem # 3:** The following information is available in respect of component DP 5:

- Maximum stock level: 8,400 units
- Budgeted consumption- maximum: 1,500 units per month
- Budgeted consumption- minimum: 800 units per month
- Estimated delivery period: maximum 4 months and minimum 2 months

You are required to calculate Re-order level

**Solution:**

Ordering Level

**Problem # 4:** From the following data for the last twelve months, compute the Average Stock Level for a component.

- Maximum usage in a month: 300 units
- Minimum usage in a month: 200 units
- Average usage in a month: 225 units
- Re-ordering quantity: 750 units
- Time lag procurement of material: Maximum 6 months and Minimum 2 months

**Solution:**

Average Stock Level
Problem # 5: Find out Minimum Stock Level, Maximum Stock Level and Ordering Level from the following particulars:

<table>
<thead>
<tr>
<th></th>
<th>Minimum consumption</th>
<th>Maximum consumption</th>
<th>Re-order quantity</th>
<th>Minimum period for receiving goods</th>
<th>Maximum period for receiving goods</th>
<th>Normal period for receiving goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum consumption</td>
<td>100 units per day</td>
<td>175 units per day</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal consumption</td>
<td>125 units per day</td>
<td></td>
<td>1,500 units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum period for receiving goods</td>
<td>7 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal period for receiving goods</td>
<td>10 days</td>
<td></td>
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</tr>
</tbody>
</table>

Solution:

(i) Ordering Level

(ii) Minimum Level

(iii) Maximum Level