

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**MSc DEGREE EXAMINATION MAY 2026
(Second Semester)**

Branch - HOSPITAL ADMINISTRATION

PURCHASE AND INVENTORY MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	_____ of the following represents the concept of 5Rs in purchasing. (i) Right Price, Right Place, Right Person, Right Quality, Right Time (ii) Right Quality, Right Quantity, Right Price, Right Time, Right Source (iii) Right Source, Right Supplier, Right Quantity, Right Method, Right Time (iv) Right Quality, Right Cost, Right Supplier, Right Delivery, Right Demand	K1	CO1
	2	_____ of the following best explains the importance of indigenous sourcing in supply chain management. (i) It increases dependency on imports (ii) It complicates documentation procedures (iii) It promotes local suppliers and reduces procurement cost (iv) It eliminates the need for government policies	K2	CO1
2	3	_____ is incurred for placing and processing purchase orders in inventory management. (i) Carrying cost (ii) Under-stocking cost (iii) Over-stocking cost (iv) Ordering cost	K1	CO2
	4	_____ type of hospital inventory primarily includes items such as cleaning materials, lubricants, and minor repair tools. (i) Capital items (ii) Consumables (iii) Maintenance items (iv) Emergency inventory	K2	CO2
3	5	_____ inventory control technique classifies items based on their annual consumption value. (i) VED analysis (ii) FSN analysis (iii) ABC analysis (iv) SDE analysis	K1	CO3
	6	Safety stock is maintained in hospital inventory systems _____. (i) To increase ordering frequency (ii) To avoid stock-out during lead time variability (iii) To reduce supplier dependency (iv) To eliminate carrying cost	K2	CO3
4	7	_____ stock valuation method in which the earliest purchased items are issued first. (i) LIFO (ii) FIFO (iii) Weighted Average (iv) Standard Cost	K1	CO4
	8	Codification is important in store management systems because _____. (i) It increases storage space requirements (ii) It simplifies identification and reduces errors in inventory handling (iii) It eliminates the need for stock verification (iv) It increases purchasing cost	K2	CO4

Cont...

5	9	The _____ document used to authorize the issue of materials from the store in a hospital. (i) Purchase Order (ii) Goods Received Note (iii) Material Requisition Note (iv) Invoice	K1	CO5
	10	Proper material handling is essential in hospitals because _____. (i) It increases equipment cost (ii) It reduces efficiency of operations (iii) It ensures safety, minimizes damage, and improves workflow (iv) It eliminates the need for inventory	K2	CO5

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the differences between centralized and decentralized purchasing activities in service organizations.	K2	CO1
		(OR)		
	11.b.	Explain the purchasing cycle in service organizations.		
2	12.a.	Apply the concept of inventory costs to a hospital situation where excess medicines are stored. Illustrate how different costs are affected.	K3	CO2
		(OR)		
	12.b.	Apply suitable spare parts stocking policies for capital items in a hospital and illustrate their importance.		
3	13.a.	Analyze the effectiveness of Just-In-Time (JIT) inventory system in hospital supply chain management.	K4	CO3
		(OR)		
	13.b.	Analyze the suitability of EOQ Model in managing hospital inventory considering quantity discounts and demand variability.		
4	14.a.	Apply the FIFO and LIFO methods to calculate the value of closing stock from the following data: Opening stock: 100 units @ ₹10, Purchases: 200 units @ ₹12, Issues: 150 units	K3	CO4
		(OR)		
	14.b.	Apply appropriate stock verification methods to identify and resolve discrepancies in a hospital store.		
5	15.a.	Evaluate the effectiveness of modern material handling equipment in improving hospital materials management.	K5	CO5
		(OR)		
	15.b.	Assess the factors leading to poor utilization of hospital equipment and justify measures to improve utilization index.		

SECTION - C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Describe the importance of the concept of 5Rs in purchasing.	K2	CO1
2	17	Analyze the different types of hospital inventories and differentiate them based on their usage and importance.	K4	CO2
3	18	Analyze the impact of lead-time and demand variability on inventory models and examine how safety stock and reorder level are determined in hospitals.	K4	CO3
4	19	Design an efficient store management system for a hospital by integrating appropriate store layout, stock verification methods, codification and stock valuation techniques.	K6	CO4
5	20	Design an integrated materials management system for a multi-specialty hospital by incorporating modern inventory techniques, equipment planning, and indigenous practices.	K6	CO5