

Sample Question Paper

Subject- Inventory Management

Subject code 207

Note – This is a sample Question paper for student's exam reference only, might be pattern of paper can be change in actual examination.

Q. 1 The resources used in the conversion process do not include:-

1. Capital
2. Labour
3. Machines
4. Materials

Correct Answer :-

Machines

Q. 2 If the amount of inventory could be _____ both stock out cost & inventory carrying cost to be reduced to the minimum possible level.

1. Reduced to an optimal level
2. Increased to an optimal level
3. Maximum than the optimal level
4. None of these

Correct Answer :-

Reduced to an optimal level

Q. 3 Standard product line inventory control system is used in:-

1. Special purpose manufacturing
2. Mass or assembly line manufacturing
3. Off the shelf manufacturing
4. All of these

Correct Answer :-

Mass or assembly line manufacturing

Q. 4 Cost on materials does not consist of :-

1. Cost of Ordering
2. Cost of Holding
3. Cost of Materials Purchase
4. Shortage Cost

Correct Answer :-

Cost of Materials Purchase

Q. 5 Material management encompasses areas such as:-

1. Purchasing & storing
2. Inventory planning & control
3. Material handling & transport
4. All of these

Correct Answer :-

All of these

Q. 6 _____ is not the MRO inventories.

1. Lubricants
2. Spare parts for machine repairs
3. Grease
4. None of these

Correct Answer :-

None of these

Q. 7 Production planning does not involve:-

1. Demand forecasting and technology forecasting
2. Master production scheduling
3. Sales target forecasting
4. Capacity requirement planning

Correct Answer :-

Sales target forecasting

Q. 8 In case of make to stock strategy, supplier needs maximum lead time to supply.

1. TRUE
2. FALSE

Correct Answer :-

FALSE

Q. 9 Effective utilization of materials and reduction in the capital invested in the form of inventory of materials do not help in improving the return-on-investment.

1. TRUE
2. FALSE

Correct Answer :-

FALSE

Q. 10 Two most common assumptions are that excess demand is either back ordered or foregone.

1. TRUE
2. FALSE

Correct Answer :-

TRUE

Q. 11 To make available stocks when required, is the primary objective of inventory control.

1. TRUE
2. FALSE

Correct Answer :-

TRUE

Q. 12 Standardizing materials & parts for lowest cost manufacturing is carried out in:-

1. Product control cycle
2. Material control cycle
3. Standard product lines
4. None of these

Correct Answer :-

Material control cycle

Q. 13 Manufacturing a special purpose machine as per the customer's specification is the example of production type of:-

1. Standard product line
2. Batch production
3. Custom made or custom built product line
4. Modified production

Correct Answer :-

Custom made or custom built product line

Q. 14 When materials are critical, _____ should be taking into account forecasting for the lead time distribution.

1. Inventory planning
2. Inventory controlling
3. Inventory forecasting
4. Inventory scheduling

Correct Answer :-

Inventory planning

Q. 15 If the salaries are paid to staff of purchase department by company, it comes under

1. Inventory carrying cost
2. Ordering cost
3. Change over cost
4. Cost of running the inventory system

Correct Answer :-

Ordering cost