Inventory Management

1. Independent demand inventory includes:-
   (1) Finished goods & spare parts for replacement
   (2) Service industries inventory
   (3) Wholesale & retail merchandise
   (4) All of the above

2. The cushion used to take care of fluctuations in lead time is termed as:-
   (1) Safety stock
   (2) Optimal level
   (3) Reserve stock
   (4) None of the above

3. When stocks are expensive, it is advisable to incur cost of carrying adequate safety stocks.
   (1) True
   (2) False

4. Inventory carrying charges all _____ of the value of inventory.
   (1) About 30%
   (2) About 5%
   (3) About 20%
   (4) About 10%

5. _________ prevents over production & under production and only necessary quantities are produced.
   (1) Pull system
   (2) Flexible resource system
   (3) Kanban system
   (4) All of the above
6. Cellular layouts reduce materials handling time and cost and provide the flexibility to change the product mix or the production volumes.

   (1) Yes
   (2) No

7. A seasonal pattern is an up & down repetitive movement in demand occurring periodically.

   (1) True
   (2) False

8. Mass production is the production __________ which themselves have seen mass produced.

   (1) Of many diverse products, assembled from standardized parts
   (2) Of small parts, dissembled from standard parts
   (3) Both of the above
   (4) None of the above

9. ______ refers to deliberate reduction of varieties of products & number of parts used to make a product where as ________ refers to reduction in varieties of components, products or materials.

   (1) Simplification; Standardization
   (2) Product; Process
   (3) Standardization; Simplification
   (4) None of the above

10. In numerical codification, _____ normally represents the major category or group to which the item belongs such as raw materials, tools, spare parts, etc.

    (1) Last three digits
    (2) First two digits
    (3) Middle two digits
    (4) None of the above
11. ______ lists all the raw material parts, sub assemblies and assemblies needed to produce one unit of a product.

(1) MPS
(2) Inventory status file
(3) **BOM**
(4) None of the above

12. For computer system, input data does not include:-

(1) **Data regarding inventory records to production planning department**
(2) Production planning data
(3) Product design data
(4) None of the above

13. Inventory related data which are processed in batch mode to achieve the following objective:-

(1) Periodic inventory valuation
(2) Exception reports of high/low stocks
(3) MRP output reports
(4) **All of the above**

14. ______ is a catch all term for the electronic links between warehouses & stores, vendors & purchases & so on, that allow inventory status information to be exchanged on an instantaneous basis.

(1) Electrical devices
(2) **Electronic data interchange**
(3) Electronic discharge machine
(4) None of the above

15. When universal product code is scanned, the following information is recorded in the database of the selling unit:-

(1) Name of product & it's size
(2) SKU number
(3) Selling price & cost
(4) **All of the above**