

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, disassembled 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**