

For More Questions [Click Here](#)

1. Which of the following is not an inventory?

- a. Machines
- b. Raw material
- c. Finished products
- d. Consumable tools

(Ans:a)

2. The following classes of costs are usually involved in inventory decisions except

- a. Cost of ordering
- b. Carrying cost
- c. Cost of shortages
- d. Machining cost

(Ans:d)

3. The cost of insurance and taxes are included in

- a. Cost of ordering
- b. Set up cost
- c. Inventory carrying cost
- d. Cost of shortages

(Ans:c)

4. 'Buffer stock' is the level of stock

- a. Half of the actual stock
- b. At which the ordering process should start
- c. Minimum stock level below which actual stock should not fall
- d. Maximum stock in inventory

(Ans:c)

5. The minimum stock level is calculated as

- a. $\text{Reorder level} - (\text{Normal consumption} \times \text{Normal delivery time})$
- b. $\text{Reorder level} + (\text{Normal consumption} \times \text{Normal delivery time})$
- c. $(\text{Reorder level} + \text{Normal consumption}) \times \text{Normal delivery time}$

- d. $(\text{Reorder level} + \text{Normal consumption}) / \text{Normal delivery time}$

(Ans:a)

6. Which of the following is true for Inventory control?

- a. Economic order quantity has minimum total cost per order
- b. Inventory carrying costs increases with quantity per order
- c. Ordering cost decreases with lo size
- d. All of the above

(Ans:d)

7. The time period between placing an order its receipt in stock is known as

- a. Lead time
- b. Carrying time
- c. Shortage time
- d. Over time

(Ans:a)

8. Re-ordering level is calculated as

- a. Maximum consumption rate \times Maximum re-order period
- b. Minimum consumption rate \times Minimum re-order period
- c. Maximum consumption rate \times Minimum re-order period
- d. Minimum consumption rate \times Maximum re-order period

(Ans:a)

9. Average stock level can be calculated as

- a. Minimum stock level + $\frac{1}{2}$ of Re-order level
- b. Maximum stock level + $\frac{1}{2}$ of Re-order level
- c. Minimum stock level + $\frac{1}{3}$ of Re-order level
- d. Maximum stock level + $\frac{1}{3}$ of Re-order level

(Ans:a)

10. The Economic Order Quantity (EOQ) is calculated as

- a. $(2D*S/h)^{1/2}$
- b. $(DS*/h)^{1/2}$
- c. $(D*S/2h)^{1/2}$
- d. $(D*S/3h)^{1/2}$

Where, D=Annual demand (units), S=Cost per order, h=Annual carrying cost per unit

(Ans:a)