

Online Examinations (Even Sem/Part-I/Part-II Examinations 2020 - 2021)

Course Name - Inventory & Purchase Management.

Course Code - PGDHMC403

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Answer all the questions. Each question carry one mark.

9. 1.Which of the following is not an inventory?

Mark only one oval.

- Machine
- Raw Material
- Finished Products
- Consumable tools

10. 2.Re-ordering level is calculated as

Mark only one oval.

- Maximum consumption rate x Maximum re-order period
- Minimum consumption rate x Minimum re-order period
- Maximum consumption rate x Minimum re-order period
- Minimum consumption rate x Maximum re-order period

11. 3.The order cost per order of an inventory is Rs. 400 with an annual carrying cost of Rs. 10 per unit. The Economic Order Quantity (EOQ) for an annual demand of 2000 units is

Mark only one oval.

- 440
- 480
- 500
- 400

12. 4.The minimum stock level is calculated as

Mark only one oval.

- Reorder level – (Normal consumption x Normal delivery time)
- Reorder level + (Normal consumption x Normal delivery time)
- (Reorder level + Normal consumption) x Normal delivery time
- (Reorder level + Normal consumption) / Normal delivery time

13. 5.If purchase order lead time is 35 minutes and number of units sold per time is 400 units then reorder point will be

Mark only one oval.

- 14000
- 14500
- 15000
- 15500

14. 6.Activities related to coordinating, controlling and planning activities of flow of inventory are classified as

Mark only one oval.

- decisional management
- B throughput management
- C inventory management
- D manufacturing management

15. 7.An example of purchasing costs include

Mark only one oval.

- Incoming freight
- B storage costs
- C insurance
- D spoilage

16. 8.Which among the following is a type of inventory system that is used to manage independent demand items?

Mark only one oval.

- Order point system
- Material Requirements Planning
- Time Phased Order Point
- Enterprise Resource Planning

17. 9.An effective inventory management minimises the investment in inventory by effectively meeting the _____.

Mark only one oval.

- Functional requirement
- B. Customer requirement
- C. Process reliability
- D. Sales forecasting of a firm

18. 10.To achieve _____ in purchasing and transportation, goods may be purchased in larger quantities than the actual demand.

Mark only one oval.

- Continuation
- Quality
- Cost efficiency
- Potential value

19. 11.Inventory Control is an important part of _____ management

Mark only one oval.

- Material
- Labour
- Expenditure
- None of the above

20. 12.A system which ensures the provision of the required quantity of inventories of the required quality at the required time with the minimum amount of capital is known as_____.

Mark only one oval.

- Labour Control
- Inventory control
- Costing
- None of the above

21. 13.taking inventory decisions is one of the objectives of inventory control.

Mark only one oval.

- Pricing of Issues
- Material control
- Stock taking
- None of the above

22. 14. Stock verification sheet is also known as _____ sheet.

Mark only one oval.

- Inventory
- Evaluation
- performance
- None of the above

23. 15. _____ inventory system is a method of recording stores balances at the time of each receipt and issue, to facilitate regular checking and stock taking.

Mark only one oval.

- Contineous
- Periodical
- perpetual
- None of the above

24. 16. _____ is the incidental residue from certain types of manufacture usually of low value recoverable without further processing

Mark only one oval.

- Spoilage
- Waste
- scrape
- None of the above

25. 17. _____ is defined as the materials which in the process of manufacture are badly damaged and beyond rectification and thus the goods ought to be disposed off as seconds

Mark only one oval.

- wastage
- spoilage
- scrape
- None of the above

26. 18. ABC analysis is an important _____ of inventory control.

Mark only one oval.

- process
- method
- technique
- None of the above

27. 19. Inventory turnover is a _____ of the value of materials consumed during a period to the average value of inventory during the period

Mark only one oval.

- percentage
- ratio
- index
- None of the above

28. 20.A higher inventory turnover ratio indicates that the material item is _____ moving.

Mark only one oval.

- Non moving
- slow
- fast
- None of the above

29. 21.A high turnover ratio means _____ risk of pilferage.

Mark only one oval.

- Lower
- higher
- constant
- None of the above

30. 22.Material Turnover Ratio is computed by dividing _____ with the average stock.

Mark only one oval.

- Total cost
- cost of material consumed
- inventory ratio
- None of the above

31. 23. Cost of material consumed is computed by deducting closing stock from the total of opening stock and _____

Mark only one oval.

- Sales
- purchases
- consumables
- None of the above

32. 24. The costs associated with inventory is/are:

Mark only one oval.

- Purchase price of inventory
- reorder cost
- inventory holding cost
- all of the above

33. 25. If EOQ is calculated, but an order is then placed which is smaller than this, will the variable cost:

Mark only one oval.

- increase
- reduced
- either increase or reduce
- no change

34. 26.Which costs can vary with order quantity

Mark only one oval.

- unit cost only
- reorder cost only
- holding cost only
- all of the above

35. 27.If we find a valid minimum on a total cost curve with increasing reorder cost, then the optimal order size is

Mark only one oval.

- at this valid minimum
- at or to the left of this minimum
- at or to the right of this minimum
- anywhere

36. 28.If the total investment in stock is limited, then the best order quantity for each item will be

Mark only one oval.

- equal to the economic order quantity
- greater than the EOQ
- less than EOQ
- either greater than or less than the EOQ

37. 29.The basic information required for an efficient control of inventory is to do with

Mark only one oval.

- What items should be stocked?
- When should an order be placed to replenish inventory?
- How much should be ordered in each replenishment?
- All of these

38. 30.One of the important basic objective of Inventory management is

Mark only one oval.

- to calculate EOQ for all materials in the organization.
- to go in person to the market and purchase the materials
- to employ the available capital efficiently so as to yield maximum results
- once materials are issued to the departments, personally check how they are used

39. 31.Materials management bring about increased productivity of capital by

Mark only one oval.

- very strict control overuse of materials
- increasing the efficiency of workers,
- preventing large amounts of capital locked up for long periods in the form of inventory
- None of the above

40. 32.The basis for ABC analysis is

Mark only one oval.

- interests of Materials manager
- interests of the top management
- Pareto's 80-20 rule
- None of the above

41. 33.A' class materials consumes

Mark only one oval.

- 10 % of the total annual inventory cost
- 30% of the total annual inventory cost
- 70 to 75% of the total inventory cost,
- 90% of the total annual inventory cost

42. 34.C' class materials consume _____ % of annual inventory cost.

Mark only one oval.

- 5to 10%
- 15 to 20%
- 30 to 35%
- None of the above

43. 35.The rent for the stores where materials are stored falls under

Mark only one oval.

- Inventory carrying cost
- Ordering cost
- Stocking cost
- None of the above

44. 36.As the volume of inventory increases, the following cost will increase

Mark only one oval.

- Inventory carrying cost
- ordering cost
- reordering cost
- None of the above

45. 37.The penalty for not having materials when needed is

Mark only one oval.

- Shortage cost
- ordering cost
- reordering cost
- None of the above

46. 38.At EOQ

Mark only one oval.

- Annual purchase cost = Annual ordering cost
- Annual ordering cost = Annual carrying cost
- Annual carrying cost = annual shortage cost
- Annual shortage cost = Annual purchase cost

47. 39.Which of the following inventory is maintained to meet expected demand fluctuations?

Mark only one oval.

- Pipeline inventory
- Anticipatory inventory
- De coupling inventory
- Fluctuatory inventory

48. 40.Which of the following increases with the quantity ordered per order?

Mark only one oval.

- Carrying cost
- ordering cost
- purchased cost
- demand

49. 41..... is the term associated with inventory is called

Mark only one oval.

- Re-order costs
- Purchase price of the inventory
- Inventory holding costs, Shortage costs
- All of the above

50. 42.Which of the following accounts normally has a subsidiary ledger?

Mark only one oval.

- Capital stock
- Accounts payable
- retained earning
- supplies

51. 43.Which of the following cot includes by Inventory holding costs?

Mark only one oval.

- Insurance costs
- Cost of capital tied up
- Cost of warehousing, obsolescence, deterioration and theft
- All of the above

52. 44.All of the followings classes of costs are usually involved in making the inventory decisions exceptthe cost.

Mark only one oval.

- Cost of ordering
- Carrying cost
- Machining cost
- None of these

53. 45.Buffer stock' is the level of stock

Mark only one oval.

- Half of the actual stock
- Minimum stock level below which actual stock should not fall
- At which the ordering process should start
- None of them

54. 46.Select the assumptions of Economic order quantity (EOQ)?

Mark only one oval.

- There are no bulk purchase discounts for making orders in large sizes. All units purchased for each item of material cost the same unit price.
- The order lead time (the time between placing an order and receiving delivery from the supplier) is constant and known.
- Annual demand and consumption for the inventory item is constant throughout the year.
- All of the above

55. 47.What does FIFO mean in inventory management system?

Mark only one oval.

- First In First Out
- Fabrications Inward Fabrications Outward
- Final Input Final Output
- Finished stock In Finished stock out

56. 48.If we want to minimize the total cost of holding and ordering inventory using EOQ model, then it is necessary to balance the relevant costs. These are:

Mark only one oval.

- The variable costs of holding the inventory
- The fixed costs placing the order
- The variable costs of holding the inventory and the fixed costs placing the order
- None of the above

57. 49.An increase in inventories indicates that?

Mark only one oval.

- Not all purchases were cash
- Less merchandise was purchased then sold to the customer
- More merchandise was purchased then the amount sold to customer
- Cash payments were more than purchases on account

58. 50. When the perpetual inventory system is used, the inventory sold is debited to?

Mark only one oval.

- supplies expense
- merchandise inventory
- cost of merchandise sold
- none of these

59. 51. When is a physical inventory usually taken?

Mark only one oval.

- When goods are not being sold or received
- When the company has its greatest amount of inventory
- When the company has its greatest amount of inventory and at the end of the company's fiscal year
- At the end of the company's fiscal year

60. 52. The length of time between the purchase of inventory and the receipt of cash from the sale of that inventory is called the:

Mark only one oval.

- operating cycle.
- inventory period.
- accounts receivable period.
- accounts payable period.

61. 53.The length of time between the day a firm purchases an item from its supplier until the day that supplier is paid for that purchase is called the:

Mark only one oval.

- operating cycle.
- inventory period.
- accounts receivable period.
- accounts payable period.

62. 54.Central Supply purchased a toboggan for inventory this morning and paid cash for it. The time period between today and the day Central Supply will receive cash from the sale of this toboggan is called the:

Mark only one oval.

- operating cycle.
- inventory period.
- accounts receivable period.
- Cash cycle

63. 55.The re-order point is:

Mark only one oval.

- The point when one unit of sock remains in stock.
- The point when stock reaches zero.
- The level inventory will have reached when delivery is made.
- The point at which stock will fall to zero minus lead-time.

64. 56. A local tyre distributor expects to sell approximately 9600 steel belted radial tyres next year. Annual carrying cost is Rs. 16 per tyre and ordering cost is Rs. 75. The economic order quantity of the tyres is

Mark only one oval.

- 300
- 64
- 85
- 310

65. 57. Annual demand for window frames is 10000. Each frame costs Rs. 200 and ordering cost is RS. 300 per order. Inventory holding cost is Rs. 40 per frame per year. The supplier is willing to offer 2% discount if the order quantity is 1000 or more, and 4% if order quantity is 2000 or more. If the total cost is to be minimized, the retailer should

Mark only one oval.

- order 200 frames every time
- accept 2% discount
- accept 4% discount
- order Economic Order Quantity

66. 58.The maximum level of inventory of an item is 100 and it is achieved with infinite replenishment rate. The inventory becomes zero over one and half month due to consumption at a uniform rate. This cycle continues throughout the year. Ordering cost is Rs. 100 per order and inventory carrying cost is Rs. 10 per item per month. Annual cost (in Rs.) of the plan, neglecting material cost, is

Mark only one oval.

- 4800
- 5000
- 480
- Nil

67. 59.A retail company has the following data available for one of its items: Demand is 10000 units; Order cost = 20rs ; Inventory carrying cost = 6.25rs The number of orders per year are

Mark only one oval.

- 39.53
- 38.58
- 20.2
- 21.21

68. 60.Which of the following terms best describes the overall function of production planning and control?

Mark only one oval.

- inventory control
- manufacturing logistics
- mass production
- product design

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