Assignment 4

The due date for submitting this assignment has passed. As per our records you have not submitted the assignment.

1. At EOQ level, which of the following is true?
   - Holding cost is zero
   - Ordering cost is zero
   - Material cost is zero
   - None of the above

   Accepted Answer: Holding cost - Ordering cost
   Point: 1

2. Enter the word held in inventory to reduce stockouts are called
   - safety stock
   - reorder point
   - lead time
   - None of the above

   Accepted Answer: Reorder point
   Point: 1

3. What do you mean by SKU?
   - Individual stock keeping unit
   - Standardized keeping unit
   - Safety keeping unit
   - None of the above

   Accepted Answer: Individual stock keeping unit
   Point: 1

4. Which of the following is correct?
   - Time between placing order and receiving supply is known as lead time
   - Time between placing order and consuming that supply is known as lead time
   - Time between receiving a supply and consuming it is known as lead time
   - None of the above

   Accepted Answer: Time between placing order and receiving supply is known as lead time
   Point: 1

5. Which of the following is/are symptom of over-managed inventory?
   - Faster turn of inventory
   - Frequent stock outs
   - Wastage high rate is very high
   - All of the above

   Accepted Answer: Faster turn of inventory, Frequent stock outs
   Point: 1

6. What are the important questions in inventory management?
   - What should be the order quantity?
   - What should be your reorder level?
   - When to order?
   - Where to place the order?
   - All of the above
   - Only (a) and (b)
   - Only (c) and (d)
   - None of the above

   Accepted Answer: All of the above
   Point: 1

7. A company purchases 2000 units of a product each year. The unit cost is Rs150 and annual carrying cost is Rs50. Ordering cost is Rs20 per order. What is the optimal order quantity?

   Accepted Answer: 400 units
   Point: 1

8. A company purchases 3000 units of a product each year. The unit cost is Rs150 and annual carrying cost is Rs50. Ordering cost is Rs20 per order. What is the expected time between orders when company operates on a 200 day working year?

   Accepted Answer: 20 days
   Point: 1

9. When is the following is not correct?
   - Fixed time interval model needs periodic check of inventory level
   - Fixed time interval model, item quantity may change from order to order
   - Fixed time model, stock-out is not allowed
   - None of the above

   Accepted Answer: Fixed time interval model, item quantity may change from order to order
   Point: 1

10. A safety stock is needed when
    - Demand rate is variable
    - Lead time is variable
    - Both (a) and (b)
    - None of the above

    Accepted Answer: both (a) and (b)
    Point: 1