



Department of Management Studies

2 Mark Questions and Answers

Unit II : Forecasting

1. What is forecast?

It is an estimate of an event which will happen in future. It is only an estimate based on the past data related to a particular event, proper care must be given in estimating it.

2. What are the types of forecast?

1. Technological forecasting
2. Economic forecasting
3. Demand forecasting.

3. What are the elements of good forecast?

The good forecast should be

1. Accurate
2. Timely reliable
3. Meaning full units
4. Written form simple to understand & use

4. What are the objectives of demand forecasting?

1. Short range objectives
2. Long range objectives

5. What is naïve approach?

It is a simple way to forecast in which the forecast of demand for the next period is assumed to be equal to the actual demand in the current period.

7. What is capacity planning?

Capacity planning is the process of determining the potential needs of your project. The goal of capacity planning is to have the right resources available when you'll need them. Resources could mean individuals with the right skills, time available to add another project, or the necessary budget.

8. What are the types of capacity?

Production capacity, Design capacity, Effective capacity, Maximum capacity, Measures of capacity

9. What is capacity cushion?

It is an addition amount of production capacity over and above the required capacity to meet the expected demand.

10. What is diseconomies of scale?

Above a certain level of output addition volume of output results in ever increasing average unit cost this phenomenon is known as diseconomies of scale.

11. What is experience curve?

The concept that allows a firm to increase its production capacity without additional capital investment.

12. Methods of selecting among alternative capacity?

1. Break even analysis
2. Financial analysis
3. Decision theory

13. What is aggregate production planning?

It is the process of determining output levels of products growth over the next to 16-18 month period on a weekly or monthly basis. It indicate the overall level of output determining the business plan.

14. What is aggregate capacity planning?

It is the process of devising a plan for providing a production capacity scheme to support intermediate range sales forecast.

15. What is rough cut capacity planning?

Tentative master production schedule to test its feasibility in terms of capacity before MPS (Master Production Schedule) is finalized.

16. What is production capacity?

Production capacity is defined as maximum production rate or facility of a plant.

17. What are capacity decisions?

It involves capacity decisions that must merge consumer demands with human, materials and financial resources of the organization.

18. What is capacity requirement planning?

It is a technique to determine the labour and equipment capacity needed to meet the objectives.

19. What is master production schedule?

It sets the quantity of each finished product to be completed in each time period of short range planning horizon.

20. What are the functions of mps?

1. Translating aggregate plan
2. Evaluating alternative master schedule
3. Generating material requirements
4. Generating capacity requirements
5. Facilitating information processing
6. Maintaining valid priorities
7. Effectively utilizing the capacity

21. What is resource requirement planning?

Determination of the amount and timing of production resources needed to produce finished products as per master production schedule. It is also called as rough cut capacity planning. It is used to evaluate the feasibility of a trial mps.

22. What are the objectives of material resource planning?

1. To improve the customer service by meeting the delivery schedule promise & shortening the delivery lead time.

2. To reduce inventory cost by reducing inventory levels.
3. To improve plant operating efficiency by better use of productive resources.

23. What is MRP input?

It is an inventory status file it gives complete and up to date information on the on-hand inventories, gross requirements, scheduled receipt, and planned order releases for the item.