



**Model Answer  
End-Sem Examination-I, Winter 2025**

Academic Year: 2025-2026	Semester: Sem III
Class: PG I	Program: MBA
Branch Code: 10	Pattern: 2024
Name of Course: Decision Science	Course Code: 2410506

Q. No	Details	Max. Marks																																													
<b>Q. 1</b>	<p>Discuss about the different types of quantitative models used in business. (6 marks)</p> <p>Students can explain any few of the models</p> <table border="1" style="width: 100%; border-collapse: collapse; background-color: #f0f0f0;"> <tr> <td style="width: 33%;">           1. Function           <ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Predictive</li> <li>• Normative</li> </ul> </td> <td style="width: 33%;">           4. Degree of certainty           <ul style="list-style-type: none"> <li>• Certainty</li> <li>• Conflict</li> <li>• Risk</li> <li>• Uncertainty</li> </ul> </td> <td style="width: 33%;">           7. Degree of closure           <ul style="list-style-type: none"> <li>• Closed</li> <li>• Open</li> </ul> </td> </tr> <tr> <td>           2. Structure           <ul style="list-style-type: none"> <li>• Iconic</li> <li>• Analog</li> <li>• Symbolic</li> </ul> </td> <td>           5. Time reference           <ul style="list-style-type: none"> <li>• Static</li> <li>• Dynamic</li> </ul> </td> <td>           8. Degree of quantification           <ul style="list-style-type: none"> <li>• Qualitative               <ul style="list-style-type: none"> <li>▪ Mental</li> <li>▪ Verbal</li> </ul> </li> <li>• Quantitative               <ul style="list-style-type: none"> <li>▪ Statistical</li> <li>▪ Heuristic</li> <li>▪ Simulation</li> </ul> </li> </ul> </td> </tr> <tr> <td>           3. Dimensionality           <ul style="list-style-type: none"> <li>• Two-dimensional</li> <li>• Multidimensional</li> </ul> </td> <td>           6. Degree of generality           <ul style="list-style-type: none"> <li>• Specialized</li> <li>• General</li> </ul> </td> <td></td> </tr> </table>	1. Function <ul style="list-style-type: none"> <li>• Descriptive</li> <li>• Predictive</li> <li>• Normative</li> </ul>	4. Degree of certainty <ul style="list-style-type: none"> <li>• Certainty</li> <li>• Conflict</li> <li>• Risk</li> <li>• Uncertainty</li> </ul>	7. Degree of closure <ul style="list-style-type: none"> <li>• Closed</li> <li>• Open</li> </ul>	2. Structure <ul style="list-style-type: none"> <li>• Iconic</li> <li>• Analog</li> <li>• Symbolic</li> </ul>	5. Time reference <ul style="list-style-type: none"> <li>• Static</li> <li>• Dynamic</li> </ul>	8. Degree of quantification <ul style="list-style-type: none"> <li>• Qualitative               <ul style="list-style-type: none"> <li>▪ Mental</li> <li>▪ Verbal</li> </ul> </li> <li>• Quantitative               <ul style="list-style-type: none"> <li>▪ Statistical</li> <li>▪ Heuristic</li> <li>▪ Simulation</li> </ul> </li> </ul>	3. Dimensionality <ul style="list-style-type: none"> <li>• Two-dimensional</li> <li>• Multidimensional</li> </ul>	6. Degree of generality <ul style="list-style-type: none"> <li>• Specialized</li> <li>• General</li> </ul>		[6]																																				
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<b>Q. 2</b>	<p>An airline Co. has drawn-up a new flight schedule involving five flights. To assist in allocating five pilots to the flights it has asked them to state their preference scores by giving each flight a number out of 10. The higher the number, the greater is the preference. Certain of these flights are unsuitable to some pilots owing to some domestic reasons. These have been marked with x. What should be the allocation of the pilots to flights in order to meet as many preferences as possible.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2"></th> <th colspan="5">Flight Number</th> </tr> <tr> <th colspan="2"></th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <th rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">PILOT</th> <th>A</th> <td>8</td> <td>2</td> <td>X</td> <td>5</td> <td>4</td> </tr> <tr> <th>B</th> <td>10</td> <td>9</td> <td>2</td> <td>8</td> <td>4</td> </tr> <tr> <th>C</th> <td>5</td> <td>4</td> <td>9</td> <td>6</td> <td>X</td> </tr> <tr> <th>D</th> <td>3</td> <td>6</td> <td>2</td> <td>8</td> <td>7</td> </tr> <tr> <th>E</th> <td>5</td> <td>6</td> <td>10</td> <td>4</td> <td>3</td> </tr> </tbody> </table> <p style="text-align: right;">(6 marks)</p> <p>This is a maximisation problem. First reduce it to minimisation by subtracting highest element with each element of the matrix. Resultant matrix and calculations are provided below.</p>			Flight Number							1	2	3	4	5	PILOT	A	8	2	X	5	4	B	10	9	2	8	4	C	5	4	9	6	X	D	3	6	2	8	7	E	5	6	10	4	3	[6]
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Q2) ⇒

	1	2	3	4	5
A	2	8	M	5	6
B	0	1	8	2	6
C	5	6	1	4	M
D	7	4	8	2	3
E	5	4	0	6	7

Now the problem is Minimized apply Hungarian Method / Flood Technique.

Step-1 - Identify Row minimum & subtract with each element

	1	2	3	4	5
A	0	6	M	3	4
B	0	1	8	2	6
C	4	5	0	3	M
D	5	2	6	0	1
E	5	4	0	6	7

Step-2 Identify Column minimum & subtract with each element

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	8	2	5
C	4	4	0	3	M
D	5	1	6	0	0
E	5	3	0	6	6

Step-3 Assign zeros

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	8	2	5
C	4	4	0	3	M
D	5	1	6	0	0
E	5	3	0	6	6

Step-4 Optimality Criteria

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	11	2	5
C	1	1	0	0	M
D	5	1	9	0	0
E	2	0	0	3	3

Here  $K=3$

Step-5 Row minimum

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	11	2	5
C	1	1	0	0	M
D	5	1	9	0	0
E	2	0	0	3	3

Step-6 Column Minimum

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	11	2	5
C	1	1	0	0	M
D	5	1	9	0	0
E	2	0	0	3	3

Step-7 Assign zeros

	1	2	3	4	5
A	0	5	M	3	3
B	0	0	11	2	5
C	1	1	0	0	M
D	5	1	9	0	0
E	2	0	0	3	3

All the zeros are assigned  
∴ For optimal solution

Pilot	No. of Flight	
A	1	→ 8
B	2	→ 9
C	4	→ 6
D	5	→ 7
E	3	→ 10

40 Rupees

∴ The allocation of pilots to be 40

Q. 3

a) Goods have to be transported from sources S1, S2, and S3 to destinations D1, D2, and D3. The transportation cost per unit, capacities of the sources, and the requirements of the destinations are given in the following table:

	D1	D2	D3	D4	Supply
S1	2	3	11	7	6
S2	1	0	6	1	1
S3	5	8	15	9	10
Demand	7	5	3	2	

Q. 3

[16]  
8+8

<b>Q. 3</b>	<p>a) Goods have to be transported from sources S1, S2, and S3 to destinations D1, D2, and D3. The transportation cost per unit, capacities of the sources, and the requirements of the destinations are given in the following table:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr><th></th><th>D1</th><th>D2</th><th>D3</th><th>D4</th><th>Supply</th></tr> <tr><th>S1</th><td>2</td><td>3</td><td>11</td><td>7</td><td>6</td></tr> <tr><th>S2</th><td>1</td><td>0</td><td>6</td><td>1</td><td>1</td></tr> <tr><th>S3</th><td>5</td><td>8</td><td>15</td><td>9</td><td>10</td></tr> <tr><th>Demand</th><td>7</td><td>5</td><td>3</td><td>2</td><td></td></tr> </table>		D1	D2	D3	D4	Supply	S1	2	3	11	7	6	S2	1	0	6	1	1	S3	5	8	15	9	10	Demand	7	5	3	2		[16] 8+8
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Determine the initial feasible solution (NWC, LCM, VAM) so that cost is minimised.

(8 marks)

(a) *North-West Corner Rule*

		Distribution Centre				Supply
		$D_1$	$D_2$	$D_3$	$D_4$	
Plant	$P_1$	2 (6)	3	11	7	$6 = a_1$
	$P_2$	1 (1)	0	6	1	$1 = a_2$
	$P_3$	5	8 (5)	15 (3)	9 (2)	$10 = a_3$
Demand		$7 = b_1$	$5 = b_2$	$3 = b_3$	$2 = b_4$	

Total cost = Rs  $(2 \times 6 + 1 \times 1 + 8 \times 5 + 15 \times 3 + 9 \times 2) \times 100 = \text{Rs } 11,600$

(b) *Least Cost Method*

		Distribution Centre				Supply
		$D_1$	$D_2$	$D_3$	$D_4$	
Plant	$P_1$	2 (6)	3	11	7	6
	$P_2$	1	0 (1)	6	1	1
	$P_3$	5 (1)	8 (4)	15 (3)	9 (2)	10
Demand		7	5	3	2	

Total cost = Rs  $(2 \times 6 + 5 \times 1 + 8 \times 4 + 15 \times 3 + 9 \times 2) \times 100 = \text{Rs } 11,200$

(c) *Vogel's Approximation Method:* First calculating penalties as per rules and then allocations are made in accordance of penalties as shown in Table 9.8.

		$D_1$	$D_2$	$D_3$	$D_4$	Supply	Row penalty		
		Plant	$P_1$	2 (1)	3 (5)	11	7	6	1
$P_2$	1		0	6	1 (1)	1	0	-	-
$P_3$	5 (6)		8	15 (3)	9 (1)	10	3	3	4
Demand		7	5	3	2				
Column penalty		1	3	5	6				
		3	5	4	2				
		3	-	4	2				

Distribution Centre

Total cost = Rs  $(2 \times 1 + 3 \times 5 + 1 \times 1 + 5 \times 6 + 15 \times 3 + 9 \times 1) \times 100 = \text{Rs } 10,200$

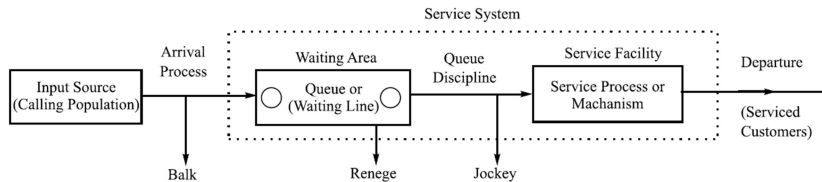
**OR**

b) Explain the concept of Queuing theory - System, Terminologies and Formulas.

**16.2 THE STRUCTURE OF A QUEUING SYSTEM**

The major components (parts or elements) of any waiting-line (queuing) system are shown in Fig. 16.2. Each of these components is discussed below:

1. Calling population (or input source)
2. Queuing process
3. Queue discipline
4. Service process (or mechanism)



Potential customers who arrive to the queuing system is referred as *calling population*, also known as *customer (input) source*.

Handwritten notes on queuing theory:

- 1) Rate of Arrival ( $\lambda$ )
- 2) Rate of Service ( $\mu$ )  $\mu > \lambda$  (Always) If not then, "Queuing theory" fails.
- 3) Utilisation Factor or Traffic intensity ( $\rho$ ):-  $\rho = \frac{\lambda}{\mu}$   $\rho < 1$  (Always)
- 4) Average queue length:-  $L_q = \frac{\lambda^2}{\mu(\mu-\lambda)}$
- 5) Avg. no. of Customers in the s  $L_s = \frac{\lambda}{\mu-\lambda}$
- 6) Avg. waiting time of a Customer  $W_q = \frac{\lambda}{\mu(\mu-\lambda)}$
- 7) Avg. waiting time of a Customer  $W_s = \frac{1}{(\mu-\lambda)}$

c) A company has factories at  $F_1$ ,  $F_2$ , and  $F_3$  that supply products to warehouses at  $W_1$ ,  $W_2$  and  $W_3$ . The weekly capacities of the factories are 7, 9 and 18 units, respectively. The weekly warehouse requirements are 5, 8, 7 and 14 units, respectively. The unit shipping costs (in rupees) are as follows:

Warehouse	Factory			
	W1	W2	W3	W4
F1	19	30	50	10
F2	14	8	18	60
F3	26	24	16	20

Determine the optimal distribution for this company in order to minimize its total shipping cost. (8 marks)



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	$D_1$	$D_2$	$D_3$	$D_4$	Supply	Row differences
$S_1$	19 (5)	30	50	10 (2)	7	9 9 40 40
$S_2$	70	30	40 (7)	60 (2)	9	10 20 20 20
$S_3$	40	8 (8)	70	20 (10)	18	12 20 50 -
Demand	5	8	7	14	34	
Column differences	21 21 - -	22 - - -	10 10 10 10	10 10 10 50		

The new row and column penalties are calculated except column  $D_2$  because  $D_2$ 's demand has been satisfied. In the second round, the largest penalty, 21 appears at column  $D_1$ . Thus the cell  $(S_1, D_1)$  having the least transportation cost is chosen for allocating 5 units as shown in Table 9.5. After adjusting the supply and demand in the table, we move to the third round of penalty calculations.

In the third round, the maximum penalty 50 appears at row  $S_3$ . The maximum possible allocation of 10 units is made in cell  $(S_3, D_4)$  that has the least transportation cost of 20 as shown in Table 9.5.

The process is continued with new allocations till a complete solution is obtained. The initial solution using VAM is shown in Table 9.5. The total transportation cost associated with this method is:

$$\text{Total cost} = 5 \times 19 + 2 \times 10 + 7 \times 40 + 2 \times 60 + 8 \times 8 + 10 \times 20 = \text{Rs } 779$$

	$D_1$	$D_2$	$D_3$	$D_4$	Supply	$u_i$
$S_1$	19 (5)	30 +32	50 +60	10 (2)	7	$u_1 = 10$
$S_2$	70 +1	30 (+)	40 (7)	60 (2) (-)	9	$u_2 = 60$
$S_3$	40 +11	8 (-)	70 +70	20 (10) (+)	18	$u_3 = 20$
Demand	5	8	7	14	34	
$v_j$	$v_1 = 9$	$v_2 = -12$	$v_3 = -20$	$v_4 = 0$		

$$c_{34} = u_3 + v_4 \quad \text{or} \quad 20 = u_3 + 0 \quad \text{or} \quad u_3 = 20$$

$$c_{24} = u_2 + v_4 \quad \text{or} \quad 60 = u_2 + 0 \quad \text{or} \quad u_2 = 60$$

$$c_{14} = u_1 + v_4 \quad \text{or} \quad 10 = u_1 + 0 \quad \text{or} \quad u_1 = 10$$

Given  $u_1, u_2,$  and  $u_3,$  value of  $v_1, v_2$  and  $v_3$  can also be calculated as shown below:

$$c_{11} = u_1 + v_1 \quad \text{or} \quad 19 = 10 + v_1 \quad \text{or} \quad v_1 = 9$$

$$c_{23} = u_2 + v_3 \quad \text{or} \quad 40 = 60 + v_3 \quad \text{or} \quad v_3 = -20$$

$$c_{32} = u_3 + v_2 \quad \text{or} \quad 8 = 20 + v_2 \quad \text{or} \quad v_2 = -12$$

$$\text{Total cost} = 5 \times 19 + 2 \times 10 + 2 \times 30 + 7 \times 40 + 6 \times 8 + 12 \times 20 = \text{Rs } 743$$

	$D_1$	$D_2$	$D_3$	$D_4$	Supply	
$S_1$	19 (5)	30 +32	50 +42	10 (2)	7	
$S_2$	70 +19	30 (2)	40 (7)	60 +14	9	
$S_3$	40 +11	8 (6)	70 +52	20 (12)	18	
Demand	5	8	7	14	34	
$v_j$	$v_1 = 19$	$v_2 = -2$	$v_3 = 8$	$v_4 = 10$		



**OR**

d) i) In a railway marshalling yard, goods train arrive at a rate of 30 trains per da. Assuming that the interval time follows an exponential distribution and the service time distribution is also exponential with an average of 36 minutes.

Calculate:

a. Expected queue size (Line length).

b. Calculate the waiting time for the customer in queue.

ii) Discuss the importance of Transportation Problem and Queuing Theory in management field with examples.

From the data of the problem,

$$\textcircled{1} \lambda = \frac{30}{60} \times \frac{1}{24} = \frac{1}{48} \text{ trains per minute}$$

$$\textcircled{2} \mu = \frac{1}{36} \text{ trains per minute}$$

$$\textcircled{3} L_q = \frac{\lambda^2}{\mu(\mu-\lambda)} = \frac{\frac{1}{48} \times \frac{1}{48}}{\frac{1}{36} \left( \frac{1}{36} - \frac{1}{48} \right)} = \frac{\frac{1}{48 \times 48}}{\frac{1}{36} \left( \frac{12}{432} - \frac{12}{432} \right)} = \frac{9}{4} = 2.25 \approx 2 \text{ trains}$$

$$\textcircled{4} W_q = \frac{\lambda}{\mu(\mu-\lambda)} = \frac{\frac{1}{48}}{\frac{1}{36} \left( \frac{12}{432} - \frac{12}{432} \right)} = 108 \text{ minutes.}$$

ii) Discuss the importance of Transportation Problem and Queuing Theory in management field with examples.

Students are expected to write based on the importance discussed or anything below.

Technique	Example Scenario	Key Outcome	Management Benefit
Transportation Problem	Multi-warehouse e-commerce distribution	15% cost reduction	Efficient supply-demand matching
Queuing Theory	Mining truck fleet optimization	66.6% idle time utilization	Reduced operational delays
Transportation Problem	Steel raw material procurement	12% cost savings, 90% on-time rate	Optimized supplier selection



	<b>Queuing Theory</b>	Highway toll plaza operations	Waiting time cut to 5 minutes	Improved traffic flow																															
<b>Q. 4</b>	<p>a) A project has been defined to contain the following list of activities along with their required time of completion.</p> <table border="1" data-bbox="261 544 1003 732" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Activity</th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G</th> <th>H</th> <th>I</th> </tr> </thead> <tbody> <tr> <td><b>Time in Days</b></td> <td>1</td> <td>4</td> <td>3</td> <td>7</td> <td>6</td> <td>2</td> <td>7</td> <td>9</td> <td>4</td> </tr> <tr> <td><b>Immediate Predecessor</b></td> <td>-</td> <td>A</td> <td>A</td> <td>A</td> <td>B</td> <td>C</td> <td>E, F</td> <td>D</td> <td>G, H</td> </tr> </tbody> </table> <p>I. Draw the network diagram.            II. Show early start time and early finish time.            III. Identify critical path.            IV. What would happen if duration of activity F is taken as four days instead of two?</p> <div data-bbox="261 913 1259 1762" style="border: 1px solid black; padding: 5px;"> <p>① Network Diagram</p> <p>② Forward Pass Method</p> <math display="block">E_j = E_i + t_{ij}</math> <math display="block">E_1 = 0</math> <math display="block">E_2 = E_1 + t_{1,2} = 0 + 1 = 1</math> <math display="block">E_3 = E_2 + t_{2,3} = 1 + 4 = 5</math> <math display="block">E_4 = E_2 + t_{2,4} = 1 + 3 = 4</math> <math display="block">E_5 = E_2 + t_{2,5} = 1 + 7 = 8</math> <math display="block">E_6 = E_3 + t_{3,6} = 5 + 2 = 7</math> <math display="block">E_6 = E_4 + t_{4,6} = 4 + 2 = 6</math> <math display="block">E_7 = E_5 + t_{5,7} = 8 + 9 = 17</math> <math display="block">E_7 = E_6 + t_{6,7} = 7 + 7 = 14</math> <math display="block">E_8 = E_7 + t_{7,8} = 17 + 4 = 21</math> <p>③ Backward Pass Method</p> <math display="block">L_j = L_i + t_{ij}</math> <math display="block">L_8 = E_8 = 22</math> <math display="block">L_7 = L_8 - t_{7,8} = 22 - 4 = 18</math> <math display="block">L_6 = L_7 - t_{6,7} = 18 - 7 = 11</math> <math display="block">L_5 = L_7 - t_{5,7} = 18 - 9 = 9</math> <math display="block">L_4 = L_6 - t_{4,6} = 11 - 2 = 9</math> <math display="block">L_3 = L_6 - t_{3,6} = 11 - 6 = 5</math> <math display="block">L_2 =</math> </div>				Activity	A	B	C	D	E	F	G	H	I	<b>Time in Days</b>	1	4	3	7	6	2	7	9	4	<b>Immediate Predecessor</b>	-	A	A	A	B	C	E, F	D	G, H	<p>[16]</p> <p>8+8</p>
Activity	A	B	C	D	E	F	G	H	I																										
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$L_2 = L_5 - t_{2,5} = 9 - 7 = 2$   
 $= L_3 - t_{2,3} = 5 - 4 = 1 \checkmark$   
 $= L_4 - t_{2,4} = 9 - 8 = 1$   
 $L_1 = L_2 - t_{1,2} = 1 - 1 = 0$

(iv) Calculate Slack.  
 $S_i = L_i - E_i$   
 $S_1 = 0 - 0 = 0$ ,  $S_2 = 1 - 1 = 0$ ,  $S_3 = 5 - 5 = 0$   
 $S_4 = 9 - 4 = 5$ ,  $S_5 = 9 - 8 = 1$   
 $S_6 = 11 - 11 = 0$ ,  $S_7 = 18 - 18 = 0$   
 $S_8 = 22 - 22 = 0$

(v) Total completion time = 22 days.  
 Critical path is.  
 $\therefore 1-2-3-6-7-8$   
 $A-B-E-G-I$

IV. If F is taken as 4 instead of 2, then E6 will be yet 11. But L4 would be 7 and slack would be 2. This reduces the slack of event 4, making it less flexible compared to earlier time.

**OR**

b) The three estimates of time in weeks for activities of a project are given below:

Activity	1-2	1-3	1-4	2-5	3-5	4-6	5-6
<b>Pessimistic Time</b>	7	7	12	15	1	8	7
<b>Most Likely Time</b>	6	1	4	6	1	2	4
<b>Optimistic Time</b>	5	1	2	3	1	2	1

Draw network diagram. Find out Critical path & Project duration. Estimate expected Standard deviation of critical path.



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Activity	$t_p$	$t_m$	$t_o$	$t_e = \frac{t_o + 4t_m + t_p}{6}$
1-2 (A)	7	6	5	6
1-3 (B)	7	1	1	2
1-4 (C)	12	4	2	5
2-5 (D)	15	6	3	7
3-5 (E)	1	1	1	1
4-6 (F)	8	2	2	3
5-6 (G)	7	4	1	4

a) Draw Network Diagram  
 b) Find out critical path and Project duration  
 c) Estimate Expected standard deviation of critical path

a)

```

    graph LR
      1((1)) -- A(7) --> 2((2))
      1 -- B(7) --> 3((3))
      1 -- C(12) --> 4((4))
      2 -- D(15) --> 5((5))
      3 -- E(1) --> 5
      4 -- F(8) --> 6((6))
      5 -- G(7) --> 6
      style 1 fill:none,stroke:none
      style 6 fill:none,stroke:none
  
```

b) Critical path is 1-2-5-6. Project duration is 17 weeks.

c)  $\sigma = \left[ \frac{1}{6} (t_p - t_o) \right]^2$

A -  $\frac{7}{6} = 0.33$   
 B - 1  
 C -  $\frac{12}{6} = 1.66$   
 D -  $\frac{15}{6} = 2$   
 E - 0  
 F -  $\frac{8}{6} = 1$   
 G -  $\frac{7}{6} = 1$ .

c) The activities of a project an estimated times in days for each activity are given below:

Activity	1-2	1-3	1-4	2-3	2-6	3-5	4-5	4-6	5-6
Duration (in days)	8	10	8	10	16	17	18	14	9

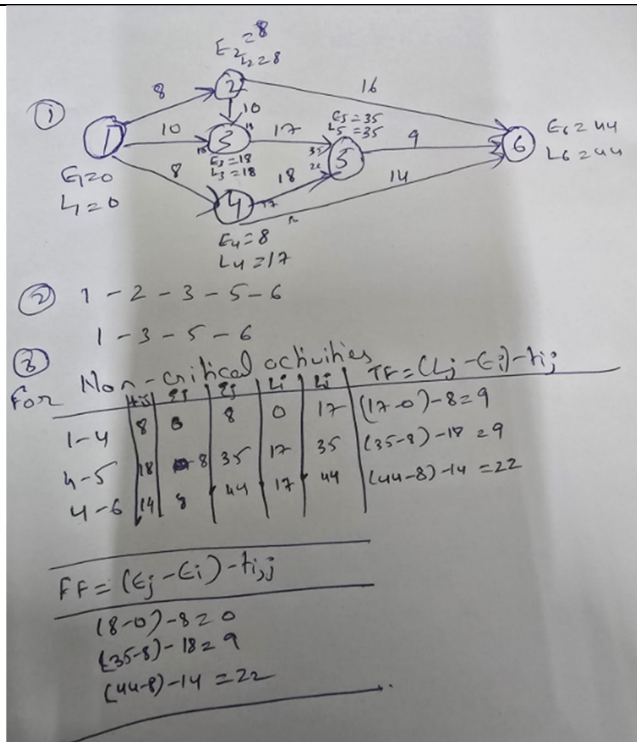
i) Draw network diagram ii) Find critical path iii) Calculate total float and free float

(8 marks)



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**OR**

d) A Company manufacturing plant and equipment for chemical processing is in the process of quoting a tender called by a public sector undertaking. The delivery data, once promised is crucial and a penalty clause is applicable. The project manager has listed down the activities in the project as under:

Activity	Immediate Predecessor	Activity Time (In Weeks)		
		Optimistic Time	Most Likely Time	Pessimistic Time
A	-	1	3	5
B	-	2	4	6
C	A	3	5	7
D	A	5	6	7
E	C	5	7	9
F	D	6	8	10
G	B	7	9	11
H	E,F,G	2	3	4

- Find out the delivery week from the date of commencement of the project.
- Find the total float and free float for each of Non- Critical Activities.



Activity Time (to complete)

A	-	3
B	-	4
C	A	5
D	A	6
E	C	7
F	D	8
G	B	9
H	E, F, G	3

critical path = 1-2-5-6-7.

Non-critical Activity

Activity	Duration	E <sub>i</sub>	E <sub>j</sub>	L <sub>i</sub>	L <sub>j</sub>	TF	FF
1-3 (C)	5	0	5	0	5	0	0
2-4 (D)	6	3	9	3	9	0	0
4-6 (F)	8	8	16	8	16	0	0
3-6 (E)	7	5	12	5	12	0	0

TF = (L<sub>j</sub> - E<sub>i</sub>) - t<sub>ij</sub>  
FF = (E<sub>j</sub> - E<sub>i</sub>) - t<sub>ij</sub>

a) Solve the following game

Player A	Player B		
	B1	B2	B3
A1	1	7	2
A2	6	2	7
A3	5	1	6

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Player A

A1	1	7	2
A2	6	2	7
A3	5	1	6

Player B

B1	B2	B3
1	7	2
6	2	7
5	1	6

Applying the rule of finding saddle point.

A1	1	7	2
A2	6	2	7
A3	5	1	6

Column Maximum: 6, 7, 7  
Row Minimum: 1, 2, 1

There is no saddle point. So, apply rule of dominance.

Step 2: First step compare columns:-  
B3 dominates B1. So, Remove column B1.  
Resultant pay-off matrix is:-

A1	7	2
A2	2	7
A3	1	6

Step 3: Check for rows:- A3 dominates A2. Remove row A2.

Resultant matrix is

A1	7	2
A3	1	6

Q. 5

[16]

8+8



Step 4: Apply  $P_1 = \frac{a_{22} - a_{21}}{a_{11} + a_{22} - (a_{12} + a_{21})}$

$q_1 = \frac{a_{22} - a_{12}}{a_{11} + a_{22} - (a_{12} + a_{21})}$

whereas  $A = \begin{bmatrix} a_{11} & a_{12} \\ a_{21} & a_{22} \end{bmatrix}$   $B = \begin{bmatrix} 1 & 7 \\ 6 & 2 \end{bmatrix}$

$V_2 = \frac{a_{11}a_{22} - a_{21}a_{12}}{a_{11} + a_{22} - (a_{12} + a_{21})}$

Therefore  $P_1 = \frac{2 - 6}{1 + 2 - (6 + 7)} = \frac{-4}{3 - 13} = \frac{-4}{-10} = \frac{2}{5} = 0.4$

$q_1 = \frac{2 - 7}{-10} = \frac{-5}{-10} = \frac{1}{2} = 0.5$

$q_2 = 1 - q_1 = 1 - 0.5 = 0.5$

Value of game (V) =  $\frac{1 \times 2 - 6 \times 7}{-10} = \frac{-40}{-10} = 4$

**OR**

b) Dr. Kelkar has been thinking about starting his own independent nursing home. The problem is to decide how large the nursing home should be. The annual returns will be depending on both size of nursing home and number of marketing factors. after a careful analysis, Dr. Kelkar developed following table:

Size of Nursing Home	Good Market (Rs.)	Fair Market (Rs.)	Poor Market (Rs.)
Small	50,000	20,000	-10,000
Medium	70,000	35,000	-25,000
Large	90,000	35,000	-45,000
Very Large	2,00,000	25,000	-1,20,000

Find optimal strategy using i) Laplace ii) Hurwicz (a=0.8) iii) Maximax iv) Regret



$$\begin{matrix} & S & M & L & VL \\ \text{Good} & 50,000 & 70,000 & 90,000 & 2,00,000 \\ \text{Fair} & 20,000 & 35,000 & 35,000 & 25,000 \\ \text{Poor} & -10,000 & -25,000 & -45,000 & -1,20,000 \end{matrix}$$

① Laplace:  $\frac{1}{5}$

$$\text{Small: } \frac{50,000}{5} + \frac{20,000}{5} + \frac{(-10,000)}{5} = 20,000$$

$$\text{Medium: } \frac{70,000}{5} + \frac{35,000}{5} + \frac{(-25,000)}{5} = 26,666.66$$

$$\text{Large: } \frac{90,000}{5} + \frac{35,000}{5} + \frac{(-45,000)}{5} = 26,666.66$$

$$\text{Very large: } \frac{2,00,000}{5} + \frac{25,000}{5} + \frac{(-1,20,000)}{5} = 35,000$$

VL  $\rightarrow$  strategy is selected.

② Hurwicz (0.8)

	Best	Worst	H
S	50,000	-10,000	38,000 (50,000*0.8 + (-10,000)*0.2)
H	70,000	-25,000	51,000
L	90,000	-45,000	63,000
VL	2,00,000	-1,20,000	1,36,000

Very large  $\rightarrow$  strategy.

③ Maximax

	S	M	L	VL
G	50,000	70,000	90,000	2,00,000
F	20,000	35,000	35,000	25,000
P	-10,000	-25,000	-45,000	-1,20,000
Column Max.	50,000	70,000	90,000	2,00,000

VL  $\rightarrow$  strategy

④ Regret

	S	M	L	VL
G	2,00,000 - 50,000 = 1,50,000	70,000 - 70,000 = 0	90,000 - 90,000 = 0	2,00,000 - 2,00,000 = 0
F	50,000 - 20,000 = 30,000	35,000 - 35,000 = 0	35,000 - 35,000 = 0	25,000 - 25,000 = 0
P	10,000 - (-10,000) = 20,000	25,000 - (-25,000) = 50,000	45,000 - (-45,000) = 90,000	1,20,000 - (-1,20,000) = 2,40,000
Column Maximum	1,50,000	1,30,000	1,10,000	1,10,000

Min VL  $\rightarrow$  strategy.

c) A company decides on production allocation of 1000 units across three plants (A:400, B:350, C:250 max capacity) to two markets (X:500, Y:600 demand) under uncertain demand scenarios. Strategies: S1 (prioritize X), S2 (balance), S3 (prioritize Y). Profits per scenario: Strong X demand (prob 0.4), Balanced (0.3), Strong Y (0.3).

**Payoff Table (Profits \$000s)**

Strategy / Scenario	Strong X (0.4)	Balanced (0.3)	Strong Y (0.3)
S1 (Prioritize X)	240	180	120
S2 (Balance)	220	200	180
S3 (Prioritize Y)	160	170	240

Calculate EMV, EOL and EVPI.

(8 marks)

**EMV Calculations**

Expected Monetary Value maximizes expected profit.

S1 EMV = (0.4)(240) + (0.3)(180) + (0.3)(120) = 96 + 54 + 36 = 186.

S2 EMV = (0.4)(220) + (0.3)(200) + (0.3)(180) = 88 + 60 + 54 = 202 (optimal).

S3 EMV = (0.4)(160) + (0.3)(170) + (0.3)(240) = 64 + 51 + 72 = 187.

**Regret Table & EOL**

Regret = Max column payoff minus strategy payoff.

Strong X regrets: 0/20/80;

Balanced: 30/0/30;



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Strong Y: 120/60/0.

$$\text{EOL S1} = (0.4)(0) + (0.3)(30) + (0.3)(120) = 0 + 9 + 36 = 45.$$

$$\text{EOL S2} = (0.4)(20) + (0.3)(0) + (0.3)(60) = 8 + 0 + 18 = 26 \text{ (minimum).}$$

$$\text{EOL S3} = (0.4)(80) + (0.3)(30) + (0.3)(0) = 32 + 9 + 0 = 41.$$

$$\text{EVPI} = \text{EPPI} - \text{EMV}^*$$

$$\text{EPPI} = (0.4)(240) + (0.3)(200) + (0.3)(240) = 96 + 60 + 72 = 228. \text{ EVPI} = 228 - 202 = 26 \text{ (matches min EOL).}$$

**OR**

d) Determine the optimal strategies for A & B in the following game. Obtain value of game.

PLAYER A	PLAYER B		
		B1	B2
A1	9	8	-7
A2	3	-6	4
A3	6	7	7

Handwritten solution for the game matrix:

**Step 1: Maximin & Minimax value**

	B1	B2	B3	Row (Min)
A1	9	8	-7	-7
A2	3	-6	4	-6
A3	6	7	7	6
Column (Max)	9	8	7	7 ← Max. (Maximin Value)

As the maximin value ≠ minimax value.  
This game is without saddle point.

**Step 2: Apply rule of dominance to row (Player A)**  
 $\text{Row } A_2 \leq \text{Row } A_3 \Rightarrow A_2 \text{ is dominating}$   
 Eliminate  $A_2$ .

Resultant matrix is :-

	B1	B2	B3
A1	9	8	-7
A3	6	7	7

**Step 3: Apply rule of dominance to column (Player B)**  
 $\text{Column } B_2 \geq \text{Column } B_3 \Rightarrow B_2 \text{ is dominating}$   
 Eliminate  $B_2$ .

Resultant matrix is :-

	B1	B3
A1	$q_1$	$-7^{q_1}$
A3	$6^{q_1}$	$7^{q_1}$

$$P_1 = \frac{a_{12} - a_{32}}{a_{11} + a_{22} - (a_{21} + a_{12})} = \frac{7 - (-7)}{9 + 7 - (6 + 7)} = \frac{14}{17} \quad P_2 = \frac{16}{17} (1 - P_1)$$

$$Q_1 = \frac{a_{22} - a_{12}}{a_{11} + a_{22} - (a_{21} + a_{12})} = \frac{7 - (-7)}{17} = \frac{14}{17} \quad Q_2 = 1 - Q_1 = \frac{3}{17}$$

$$V = \frac{a_{11}a_{22} - a_{21}a_{12}}{a_{11} + a_{22} - (a_{21} + a_{12})} = \frac{63 - (-42)}{17} = \frac{105}{17}$$