1. Briefly explain the objectives Of Production Planning.

**Answer:** Following areobjectives Of Production Planning:

* To meet the demand of the product effectively & maintain the balance between different production activities.
* The best possible utilization of available resources.
* To operate the plant at a predetermined level of efficiency.
* To utilize production facilities to the maximum for getting the minimum operating costs & meeting delivery schedules.
* To assist workers engaged in production activities for making right & greater earnings.
* To equip management for tackling any difficulty, this may arise later on in the achieving of production target.
1. Briefly explain the advantages Of Production Planning.

**Answer:** Following are the advantages Of Production Planning:

* Production control aims to make right quantity & quality of product, accessible to customers at right time & at minimum cost.
* Investment in inventories & finished stock can be kept minimum.
* The firm can capture market share by producing goods at lowest cost & best quality & may result in large amount of sales.
* The amount of profit will be higher.
* The firm can compete in the market with low cost production & higher profits.
1. Briefly define the following terms with reference to production planning hierarchy: (4)
2. Capacity planning
3. Aggregate planning
4. Master Production Schedule
5. Material Requirement Planning

**Answer:**

1. **Capacity Planning (Long Term)**

Capital Intensive in nature. It deals with Strategic and business issue. In the long term we deal with those issues which help us to create demand for our products and generating sufficient revenue for the company. It reflects in process choice and equipment selection. Since selection of equipment and facilities require lot of investment and decision is irreversible, one should pay utmost care keeping in mind customer requirements.

1. **Aggregate Planning (Medium Term)**

In this we see how demand can be met from existing facilities and resources. Here we are trying to utilizing our existing resources (manpower, machine, facilities etc) to satisfy the market demand

 **c) Master Production Schedule (MPS)**

 It is a statement of how many finished items are to be produced and when they are to be produced.

 **d) Material Requirement Planning (MRP)**

 System that uses net demand from the MPS and explodes it using the bill of materials (BOM).