



Time : 3 Hours

SECTION – B

Answer **any three** of the following.

(3×10=30)

2. a) What is the cost consideration taken in estimation of optimal volume of inventory ?
b) For an item of constant demand rate of 5,000 units per month, the unit price is Rs. 60/-, the ordering cost per order is Rs. 600/- and the carrying cost is 30% per annum on the average inventory value. What will be total cost commitments at EOQ ? The vendor is offering a quantity discount of 5%, if 20,000 units are purchased at a time. The shelf life of the item is three months. Do you accept the discount offer ? Give reasons for your decision.
3. Write short notes on :
 - a) Seven Tools of Quality Management.
 - b) KAIZEN.
 - c) Six Sigma.

P.T.O.



4. What is Project Management ? What are the types of a project a company execute ?
5. What are the factors which influence location decision ?

SECTION – C

This is **compulsory** question.

(1×15=15)

G.E. set itself a corporate goal of becoming a six sigma quality company, which means one that produces virtually defect free products, services and transactions. Three to four sigma quality is typically 10-15 per cent of revenues. In GE's case, with over \$80 billion in revenues this amounts to some \$8-12 billion annually, mostly in scrap, reworking of parts and rectifying mistakes in transactions. So the financial rationale for embarking in this quality journey is clear.

But beyond the pure financials, there are even more important rewards that will come with dramatically improved quality. Among them is the unlimited growth from selling services and products universally recognized by customers as being on a completely different plane of quality from those of competitors. It recognized that six sigma would be an exciting journey and the most difficult and invigoration stretch goal that GE had ever undertaken. The magnitude of the challenge of going from 35000 defects per million to fewer than 4 defects was huge. It would require the company to reduce the defect rates 10000 fold-about 84 percent for five consecutive years. But GE wanted to make its quality so special, so valuable to its customers, so important to their success that GE's service and products become their only real value choice.

Questions :

1. Do you justify the challenges set up by GE's for such a drastic improvement ?
2. What will be the key task for GE to reach its goal ?
3. Do you think implementation six sigma involves huge costs ? How do you justify these costs ?
4. How will this change the competitive factors in its markets and what strategic advantages will result ?