



(b) SENSITIVITY Analysis :- Part of forecasting process at high-level any such externally critical or sensitive analysis areas by seeking to answer a series of what if --- 2.

~~max~~ 11.36

1. The object is to isolate with in forecast those critical factors or key variables, variations in which are likely to have most critical impact on financial fortunes of firm.

$\frac{C_p}{P}$

$A = 10,000$   
 $P = 50$

$C_p = ₹200, C_c = 0.50/\text{unit}$

$r = \frac{10000 \times 0.50}{200}$   
 $= 250$

$$EOQ = \sqrt{\frac{2CPA}{C_c \left(\frac{P-r}{P}\right)}}$$

$$= \sqrt{\frac{2 \times 200 \times 10000}{0.50 \left(\frac{50-250}{50}\right)}}$$

$= 5000 \text{ units}$

Total setup cost  
 $= 200 \times 2$   
 $= 400$   
 Total Annual holding cost  
 $= 0.50 \times 10000$   
 $₹ = 5000$

1. Thus No. of lots =  $\frac{10,000}{5000} = 2$

2. Product time/cost =  $\frac{5000}{50} = 100 \text{ days}$