

# Linear Programming based Optimum Resource Utilization for

## Manufacturing of Electronic Toys

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**Abstract** - Every organization faces the problem of allocation of resources. The resources include men, machine, material, and capital. Most of these decisions are made subject to constraints. For example, production from a factory is limited due to capacity constraints, and an organization faces working capital constraints and technical constraints. However, if the available resources cannot be expanded, then optimal utilization of existing resources becomes very important task for the organization. Therefore, this paper deals with the idea of optimum utilization of resources to increase the production of toys and hence the profit. In order to achieve this, a technique of linear programming is used. This technique will maximize the profit in production of toys by optimum use of resources. This paper also discusses four important conditions related to productions and their results are tabulated in their respective tables. Firstly the condition of nil production is discussed after that second, third and fourth condition shows the allocation of resources in such a way that continuous increase in profit is achieved. After detailed analysis summary of mathematical results obtained are also tabulated.

**Keywords:** Production, Profit, Machines, Equations

### 1. INTRODUCTION

Linear programming is one of the most versatile, popular and widely used quantitative techniques. A linear programming model offers an efficient method for determining an optimal decision (or an optimal strategy or an optimal plan) chosen from a large number of possible decisions. The optimal decision is one that meets a specified objective or management, subject to various constraints and restrictions [1].

### 2. PROBLEM STATEMENT

Generally production from companies is limited because of many constraints such as capacity, working capital and technical reasons.

### 3. METHODOLOGY

In order to solve the problem of limited production of electronic toys in any company it is mandatory that resources should be allocated in such a way that maximum

production is obtained. This can easily be done by using linear programming. For this work mathematical approach is applied.

It is assumed here that there are three machines. The three machines viz.  $M_1$ ,  $M_2$  and  $M_3$  should be adjusted in such a way that maximum profit is achieved. This is possible only if machines are utilized to its full capacity i.e. when idle time is zero.

It is assumed that there are two types of toys "A" and "B" respectively. Their machine capacity and number of products produced are  $X_1$  of type A and  $X_2$  of type B and governed by following relation:

Machine

$$M_1 \quad X_1 + 2X_2 < 720 \quad (1)$$

$$M_2 \quad 2X_1 + 2X_2 < 780 \quad (2)$$

$$M_3 \quad X_1 < 320 \quad (3)$$

The first step in this direction is to write inequality in the form of equality equation. This can be done by adding variables  $S_1$ ,  $S_2$  and  $S_3$  on LHS from the pocket.

$$Z = 60X_1 + 40X_2$$

$$X_1 + 2X_2 + S_1 = 720 \quad (4)$$

$$2X_1 + X_2 + S_2 = 780 \quad (5)$$

$$X_1 + S_3 = 320 \quad (6)$$

First of all a trivial solution is tried i.e.  $X_1$  and  $X_2$  both equal to zero. It will give

$$S_1 = 720 \quad S_2 = 780 \quad S_3 = 320$$

Profit is always nil when there is no production i.e.

$$X_1 = 0 \text{ and } X_2 = 0$$

i.e. all resources are idle.

Now solution is to be developed in such a manner that gives a combination of minimum value of  $S_1$ ,  $S_2$ ,  $S_3$  and in turn will maximize the value of objective function Z [2].

In this problem numbers of unknowns are five and numbers of equations are three. So value of at least two variables is to be supplied from the pocket. Such variables are called assigned variable.

#### 4. RESULTS AND DISCUSSIONS

##### 4.1 Situation of no production

Now to begin with, consider a situation of no production. This will yield value of  $S_1, S_2, S_3$ , as 720,780 and 320 respectively. Such situation is not desirable as it gives no profit. So production has to be done for the survival of the unit.

The inspection of objective function clearly tells that production of  $X_1$  yields more profit than  $X_2$ . Now first step of attack strategy will be to determine maximum production capacity of the unit as a whole. Naturally this value will be minima of the maxima produced by individual machine. To obtain this value take production of  $X_1$  as nil.

Production of  $X_1$  by first machine  $720/1 = 720$   
 Production of  $X_1$  by second machine  $780/2 = 390$   
 Production of  $X_1$  by third machine  $320/1 = 320$

So least of 720, 390, 320 is 320.

Now what will happen if 320 numbers of  $X_1$  is produced:

$$\begin{aligned} X_1 &= 320 \\ X_2 &= 0 \\ S_1 &= 400 \\ S_2 &= 140 \\ S_3 &= 0 \end{aligned}$$

The above information can be presented in tabular form (Table 1).

Table 1 Situation of no Production

		$C_j$	60	40	0	0	0
$C_B$	Basic Variables B	Solution Values $b(=X_B)$	$x_1$	$x_2$	$S_1$	$S_2$	$S_3$
0	$S_1$	720	1	2	1	0	0
0	$S_2$	780	2	1	0	1	0
0	$S_3$	320	1	0	0	0	1
		Zj	0	0	0	0	0
		Net Evaluation (or index) Row: $C_j - Z_j$	60	40	0	0	0

##### 4.2 Situation of production when profit is ₹ 19200

Since production of  $X_1$  gives more profit, it is best to produce  $X_1$  first. Now by manipulating equations (4), (5), and (6) following equations can be obtained.

By manipulating Eq. (4) and Eq. (6)

$$0X_1 + 2X_2 + 1S_1 + 0S_2 - 1S_3 = 400$$

By manipulating Eq. (5) and Eq. (6)

$$0X_1 + 1X_2 + 0S_1 + 1S_2 - 2S_3 = 140$$

Equation (6) is retained as it is

$$1X_1 + 0X_2 + 0S_1 + 0S_2 + 1S_3 = 320$$

These results have been summarized as given in Table 2.

Table 2 Situation of Production when Profit is ₹ 19200

		$C_j$	60	40	0	0	0
$C_B$	Basic Variables B	Solution Values $b(=X_B)$	$x_1$	$x_2$	$S_1$	$S_2$	$S_3$
0	$S_1$	400	0	2	1	0	-1
0	$S_2$	140	0	1	0	1	-2
60	$X_1$	320	1	0	0	0	1
		Zj	19200	60	0	0	6
		Net Evaluation (or index) Row: $C_j - Z_j$	0	40	0	0	-6

##### 4.3 Situation of production when profit is ₹ 24800

The inspection of Table 2 shows that profit has improved from nil to ₹ 19200.

Now it is clear that resource  $S_1$  and  $S_2$  are available for production.

$S_1$  resource is available 200 number of product  $X_2$  while  $S_2$  resource is available for 140 numbers  $X_2$ .

So maximum quantity of  $X_2$  can be produced is only 140.  $X_1$  is already being produced to its full capacity.

Now this situation can be stated as under:

$$\begin{aligned} X_1 &= 320 \\ X_2 &= 140 \\ S_1 &= 120 \\ S_2 &= 0 \\ S_3 &= 0 \end{aligned}$$

Profit  $Z = 24800$

So profit has improved from ₹ 19200 to ₹ 24800. So this strategy is better than previous one. This situation of production can be written in tabular form as given in Table 3

Table 3 Situation of Production when Profit is ₹ 24800

		C <sub>j</sub>	60	40	0	0	0
C <sub>B</sub>	Basic Variables B	Solution Values b(=X <sub>B</sub> )	x <sub>1</sub>	x <sub>2</sub>	S <sub>1</sub>	S <sub>2</sub>	S <sub>3</sub>
0	S <sub>1</sub>	120	0	0	1	-2	3
40	X <sub>2</sub>	140	0	1	0	1	-2
60	X <sub>1</sub>	320	1	0	0	0	1
Z <sub>j</sub>		24800	60	40	0	4	-2
Net Evaluation (or index) Row: C <sub>j</sub> - Z <sub>j</sub>			0	0	0	-4	2

#### 4.4 Situation of production when profit is ₹ 25600

The Inspection of Table 3 shows that still resource S<sub>1</sub> of 120 unit is available for production.

Now exploit this resource to full extent i.e. Make

$$S_1 = 0$$

This row will yield the relation

$$S_1 - 2S_2 + 3S_3 = 120$$

Now examine the position of resource of S<sub>3</sub>. Dividing the above relation by 3 we get

$$\frac{1}{3S_1} - \frac{2}{3S_2} + S_3 = 40$$

In the state of production resource S<sub>1</sub>, S<sub>2</sub>, S<sub>3</sub> are connected with relation

$$\frac{1}{3S_1} - \frac{2}{3S_2} + S_3 = 40$$

If S<sub>1</sub> and S<sub>2</sub> are fully exhausted i.e. S<sub>1</sub>=0 and S<sub>2</sub>=0, then S<sub>3</sub>= 40.

This shows that 40 units of S<sub>3</sub> resource will be left unused.

Now solve first constraint (Eq. 4) and second constraint (Eq. 5) after putting S<sub>1</sub> and S<sub>2</sub> equal to zero.

$$X_1 + 2X_2 + S_1 = 720$$

$$2X_1 + X_2 + S_2 = 780$$

$$X_1 + 2X_2 = 720$$

$$2X_1 + X_2 = 780$$

This relation yields

$$X_1 = 280$$

$$X_2 = 220$$

Putting these results in third constraint (Eq. 6)

$$X_1 + S_3 = 320 \text{ yields}$$

$$S_3 = 40$$

Now the whole exercise can be summarized in tabular form as given in Table 4.

Table 4 Situation of Production when Profit is ₹ 25600

		C <sub>j</sub>	60	40	0	0	0
C <sub>B</sub>	Basic Variables B	Solution Values b(=X <sub>B</sub> )	x <sub>1</sub>	x <sub>2</sub>	S <sub>1</sub>	S <sub>2</sub>	S <sub>3</sub>
0	S <sub>3</sub>	40	0	0	1/3	-2/3	1
40	X <sub>2</sub>	220	0	1	2/3	-1/3	0
60	X <sub>1</sub>	280	1	0	-1/3	2/3	0
Z <sub>j</sub>		25600	6	4	2/3	8/3	0
Net Evaluation (or index) Row: C <sub>j</sub> - Z <sub>j</sub>			0	0	-2/3	-8/3	0

In C<sub>j</sub>-Z<sub>j</sub> row coefficient of the variables are either zero or negative this clearly shows that profit has been maximized.

If still, the profit has to be maximized then, enhance resource S<sub>1</sub> and S<sub>2</sub> as long as 40 units of idle S<sub>3</sub> resource is exhausted.

#### 4.5 Summary of Analysis of Linear Programming

Table 5 Summary of the Results (Mathematical Solution)

S. No.	Product produced X <sub>1</sub>	Product produced X <sub>2</sub>	Remaining resource S <sub>1</sub>	Remaining resource S <sub>2</sub>	Remaining resource S <sub>3</sub>	Profit in rupees (₹)
1.	320 Units	0 Units	400 Units	140 Units	0 Units	19200
2.	320 Units	140 Units	120 Units	0 Units	0 Units	24800
3.	280 Units	220 Units	0 Units	0 Units	40 Units	25600

#### 5 CONCLUSIONS

Using the technique of linear programming, the resources are adjusted in such a way that maximum profit in production of toys under given constraints can be achieved. Table 5 shows that maximum profit of ₹ 25600 is obtained when production of X<sub>1</sub> = 280 units, X<sub>2</sub> = 220 units and resources S<sub>1</sub> and S<sub>2</sub> are fully exhausted but S<sub>3</sub> = 40 (meaning 40 units of S<sub>3</sub> resource will be left unused).

Therefore, it can be concluded that this is the best strategy under given constraints and hence maximum profit in production of toys can be achieved.

Thus the technique of linear programming suggests the ways of reducing the production cost by maximizing the utilization of fixed resources and optimizing the use of variable resources like material and capital with the ultimate aim to increase the profit of the organization. When total production is enhanced, then per unit cost falls and it will enhance the profit and entrepreneur will try to increase the production as long as marginal cost is equal to marginal revenue.

## 6. FUTURE SCOPE

The suggested solution is mathematical solution and can easily be computed. Further improvement in optimal solution can be obtained as long as difference between old profit and new profit is a negative value.

## 7. REFERENCES

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## BIOGRAPHIES



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