

## **INFORMATION THEORETIC APPROACH FOR OPTIMAL INVENTORY**

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### **Abstract**

In this paper, information theoretic approach is used to solve the inventory problem posed by Wolfe & Dantzig (1962). To solve this type of linear programming problem or the inventory problem I have applied the technique of Belis & Guiasu (1968). This approach has the advantage of simplicity for numerical calculations apart from avoiding the use of complicated decomposition principle. A numerical example has been given for illustration of the problem.

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Key Words: Inventory problem, Markov Process, Decomposition Principle, Information theoretic Approach.