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M. B. A. (Fourth Semester) Examination, April-May 2021

(New Scheme)

(Management Branch)

(Specialization : Finance Management)

PROJECT PLANNING and ANALYSIS

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

Note : *Solve any* ***two*** *questions out of three given in each section.*

Section-'A'

1. Explain the term 'Project'. What are its salient characteristics? 8

2. What do you mean by 'Social Cost Benefit Analysis' of a project? Explain how could you evaluate Social Cost and Benefit attached to a project. 8

3. Explain the different ways by which a new Project Idea is generated. Does organisation goals affect the selection of new project. 8

Section-'B'

4. The sales proceed from the project, in millions of rupees, are given below :

Year	1999	2000	2001	2002	2003	2004	2005	2006
Sale	82	80	90	92	83	94	99	92

Fit a straight line trend equation to the above data. Forecast the trend sales for the year 2007 and 2008. 8

5. Describe in detail the component of Technical Analysis of a project. 8

6. Explain in detail how a market survey is conducted to predict the demand of a product from a project. 8

Section-'C'

7. Why is cost estimation is such an important component of Project Planning. Discuss the various component of Production Cost. 8

8. Discuss the role of Financing Institution in Financing Project Cost. What are the different way by which a organisation can finance its project? 8

9. How would one decide on capital structure Pie associated with financing? What are pros and cons of financing a project with equity and debt. 8

Section-'D'

10. A company is trying to decide which of the two machines to purchase. Each will involve an investment of ₹10,000. The expected net incremental cash flow are given here

Year	Machine 'A'	Machine 'B'
1	5,000	2,000
2	4,000	3,000
3	2,000	5,000
4	2,000	4,000

The company cost of capital is 10%. Calculate the NPV of each machines. Which machine should be purchased. 8

11. The New Electric Company is considering to make investment in a proposal which require an outlay of ₹ 1,20,000. The project has a life of three years over which the following cash flow are likely to be generated.

Year 1		Year 2		Year 3	
C. Flow.	Prob.	C. Flow.	Prob.	C. Flow.	Prob.
30,000	0·2	30,000	0·1	40,000	0·3
40,000	0·4	50,000	0·4	60,000	0·3
50,000	0·3	80,000	0·4	80,000	0·2
60,000	0·1	90,000	0·1	1,00,000	0·2

If the discount rate is 10% should the project accepted. 8

12. Write short notes on : 8

(i) Sensitivity Analysis

(ii) Simulation Analysis

Section-'E'

13. Draw an arrow diagram to determine critical path showing the following relationship : 8

Activity	A,	B,	C,	D,	E,	F,	G	H,	I,	J,	K,	L,	M,	N
Immediate Preceeding	—	—	—	A,B	B,C	A,B	C	DEF	D	G	G	H,J	K	IL

14. Define Optimistic time, Most likely time, Pessimistic time. Explain the benefit and limitation of PERT Analysis. 8

15. Do you agree with the following statement "With proper planning it is possible to elliminate most/all risk from a project."? Why or why not? 8