DEPARTMENT OF MANAGEMENT
School of Management & Business Studies
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Offline Even Semester Examination 2022

Project Appraisal and Finance
MBA SEM 4 2022

Paper Code: MBA-GE-FM-06 Time 3 hrs
Max Marks: 75

Note: Attempt any five and all questions carry equal marks. (15X5=75)

1. You are a newly recruited Project Manager of Zomato. Zomato is planning for another project based on the concept of the Asset Light Model.
   You are required to prepare a write-up on Project Life Cycle and its phases so that it may be discussed in the board meeting. **15 Marks**

2. (a) "Capital expendituredecisions are often considered the most critical decisions a firm takes." Do you agree with this statement? YES /NO, Justify you answer.
   (b) Explain the difficulties faced in capital expenditure decisions.**6+9=15 Marks**

3. (a) Briefly discussthe key steps involved in market and demand analysis.
   (b) Which demand forecasting technique/techniques will yousuggestto forecast the demand in case of establishing an MBA institution in any African country. **10+5=15 Marks**

4. (a) What aspects are covered in technical analysis?
   (b) Briefly describe the various components of the project's cost with reference to a Nursing Home or an Educational Institution. **9+6=15 Marks**

5. In the Project environment, cause and effect relationships are almost always readily apparent. Good project management will examine the effect to understand the cause better and possibly prevent it from occurring again. Below are the causes and effects. For each one of the effects, select the possible cause or causes that may have existed to create this situation. **15 Marks**

Effects

i) Late completion of activities
ii) Cost overruns
iii) Substandard performance
iv) High turnover in project staff
v) Two functional departments performing the same activities on one project

Causes

i) Top management does not recognize this activity as a project
ii) Too many projects going on at one time
iii) Impossible schedule commitments
iv) No functional input into the planning phase
v) No one person responsible for the total project
vi) Poor understanding of the project manager's job
vii) A wrong person was assigned as project manager
viii) No integrated planning and control
ix) Company resources are overcommitted
x) Unrealistic planning and scheduling
xi) Conflicting project priorities
xii) Poorly organized project office

6. (a) The cash flow streams for two alternative investments, X & Y, are:

Year	Project X (₹)	Project Y (₹)
0	-400,000	-500,000
1	+120,000	+300,000
2	+90,000	+30,000
3	+150,000	-
4	+100,000	-
5	+100,000	-
6	+80,000	+300000
7	+75,000	+100,000

(a) Calculate the Payback Period and Net Present Value for the two alternatives. (The discount rate is 12%).

(b) Which of the two projects would you choose? Explain. **8+7=15 Marks**

7. (a) Critically compare the 'Payback period method' and 'discounted Payback method' by taking a suitable example.

(b) Calculate the Modified NPV of a project ABC if the following information is available for Project ABC. **8+7=15 Marks**

(i) Investment outlay for the project is ₹ 250,000 and Cost of capital is 10%
(ii) The cash inflows over the life of the project is as:

Year 1	₹ 70,000
Year 2	₹ 80,000
Year 3	₹ 90,000

Year 4 ₹ 100,000

(iii) The reinvestment rate is 14%.

8. Write notes on any three of the following: **3 x 5 = 15 Marks**
   (i) Work Breakdown Structure
   (ii) Social cost-benefit analysis of a Project
   (iii) Means of Finance
   (iv) Forms of project Organisation
   (v) Pre-requisites for successful Project Implementation
