

M.B.A (CBCS) DEGREE EXAMINATION, APRIL 2021
FOURTH SEMESTER
BUSINESS ADMINISTRATION - ELECTIVE
PROJECT FINANCE

(For those who joined in July 2016 and afterwards)

Time: Three hours

Maximum: 75 marks

Part – A (10 X 1 = 10 marks)

Answer all question, choose the correct answer:

1. _____ refers to a firm holding some cash to meet its routine expenses that are incurred in the ordinary course of business.
 - (a) Speculative motive
 - (b) Transaction motive
 - (c) Precautionary motive
 - (d) Compensating motive
2. Situation in which the new business reduces an existing business of the firm is classified as
 - (a) Non-cannibalization effect
 - (b) Cannibalization effect
 - (c) External effect
 - (d) Internal effect
3. The difference between an investment's market value and its cost is called the _____ of the investment.
 - (a) Net Present value
 - (b) Economic value
 - (c) Future value
 - (d) Book value
4. In cash flow estimation, the depreciation is considered as
 - (a) Cash charge
 - (b) Non-cash charge
 - (c) Cash flow discounts
 - (d) Net salvage discount
5. Suppose Z corporation, has the present value of its future cash flows is ₹4,50,000 and the project has a cost of ₹300, 000, then the profitability index would be _____.
 - (a) 1.25
 - (b) 0.667
 - (c) 1.50
 - (d) 1.00
6. _____ is an incentive offered by a seller to encourage a buyer to pay within a stipulated time.
 - (a) Cash Discount
 - (b) Quantity Discount
 - (c) Quality Discount
 - (d) Float Discount
7. Average accounting return is a measure of accounting profit relative to:
 - (a) Book value
 - (b) Intrinsic value
 - (c) Cost
 - (d) Market value
8. Which of the Following is NOT a Characteristic of Preferred Stock?
 - (a) Dividends on These Stocks Cannot Be Cumulative
 - (b) These Stocks have Dividend Priority over Common Stocks
 - (c) These Stocks have Stated Liquidating Value
 - (d) These Bonds Hold Credit Ratings Much Like Bonds
9. Sian Corporation is one of the Largest Firms in the Electronics Industry Covering 70% of the Market Share. During the Current year Its Performance is analysed By Judging the Various Indicators. It has Return on Assets of 12.5% and Retention Ratio is 3/5. What would be the Internal Growth rate of the Sian Corporation?
 - (a) 12.29%
 - (b) 14.29%
 - (c) 16.29%
 - (d) 18.92%
10. CPM is applied in case of
 - (a) Projects of recurring nature
 - (b) Projects of non-recurring nature
 - (c) Projects having uncertain activity times
 - (d) Projects having certain times

Part B (5 x 5 = 25 Marks)

Answer all Questions, Choosing either (a) or (b), Each answer should not exceed 250 words

11. (a) State the need for project finance in modern business.

(OR)

(b) Explain the main deficiencies in the area of new project management.

12. (a) What are the safeguards to prevent/ limit time and cost over-runs?

(OR)

(b) How is progress of projects financed by financial institutions monitored?

13. (a) Explain the uniform annual series. Where is it useful? How?

(OR)

(b) Differentiate between risk and uncertainty with appropriate examples.

14. (a) What is a project? What are the factors we consider in its appraisal?

(OR)

(b) Identify the methodology for project evaluation.

15. (a) What types of activities are considered for crashing of activity?

(OR)

(b) List and explain the steps for efficiently doing network analysis in project management.

Part C (5 x 8 = 40 Marks)

Answer all Questions, Choosing either (a) or (b), Each answer should not exceed 600 words

16. (a) Highlight the importance of project finance.

(OR)

(b) Enlist the different phases of project planning.

17. (a) Give the components of project feasibility study.

(OR)

(b) Mention and explain the stages of opportunity study in project finance.

18. (a) Describe the various approaches for measurement of business return.

(OR)

(b) Explain the procedure you would adopt to minimize your risk while selecting a capital investment project.

19. (a) Suggest the challenges of international project appraisal.

(OR)

(b) Enumerate the recent trends in project evaluation.

20. (a) 'Functional and divisional organizations are not suitable for project construction activities'. Do you agree with the statement?

(OR)

(b) Explain the activities and importance of resource planning in project management.

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