

(6 pages)

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M.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2023

Fourth Semester

Business Administration

Elective—PROJECT FINANCE

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. A _____ represents a scheme for investing resources that can be analyzed and appraised reasonably independently.
 - (a) Capital project
 - (b) Capital expenditure
 - (c) Capital budgeting
 - (d) Financial statement

2. _____ is a multifunctional task linked to a firm's overall strategy.
 - (a) Capital expenditure
 - (b) Financial evaluation
 - (c) Capital budgeting
 - (d) Strategic planning
3. _____ involves matching a firm's capabilities to the opportunities in the external environment.
 - (a) Objective - (b) Goal
 - (c) Project (d) Strategy
4. The _____ of a project is the sum of the present values of all the cash flows -positive as well as negative - that are expressed to occur over the life of the project.
 - (a) internal rate of return
 - (b) average rate of return
 - (c) payback
 - (d) net present value
5. _____ aids in evaluating individual projects within the planning framework.
 - (a) Social cost Benefit analysis
 - (b) Shadow pricing
 - (c) Economic appraisal
 - (d) Project analysis

Page 2

Code No. : 7675



6. A key issue in _____ is whether a good is transferable or not.
- Project analysis
 - shadow pricing
 - project implementation
 - project appraisal.
7. The first two steps involved in _____ analysis are development of the project network and time estimation.
- CPM
 - break even
 - project
 - PERT
8. The _____ is constructed in terms of activities and events.
- Network diagram
 - Cost overrun
 - Time overrun
 - None of the above.
9. Variability in _____ analysis is measured by variance or its square root, standard deviation.
- CPM
 - PERT
 - Network
 - cost benefit analysis

10. _____ may take line and staff organization.
- Divisional organization
 - Project organization
 - Matrix organization
 - None of the above.

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words

11. (a) What are the financial risks involved in project finance?

Or

- (b) How will you estimate capital requirement of a project?

12. (a) What are the characteristics of project finance?

Or

- (b) Explain briefly the components of project feasibility study.



13. (a) What are the limitations of net present value?

Or

- (b) What do you understand by Average Rate of Return?

14. (a) Explain briefly the concept of appraisal process.

Or

- (b) What are the financial aspects evaluated in the appraisal of a project?

15. (a) What is the basic difference between PERT and CPM?

Or

- (b) What are the assumptions underlying CPM analysis?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words

16. (a) Explain the various classification of Projects.

Or

- (b) Explain the various stages of project formulation.

Page 5

Code No. : 7675

17. (a) Present a schematic diagram of the feasibility study.

Or

- (b) Discuss the five forces that shape the profit potential of an industry.

18. (a) What is payback period? Evaluate payback as an investment criterion.

Or

- (b) How is Average Rate of Return calculated?

19. (a) Explain Social Cost Benefit Analysis.

Or

- (b) What are the points to be considered in the appraisal of a project?

20. (a) Discuss the difference between total float, free float and independent float.

Or

- (b) Discuss the rules for network construction.

Page 6

Code No. : 7675

