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Reg. No. :

Code No. : 8674

Sub. Code : PBAE 45

M.B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2022.

Fourth Semester

Business Administration - Elective

PROJECT FINANCE

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. _____ rests on the premise that the goal of financial management should be to maximize the present wealth of firm's equity shareholders.
- (a) Financial theory
 - (b) Accounting concept
 - (c) Information system
 - (d) None of the above.

2. As part of technical analysis, a project _____ is also prepared.

- (a) Formulation
- (b) implementation
- (c) evaluation
- (d) report

3. Pricing strategy used by many firms to _____.

- (a) avoid the risk
- (b) include the risk
- (c) manage the risk
- (d) withdraw the risk

4. According to finance theory, the appropriate discount rate for a project should reflect its _____.

- (a) average return
- (b) internal rate of return
- (c) debt and equity
- (d) opportunity cost of capital

5. _____ is defined as the present value of the benefits divided by present value of costs.

- (a) Benefit cost ratio
- (b) Internal rate of return
- (c) Average rate of return
- (d) None of the above



6. The _____ is the length of time required to recover the initial cash outlay on the project.
- (a) Accounting rate of return
 - (b) Payback period
 - (c) Benefit cost ratio
 - (d) None of the above
7. _____ is defined as profit after tax divided by book value of the investment.
- (a) Internal rate of return
 - (b) Cost of capital
 - (c) Average rate of return
 - (d) None of the above
8. _____ is a methodology of evaluating projects from the social point of view.
- (a) Foreign Exchange
 - (b) Project appraisal
 - (c) Cost of capital
 - (d) Social cost benefit analysis
9. _____ is a definite task, job or function to be performed in a project.
- (a) Activity
 - (b) Dummy activity
 - (c) Time estimate
 - (d) critical path

10. An _____ is a specific point of time indicating the beginning or end of one or more activities.
- (a) Origin
 - (b) event
 - (c) optimistic value
 - (d) 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 elements of project formulation?
- Or
- (b) What are the internal causes of project delay?
12. (a) Write a note on prefeasibility study.
- Or
- (b) Write a note on project identification.
13. (a) What is Net Present Value?
- Or
- (b) Evaluate payback as investment criterion.



14. (a) What are the key elements adopted by the PAD for the economic appraisal?

Or

- (b) What are the key elements used by IDBI to calculate the economic rate of return?

15. (a) What are the steps involved in PERT analysis?

Or

- (b) What is the procedure for determining critical path?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain in detail the classification of project.

Or

- (b) Describe the external causes of project delay.

17. (a) Explain the various stages in project life cycle.

Or

- (b) Explain in detail the various stages of pre investment phase.

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18. (a) What are the pros and cons of average rate of return?

Or

- (b) Discuss the advantages of payback period.

19. (a) Explain in detail social cost benefit analysis.

Or

- (b) Discuss the role of the public investment board.

20. (a) Discuss the procedure for CPM analysis with the help of a suitable example.

Or

- (b) Discuss the rules for network construction.

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