

4M402

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M. B. A. IV Sem. (Main / Back) Exam., June-July 2016
M-402 Project Management
Compulsory

Time: 3 Hours

Maximum Marks: 70
Min. Passing Marks: 28

Instructions to Candidates:

- (i) *The question paper is divided in two sections.*
- (ii) *There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study / application based question which is compulsory.*
- (iii) *All questions carry equal marks.*

SECTION - A

Q.1 What is a project? Describe the essential features of a project. How are project investment decisions taken? Discuss. [4+5+5=14]

Q.2 Write note on:

- (a) Work break down structure [7]
- (b) Responsibility matrix [7]

Q.3 The capital cost of a project is estimated at Rs.50 lacs and its life is 5 years. The expected cash inflow and expected cash outflow of the project is Rs.50 lacs and Rs.30 lacs respectively resulting in net cash inflow of Rs.20 lacs every year during the project life.

(a) Taking 30% as expected rate of return determine the NPV and comment on the project. [7]

(b) If the inflation factor is 10 per cent per annum, determine the NPV and comment on the project. [7]

Q. 4 What is project planning? What different aspects are covered in a project plan? [4+10=14]

Q. 5 Discuss in brief the following:

(a) Project quality planning [7]

(b) Use of networking techniques in project management. [7]

Q. 6 What is project performance evaluation? Briefly describe the purpose and importance of such evaluation. [5+9=14]

SECTION – B

Q. 7 The estimates in respect of a project are given below: [5+4+5=14]

Annual demand of the product	10,000 units
Price of the product	Rs. 10 per unit
Variable cost of the product	Rs. 3 per unit
Fixed costs	Rs. 30,000/-
Rate of Tax	50%
Rate of Depreciation	20%
Life of the project	5 years
Cost of funds	10%
Salvage Value	Rs. 40,000/-
Cost of project	Rs. 1, 40,000/-

From the above information find the net present value of the project. Apply sensitivity analysis to determine the change in net present value of the project in any one of the following situations one- by one.

- (a) The cost of funds goes up from 10% to 11% or gas down to 9%
- (b) The rate of tax is decreased to 40% or increased to 60%
- (c) The selling price of the product is increased to Rs. 11 per unit or is decreased to Rs. 9 per unit.
