



GIET UNIVERSITY, GUNUPUR – 765022
M. B. A (Third Semester) Examinations, December' 2020
MB 304 B – PROJECT APPRAISAL AND FINANCE

Time: 2 hrs

Maximum: 50 Marks

The figures in the right hand margin indicate marks.

PART – I: (Multiple Choice Questions)**(1 x 10 = 10 Marks)****Q. 1 Answer ALL questions**

- a. Capital investment appraisal refers to
 - (i) Making sure that assets pay for themselves as soon as possible
 - (ii) Making sure that we have enough assets to operate
 - (iii) Making sure that we have enough money to buy assets
 - (iv) Evaluating the costs and benefits of proposed investments in operating assets
- b. Developing a technology is an example of _____.
 - (i) Process
 - (ii) Project
 - (iii) Scope
 - (iv) Product
- c. The decision to request an increase the resources for a project is the responsibility of the _____.
 - (i) Functional manager
 - (ii) Director
 - (iii) Project manager
 - (iv) Customer
- d. Which of the following does not effect cash flows proposal?
 - (i) Salvage value
 - (ii) depreciation
 - (iii) Tax rate change
 - (iv) method of project financing
- e. A project may be regarded as high risk project when
 - (i) It has smaller variance of outcome but a high initial investment
 - (ii) It has larger variance of outcome and high initial investment
 - (iii) It has smaller variance of outcome and a low initial investment
 - (iv) It has larger variance of outcome and low initial investment
- f. The span of time within which the investment made for the project will be recovered by the net returns of the project is known as
 - (i) Period of return
 - (ii) Payback period
 - (iii) Span of return
 - (iv) Rate of return
- g. Decision criterion with respect to profitability index to accept project if
 - (i) Profitability index is equal to or < 1
 - (ii) Profitability index is > 1
 - (iii) Profitability index is $< \text{ or } = 1$
 - (iv) Profitability index is > 10
- h. _____ of a project is the sum of all present values of all cash inflows minus present value of outflows?
 - (i) Pay Back Period
 - (ii) Internal Rate of Return
 - (iii) Benefit Cost Ratio
 - (iv) NPV
- i. Process that involves decision making with respect to investment in fixed asset is
 - (i) Valuation
 - (ii) Break even analysis
 - (iii) Capital budgeting
 - (iv) Material management decision
- j. In Sensitivity Analysis, the emphasis is on assessment of sensitivity of
 - (i) Net economic life
 - (ii) Net present value
 - (iii) Both (a) and (b)
 - (iv) None of the above

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PART – II : (Short Answer Questions)**(2 x 5 = 10 Marks)****Q.2. Answer ALL questions**

- a. Define the term project.
- b. Give two examples for Manufacturing Projects.
- c. What is project formulation?
- d. Mention the purpose of project screening.
- e. What is meant by social cost benefit analysis?

PART – III: (Long Answer Questions)**(6 x 5 = 30 Marks)**Answer ANY **FIVE** questions.

3. Explain the classification of project in detail.
4. Describe about how to identify project milestones.
5. List the factors necessary to identify sound investment opportunities
6. Discuss in brief the techniques of financial appraisal used by various financial institutions in India.
7. What aspects are considered in technical analysis of a project? What factors have a bearing on choice of technology?
8. Define IRR. Explain the procedure to find IRR.
9. Explain the role of financial institutions in project financing.
10. Discuss the various methods for evaluating a project with example.

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