

# END TERM EXAMINATION

SIXTH SEMESTER [BBA/(B&I)/(TTM)], MAY - 2011

Paper Code : BBA/(B&I)/TTM - 304

Subject : Project Planning & Evaluation

Paper Id : 17/18/50304

Time : 3 Hours

Maximum Marks : 75

Note : Attempt any Five Questions. Each carries 15 marks.

**Q. 1.** Super Ltd., a HDPE bag manufacturing company set-up in 2000 was doing quite well in spite of the economic and political adversities, when it faced a problem from the least expected quarter — its own labour force. Union had been set-up in 2002 and has now been demanding greater autonomy with representation in the equity as well as enhancement of working conditions. Though the management is thinking of installing a building for canteen and recreational purposes. This would also act as a stopgap from the union pressure. The total cost for the canteen project was estimated at ₹ 80.00 lacs. The work will commence with the laying of foundation and building walls and ends with the connection of all services for the canteen to start functioning. While this involves a whole lot of detailed services, the following major list of activities have been prepared with other relevant details. Job codes have been provided to simplify matters. Job A must precede all other jobs while Job E must follow others. Apart from this, jobs can occur concurrently.

Code	Job Description	Time in Days			Normal Cost*	Crash Days	Crash Cost*
		t <sub>0</sub>	t <sub>m</sub>	t <sub>p</sub>			
A	Lay foundation and build walls	3	5	7	3,000	4	4,000
B	Tile roofing	5	6	7	1,200	2	2,000
C	Install electricity	1	3	11	1,000	3	1,800
D	Install plumbing	2	4	12	1,200	3	2,000
E	Connect all service to finish and handover	1	3	5	1,600	3	1,600

\* Cost in thousand of rupees.

The labour union is threatening to go on strike and it is imperative for the management to complete this project and appease the work force. A strike will play havoc with the production schedule, not to mention the loss of bulk order from the middle, a market the company is penetrating for the first time. You have been appointed a project consultant and you are expected to expedite the project with optimal considerations of cost and time.

- (a) Draw the network and identify the normal time for completion of the project.
- (b) Crash the project network fully to find out the minimum time during which the project can be completed.
- (c) If indirect costs are ₹ 3,00,000 per day, determine the optimal trade-off for the project.

**Q. 2.** The net cash flows associated with two projects are given below :  
(Rs. in thousands)

Year	Project X	Project Y
0	(2500)	(2500)
1	1200	650
2	1200	650
3	1200	650
4	650	
5	650	
6	650	
7	650	

The cost of capital is 14%. You are required to :

- (a) Calculate the net present value of each project.
- (b) Calculate the benefit-cost ratio of each project.
- (c) Calculate the internal rate of return of each project.

- Q. 3.** Explain the major facets of market analysis. Do you think that it is a most important part of the project feasibility? Give reasons for your answer.
- Q. 4.** (a) Discuss the factor that affect the plant location.  
(b) What are the various factors to be considered in technical appraisal of projects?
- Q. 5.** What is project management? What are the various phases of project management?
- Q. 6.** Briefly describe *any three* of the following :
- (a) Risk incorporation in projects
  - (b) Post Completion Audit
  - (c) Feasibility Study
  - (d) Pre-requisites for successful implementation of projects
- Q. 7.** Explain the methodology of computation of cash flows for the project with help of an example.
- Q. 8.** Briefly discuss the various sources of project financing. Give one example each of financing of :
- (i) infrastructure project and
  - (ii) 1-year Common Wealth Games project

Present Value Factor (r, n)

r, n	13%	14%	15%	16%	17%	18%	19%	20%	21%	22%	23%
1	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	0.826	0.820	0.813
2	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	0.683	0.672	0.661
3	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	0.564	0.551	0.537
4	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	0.467	0.451	0.437
5	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	0.386	0.370	0.355
6	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	0.319	0.303	0.289
7	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	0.263	0.249	0.235
8	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	0.218	0.204	0.191
9	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	0.180	0.167	0.155
10	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	0.149	0.137	0.126

