

END TERM EXAMINATION

SIXTH SEMESTER [BBA] MAY 2019

Paper Code: BBA-304	Subject: Project Planning and Evaluation
BBA(MOM)-304	
BBA(TTM)-304	
BBA(B&I)-304	

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

Q1 Two projects X and Y have the following cash flow stream.

Year	Cash Flows (Rs 000's)	
	Project X	Project Y
0	-1680	-1680
1	+1400	+140
2	+700	+840
3	+140	+1510

The company's cost of capital is 9% required:-

- (a) Compute NPV and IRR of both projects.
- (b) Which project would you choose and why?

Q2 Discuss the possible sources of optimistic bias as well as pessimistic bias in cash flow estimation.

Q3 Discuss the factors which determine 'plant location', 'plant capacity' and 'product mix' of a large scale project.

Q4 The funds and personnel requirement is to be assessed accurately. These requirements change significantly during the course of implementation of a project. Discuss how to ensure the availability of resources as and when required.

Q5 A project consists of 6 activities and their time estimates are shown below:

Activity	Time in weeks		
	Optimistic	Most likely	Pessimistic
1-2	1	3	5
1-3	3	6	9
2-4	2	6	4
3-4	5	9	13
2-5	3	4	5
4-5	5	8	11

Draw the network. Required:-

- (a) Determine the critical path.
- (b) Find the standard deviation of the critical path duration.
- (c) Compute the probability of completing the project in 20 weeks.

Q6 The floats associated with each project task can only be derived following the completion of the forward and backward passes. Explain why this is true?

Q7 Do you agree with the following statement: "With proper planning it is possible to eliminate most/all risks from a project"? Why or why not?

Q8 Write a short note on any three of the following:-

- (a) Means of financing a large scale project
- (b) Preparation of projected financial statements
- (c) Human aspects of project management
- (d) Sensitivity of cash flows.

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