

May – June 2022
Master of Business Administration (MBA) Examination
(Full Time) (New) Third Semester
FT-302C : PROJECT MANAGEMENT

Time 3 Hours]

[Max. Marks 80

Note : Attempt any two questions from Section A. Each question carries 16 marks. Attempt any three questions from Section B. Each question carries 16 marks.

Section A

1. Explain different methods, steps, criteria and factors for Project Identification and Project Selection.
2. What are various determinants of cost of a Project ? Highlight on financial feasibility in deciding capital structure of a Project.
3. Explain different types of Risk and techniques of risk evaluation in Project Management.
4. Explain any four of the following with examples w. r. t. a Project :
 - (a) Social Cost Benefit Analysis.
 - (b) Project Termination and Close-out Procedure.
 - (c) Project Appraisal.
 - (d) Project Software and applications.
 - (e) CPM and PERT.
 - (f) Project Sensitivity and Project Scenario Analysis.

Section B

5. Following are the manpower requirements of each activity in a project :

Activity	Normal Time (Days)	Manpower Required / Day
1 – 2	10	2
1 – 3	11	3
2 – 4	13	4
2 – 6	14	3
3 – 4	10	1
4 – 5	07	3
4 – 6	17	3
5 – 7	13	5
6 – 7	09	8
7 – 8	01	11

- (a) Draw the Network and find out Total Float and Free Float for each activity.
- (b) If the contractor estimates that during the first 26 days only 4 to 5 men and during remaining days 8 to 11 men only can be made available. Rearrange the activities for levelling of manpower resources, satisfying the above condition.

P. T. O.

6. Data for project are :

Activity	Preceding Activity	Time (Weeks)		Cost (Rs.)	
		Normal	Crash	Normal	Crash
A	-	3	2	18,000	19,000
B	-	8	6	600	1,000
C	B	6	4	10,000	12,000
D	B	5	2	4,000	10,000
E	A	13	10	3,000	9,000
F	A	4	4	15,000	15,000
G	F	2	1	1,200	14,000
H	C, E, G	6	4	3,500	4,500
I	F	2	1	7,000	8,000

- (a) Draw the Project Network and find Critical Path.
- (b) If the deadline of 17 weeks is imposed for completion of the project, what activities will be crashed and what would be the additional cost. Find out what would be the critical activities of the network after crashing ?

7. A project has following characteristics :

Activity	Preceding Activity	Expected Completion Time (Weeks)
A	-	5
B	A	2
C	A	6
D	B	12
E	D	10
F	D	9
G	D	5
H	B	9
I	C, E	1
J	G	2
K	F, I, J	3
L	K	9
M	H, G	7
N	M	8

- (a) Draw PERT Network for this project.
- (b) Find Critical Path and Project Completion Time.
- (c) Prepare an activity schedule showing ES, EF, LS, LF and Slack for each Activity.
- (d) Will the Critical Path change if the activity G takes 10 weeks instead of 5 weeks ? If so then what will be the new critical path ?

8. From the following information :

Initial outlay of Project A is Rs. 1,70,000

Initial outlay of Project B is Rs. 1,50,000

The certainty-equivalent approach is employed in evaluating Risky Investments. The current yield on Treasury Bills is 5% and company uses risk less rate. The expected value of net cash flows are :

Year	Project A		Project B	
	Cash Flow	Certainty Equivalent	Cash Flow	Certainty Equivalent
1	90	0.8	90	0.9
2	100	0.7	90	0.8
3	110	0.5	100	0.6

- (a) Which project should be accepted ?
 (b) Which project is Riskier and why ?
 (c) If company was to use the Risk Adjusted Discount Rate Method, then which project would be analysed with higher rate ?

9. A company used Risk Adjusted Discount Rate Method. Certain CFAT and Certainty Equivalents for two projects Project X and Project Y are given as follows :

Year	Project X		Project Y	
	Certain CFAT	Certainty Equivalent	Certain CFAT	Certainty Equivalent
0	(40,00,000)	1.00	(45,00,000)	1.00
1	14,25,000	0.95	22,50,000	0.90
2	15,30,000	0.85	16,00,000	0.80
3	14,00,000	0.70	17,50,000	0.70
4	13,00,000	0.65	10,80,000	0.60

Which project should be accepted if risk free rate of return of company is 9%, cost of capital is 13% and risk adjusted discount rate (for Project X and Project Y) is 16% ?

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