



BRAINWARE UNIVERSITY

Term End Examination 2022

Programme – BBA-2018/BBA-2019/BBA-2020

Course Name – Project Appraisal

Course Code - BBA506F/BBAD502F

(Semester V)

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Name a legally binding agreement between two parties
- | | |
|---------------|-----------------|
| a) A contract | b) Licensing |
| c) Insurance | d) A copy right |
- (ii) State full form of MSMED-
- | | |
|---|---|
| a) Micro, Small & Medium Enterprises Development | b) Mini, Small & Medium Enterprises Development |
| c) Micro, Small & Medium Entrepreneurship Development | d) Micro, Small & Medium Enterprises Department |
- (iii) Describe the activities included in project life cycle-
- | | |
|--|------------------------------|
| a) Understanding the scope of the project | b) Objectives of the project |
| c) Formulation and planning various activities | d) all of these |
- (iv) Identify from the following, most important factor for assessment of new project.
- | | |
|-----------|----------------|
| a) Risk | b) Profit |
| c) Market | d) Competitors |
- (v) Identify the nature of a goal required for the success of project plan.
- | | |
|----------------|--------------|
| a) Generalized | b) Limitless |
| c) Specific | d) Imaginary |
- (vi) Identify the most important source of new business project ideas
- | | |
|------------------|---|
| a) Brainstorming | b) In-depth understanding of industry/profession(|
| c) A hobby | d) copying someone else |
- (vii) Select qualities of successful project manager from given options.
- | | |
|--------------------|-----------------|
| a) Take ownership(| b) savvy |
| c) people focused | d) all of these |
- (viii) Establish from the statements, the correct one indicating that a post audit of a project has been done.
- | | |
|-------------------------|---------------------------------|
| a) Budgeting Auditing | b) At the initial stage |
| c) Charge sheet serving | d) The review of projects after |

- implementation
- (ix) Examine from the understated factors, one factor not considered in Ecological quality Appraisal
- a) Air
b) Sun rays
c) Water
d) Human life
- (x) Evaluate different items given below and select one that is not included in the cost of the project
- a) Cost of land & building
b) Cost of Raw material purchase from bank loan
c) Cost of all variable cost(
d) All fixed cost(
- (xi) Select steps that is not considered as key steps in market and demand analysis:
- a) Employees output analysis
b) Situational analysis and specification of objectives
c) Collection of secondary information
d) Conduct of market survey
- (xii) Express a business arrangement where one party allows another party to use a business name and sell its products or services
- a) A cooperative
b) A franchise
c) An owner-manager business
d) A limited company
- (xiii) Test given characteristics and write characteristics that put Limitation of demand forecasting
- a) Inability to handle unquantifiable factors
b) Unrealistic assumptions
c) Exercise data requirement
d) all of these
- (xiv) Classify demand forecasting in to
- a) Qualitative Methods
b) Time series projection Methods
c) Causal Methods
d) all of these
- (xv) Write the job of a person who can produce insight into the customer's attitude and buying behavior.
- a) Marketing Researcher
b) Marketing Planner
c) Marketing Personnel
d) None of these

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Calculate present value of cash inflow Rs.10,000; Rs.5,000 and Rs.3,000 in year 1, year 2 and year 3 respectively. Discount rate 20% and initial cash outlay is Rs.10,000. conclude on accept reject decision. (3)
3. Explain residual investment technique. (3)
4. Discuss Turnkey project contract. (3)
5. Write a short notes on Earnest Money Deposit. (3)
6. Profitability Index and NPV are almost same yet PI is considered best. Validate this statement. (3)

OR

You want to evaluate a possibility of venture capital for financing your project. Create some some guidelines on the basis of which business plan can be developed. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Explain similarities and differences between VC and PE. (5)
8. Describe concepts of total float, free float and independent float in network analysis. (5)
9. Explain concept and procedure of crashing cost in brief. (5)
10. A project requires an outlay of Rs.10,00,000. Following cash flows are associated with it. (5)

Year 1		Year 2		Year 3	
Cash flows	Probability	Cash flows	Probability	Cash flows	Probability

(Rs. In millions)		(Rs. In millions)		(Rs. In millions)	
4	0.4	5	0.4	3	0.3
5	0.5	6	0.4	4	0.5
6	0.1	7	0.2	5	0.2

Calculate expected cash flows at 8% discounting rate.

11. The expected cash flows of a project are as follows: (5)

Year	Cash Flow
0	(30,000)
1	7,000
2	8,000
3	9,000
4	10,000
5	8,000

The certainty equivalent factor ($Y(t)$) behaves as per the following equation: $Y(t)=1-0.07t$.

Calculate net present value at risk free rate of return is 8 percent

12. Profitability Index (PI) method and Net Present Value (NPV) methods are almost same yet (5)
PI is best- Required evaluation of this statement with proper arguments

OR

NPV and IRR are two rational and popular method of project appraisal but sometimes two (5)
can give contradictory result- Evaluate this statement explaining the situation where it is
observed.
