

Registration no:

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Total Number of Pages: 02

MBA  
15MNG404H

**4th Semester Regular Examination 2016-17**

**PROJECT APPRAISAL(PA)**

**BRANCH:MBA**

**Time: 3 Hours**

**Max Marks: 100**

**Q.CODE:Z769**

**Answer six questions including Question No. 1 and 2 which are compulsory.**

**The figures in the right hand margin indicate marks.**

**Q1**

**MCQ. There is only one correct choice against each question.**

**(2 x 10)**

- (i) Which of the following is not a project characteristic?  
(a) Uniqueness  
(b) Time bound  
(c) Risk  
(d) Time overrun
- (ii) Which of the following is a backward integration project?  
(a) Manufacturing of Aluminum conductors by NALCO  
(b) Manufacturing of Thermal Power Plant equipment by NTPC  
(c) A Film Production Company taking up distribution of films  
(d) A retail mobile selling outlet extending mobile phone repair service
- (iii) Critical Path Method (CPM) does not involve:  
(a) Listing of all activities  
(b) Estimate of time for completion of each independent activity  
(c) Sequencing the activities based on their dependencies  
(d) Estimating the float on the Critical Path
- (iv) Which one of the following is not a part of preliminary expenses?  
(a) Cost incurred on preparation of pre-feasibility study report  
(b) Consultation charges on formation of company  
(c) Secretarial charges incurred on dealing with ROC  
(d) Interest paid on term loan prior to commencement of repayment schedule
- (v) Which of the following is not a cause of project cost overrun?  
(a) Appreciation of Rupee against US Dollar  
(b) Delay in sanction of term loan by FI  
(c) Imported Capital equipment held up for customs clearance  
(d) Frequent accidents at project site
- (vi) Which of the following is not an objective of post-audit of a project?  
(a) To identify causes of time overrun  
(b) To identify causes of cost overrun  
(c) To assess the project deliverables  
(d) To assess the credit worthiness of the promoters
- (vii) Moratorium on loan repayment is given with a view to:  
(a) Help expedite project execution  
(b) Acknowledge credit worthiness of the promoters of the project  
(c) Ease the financial burden on the company during project Execution phase and at the initial stages of commencement of business  
(d) To facilitate EMI payment

(viii) Which one is not a type of Letter of Credit:

- (a) Revocable LC
- (b) Irrevocable LC
- (c) Transferrable LC
- (d) Adjustable LC

(ix) CIBIL score is not that important in deciding:

- (a) Sanction / rejection of the loan application
- (b) Interest rate chargeable on the loan
- (c) EMI
- (d) Foreign currency loan

(x) Which of the following is not a cause of delay in project implementation?

- (a) Poor accessibility to the project site
- (b) Inept evaluation and monitoring
- (c) Downsizing of the project
- (d) Major changes in government regulation pertaining to the nature of the project

**Q2**

**Answer all questions**

**(2 x 10)**

- (i) Why it is said that projects are "Multidisciplinary" and "Complex" in nature?
- (ii) Team work is an important feature of a project. Why?
- (iii) Differentiate between expansion and diversification in the context of a project.
- (iv) How import and export statistics could help new project identification?
- (v) Mention two differences between economic appraisal and financial appraisal of a project.
- (vi) Under what circumstances penal interest is levied on repayment of loan?
- (vii) State two differences between business risk and financial risk.
- (viii) State two restrictive covenants generally imposed by FI/Bank while sanctioning term loan for a project
- (x) What is Liquidated damage?

**Q3**

List the abilities and skills, a project manager should possess? How does negotiation skill help a project manager in cost control?

**(15)**

**Q4**

What is meant by Technical Appraisal of a project? Explain four important parameters of a project which are examined in detail during such an appraisal.

**(15)**

**Q5**

List the major components of Project Cost? List the expenses which are classified under Pre-operative expenses and explain two of these.

**(15)**

**Q6**

What do you understand by margin money for working capital? Explain the difference in the approach by commercial banks in extending term loan funding and working capital funding.

**(15)**

**Q7**

Name the project parties involved in a project under implementation in PPP mode. What considerations go into fixing of User Charges in a PPP project?

**(15)**

**Q8**

**Write short notes on any two;**

**(7.5 x 2)**

- a) Environmental Impact Assessment
- b) Project Organization
- c) Project Closure

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MGT403B

## FOURTH SEMESTER REGULAR EXAMINATION, 2016

### PROJECT APPRAISAL

BRANCH : MBA

QUESTION CODE : MGT403B

Max Marks : 70

Time : 3 Hours

Answer Question No.1 which is compulsory and any five from the rest.

[The figures in the right hand margin indicate marks]

Q.1 Answer the following : 2x10

- (a) From the list below, identify the ones, which are project characteristics.

Detailed Project Report, Unique, Promoters, Uncertainty, Cross-functional, PERT, Time bound, Term loan, Interest rate, Definite purpose.

- (b) What is a modernization project? Give a real life example.

- (c) State two differences between commercial appraisal and financial appraisal.

- (d) What do you understand by a "Government Project"? Give two examples one in relation to the Odisha Government and another pertaining to the Central Government (GoI).

- (e) What are components of preliminary expenses of a project?

- (f) Mention two key points to differentiate between infrastructure projects from non-infrastructure ones.

- (g) Name two non-banking Financial Institutions which have significant stakes in funding of infrastructure projects in India.

- (h) Name two commonly used tools used in project monitoring and control. Name one significant / unique feature of each tool.

- (i) What are the major barriers encountered while implementing large projects?

- (j) What do you understand by project termination?



Q.2

Case: Read the case carefully and answer all questions those follow in brief. 10

A&B Group, an Indian engineering conglomerate has plans to set up an integrated Greenfield Aluminum project under a new entity incorporated as Progressive Aluminum Company Ltd. (PALCO). The company has approached the Government of Odisha for lease of Bauxite mines in Raygada and for setting up a 3 mpta (Million Tons per Annum) capacity Alumina refinery in the district, which is considered one of the industrially backward districts of Odisha. The project outlay is Rs.12,000 crores in the 1<sup>st</sup> phase for the refinery. In the second phase, PALCO would set up An Aluminum Smelter Unit with a capacity of 1.5 mtpa and a 1500 MW (Megawatt) Captive Power Plant (CPP). The estimated outlay for these two facilities are 20,000 crore and 8000 crore respectively.

In pursuance of the Orissa Industries (Facilitation) Act, 2004 which envisages Single Window Facilitation and clearance of investment projects, the High Level Single Clearance Authority (HLCA) chaired by the Chief Minister of the State has accorded approval for the project. Subsequently, the State government through IDCO has identified suitable and adequate land in Raygada District for the project to be provided at concessional rate in accordance with Industrial Policy of the State Government.

Also it being a mega project, an Environmental Impact Assessment (EIA) Study has to be done by the Company for seeking clearance from the Ministry of Environment, Forest and Climate Change (MOEF), Government of India for the project.

The 1<sup>st</sup> phase project execution is anticipated to commence from October 2016 and the second phase would start within 3 years based on the progress of the 1<sup>st</sup> phase. The integrated plant is scheduled to be fully commissioned by early 2021.

**Questions:**

- I. What do you understand by "Integrated greenfield Aluminum project". What advantages you foresee for a project of this kind.
- II. What factors the company would have considered while finalizing the location for establishment of the project in question.
- III. What is the possible adverse impact, the project could have on the local environment and eco-system?
- IV. Discuss the benefits Odisha as a state would gain from this project.

Q.3

- a) Explain the concept of zero based project formulation with an example.
- b) Why is it necessary to prepare a Detailed Feasibility Study Report for a

10

Project? How is this document useful?

Q.4

a) A 4 star hotel Project has been implemented in Hyderabad. The hotel is successfully running since last one year with an average occupancy rate of 80 %. The Promoter of the project is keen to replicate the hotel project in Bhubaneswar. Suggest a way for commercial appraisal of the proposed new project.

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b) What are the considerations involved while a Bank / FI undertakes "management appraisal" of a project proposal seeking funding.

Q.5

a) What factors are considered in deciding the Debt-Equity ratio of a project?

10

(b) Explain the restrictive covenants, generally imposed by a Financial Institution while sanctioning term loan for a project.

Q.6

The following are the six key project parties of an infrastructure project. (i) Project Sponsors, (ii) Project Vehicle, (iii) Project Lenders, (iv) EPC Contractor, (v) O&M Contractor and (vi) Government.

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Briefly narrate the role and responsibilities of each project party stated above.

Q.7

(a) Briefly explain the principle behind "sensitivity analysis" with a suitable example.

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(b) The scientists at New Age Drugs Ltd. (NADL) have developed a new drug for treatment of AIDS. The firm is ready for pilot production and test marketing which will cost Rs.20 million and take six months. Management believes that there is 70% chance that the pilot production and test marketing will succeed, in which case, NADL can build a plant costing Rs.150 million. The plant will generate an annual cash inflow of Rs.30 million for 20 years, if the demand is high. On the other hand, if the demand turns out to be low, there will be an annual cash inflow of Rs.20 million for 20 years. High demand has a probability of 0.6 and low demand has a probability of 0.4. Find out the optimal course of action for NADL using Decision Tree Analysis? Assume a discount rate of 12 percent.

Q.8

Write short notes on any two:

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- (i) Skills required for a Project Manager
- (ii) Project Organization
- (iii) Post audit of projects

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MBA  
MGT 303B

**3<sup>rd</sup> Semester Regular / Back Examination 2015-16**

**PROJECT APPRAISAL**

**BRANCH: MBA**

**Time: 3 Hours**

**Max marks: 70**

**Q.CODE: T459**

**Answer Question No.1 which is compulsory and any five from the rest.  
The figures in the right hand margin indicate marks.**

**Q1** Answer the following questions:

**(2 x 10)**

- a) State which of the following is not a project characteristic; (i) Time bound (ii) Management skills (iii) Multidisciplinary (iv) Risk and uncertainty
- b) State which of the following is a desired attribute of a Project Manager; (i) Complexity (ii) Life cycle (iii) Risk averse (iv) Optimal resource allocation
- c) Mention two tax incentives generally extended to new projects.
- d) Which of the following is not a component of standard project appraisal by a Commercial Bank while considering a proposal for SME financing; (i) Financial Appraisal (ii) Commercial Appraisal (iii) Economic Appraisal (iv) Management Appraisal
- e) How do you classify a project as government project? Name two government projects.
- f) State two differences between financial risk and business risk.
- g) Which of the following is not an infrastructure project; (i) Mahatma Gandhi National Rural Employment Guarantee (ii) Delhi Metro (iii) Six-laning of Chandikhol-Jagatpur-Bhubaneswar highway (iv) Bangalore International Airport.
- h) State two restrictive covenants imposed by FIs while sanctioning term loan for a project.
- i) Give full forms of the following abbreviations related to your PA course; (i) UNIDO (ii) PPP (iii) PERT (iv) SEZ
- j) Name two agencies which conduct project audit.

**Q2** Read the below Case carefully and answer the questions those follow in brief.

Snapdeal was started by Kunal Bahl, a Wharton graduate and Rohit Bansal, an alumnus of IIT Delhi in February 2010. Initially from a company that sold discount coupons, first offline and then online, they made the transition to building a marketplace-based ecommerce company. Its network includes more than 100,000 sellers shipping to more than 5000 cities / towns in India with a customer base of more than 25 million. In September 2011, it expanded to become an online

marketplace. Snapdeal today is one of the largest online marketplaces in India offering a huge assortment of products across diverse categories. It adds a new product every 10 seconds and earns a commission ranging from 5 to 30 percent for on each item sold.

Snapdeal's ads don't attract the majority of its customers. It is rather the word of mouth based on good customer services and repeat customers. Almost 75% of the visits on the site come organically, without clicking on any ads. 90% of transactions happen without people having to click an ad to go to the company website. In March 2015, Snapdeal brought actor Aamir Khan for the promotion of its website in India.

From a 20 member team in 2010, Snapdeal has grown to nearly 5000 strong employees based at its Gurgaon campus. Hiring people on demand is at the core of Snapdeal's HR philosophy and never on a whim or as an experiment.

The company has received seven rounds of funding as follows:

Round 1: In January 2011, Snapdeal received a funding of \$12 million from Nexus Venture Partners and Indo-US Venture Partners.

Round 2: In July 2011, the company raised a further \$45 million from Bessemer Venture Partners, along with existing investors.

Round 3: Raised funding worth \$50 million from eBay and received participation from existing investors.

Round 4: Received funding of \$133 million in Feb. 2014. This round of funding was led by eBay with all the current institutional investors, including Kalaari Capital, Nexus Venture Partners, Bessemer Venture Partners, Intel Capital and Saama Capital participating.

Round 5: Received funding of \$105 million in May 2014. It included investments by Blackrock, Temasek Holdings, Premji Invest and others. The round valued SnapDeal at \$1,000,000,000.

Round 6: Received funding in Oct 2014 from Softbank with investments worth \$647 million in fresh capital which makes SoftBank the largest investor in Snapdeal.

Round 7: Received funding in Aug 2015 from Alibaba Group, Foxconn and SoftBank with investments worth \$500 million in fresh capital

High charges for Cash-on-Delivery (COD) and customer returns are quoted as two contentious issues hurting many e-commerce companies. Snapdeal's however has a lower COD charge compared to expenses of online payments and encourage customers buying on COD. As per contract, the courier companies returning products don't charge Snapdeal. The returns are still single-digit figures, which doesn't eat much into Snapdeal's sales.

The company has also received many prestigious awards including e-Retailer of the Year & Best Advertising campaign of the year - Indian e-Retail awards 2012 organized by Franchise India in Feb. 2012 and Herring Asia Awards 2011.



Kunal believes in working backwards in fulfilling what the customer wants and then aligning supply chain, technology, product management, and customer support towards this objective. His business vision is to transform Snapdeal into India's number one B2C marketplace considering the fact that out of \$ 500 billion worth of business in retail sector in India only 10% is catered by the organized sector and that e-commerce is just 0.25 percent of India's total retail activity.

(2.5x4)

Questions on case:

- I. While starting a project like Snapdeal, based on which factors the promoters would have assessed the market demand for its business.
- II. Why do you think Mr Kunal Bahl and Mr Rohit Banshal did not approach the conventional FIs like commercial Banks for funding the venture at different stages of its growth?
- III. What would have the major evaluation criteria of Softbank while pumping in \$ 647 million as fresh capital into Snapdeal.
- IV. From the case, state three 3 major differences in the business strategy of Snapdeal compared to other e-commerce companies in India.

- Q3 a) What are the key considerations in determining the debt-equity ratio of a project? (5)
- b) What are the advantages and disadvantages of equity capital? (5)
- Q4 You have been assigned the task of Technical Appraisal of a large manufacturing project. What aspects you of the project you would look into and how, during the appraisal process. (10)
- Q5 a) What are the differentiating features of an infrastructure project? (5)
- b) What are the problems faced by major infrastructure projects in India? (5)
- Q6 a) What are the various sources of risks in a project? (5)
- b) How is sensitivity analysis carried out by an FI to assess risk of variation in input costs, selling prices etc.? (5)
- Q7 a) What are the various types of project terminations? (5)
- b) What are the objectives and phases of post-audit? (5)
- Q8 Write short notes on any two: (5 x 2)
- a) Zero based project formulation
  - b) Project Organisation
  - c) Social Cost Benefit analysis



Registration No. :

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Total number of printed pages – 2

MBA  
MGT 303B

**Third Semester Regular Examination – 2014**

**PROJECT APPRAISAL (PA)**

**BRANCH : MBAR**

**QUESTION CODE : H 418**

**Full Marks – 70**

**Time : 3 Hours**

*Answer Question No. 1 which is compulsory and any **five** from the rest.*

*The figures in the right-hand margin indicate marks.*

1. Short questions (Answer should not exceed 50 words for each bits) : 2×10
  - (a) Name two project characteristics other than Time bound, Uniqueness, Complexity and Multidisciplinary.
  - (b) Name two project characteristics other than Time bound, Uniqueness, Complexity and Multidisciplinary
  - (c) What are the differences between a forward integration and a backward integration project ?
  - (d) Mention two incentives /concessions extended to Small Scale Industrial units in Odisha under the State MSME and /or industrial Policy Resolution 2007.
  - (e) Mention two tax incentives /concessions extended to new projects under the Income Tax Act.
  - (f) State two restrictive covenants generally imposed by the FIs while sanctioning term loan facility to a project
  - (g) Name the infrastructure project in the railways sector which brought international acclaim and recognition for Indian project managers.
  - (h) What are the full forms of the following abbreviations ?  
UNIDO, PERT, BOOT & SEBI
  - (i) Differentiate between Financial risk and Business risk.
  - (j) Name two Indian agencies who undertake project audit.
2. An Indian Mobile Company has decided to set up a mobile phone assembling unit at Infovalley SEZ in Bhubaneswar. The new project will have a technology collaboration with a leading manufacturer of mobile phones in China.

P.T.O.

You have been selected by the company as the Project Consultant for this new venture. As the first assignment of your engagement, you are required to prepare a DPR-Detailed Project Report (same as Detailed Feasibility Project Report) for the venture which would have an initial capacity to assemble 3,00,000 smart phones (of three different categories and price ranges) per annum.

In the above context, answer the following questions :

- (i) Name and list the chapters in the order /sequence, those will feature in the DPR you will prepare. 5
- (ii) Draw a Project Implementation Schedule for the project clearly stating assumptions, if any. 2.5
- (iii) Has the company made the right decision to come up with this new project ? Comment. 2.5
3. (i) List five crucial attributes of a good project manager. Elaborate on any two of these attributes. 5
- (ii) What are the steps involved in project identification ? 5
4. What are the important considerations in technical appraisal of a project ? How would you make final choice of technical collaboration for a project ? 5+5
5. Why is strict monitoring and control of pre-operative expenses necessary for a new project. Prepare a list of the cost components which comes under this category. 10
6. (i) What is a SPV in the context of an infrastructure project. Briefly specify its role and responsibilities. 5
- (ii) Define "Concession Agreement" in your own words. Who are the signatories to this agreement ? Mention two important terms and conditions which invariably feature in this agreement. 5
7. Draw the diagrammatic representation of an organizational structure suited to formulation and implementation of multiple projects. Briefly explain 10
8. Write short notes on any two : 5×2
- (i) Environmental appraisal
- (ii) Social cost benefit analysis
- (iii) Project risk mitigation
- (iv) Project termination /closure.



Total number of printed pages – 4

MBA (New)

MBE 522

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~~Fifth~~ Trimester Examination – 2010

### PROJECT APPRAISAL

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 which is compulsory  
and any **five** from the rest.

The figures in the right-hand margin  
indicate marks.

1. Answer the following questions: 2×10

(a) What is the 'uniqueness' feature of a  
project ?

(b) How do you classify the projects on the  
basis of completion of time ?

P.T.O.

- (c) What is project clean up stage ?
- (d) Give two sources of project idea formulation.
- (e) How do you deal with Auxiliary materials during the technical appraisal of a project ?
- (f) What is meant by appropriate technology ?
- (g) Why is dimensional analysis important ?
- (h) Explain the term shadow pricing.
- (i) What is the meaning of Delphi technique ?
- (j) How do you calculate Economic Rate of protection (ERP) ?

2. What is taxonomy of project ? Discuss the various types of projects classified on the basis of suitable determinants. 10



3. How does Social Cost Benefit Analysis differ from commercial profitability ? Discuss the approaches of social cost benefit analysis.

10

4. "The edifice of financial appraisal stands on the foundation of correct estimation of capital cost of a project." Justify the statement by explaining the components of capital cost of a project.

10

5. Project financing means raising of funds from different sources to finance the capital investments proposals. Discuss these sources of finance.

10

6. Write short-notes on : 5×2

- (i) Order of Magnitude estimate
- (ii) Covenants attached to lending.

7. What do you mean by Project Risk ? Discuss the various method of project risk analysis with certain practical considerations. 10
8. What do you mean by Post Audit ? Discuss the important objectives and phases of Post Audit of a project. 10
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