MMS-IV

29-03-2013

PJM 04

Project Management

Roll No. **Total No. Of Printed Pages:** 04

Total No. of Questions: 4
in Section I

Maximum Marks: 60
(30 + 30)

Duration – 3 hours

Section – I
(Maximum Marks: 30)

Note: Answer any 2 questions. All questions carry equal marks (15 each)
Each Section to be solved on Separate Answer Book

Q1. What are the salient characteristics of a Project? What is Project Management and how is it different from the conventional Manufacturing Management?

Q2. Select any project; Make a broad list of activities for the selected project; Indicate duration, sequence and dependence each activity and draw a PERT chart. Show the critical path and indicate the floats available for the activities which are not on the critical path

Q3. Write brief Notes on any two of the following:

- Scope Creep and its impact on Cost, Quality and Delivery of a project
- Role of a Consultant in a Project
- Criteria for the selection of a Location / Site for a project
- Theory of Constraints and its application in Project Management

Q4. Which are the various standard software packages which can help in monitoring progress of a project in a comprehensive manner? Describe in detail any one.

SECTION- II

Subject:

Roll No. : ____________ **Total No. of Printed Pages: 3**

Total No. Of Questions: 5 **Maximum Marks: 30 Marks**

in section II

Instructions: Make suitable assumptions wherever required.

Q.1 What is the Cost of Project? What are the various sources of finance for the project and their cost implications? (5)

Q.2 **Write short notes and give examples on the following (Any Two)** **(10)**

a) Social Cost Benefit Analysis (SCBA).

b) ABC Analysis for materials management.

c) Working Capital management in projects.

d) Goal & Target dates with respect to project.

Q.3 ABC Company limited proposes to start a new project for manufacturing of fluorescent bulbs. The estimates of the new project are as under- (5)

Initial Investment	Rs. 1,50,00,000
Selling Price per Unit	Rs. 50
Variable costs per unit	Rs. 22
Fixed costs p.a.	Rs. 35,00,000
Sales volume of bulbs p.a.	3,00,000 nos.
Life of the project	20 years
Discounting rate	13%

You are required to calculate project's NPV and show how sensitive the results are to Selling Price, to Variable cost, to fixed cost and to sales volume.

Q.4 Prepare Projected Balance sheet and the projected cash flow statement from the information given below- (5)

Balances at the end of the year 20x3is as follows-

Liabilities	Amount (In Rs. Cr.)
Share capital	150
Reserves & Surplus	30
Secured loans	120
Unsecured loans	75
Current liabilities	135
Provisions	30
Assets	
Fixed Assets	270
Current Assets-	
Inventory	120
Receivables	120
Cash	30

The projected income statement and distribution of earnings for the year 20x4

Particulars	Amount (In Rs. Cr.)
Sales	600
Cost of Goods Sold	450
Depreciation	30
Earnings before interest and Taxes	120
Interest	30
Profit Before tax	90
Taxes	36
Profit before Tax	54
Dividends	15
Retained earnings	39

During year 20x4 firm plans to raise secured term loan of Rs. 22.5 Cr. for the new project, unsecured term loan will increase by Rs.15 Cr. Current liabilities and provisions expected to remain unchanged. Firm plans to acquire fixed assets worth Rs. 45 Cr., increase its inventories by Rs.15 Cr., Receivables expected to increase by Rs.22.5 Cr.

Q.5 Read the following case & answer the question given at the end: (5)

Mr. Mohit completed his Engineering Degree in Polymer technology. Being a person with entrepreneur urge, he planned for putting up a small manufacturing unit instead of opting for an employment. His father already owned a piece of land which he was ready to offer to his son for the proposed venture where he can construct the industrial shed. After elaborate market study, Mr. Mohit decided to set up a plastic injection moulding unit which required investment of Rs 70, 00,000 in plant & machinery. His engineer friend gave an estimate of Rs.60,00,000 for the industrial shed and construction for the area measuring about 4,000 sq. ft. which was considered sufficient for the proposed unit. Mr. Mohit's father owned a shed measuring 5,000 sq. ft. which he had already given on rent to a workshop from which he used to receive a monthly rent of Rs.65, 000 which was as per the prevailing monthly rent in the locality and he felt it was fair and reasonable. Since the tenant was a friend of Mr. Mohit's father, he wanted the tenant to continue and suggested Mr. Mohit to construct his own industrial shed on the piece of land which he was offering. Mr. Mohit prepared his project report and submitted his proposal to a bank for availing term loan. His project report contained project cost of Rs. As under -

Particulars	Amount (Rs.)
Land	Own
Building	60,00,000
Machinery	70,00,000
Electricals	10,00,000
Other Assets	15,00,000
Contingencies	3,00,000
Pre-operative expenses	15,00,000
Working capital margin	4,00,000
Total	**1,77,00,000**

Assume cost of availing industrial loan @13% p.a.

Comment on the project formulation.