

MBA

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M.B.A. (Sem. IV) (Main & Back) Examination, May/June - 2011
 M-402 Project Management
 Group : Common to All MBA Group

Time : 3 Hours]

[Total Marks : 70

[Min. Passing Marks : 28

The question paper is divided in two sections. There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study/application based 1 question which is compulsory. All question are carrying equal marks.

Use of following supporting material is permitted the during examination.
 (Mentioned in form No. 205)

1. Future Value Table 2. Present Value Table

SECTION - A

- 1 (a) What do you understand by the term Project Planning ? State the objectives of project planning ?
- (b) What are "Need Based" projects ? Briefly describe the types of need based projects.

- 2 Write short notes :
 - (a) Classification of projects.
 - (b) Work breakdown study.
 - (c) Demand forecasting.
 - (d) Project overruns.

- 3 (a) "Ideas that flash are like rough diamond, which are converted into diamonds that shine, by idea generating and screening process". Explain.
- (b) Explain the importance of Capital Budgeting ?

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[Contd...

- 4 (a) Discuss the various aspects involved in the process of project formulation. 7
- (b) What are projected cash flow statements ? How is estimation of cash flows made ? 7
- 5 (a) What is Monte Carlo simulation ? 7
- (b) Explain the importance of Project Management Information System (PMIS) and its essential requirements as an integral part of a project control system. 7
- 6 (a) Bajaj company has to prepare a design of its new vehicle. The various activities performed to prepare design are as follows.

Activity No.	Activity description	Preceding Activity
1	Prepare drawing	-
2	Carry out cost analysis	1
3	Carry out financial analysis	1
4	Manufacture tools	3
5	Prepare bill of material	2,3
6	Received Material	4,5
7	Order sub accessories	5
8	Receive sub accessories	7
9	Manufacture components	6
10	Final assembly	9,8
11	Testing and shipment	10

On the basis of the above information, draw a network diagram showin the activities.

- (b) Determine and Draw critical path of the project.

Activity	Time Estimation(in days)
1-2	6
2-3	8
2-4	10
3-4	0
3-5	6
4-5	20
5-6	16



SECTION - B

Case Study

7 Aditya Birla Company is considering whether it should spend Rs.4 lakhs on a project to manufacture and sell a new product. The per unit variable cost of the product is Rs. 6. It is expected that new product can be sold at Rs. 10 per unit. The annual fixed costs (only cash) will be Rs. 20,000. The project will have a life of six years with a scrap value of Rs. 20,000. The cost of capital of the company is 15%. The only uncertain factor is the volume of sales. To start with, the company expects to sell atleast 40,000 units during the first year.

You are required to work out :-

- (i) Net present value of the project based of the sales expected during the first year and on the assumption that it will countinues at the same level during the remaining years.
- (ii) The minimum volume of sales required to justify the projects.