

FOURTH SEMESTER M.A. DEGREE EXAMINATION, MAY 2014**(CUCSS)****Applied Economics****Core X—PROJECT FORMULATION AND EVALUATION****Time : Three Hours****Maximum : 36 weightage****Part A***Answer **all** questions.**Each bunch of four questions carries a weightage 1.***A. Multiple Choice Questions :**

1 Key issue in project analysis is :

- | | |
|--------------|------------------------|
| (a) Finance. | (b) Time. |
| (c) Results. | (d) None of the above. |

2 One of the following is a source of capital financing :

- | | |
|----------------------|------------------------|
| (a) Working capital. | (b) Debenture. |
| (c) Profit. | (d) None of the above. |

3 In project selection, it is suitable to go for :

- | | |
|-----------------------------|---------------------------|
| (a) Latest Technology. | (b) Costly technology. |
| (c) Appropriate Technology. | (d) Efficient technology. |

4 "Externalities" is associated :

- | | |
|----------------------------|-----------------------------------|
| (a) Cost benefit analysis. | (b) Social cost benefit analysis. |
| (c) Financial evaluation. | (d) All of these. |

Multiple Choice Questions :

5 Annuity is a series of cash of flows of :

- | | |
|---------------------|----------------------|
| (a) Equal amounts. | (b) Unequal amounts. |
| (c) Payments alone. | (d) None of these. |

6 An example of risk is :

- | | |
|-----------------------|-----------------------|
| (a) Fire. | (b) Market failure. |
| (c) A new Government. | (d) Political change. |

Turn over

7 Path in network analysis refers to :

- (a) A sequence of activities.
- (b) A line showing project evaluation.
- (c) Unbroken sequence of activities.
- (d) Discontinuous activities.

8 Guide to project appraisal is associated with :

- (a) CAPM.
- (b) Port folio theory.
- (c) UNIDO.
- ~~(d) Little and Mirrlee.~~

C. Fill in the blanks :

9 Shadow price represents _____

10 Suitable method for estimating the demand for intermediate product is _____

11 Deposit of Rs. 1,000 made today at 10 % interest compounded annually after 8 years will be _____

12 Net cash flow is defined as _____

D. True or False :

13 Internal Rate of Return is the rate at which NPV made equal to zero.

14 CPM was developed by DU pont company.

15 Network refers to graphical representation of activities in the entire project.

16 Fixed cost is known as direct cost.

(16 x $\frac{1}{4}$ = 4 weightage)

Part B (Short Answers)

*Answer any **ten** not exceeding **one page** each.*

Each question carries a weightage of 2.

17 Discuss Scenario analysis.

18 Briefly discuss the various means of Financing a project.

19 Explain the steps involved in PERT.

20 Explain the stages of project formulation.

21 Discuss the jury method of demand forecasting.

22 Write a note on decision tree.

23 What is economic life of a project ?

24 Give two examples for firm risk.

25 What is the meaning of generation and screening of project ideas ?

26 How will you calculate the break-even point of a new project ?

27 Explain project Rating Index.

28 Explain cash flow statement. (10 x 2 = 20 weightage)

Part C (Essay Questions)

*Answer any **three** not exceeding **three pages** each.
Each question carries a weightage of 4.*

29 Distinguish between PERT and CPM.

30 What are the investment strategies ? Explain any ^{two} methods for portfolio planning.

31 Describe the three types of risk.

32 State non-discounting criterion of project appraisal.

33 Explain the need for technical analysis. (3 x 4 = 12 weightage)