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7031

Your Roll No.....

M.Com./Semester III (OC) G

**Paper 7111 : PROJECT MANAGEMENT AND
FINANCIAL SERVICES.**

Time : 3 Hours

Maximum Marks : 100

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt *all* questions.

All questions carry equal marks.

1. (a) Discuss the five forces that shape the profit potential of an industry. 10
- (b) What factors have a bearing on choice of technology ? 10

Or

What is market and demand analysis ? How would you characterise the market ? 20

2. (a) Discuss the following ways of incorporating risk in the investment decision-making process : Judgemental evaluation and payback period requirement. 10

P.T.O.

- (b) Sulabh International is evaluating a project whose expected cash flows are as follows :

| Year | Cash Flow (Rs.) |
|------|-----------------|
| 0 | (1000000) |
| 1 | 100000 |
| 1 | 200000 |
| 3 | 300000 |
| 4 | 600000 |
| 5 | 300000 |

- (i) What is the NPV of the project, if the discount rate is 14% for the entire period ?
- (ii) What is the NPV of the project, if the discount rate is 12% for year 1 and rises every year by 1% ? 6
- (c) What are the advantages and disadvantages of equity capital and debt capital ? 4

Or

- (d) How would you handle the floatation costs in computing the cost of capital ? Explain with suitable examples. 12
- (e) Explain the consumers' willingness to pay. 8

3. "PERT provides the framework with which a project can be described, scheduled and controlled." Discuss. What are the *three* estimates needed for PERT analysis and what do they represent ? Show how would you use these estimates to compare expected activity time and variance in activity time. 20

Or

Define Lease. What are its essential elements ? 20

4. Explain briefly the nature of factoring services in India. What are the operational obstacles encountered by factoring services in India ? 20

Or

Discuss the steps followed by the credit rating agencies in the rating process. 20

5. Write notes on any *two* of the following :

(a) Securitization

(b) Tax incentives in India

(c) Fund based financial services 10+10