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**UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)**

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**उत्तराखण्ड मुक्त विश्वविद्यालय हल्द्वानी (नैनीताल)**

**Programme Name-MBA –Third Semester**

**Programme Code- MBA-16**

**Course Name- Project Finance**

**Course Code-MS 403**

**Maximum Marks-30**

**Session - 2017-18, Summer Last Date of Submission: 31<sup>st</sup> October 2017**

**Session - 2017-18, Winter Last Date of Submission: 30<sup>th</sup> April 2018**

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**Section-A**

**Section ‘A’ contains 08 short answer type questions of 4 marks each. Learners are required to answers 4 questions only. Answers of short answer-type questions must be restricted to 250 words approximately.**

**Discuss the following (1-8) –**

1. Cost-Benefit Analysis.
2. Classification of Projects.
3. Technical Analysis.
4. Financing Mix and Cost.
5. Project Planning Risk.
6. Financing Risk.
7. Cost of capital and capital rationing.
8. Post Completion Audit.

**Section-B**

**Section ‘B’ contains 04 long answer-type questions of 7 marks each. Learners are required to answers 02 questions only.**

1. Compare and contrast a ‘new product development’ project and ‘a replacement of machinery’ project in terms of their characteristics, risks and all other matters that you think are appropriate.
2. Consider a market situation in which the borrowing rate is significantly higher than the lending rate. Indicate whether a project, whose NPV is negative at the borrowing rate but positive at the lending rate, should be accepted/rejected /left undecided. Give you reasons.
3. ‘EV rule or CV rule can provide a broad guideline only for the selection of mutually exclusive projects but one should not entirely depend on them.’ Do you support this statement? Why or Why not?
4. Describe the various sources of debt funds for project financing. Which one would you prefer, if you have set up a public company and your requirement for debt fund is huge? Give reasons for your preference over the other alternative sources of debt funds.