7031

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