

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 1) Assembling project team and assigning their responsibilities are done during which phase of a project management?
- a) Initiation
 - b) Planning
 - c) Execution
 - d) Closure

Answer : a

- 2) Which one of the following is not an example of Public Private Partnership (PPP) Contract type of implementation of the Project?
- a) Design, Build, Finance, Operate and Transfer
 - b) Build, Own, Operate and Transfer
 - c) Build, Operate and Transfer
 - d) Engineering, Procurement and Construction

Answer: d

- 3) The process of determining whether an entrepreneur's idea is a viable foundation for creating a successful business is known as –
- a) Business plan
 - b) Strategic analysis
 - c) Industry analysis
 - d) Feasibility analysis

Answer: d

- 4) Kathleen comes up with three estimates (one where everything goes wrong, one where some things go wrong, and one where nothing goes wrong) for printing invitations, and averages them together to come up with a final number. Find out the expected time if , Optimistic duration = 30 days; Most likely duration = 45 days; Pessimistic duration = 90 days
- a) 50 days
 - b) 20 days
 - c) 25 days
 - d) 21.4 days

Answer: a

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 5) For an activity in a CPM analysis, the early start time is 8 and the late start time is 8. Which of the following statements is true?
- a) The early finish is 8
 - b) The duration of the activity is 2
 - c) It is a dummy activity
 - d) The activity is on the critical path

Answer: d

- 6) In resource constrained project, we use –
- a) Extra resources to meet time schedule
 - b) Slack on non-critical activities to manage resources to complete project on time
 - c) Crashing of critical path to complete project on time
 - d) Less resources

Answer: b

- 7) If NPV of a project is Rs. 1890 at 13% rate of discount, then the IRR will be –
- a) Equal to 13%
 - b) Less than 13%
 - c) More than 13%
 - d) Can't say

Answer: c

- 8) A Project is a task or group of task, consisting of:
- a) Non-complex non-routine activities that must be completed within given set of resources and within given time limit.
 - b) Complex non-routine activities that must be completed within given set of resources and within given time limit.
 - c) Complex non-routine activities that must be completed within un-limited set of resources and within given time limit.
 - d) Non-complex non-routine activities that must be completed within un-limited set of resources and within given time limit.

Answer: b

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 9) Calculate 2 period moving average for 2004 :
Year : 2000 2001 2002 2003 2004
Sales (in '000) : 180 195 200 211 222
- a) 187.5
 - b) 197.5
 - c) 205.5
 - d) 216.5

Answer: c

- 10) If an activity has its optimistic, most likely and pessimistic times as 2, 3 and 7 respectively, then its expected time and variance are respectively :
- a) 3.5 and 5/6
 - b) 5 and 25/36
 - c) 3.5 and 25/36
 - d) 4 and 5/6

Answer: c

- 11) The decision to invest in the development of a new process or product depends on an estimate of -
- a) Success score
 - b) Customers' response
 - c) Cash flows
 - d) Failure Score

Answer: c

- 12) The point where the profile of Net Present Value crosses the horizontal axis at the plotted graph indicates which value –
- a) Weighted Average Cost of Capital
 - b) Internal Rate of Return
 - c) External Rate of Return
 - d) Cash flow

Answer: b

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 13)** The Pan American Bottling Co. is considering the purchase of a new machine that would increase the speed of bottling and save money. The net cost of this machine is \$45,000. The annual cash flows have the following projections. What is the net present value of selecting the new machine, assuming cost of capital of 10%?

Year - 1 2 3 4 5

Cash Flow (USD)- 15000, 20000, 25000, 10000, 5000

- a) \$11,883
- b) \$13,883
- c) \$15,883
- d) \$17,883

Answer: b

- 14)** An Event A with a duration of 3 hours has EST, EFT, LST and LFT of 2 hours, 5 hours, 11 hours and 14 hours respectively, then the Total Float of the Event will be –

- a) 4 hours
- b) 9 hours
- c) 12 hours
- d) 16 hours

Answer: b

- 15)** A project with initial investment outlay of Rs. 100 crore and life of 10 years is expected to generate after tax profit of Rs 17 crore each year. After the expected life the project is expected to fetch salvage value of Rs 20 crore. What is the ARR of the project?

- a) 17.00%
- b) 19.00%
- c) 20.00%
- d) 21.25%

Answer: b

- 16)** Following factor influence quality of cost and time estimates –

- a) Time of estimates
- b) Organization problem
- c) Project problems
- d) Time horizon of cost

Answer: d

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 17) You are doing a project for a client. Total variance of time estimates of critical path activities of a project is 400. Estimated average duration of the project is 200 days. What duration you should convey to your client with 90 % confidence level ($z = 1.28$)?
- a) 256.6 days
 - b) 225.6 days
 - c) 235.6 days
 - d) 200 days

Answer: b

- 18) Consider following statements with reference to a project: 1) Initial Investment is Rs. 50 Cr, 2) Cash inflows for next 4 years are Rs. 20 Cr per year, 3) Rate of discount is 10%. To calculate IRR –
- a) Statements 1 & 2 are sufficient
 - b) Statements 1 & 3 are sufficient
 - c) Statements 1, 2 & 3 are sufficient
 - d) Statements 1, 2 & 3 are not sufficient

Answer: c

- 19) For activity (i-j), the duration of activity is D_{ij} . The ES_i is:
- a) Max. for all j by computing $\{ES_i + D_{ij}\}$
 - b) Max. for all i by computing $\{ES_j + D_{ij}\}$
 - c) Max. for all i by computing $\{ES_i - D_{ij}\}$
 - d) Max. for all i by computing $\{ES_i + D_{ij}\}$

Answer: d

- 20) Following is the data pertaining to a project, in which Rs. 40000 is invested. Find Interest Coverage Ratio.

PBDIT : 20,000

Depreciation : 2,000

Interest : 2,000

Principal Repayment : 10,000

Rate of tax : 30%

- a) 2.67 times
- b) 3.67 times
- c) 5.33 times
- d) 9 Times

Answer: d

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

- 21) You are managing a project laying underwater fiber optic cable. The total cost of the project is \$52/ meter to lay 4 km of cable across a lake. It's scheduled to take eight weeks to complete, with an equal amount of cable laid in each week. It's currently the end of week 5, and your team has laid 1,800 meters of cable so far. What is the SPI of your project?

- a) 1.16
- b) 1.08
- c) 0.92
- d) 0.72

Answer: d

- 22) Calculate DSCR for following data:

Profit after tax: 960

Depreciation: 310

Tax: 210

Interest on loan: 320

Repayment of term loan: 340

- a) 2.41
- b) 4.78
- c) 3
- d) 2.82

Answer: a

- 23) Benefit-Cost Ratio Method:

- a) Under this method, the benefits from the project (i.e. cash inflows) are reduced to their present value at a specified rate of discount (cost of capital) and Cost of capital (cash out flows) is divided by cash inflows.
- b) Under this method, the benefits from the project (i.e. cash inflows) are reduced to their present value at a specified rate of discount (cost of capital) and this figure is divided by the present value of the cost of the project (i.e. cash out flows).
- c) Under this method, the benefits from the project i.e. cash inflows are divided by the cash outflows.
- d) Under this method, cash outflows are divided the benefits from the project i.e. cash inflows.

Answer: b

- 24) A project manager performs Earned Value Analysis and finds the following values:

Answer Key for Sample Questions for Practice

MMS SEMESTER – IV (Choice Based)

Subject: Project Management

EV: 100,000; PV: 125,000; AC: 100,000

- a) The project is on schedule, but costs exceed budget.
- b) The project is on schedule and on budget.
- c) The project is behind schedule but on budget.
- d) Then project is behind schedule and costs exceed budget.

Answer: c

- 25)** A project with total duration of 80 weeks is reviewed at the end of 50 weeks. The following additional details are available –

Budgeted Total Cost of Work (BTCW) = Rs. 250 crores

Budgeted Cost of Work Schedule (BCWS) = Rs. 187 crores

Budgeted Cost of Work Performed (BCWP) = Rs. 170 crores

Actual Cost of Work Performed (ACWP) = Rs. 180 crores

The cost variance and revised cost of completion of project are –

- a) Cost Variance Rs. -17 crores
Revised cost Rs. 264.8 crores
- b) Cost Variance Rs. -10 crores
Revised cost Rs. 264.8 crores
- c) Cost Variance Rs. 17 crores
Revised cost Rs. 264.8 crores
- d) Cost Variance Rs. 10 crores
Revised cost Rs. 264.8 crores

Answer: b
