

B.E. (Civil Engineering) Eighth Semester (C.B.S.)
Construction Economics & Finance

P. Pages : 2

Time : Three Hours



NIR/KW/18/3630

Max. Marks : 80

- Notes :
1. All questions carry marks as indicated.
 2. Solve Question 1 OR Questions No. 2.
 3. Solve Question 3 OR Questions No. 4.
 4. Solve Question 5 OR Questions No. 6.
 5. Solve Question 7 OR Questions No. 8.
 6. Solve Question 9 OR Questions No. 10.
 7. Solve Question 11 OR Questions No. 12.
 8. Due credit will be given to neatness and adequate dimensions.
 9. Assume suitable data whenever necessary.
 10. Illustrate your answers whenever necessary with the help of neat sketches.

1. a) Explain the importance of construction and infrastructure in economic development in India. 7
- b) An entrepreneur is planning a new business. The initial outlay and cash flow pattern for the business is listed below. The expected life of business is five years. Find the rate of return for the business 6

Period	0	1	2	3	4	5
Cash Flow (₹)	1,00,000	40,000	40,000	40,000	40,000	40,000

OR

2. a) Explain the term Time value of money and discounted cash flow. 7
- b) A company is diversifying its business to make a new product. The life of the project is 15 years with no salvage value at the end of its life. The initial outlay of project is ₹. 35,00,000. The annual net profit is ₹. 7,50,000. Find the rate of return. 6
3. a) Discuss the importance and nature of Turnkey construction projects. 7
- b) A marble company is planning to buy fully automated cutting machine. If it is purchased on down payment the cost of machine is ₹ 18,00,000. If it is on instalment the company has to pay 15 percent of the cost at the time of purchase and the remaining amount in 10 annual instalment of ₹ 2,50,000 each. Suggest the best alternative for the company using the present worth basis at $i = 12$ percent compounded annually 6

OR

4. a) What is division of Labour. Explain the advantages and disadvantages of it. 7
- b) A company ABC is planning to replace a present facility after 20 years at an outlay of ₹ 8,00,000. It plans to deposit an equal amount at the end of every year for the next 20 years at an interest of 8 percent compounded annually. Find the equivalent amount that must be deposited at the end of every year for the next 20 years. 6

5. a) Explain the causes and remedies to control inflation in an economy. 7
b) Explain the features of monopolistic competition. 7

OR

6. a) State the features and characteristics of oligopolistic competition. 7
b) Explain the impact of stagflation on construction industry. 7
7. a) What are the various sources of finance available for construction industry. 7
b) State the significance of equity shares and debentures, in construction companies. 6

OR

8. a) Explain the type of foreign direct investment in infrastructure development in India. 7
b) What do you understand by project cash flow? Explain in details. 6
9. a) Prepare and explain the outline of Balance sheet 7
b) Consider the following data - 6
- | | |
|---------------------|-------------|
| Current Assets | ₹ 18,00,000 |
| Current liabilities | ₹ 9,00,000 |
| Stock (Inventories) | ₹ 5,00,000 |
- Calculate current ratio and Acid test Ratio

OR

10. a) Discuss the affordable housing schemes floated by government of India. 7
b) A company has a debt of ₹ 370 crores and equity of ₹ 7.5 crores. Calculate its debt equity ratio. 6
11. a) Explain the factors determining working capital. 7
b) Explain the meaning and considerations ascertaining cost of capital. 7

OR

12. a) Explain the concept and practice of CIBIL in finance. 7
b) Discuss the relevance of capital structure planning. 7
