

Registration No :

--	--	--	--	--	--	--	--	--	--

Total Number of Pages : 02

M.Tech
P1CTBC03

1st Semester Regular/Back Examination 2019-20
CONSTRUCTION ECONOMIC AND FINANCE
BRANCH : CONSTRUCTION TECH., AND MANAGEMENT

Max Marks : 100

Time : 3 Hours

Q.CODE : HRB652

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Only Short Answer Type Questions (Answer All-10) (2 x 10)

- a) How inflation is measured?
- b) What is meant by obsolescence?
- c) Define discounted cash flow.
- d) Write the use of Budget manual.
- e) List out the main sections of a cash budget.
- f) Using equation method, Break-even point is calculated as, Sales = _____
- g) Risk affects any firm with factors such as war, recessions, inflation and high interest rates is classified as _____ risk.
- h) Differentiate Nominal and Effective Interest Rate.
- i) Differentiate between "Fixed budget" and "flexible budget".
- j) List out different types of depreciation.

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- a) Explain what is cash flow. State its importance for the survival of the company.
- b) Explain the various stages involved in turn key projects.
- c) Describe why construction industry is called a key industry of India.
- d) Describe the various factors which influences the working capital.
- e) Project A having a total cost of Rs. 4,00,000. and project B having a total cost of Rs. 8,00,000. both have expected life span of 10 years. Uniform cash inflow is expected to be like for project A Rs. 80,000 Per/annum. and for project B Rs. 120,000 Per/annum. Salvage value expected are for A Rs. 1,60,000 declining at an annual rate of Rs. 20,000 and B Rs. 1,80,000 declining at an annual rate of Rs. 40,000. Select the project which is most economically viable.
- f) A finance company advertises two investment plans. In plan a the company pays Rs. 12,000 after 15 years for every Rs. 1000 invested now. In plan b company pays Rs. 4,000 after 10 years. For every Rs. 1000 invested now. Select the best alternative plan from investors point of view using present worth method at $i = 12\%$ compounded annually.
- g) Explain the limitations of Budgets and budgetary control.
- h) Write the effect of taxation on comparison of alternatives with example.
- i) What are the conditions of contract in a contract document?
- j) Write the benefits of Performance appraisal. What are the steps involved in it?
- k) Explain Declining Balance (DB) depreciation method.
- l) Explain various Sources of finance for Construction Industry.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

- Q3** The initial cost of an equipment is Rs. 3000/-, Salvage value is Rs. 250/-. Life of the equipment is 5 years. The rate of interest for sinking fund is 10%. Calculate the yearly depreciation and book value at end of each year by: **(16)**
- i) Sinking Fund method.
 - ii) Sum of year's digits method.
 - iii) Declining Balance method
- Q4** Discuss different types of contract system with the relative merits and demerits. **(16)**
- Q5** What do you understand by working capital? Explain its components. Discuss the factors which influence the working capital. **(16)**
- Q6** Explain the sources of finance to the construction companies. **(16)**
Explain the features of monopolistic competitive market structure.