

Uva Wellassa University
Faculty of Management



SECOND YEAR FIRST SEMESTER EXAMINATION – JUNE / JULY 2016

BGE 221 - 3 Project Management and Economics



Project Management

Instructions to candidates:

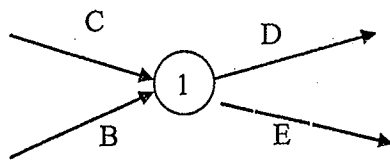
No. of questions : Four (04) Essays

Marks allocated : 50 Marks

Answer any three (03) questions including question number one (1)

1)

- a) Define the term "project". (03 Marks)
- b) State any four (04) major characteristics of a project. (04 Marks)
- c) Describe following situation of network diagram stating Activities and Events of it.



(04 Marks)

- d) Draw Activity on Node (AON) Network for the following project activity schedule (09 Marks)

(Total Marks=20)

Activity	Preceding Activity
A	-
B	A
C	B
D	C
E	C
F	E
G	D
H	E,G
I	C
J	F,I
K	J
L	J
M	H
N	K,L,M

2)

- a) Explain the importance of Project Management (05 Marks)
- b) State the different between top-down budgeting and bottom-up budgeting. (06 Marks)
- c) Explain the role of a project manager as a "facilitator" and as a "communicator". (04 Marks)

(Total=15 Marks)

3)

- a) ABC Pvt Ltd is planning to invest Rs.14,000,000 in order to automate their production process. Estimated useful life of this automation is 20 years. Management's desired payback period is 8 years. Annual cash inflows and outflows associated with above automation are as follows:

Annual cash inflow	Rs. 12,000,000
Annual cash outflows:	Rs. 10,000,000

You are required to:

- i. Calculate payback period of above automation project. (03 Marks)
- ii. State whether ABC Pvt Ltd should acquire this automation or not. (03 Marks)



- b) Asiri (Pvt) Ltd is planning to implement a new plant which will cost Rs.600,000. The machine will result Rs.200,000 net cash flow annually. The useful life of the machine is 6 years. The management expected rate of return is 20%.

You are required to;

- i. Compute Net Present Value (NPV) for above project.
- ii. Should the new plant be implemented? Give reason for your answer according to NPV analysis. (09 Marks)

(Total Marks = 15)

4)

- I. Describe "Pure Project Organization Hierarchy" stating advantages and disadvantages of it. (06 Marks)
- II. Write short descriptions for each of following topics.
 - i. Project action plan
 - ii. Work breakdown structure
 - iii. Linear responsibility chart (3 x 3=9 Marks)

(Total Marks=15)

Part B

Instructions to candidates:

No. of questions : Twenty (20) MCQs
: Ten (10) structured
: Three (03) Essays

Marks allocated : 50 Marks

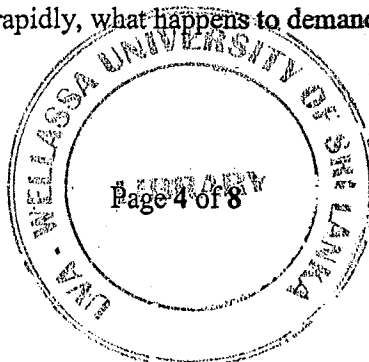
Answer any three (03) questions including question number one (1)

(01).

Predict what will happen to either supply or demand in each of the following cases.
(2 marks for each)

- (a). *Mahapola* scholarship of the university students are increased by 50%, what will happen to the demand for lunch at University Cafeteria?
- (b). Consumers finds melamine in milk powder, what will happen to the demand for milk powder?
- (c). A new kind of pest destroys the coconut plantations in Sri Lanka and coconut supply decreases rapidly, what will happen to the price of coconut?
- (d). The price of tea falls in the UK market, what happens to the coffee market in the UK?
- (e). The price of tea falls in the Colombo market, what happens to the market for milk in the Colombo?
- (f). A new highway bus system is introduced between Galle and Colombo, what will happen to the bus fare (price of bus travel) between Galle and Colombo?
- (g). Government impose a 50% consumption tax on all alcohol products, what will happen to the demand for alcohol?
- (h). A new way of reducing 75% of the production cost of solar panel is introduced by UWU graduates. What will happen to the demand for thermal electricity?
- (i). Several new medical degree offering institutes enter to the private undergraduate education in Sri Lanka, what will happen to the price of private undergraduate education in Sri Lanka?
- (j). Fuel price decreased rapidly, what happens to demand for hybrid vehicles?

(Total 20 marks)



(03).

Market demand and supply for Milk Toffee are given below

Price (Rs)	Quantity demanded (Qd)	Quantity supplied (Qs)
10	700	300
20	600	400
30	500	500
40	400	600
50	300	700
60	200	800

- (a). Plot the market demand and supply in a graph and find the equilibrium price and the quantity. (2 marks)
- (b). If a price ceiling is imposed at Rs. 300, discuss the impact on Milk Toffee market. (4 marks)
- (c). If a floor price is imposed at Rs 600, discuss the impact on Milk Toffee market (4 marks)
- (d). If government impose a specific tax of Rs 10.00 for each unit, find the new equilibrium price and quantity and discuss the impact on Milk Toffee market. (5 marks)

(Total 15 marks)

(04).

- (a). Define the price elasticity of demand and income elasticity of demand (2 marks)
- (b). Explain three determinants of price elasticity of demand (3 marks)
- (c). If the price elasticity of demand is
- i) greater than 1, is demand elastic or inelastic? (1 mark)
 - ii) equals to 0, is demand perfectly elastic or perfectly inelastic? (1 mark)
- (e). If demand is elastic, how will an increase in price change the total revenue? (2 marks)
- (f). Graphically show five types of price elasticities of demand (5 marks)
- (g). Graphically show an impose of a specific tax using simple demand and supply curves (1 mark)

(15 marks)

15 marks)

(5). Briefly explain any Five of the following

(3 marks for each)

- (a). Fundamental Economic Problems
- (b). Price Elasticity of Demand
- (c). Shift in Demand Curve
- (d). Unemployment
- (e). National Income Accounting
- (f). Budget Proposal 2016
- (g). Recent economic growth in Sri Lanka
- (h). Central Bank of Sri Lanka
- (i). High Powered Money
- (j). Perfectly Competitive Market

(Total 15 marks)

