MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2024

MS-42 : CAPITAL INVESTMENT AND FINANCING DECISIONS

Time : 3 Hours *Maximum Marks : 100*

Weightage : 70%

Note : *Attempt any **five** questions. All questions carry equal marks.*

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1. What is cost of capital ? Why is it considered as minimum acceptable rate of return on investment ? How is cost of debt capital ascertained ?

2. Explain distinguishing features of a project and describe the concept of Project Life Cycle.

3. What is Social Benefit Analysis ? Discuss the employment effect and foreign exchange effect aspects of economic appraisal.

4. In the context of measurement of project risk, explain the following :

   (a) Probability Distribution

   (b) Sensitivity Analysis

5. Write short notes on the following :

   (a) Equity shares

   (b) Debentures

   (c) Leasing and Hire Purchase

   (d) Suppliers credit

6. Explain the financing norms followed by Financial Institution in granting of term loans.

7. Describe the Modigliani-Miller hypothesis of dividend irrelevance. Discuss the factors influencing dividend policy.

8. Describe the corporate form of business organisation. Who are the stakeholders of a company and what type of information is demanded by them ?

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