SAMPLE MCQ’s for Project Management

Course MMS
Semester IV
Subject-Project Management

50 MCQs for Sample

1. Which one of the following is captured in the Work Breakdown Structure (WBS)?
   A. The life cycle phases
   B. The logical order of tasks
   C. The scope of the project
   D. Project costs

2. Which stage of project management life cycle requires the maximum time of completion
   A. Conceptualization
   B. Planning
   C. Execution
   D. Estimation

3. In Project management when does planning take place?
   A. Before the project
   B. During the project execution
   C. At the start of the project
   D. After the project

4. In the initial stage of the project the probability of completing the project is ___.
   A. Zero
   B. High
   C. Low
5. A thermal power project plant can’t be located near sanctuary. Such guidelines are prescribed by

A. Project financer.
B. Client.
C. Government Policy.
D. Project beneficiaries.

6. The particular task performance in CPM is known

A. Dummy
B. Event
C. Activity
D. Contract.

7. The critical path

A. Is a path that operates from the starting node to the end node
B. Is a mixture of all paths.
C. Is the longest path
D. Is the shortest path

8. Free float for any activity is defined as the difference between

A. its earliest finish time and earliest start time for its successor activity
B. its latest start time and earliest start time
C. its latest finish time and earliest start time for its successor activity
D. its earliest finish time and latest start time for its successor activity

9. The time required by an activity when performed without any crashing

A. crash time
B. normal time
C. optimistic time
D. standard time

10. The time corresponding to minimum total project cost is
   A. crash time
   B. normal time
   C. Optimal time
   D. between normal time and crash time

11. Project crashing is the method for
   A. Shortening the project duration by reducing the time of one or more critical activities
   B. Adding resources at critical points
   C. Doing technical analysis of the finished work for review
   D. Adding duration to each activity

12. Feasibility study determines
   A. Whether the project is possible with resources
   B. Comparing the project with world class manufacturing norms
   C. Calculate the cost crashing each unit
   D. Add duration to each unit

13. What is a cash flow table in project management?
   A. A table portraying inflow of cash in a project
   B. A table portraying outgoing expenses of a project
   C. It is the tool that is used to study such cash flows by breaking inflows and outflows down, usually on a monthly basis
   D. A table portraying debts taken for a project

14. A project has a Profitability Index of 1.30. What does it mean?
   A. The NPV is less than zero
B. The payback period is more than one year
C. That the project returns Rs 1.30 for every Re 1 invested in the project
D. That IRR is 1.30 times that of the Hurdle Rate

15. Equivalent Annuity method is given by
   A. NPV ÷ PV of Annuity Factor
   B. NPV x PV of Annuity Factor
   C. NPV of Inflows x NPV of Outflows
   D. Net Present Value - Capital Invested

16. Interest Coverage ratio is given by:
   A. Nominal Rate x Interest rate,
   B. Earnings Before Interest and Tax ÷ Interest expense,
   C. Interest Expense – Interest Income,
   D. Earnings before Interest and Tax + Interest expense

17. The criteria for acceptance of a project on the basis of Profitability Index (PI) is
   A. PI = 0
   B. PI > 0
   C. PI < 0
   D. PI > 1

18. In Project crashing, rent and overheads are treated as
   A. Significant Cost
   B. Insignificant costs
   C. Direct Costs
   D. Indirect Costs

19. For an activity in CPM analysis, the early Finish time is 13 and the late Finish time is 13,
    Duration of activity is 6. Which of the following statements is true?
   A. The early start is 6
   B. The duration of the activity is 13
C. The slack of this activity is 13
D. The activity is on the critical path

20. Independent float is the amount of time by which:

A. Start of the activity can be delayed without affecting the EST of subsequent activity
B. reduces the float of subsequent activities
C. completion of an activity can be delayed beyond EFT without affecting EST
D. completion of an activity can be delayed beyond earliest possible finishing time

21. PERT (Project Evaluation and Review Technique) analysis is based on

A. Optimistic time, Pessimistic time and Most likely time
B. Pessimistic time, Optional time, Maximum time
C. Optimistic time, Efficient time, Most likely time
D. Minimax time, Optimistic time and harmonic time

22. In PERT analysis probability of project completion in estimated duration of Critical Path is

A. 100%
B. 50%
C. 0%
D. Uncertain

23. In PERT (Project Evaluation and Review Technique) method Expected time (Te) is

A. \((T_o + T_p + 4T_m)/6\)
B. \((T_o + T_p + 2T_m)/6\)
C. \((T_o + T_p + T_m)/6\)
D. \((T_m + T_p + 4T_o)/6\)

24. Advantage of a Gantt Chart is

A. It is easy to draw
B. It shows sequence of activities like no other chart
C. It depicts Project Life Cycle
D. Its ability to visually represent activities and times

25. One of the conventions used in network construction is
   A. CPM
   B. PERT
   C. AON
   D. CPI

26. The numbering of the nodes in A-O-A is done
   A. From left to right
   B. From Right to Left
   C. Randomly
   D. On the basis of the duration of the activity

27. Which of the following is not an activity on site
   A. Critical activity
   B. Normal activity
   C. Dummy activity
   D. Urgent activity

28. Detailed Project Report (DPR) is extremely essential for
   A. Future project operations
   B. Financial Institution like Bank
   C. Project Vendors
   D. Government Agencies

29. _____ is external stakeholder of a project.

   A. Trade Association
   B. Project Team
   C. Project Promoter
   D. All of them.
30. Who creates the project team?

A. Factory manager  
B. Operation manager  
C. Project manager  
D. Purchase Manager

31. Project Manager must ensure that it develops appropriate trade off/s as

A. Time, cost and performance  
B. Time, value and performance  
C. Men, Materials and Machines  
D. Money, Cost and Return on Investment

32. Mumbai Metro-I project is an example of

A. Private Project  
B. Public Project  
C. PPP Project  
D. None of above

33. A company takes up a project to upgrade all its machines from conventional machines to high-tech machines. It's type of project.

A. Balancing  
B. Modernization  
C. Expansion  
D. Backward integration

34. Which of the following represents the estimated value of the work actually accomplished?

A. Earned value (EV)  
B. Planned value (PV)  
C. Actual cost (AC)  
D. Cost variance (CV)
35. A schedule performance index (SPI) of 0.76 means:
   A. You are over budget
   B. You are ahead of schedule
   C. You are only progressing at 76 percent of the rate originally planned
   D. You are only progressing at 24 percent of the rate originally planned

36. A cost performance index (CPI) of 0.89 means:
   A. At this time, we expect the total project to cost 89 percent more than planned
   B. When the project is completed we will have spent 89 percent more than planned
   C. The project is only progressing at 89 percent of the rate planned
   D. The project is only getting 89 cents out of every dollar invested

37. The cash inflows and (outflows) associated with a project are as follows:
   At start (120000) , Year1-40000, Year2-50000, Year3-60000, Residual Value(at the end of
   3rd year)-20000. The payback period for this project would be:
   A 2 years and 3 months.
   B 2 years and 6 months.
   C 3 years.
   D 2 years.

38: A Firm is considering undertaking a project that would yield annual profits (after
   depreciation) of Rs 68,000 for 5 years. The initial outlay of the project would be Rs 800,000
   and the project's assets would have a residual value of Rs 50,000 at the end of the project.
   What would be the accounting rate of return for this project?
   A 16%
   B 8.5%
   C 8.0%
   D 9.1%

39. A firm is about to undertake a project and has decided to purchase a equipment costing Rs
   45000.the expected cash inflows from the purchase are Year 1- Rs 15000 , Year 2-
   Rs 20,000, Year 3- : Rs 25000, Year4- Rs 10000, Year 5- Rs 5000. What is the Net present
   Value of the project if the cost of capital is 10%
   A Rs 13881
   B Rs 15444
   C Rs 15667
D Rs 12998

40. The Debt service coverage ratio refers to
   A. Measurement of Total cash inflows
   B. Measurement of firm’s available cash flow to pay their Debt obligation
   C. Measurement of Firms total Income
   D. Measurement of firms total Equity and Debt

41. In a payback period method of project evaluation and appraisal the project with
   ………………….or equal to cut off period will be accepted.
   A. More than
   B. Less than
   C. Positive
   D. Negative

42. When resources required by activities are deterministic the method used in Project
   Management is called
   A. PERT
   B. AOA
   C. CPM
   D. Event Management

43. An activity which consumes no resources is called
   A. Start Activity
   B. Critical Activity
   C. Dummy Activity
   D. End Activity

44. A company is considering investing surplus funds in a project. Calculate the NPV at 10 %
    discount rate for the following data

    | Project | Year 0  | Year 1  | Year 2  |
    |---------|---------|---------|---------|
    | A       | (100)   | 100     | 100     |

    A. 73.5
    B. 173.5
C. 273.5
D. 100

45. Total float of an activity is difference between
A. Early Finish and Late Finish
B. Free Float and Interference Float
C. Duration and Early Start
D. Independent Float and the Activity

46. Network of a project is constructed based on
A. Critical path
B. Normal time and Crash Time
C. Precedence Logic
D. Basic Logic

47. The payback period is the period
A. a project takes to pay back the loan taken to purchase the capital assets
B. equal to the useful life of the machines
C. a project takes to recover its initial cash outflow
D. over which the project will be getting operating cash inflows

48. Net Present Value of a machine is
A. PV of cash inflows less cost of investment
B. PV of cash inflows ÷ cost of investment
C. PV of net profit after tax less cost of investment
D. PV of cash inflows less average cost of investment

49. If Variance of a critical Path is 25 days, the standard deviation of that Critical Path is
A. 12.5 days
B. 15 days
C. 0 days
D.: 5 days

50. New project idea can be received by a company from
A. Internal sources only
B. External sources only
C. Project Team only
D. A & B

**ANSWER KEY**

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**Help Line Number for Final Year Examination (Batch 2018-20)**
Prof. Rashpal Kaur Saini (Examination In-charge): +91 89289 10548
Prof. Vivek Nerurkar (Subject In-charge): +91 99674 63082