

THE INSTITUTE OF BANKERS PAKISTAN
ISQ Examination (Winter-2010)
PROJECT FINANCING
Associateship

- Q.1** State True or False in the answer column. Give brief reason for your selection at the space provided below the question:
- Q.2** Please write the alphabet of the selected choice in the answer column:
- Q.3** Fill in the blanks:
- Q.4** The domestic prices and world prices of the inputs and outputs of a project in a normal year are given below:

	(Rs in million)	
	Domestic Prices -----	World prices -----
INPUTS		
Tradable		
Raw materials	300	250
Consumable stores	50	30
Non-tradable		
Power, fuel, water	20	
Repairs & maintenance	15	
Administrative other		
Overheads	30	
Selling expenses	25	
OUTPUT		
Sales Realisation	500 -----	400 -----

Required: What is the Effective Rate of Protection (ERP)?
 Show your working on the answer sheet.

- Q.5** Desirability of a project is critically dependent on the risk characterizing it. What factors would you consider in the assessment of risk when appraising a project?

- Q.6** Assume that you are negotiating for acquisition of plant and machinery for a large project being set up in Pakistan. What are the key issues you would cover in the technical collaboration agreement to be signed with the foreign suppliers of the plant.
- Q.7** What precautions would you, as a prudent banker, take when financing a project against the security of immovable property?
- Q.8** What are the broad features of the policy you will adopt for classification of your bank's loan portfolio in the light of Prudential Regulations.
- Q.9** What are pros and cons of going public?
- Q.10** What are the various means of financing a project?
