

CHAPTER: 3: PROJECT REPORT PREPARATION

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Meaning of Project:

The very foundation of an enterprise is the project.

In simple words, a project is an idea or a plan that is intended to be carried out.

The dictionary meaning of project is that it is a scheme of something intended to be done; a proposal for an undertaking, design, speculative imagination etc. A project is a specific activity on which large amount to spent in expected of returns.

Definition:

The World Bank has defined project as an approval for a capital investment to develop facilities to provide Goods & services.

A project is an appraisal for investment with the definite aim of producing a flow of output over a specified period of time.

A project is defined as the whole complex of activities involved in using resources to gain benefits.

Essential characteristics of Projects: →

1. Objective.

2. Expected outputs.

3. Planned lifespan.

4. Extended outcome of the project.

5. Principle stakeholders.

6. Financial plan and sources of financing.

7. Risky venture.

8. Dynamic nature.

9. Unique enterprise.

10. Operations in a specified Area.

11. Vital part of an overall management.

Project Report:

The project Report is a Business Plan, this is an outcome of an exercise meant to check the viability of an Enterprise & form up its essential parameters. In other words, Project Report or Business Plan is a written document of what an Entrepreneur proposes to take up & his course of action to establish his Enterprise.

Contents of a Project Report:

1. General Information: Information on Product Profile and Product Details.
2. Promoters: His/Her Educational Qualifications, Work Experience, etc.
3. Location: Lease / Freehold location advantage, Urban / Rural Areas.
4. Land & Building: Land areas, builtup area, types of construction.
5. Plant & Machinery: Detailed Machinery required, Capacity, Suppliers, etc.
6. Production Process: Process chart, Technical know-how.
7. Utilities: Water, Power, Fuel, Coal, oil etc.
8. Transport & communication: Mode & its costs.
9. Raw Materials: Quality, Quantity, Sources of Raw Materials.
10. Manpower: Skilled, Semi-skilled, Unskilled, high skilled.
11. Products: Product Mix, Estimated Production & Sales.
12. Market: Local, National, International Market facilities.
13. Requirement of working Capital.

14- Requirement of funds: Total Cost of Project, Plant & Machinery.

15- Cost of Production, Break Even Analysis, Profitability R.O.I (Return on Investment)

16- Schedule of Implementation, Feasibility Analysis: → It is used to determine the viability of an idea, such as ensuring a project is legally and technically as well as economically justifiable. The first step in the feasibility study is the need analysis. The purpose of need analysis is to define the objectives of the project.

Types of Feasibility Study:

- 1) Technical Feasibility → It involves the evaluation of the hardware, software and other technical requirements of the proposed system.
- 2. Economic Feasibility: → It involves the viability cost and benefits associated with a project before financial resources are allocated.
- 3- Legal Feasibility: → It involves rules and regulations involved in business.
- 4- Operational Feasibility: → How organization's completing the project.
- 5 - Scheduling Feasibility → Whether the project is completed in time or not.
- 6 - Market Feasibility: → selling price, Demand, Market Survey.

Techno-Economic Analysis.
Estimation of project demand potential & choice of optimal technology are made.
Market analysis is inbuilt in this step.

(4)

Feasibility Study is the process that every person or company should do before starting any project. A successful feasibility study may be accepted or rejected.

A feasibility study is a study looks at the viability of an idea with an emphasis on identifying potential problems.

Detailed Project Report: (DPR)

It is a complete document for investment, decision making, approval, planning etc. DPR is a base document for planning the project and implementing the project. It is nothing but a detailed elaboration of Project Report. It is available with the consultants and can be prepared by the entrepreneur.

DPR covered: →

- 1) Project concept & scope
- 2) Project cost
- 3) Project institution framework.
- 4) Project financial structuring.
- 5) Project ~~financing~~ phasing.
- 6) Techniques used.
- 7) Project benefit assessment.

Preparation of DPR

- 1) Examination of technology parameters.
- 2) Description of technology used.
- 3) Evaluation of existing resources.
- 4) schedule plan.
- 5) General Layout
- 6) volume of work.

(5)

Preliminary Project Report: → It is a formal document that describes specific activities, events, subjects, of a project to explain progress of the project up to a certain point in time. This document serves as the basis for developing the final project report. It is a brief summary of a project describing about finance, manpower, materials, machinery, expenses, production, profits, sales etc. A preliminary project report justifies the techno-economic feasibility of a project.

Project Viability: → Viability for a project refers to the assessment of whether the project has the capacity to meet the defined objectives. The project viability includes the followings:

- (a) Physical viability: → It includes the actual performance of the project in terms of inputs, outputs, and design parameters with the specifications laid down during the project identification stage.
- (b) Financial viability: → It includes capital inflows, length of financing, critical factors, available resources etc.
- (c) Economic Practicability: → It includes operating costs, maintenance and spare's expenditures, total revenues accrued, break even point etc.

Criteria for selecting a Project:

- 1 - Investment Size
- 2 - Location
- 3 - Technology
- 4 - Equipment
- 5 - Marketing