

PROJECT REPORT

Project

- It is a **work plan** devised to **achieve a specific objective with specified period of time**.
- A project has a single set of objectives, and when these objectives are reached the project is completed.
- A sequence of tasks that must be completed to attain a certain outcome.
- The three basic attributes are:-
 1. Course of action
 2. Specific objectives
 3. Definite time perspective

Project objectives

- Project objectives are concerned with defining in a precise manner what the project is expected to achieve and to provide a measure of performance for the project as a whole.
- Requirements for project objectives are:-
 - Specific, not general
 - Not complex
 - Measurable, tangible and verifiable
 - Consistent with organizational plans, policies and procedures.

TABLE 16.1: ASPECTS OF PROJECTS

<i>Aspects</i>	<i>Concerned with</i>
	I. Preliminary
Product/Service	(i) Choice of a product/service
	(ii) Technical characteristics of the product/service
	(iii) Uses of the product/service
Marketing	(i) Consumer preferences
	(ii) Nature of competition
	(iii) Potential aggregate demand
	(iv) Likely share of the project
Technical	(i) Location
	(ii) Scale of operation
	(iii) Manufacturing process
	(iv) Plant and machinery
	(v) Plant layout
	(vi) Work schedule
Financial	(i) Outlay on fixed assets
	(ii) Current assets
	(iii) Working capital
	(iv) Short and long-term finance
	(v) Bills etc.
Economic	(i) Utility to society
	(ii) Employment generation
	(iii) Ancillary development
	(iv) Scope for area development
	(v) Social benefits
	II. Feasibility
Financial viability	(i) Costs and benefits
	(ii) Risk characteristics
	(iii) Viability
	(iv) Internal rate of return (IRR)
Profitability	(i) Revenues, earnings
	(ii) Costs
	(iii) Profits
	(iv) Break-even level of operations
Financial Projections	(i) Proforma balance sheet
	(ii) Sources and use of funds
Socio-economic desirability	(i) Social goals
	(ii) Desirability of the project from the larger social angle
	(iii) Maximum Returns.

Project report

- Soon after the identification of a project and its implementation, the project report is formulated.
- Project report assessed the demand of the proposed product to be produced, works out the cost of investment as well as the operational cost and thus estimates the expected profitability of the proposed investment.

- A project report incorporating relevant data of a project serves as a guide to management and records merits and demerits in allocating resources to production of specific goods and services.
- 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.
- The Project Report serves like a Road Map to reach the Destination determined by the Entrepreneur. Thus, a Project Report can best be defined as a well evolved course of action devised to achieve the Specified Objectives within a specified period of time
- Project report is prepared by an expert after detailed study and analysis of various aspects of a project

- Parties interested in project report are financial corporations, banks for getting loans etc.
- **Scope of a project report:-**
- **The project report should able to present justifications for investment on the basis of,**
 1. Economic aspects- present analysis of the market for the product to be manufactured.
 2. Technical aspects
 3. Financial aspects
 4. Production aspects- description of the product selected for manufacturer and reasons for such selection.
 5. Managerial aspects

Content of project report

1. Objectives and scope of report
2. Products characteristics
3. Market position and trends
4. Raw material
5. Manufacture
6. Plant and machinery
7. Land and building
8. Financial implication
9. Marketing channel
10. Personnel

Proforma of a Project Report

We give here a proforma of the Project report.

Proforma for a Project Scheme for the Manufacture of

Title/Name of the firm

1. Introduction

- (a) Scope
- (b) Product (give specification, viz., ISS/BSS/ASS)
- (c) Process
- (d) Marketability
- (e) Location
- (f) Sources of finance/repayment schedule.

2. Scheme

(a) Land and Buildings: (owned/rented or leased)	₹
(b) Machinery and Equipment (give detailed specification/capacity/imported or indigenous). For imported machine allowances (for duty on imported items, dock clearance charges, freight and insurance and local freight)	₹
Total:	₹
(c) Testing Equipment	₹
(d) Other fixed investments:	
(i) Packing and forwarding charges	₹
(ii) Electrification and installation charges	₹
(iii) Cost of tools/jigs/fixtures	₹
(iv) Cost of office equipment	₹
(e) Total Non-recurring expenditure (a) + (b) + (c) + (d)	₹
(f) Staff and Labour:	
(i) Indirect labour nos. and wages/p.m.	₹
(ii) Direct labour nos. and wages/p.m.	₹
Total salaries p.m. [(i) + (ii)]	₹
(g) Raw Materials and Consumables: (Per month on single shift basis with specifications)	₹
(i) Indigenous	₹
(ii) Imported	₹
Total:	₹
(h) Other items of expenditure: (Per month on a single shift basis)	₹
(i) Power and water charges	₹
(ii) Advertising and travelling	₹
(iii) Transport	₹
(iv) Commission to distributors/agents	₹
(i) Total recurring expenditure: (f) + (g) + (h)	₹
(j) Working capital for 3 months $3 \times$ recurring expenditure	₹
(k) Total Investment required:	

- (i) Non-recurring expenditure
- (ii) Working capital for 3 months

Total:

(1) Total Cost of Production:

- (i) Total recurring expenditure
- (ii) Depreciation on machinery and equipment
- (iii) Depreciation on building
- (iv) Maintenance charges
- (v) Interest on total investment
- (vi) Welfare for staff
- (vii) Office stationery and postage, etc.

Total:

(m) Profit and Loss Account:

- (i) By sale of... (qty.) of ... @ ...
ex-factory exclusive of applicable taxes
- (ii) Cost of production (1)
- (iii) Profit (i) - (ii) Approx. percentage of the total
Capital employed

Total:

3. Profitability and Projections

(generally for about 5 to 10 years)

Phase of activity

Profitability of phases

4. Infrastructure

- (i) Locational advantage
- (ii) Availability of material/power/water/labour
- (iii) Government policy

Break-Even Point

(i) Fixed Costs:

(Executive salaries/depreciation/rent/interest
on investment and administration costs)

- (ii) Variable costs (direct labour/direct material/income-tax/
commission and administration costs)

Item of Cost

Materials

Labour

Other Expenditure

Fixed +

Variable

Total

$$Q = \frac{F}{P - V}$$

Where Q = Break-even Quantity

F = Fixed Cost

V = Variable Cost per unit

P = Sales Price per unit

5. Names and Addresses of Suppliers

- (i) Raw Materials
- (ii) Machinery and Equipment

6. Remarks

Seal and Date

(Signature of the Consultant)