



FIRST SEMESTER 2016-2017
Course Handout (Part II)

02/08/2016

In addition to Part-I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No.: **ECON F411/ MBA C454/ MGTS C451**

Course Title: **Project Appraisal**

Instructor-in-charge: **MONIKA GUPTA**

1. Scope and Objective of the Course:

The Course will focus on the fundamental principles needed to appraise and evaluate projects from commercial/financial and economic viewpoints and suitable techniques for achieving those.

2. Text Book:

Chandra, P. **Projects Planning, Analysis, Selection, Fin. Implementation and Review**, Tata McGraw Hill, 7th Ed., 2009.

Reference Books:

- R1 Gopalkrishnan, P & Rama Moorthy V E, Project Management, Macmillan India Ltd., 1993.
R2 UNIDO, Guidelines for Project Evaluation, United Nations, New York, 1972.
R3 UNIDO, Guide to Practical Project Appraisal, United Nations, New York, 1978.
R4 Marglin, S.A., Public Investment Criteria, Unwin University Press, 1967.
R5 Dinwiddie, C. and Francis Teal, Principles of Cost-Benefit Analysis for Developing Countries, Cambridge University Press, 1996.
R6 Dasgupta, A.K. and D.W. Pearce, Cost-Benefit Analysis: Theory and Practice, Macmillan Publishers Ltd, 1978.
R7 Tevfik F. Nas, Cost Benefit Analysis, Sage Publications, New Delhi, 1996.
R8 Irvin, G., Modern Cost-Benefit Methods, The Mac-Millan Press Ltd., 1978.

2. Session Plan:

| Sessi on No. | No. of Lec | Topic to be covered | Learning Objectives | Ref. Text Book |
|--------------------|------------------|--|--|----------------------|
| 1 | 1 | Overview | Investment analysis & appraisal of scheme for investing resources. | Ch. 1 |
| 2-3 | 2 | Identification of Investment Opportunities | Methodologies and realistic assessment of investment opportunities | Ch. 3 |
| 4-5 | 2 | Market and Demand Analysis | Systematic method and key steps for analyzing market and demand. | Ch. 4 |
| 6 | 1 | Technical Analysis | Technological factors in project implementation. | Ch. 5 |





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|-------|---|------------------------------|---|-------------|
| 7-11 | 5 | Financial analysis | Understanding and analysis of a project from a financial angle using financial parameters | Ch. 6 |
| 12-14 | 3 | Project cash flows | Principles and methodology of estimation of project cash flows. | Ch. 9 |
| 15-17 | 3 | Time value of money | Effect of time value of money upon project | Ch. 7 |
| 18-20 | 3 | Cost of capital | Determination of optimal capital structures for maximization of value of firm. | Ch. 10 |
| 21-25 | 5 | Appraisal criteria | Judging projects on the basis of payback, NPV, IRR and multiple criteria. | Ch. 8 |
| 26-29 | 4 | Analysis of Risk | Various methods of estimating risk for optimal capital expenditure decision. | Ch. 11 |
| 30-38 | 9 | Social cost benefit analysis | SCBA – UNIDO, LM approach | Ch. 14 |
| 39-40 | 2 | Project Management | Establishing & operating organization suitable for project management. | Class notes |

4. Evaluation Schedule:

| Component | Duration | Weightage | Date | Marks | Remarks |
|---------------------------------------|----------|-----------|------------------------|-------|----------------|
| Mid-Sem Test | 90 min. | 25% | 3/10 2:00 - 3:30 PM | 50 | CB* |
| Quizzes including Surprise Quizzes | 30 min. | 15% | | 30 | CB |
| Class performance/Assignments/Project | - | 20% | | 40 | Partly OB*/TH* |
| Compre. Exam. | 3 hours | 40% | 2/12 FN | 80 | Partly OB |

*CB – Closed Book, OB – Open Book, TH – Take Home

5. Consultation hour: Drop an E-mail on monika.gupta@pilani.bits-pilani.ac.in

6. Notices: All notices regarding the course shall be put on the Economics and Finance Notice Board.

7. Make-up Policy: Make-up may be given only on genuine grounds, if prior permission is obtained specifically on production of documentary evidence of

- (i) Sickness
- (ii) Being out of station owing to unavoidable circumstances (Verified by Warden in writing).

Instructor-in-charge
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