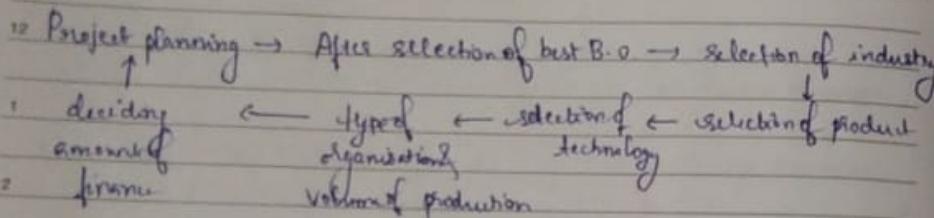




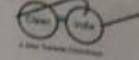
Project Management

- Generation of business idea
- Identification of business opportunity
- Business opportunity through feasibility analysis
- Implementation of business opportunity
- Presentation of Business Report



Project

- Proposal involving capital investment for the purpose of developing facilities to provide goods & services.
- Project can be defined as a non routine, non repetitive as a combination of inter-related activities to achieve a specific objective.
- Project may be defined as systematically & scientifically evolved overall plan devised to achieve a specific objective within a specified period of time. Objective is to create, expand & develop certain facilities in order to increase the production of goods & services.



1 Generation of business idea

i) Project classification

- 10 • Quantifiable & non quantifiable project

11 * quantitative assessments

12 of benefits can be made

* power generation

* Industrial development

* mineral development

* health

* education

* defence

2 Sectoral projects (Indian Planning Commission)

3 * Agricultural & allied sector

* Irrigation & power sector

4 * Industry & mining sector

* Transport & communication sector

5 * Social Services sector

* Miscellaneous sector

6 Techno economic Projects

7 * factor intensity oriented

↳ based on capital intensive, labour intensive

↳ depends on large scale investment in plant, machinery & human resources

- 8 * Causation oriented classification
 ↳ determined based on increases, demand based, growth
 material based, from availability of resources of certain goods, services and consequent demand for such goods & services.

(reciprocal starting page)

11 → Magnitude oriented

- ↳ size of investment forms ↳ large
- ↳ medium scale project
- ↳ small size

• Financial Institution (10 divisions)

- 0 Agricultural, forestry, hunting & fishing
- 1 Mining & Quarrying
- 2 & 3 Manufacturing
- 4 Construction
- 5 Electricity, gas heating & sanitary services
- 6 Commerce
- 7 & 8 Transport, storage & communication services
- 9 Activities not adequately described
- 10

ii) Project identification

- Screening of idea
- Preliminary evaluation
- Selecting most feasible & promising project

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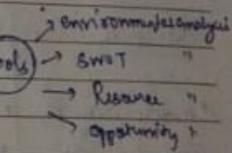
Sep	S	M	T	F	S	S	M	T	W	F	S	S	M	T	W	T	F	S	S	M	T	F	S	S	M	T	W	F	S	S	M	T	W	OCT
2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	2019		

10

1. increasing success of an enterprise by finding out opportunities for investment -
 ↳ additive Opportunities (utilizing resource without doing anything)
 ↳ Complementary " (introducing new idea in existing business)
 ↳ breakthrough " (change is very drastic & groundbreaking)
 • conceiving project idea & shape into realistic form.
 11. choose right line of business with opportunity seeking through
 ↳ environment / technology / idea exploration
 ↳ present business exploration
 ↳ selection of project
 • decision making.

2. Identification of business opportunity

Swot Analysis ← Project Selection



Strengths, weaknesses, Opportunities, Threats

inside outside

Strength : what the aspects company enjoys in its current time?

Weakness : which areas are causing concern

Opportunities : how can a company be more innovative?
 new market & upcoming trends?

Threat : any competitor emerging in industry
 economical condn/ unfavorable regulation

#PLANT TREES

T	W	T	F	S	S	M	T	W	F	S	S	M	T	W	T	F	S	S	M	T	F	S	S	M	T	W	F	S	S	M	T	W	OCT
2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	2019	

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INDIA

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- It involves investigation of economic, technical, organizational, financial, market & managerial aspects of project.

⇒ Technical aspect

- location of project
- Availability of I/p
- manufacturing & technology selected for project.
- Availability of infrastructure facilities.

⇒ Financial aspect

- availability of funds from various sources.
- income & expenditure.

⇒ Economic aspect

- requirement of raw material
- anticipated Sales
- Probable profit

⇒ Organisational aspect

- Structure
- Environment
- recruitment
- training

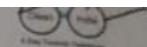
iii) Network analysis

- ensure sequential & logical planning of whole project

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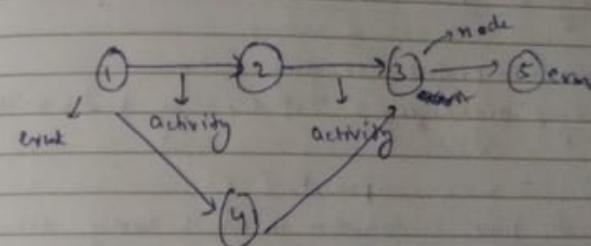
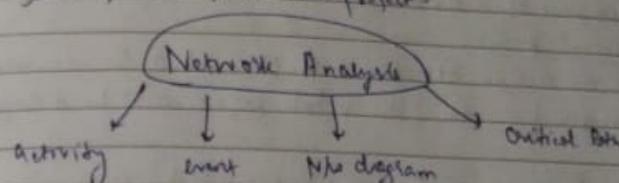
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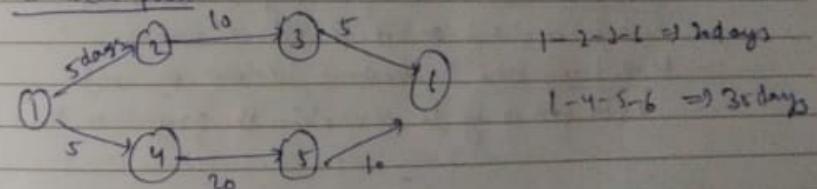


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- defines clearly the inter relationship of all activities related to project
- monitors the progress of project to its completion at date & also contours examine critical activities by critical path
- determination of critical path that involves activities that requires more focus / special attention
- network analysis helps plan alternative ways between time & cost related to project.



Critical path



$$1-2-3-5 \Rightarrow 15 \text{ days}$$

$$1-4-5-6 \Rightarrow 35 \text{ days}$$

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⇒ Feasibility analysis

- 1st stage of project formulation
- 10. • screening of internal & ext constraints
- project idea seems to be feasible or not
- 11. • examination to see whether go for a detailed investment proposal or not.

⇒ Technical economic analysis

- choice of optimal technology
- define economy of project idea
- estimation of demand & market potential
- provide the platform for detailed project design

⇒ Project design & network analysis

- involve detailed work plan of project & its estimated time
- involve different activities & sequence of events etc., interrelated with each other
- time is allocated for each activity
- all activities & events are presented through network diagram (PERT & CPM)
- reveal the proper time to implement project with available resources.

⇒ Input Analysis

REPLANT TREES

Sep	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	

- identification + quantification & evaluation of ip requirements
- define l/p's required for all activities
- evaluate the feasibility of project with adequate supply of l/p's.

⇒ Financial analysis

- estimation of project cost & funds required for project
- analytical tools are used
- find out whether the project will generate income.

⇒ Cost benefit analysis

- Analyze real contribution of project
- overall worth of a project is considered.
- enumeration & evaluation of all relevant cost.

⇒ Pre investment analysis

- final module of project proposal.
- involves investment decision whether to accept / reject the project
- selection of project appraisal, looking for project sponsoring body & implementing body & consultant.

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⇒ Project appraisal

- assessment of a project in terms of its economic, social & financial viability

MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN		
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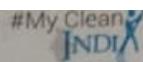
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September '19



WR 38-262-103

19

(CPM Critical Path Method)

- Used for complex projects involving large no. of activities
- It consists of
 - all activities
 - time required for their completion
 - how each activity is related to previous & next activity
- a sequence of activities is called a path & the longest path is critical path.
- It is critical as all the activities must be accomplished in proper time else the whole project will be delayed.

PERT (Program evaluation Review technique)

- PERT chart is a project managing tool.
- Scheduling, organizing & coordinating tasks within a project
- It involves 3 main components
 - Optimistic time : situation in which every activity looks ~~reposition~~ positive & it should be completed on time.
 - Pessimistic time : every activity looks complicated & can't be completed on time. In this situation,
 - Most likely time : neutral (positive or -ve) equal probability to complete the project on time

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financing of Project

financial institution

- Industrial finance corporation of India (IFCI)
- Small industries development bank of India (SIDBI)
- Industrial development bank of India (IDBI)
- National small Industries Corporation (NSIC)
- Small Industrial development corporation (SIDC)
- State financial corporations (SFCs)

- granting & providing direct financial to industrial & small scale industries.
- providing common facilities through prototypal development and training centre.

Some financial institution provides -

- infrastructure facilities } development activities
- assistance for raw material } promotional in
- preparation of feasibility report } industry
- eaps } technological upgradation & modernization services to
- industrial potential survey } development of industrial area.

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- selection of Project
- 1. internal factors
 - 2. external factors
 - 3. financial strength
 - 4. experience
 - 5. personnel functional dept
 - 6. demand of consumers
 - 7. raw material
 - 8. technological aspect
 - 9. demographic factor
 - 10. socio cultural, political, legal factor

SWOT Analysis

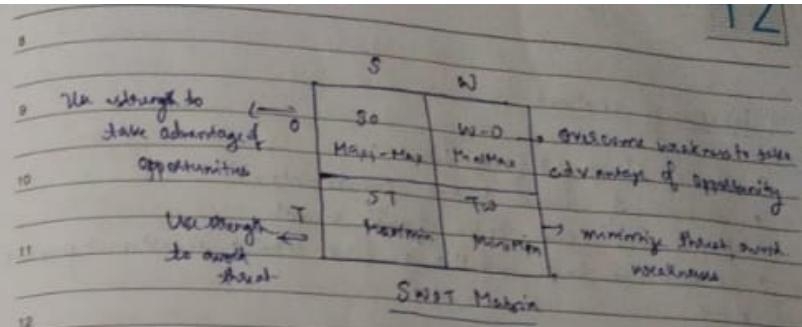
Strength	Weakness	Opportunities	Threats
• availability of infrastructure	• non availability of raw material	• Good market population	• Recession strategy
• skilled manpower	• scarcity of raw material	• availability of power, water, fuel	• climate changes
• good inventory	• low management expertise	• favourable govt. policies	• customer changes
• quality control	• inadequate training	• cultural environment	• technological obsolescence
• brand image	• outdated stock supplies	• good relation with market	• political instability, tough competition
• efficient manage ment	• lack of delegation of authority		
	• lack of trained personnel		

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ECONOMIC DEFORESTATION



Sep 2019 Sun Mon Tue Wed Thu Fri Sat Oct 2019 Sun Mon Tue Wed Thu Fri Sat

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
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3 Business Opportunity through feasibility analysis

i) Project formulation

- 1. concerned with development of project idea to arrive to an investment decision.
- 2. step by step analysis to achieve project objective with min exp & adequate resources.

ii) Feasibility analysis

↓
Techno-economic analysis

↓
Project design & network analysis

↓
Input analysis

↓
Financial analysis

↓
Sociotek benefit analysis

↓
pre investment analysis

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- Project evaluation (Project financial appraisals)
- refers to the analysis of cost & benefits of a proposed project with the availability of resources.
- identifies the expected costs & benefits of a project.
- examines total cost & alternative investment opportunities with the allocation of funds.

Following are the appraisal methods -

1) Pay back period (investment / constant annual cash inflow)

2) ARR (avg. rate of return) = $\frac{\text{ann. net income}}{\text{avg. investment}}$

3) NPV (net present value)

4) IRR (internal rate of return method)

Discounted cash flow techniques

NPV

IRR

- Used for evaluating & selecting -
- investment project
→ capital budgeting technique
- more refined & realistic
- represent the accuracy of original investments return on capital invested.
- time-adjusted techniques
- determine a criterion of starting a project

#PLANT TREES



Sep 19 | Oct 19 | Nov 19 | Dec 19 | Jan 20 | Feb 20 | Mar 20 | Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20

21

September 19



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Net present value method (NPV)

- defines with excess of present value of project inflows over that outflow
- NPV = diff of present value of cash benefit stream.

for conventional investment

$$\text{NPV} = \frac{B_1}{(1+r)^1} + \frac{B_2}{(1+r)^2} + \frac{B_n}{(1+r)^n} - C_0$$

B_t → represents cash inflows in periods 0, 1, 2 ...
 C_0 ⇒ initial investment

$$\text{NPV} = \sum_{t=0}^n \frac{B_t}{(1+r)^t} - C_0$$

for non conventional investment (where cash outflows take place over more than one year)

$$\text{NPV} = \frac{B_0}{(1+r)^0} + \frac{B_1}{(1+r)^1} + \frac{B_n}{(1+r)^n} - \left(C_0 + \frac{C_1}{(1+r)^1} + \dots + \frac{C_n}{(1+r)^n} \right)$$

$$\text{NPV} = \sum_{t=0}^n \frac{B_t}{(1+r)^t} - \sum_{t=0}^n \frac{C_t}{(1+r)^t}$$

Sunday 22

- B_t = represents cash inflows in period 0, 1, ..., n
 C_t = represents outlays in period 0, 1, ..., n
 r = desired discount rate

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$$NPV > 0$$

\rightarrow if $NPV = 0$ or < 0 accept the project

$$NPV < 0$$

\Rightarrow Reject the project

Internal Rate of Return (IRR)

Represents return internally generated by project

- It is the rate at which NPV is equal to 0.

IRR by interpolation Method

$$IRR = L + \frac{(H-L) \times (NPV_{all})}{NPV_u - NPV_h}$$

L = Lower discount rate where NPV was +ve

H = Higher " " " NPV was -ve

aggregated discounted cash inflows

$$NPV = \sum_{t=1}^n \frac{B_t}{(1+IRR)} - C_0 = 0$$

aggregate initial investment

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Project Report

Well evolved course of action devised to achieve specific objective within a specified objective period with specified resources.

- It assesses
 - demand of proposed products
 - investment & operational cost
 - estimate expected profitability of project

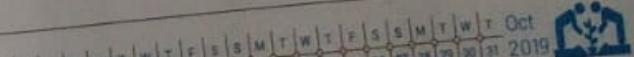
- It covers
 - economic
 - technical
 - financial
 - Managerial
 - Production
- all aspects

- After identification, selection of a project, enter general works on formulation of a feasibility report
- It is a written document about project containing relevant data.

Contents of project Report

- General information : information about the project, characteristic & application
- Location : location of project, locational advantage

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- 8) 3) Land & building : land area, construction , cost of construction
- 9) 4) Promoters : educational qualification , work experience.
- 10) 5) Plant & machinery : details of technical tools , equipment machinery
- 11) 6) Raw material : requirement of raw material , price, sources
- 12) 7) Production process : description of process adopted for production
- 1) 8) Man power : requirement of staff, skilled & semi skilled , sources of manpower.
- 2) 9) Market : Market position , trends , anticipated demand
- 10) 10) Financial implications : project cost , fixed & working Capital , profitability.
- 3)
- 4)
- 5)
- 6)

