

2nd Assignment.

MGT.

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① What is project report & explain its needs.

A project report is a document where in all the details obj. obtained from technical analysis, financial analysis, profitable analysis, economical analysis etc. are put together.

A project report may be defined as a document with respect to any investment prop. proposal based on certain information & factual data for the purpose of appraising the project.

Need for project report

- ① It serves as a road map describing the direction of enterprise its goal to achieve them.
- ② It also serves to attract investors & lenders.
- ③ To obtain financial assistance from the financial institution & commercial bank.
- ④ It enables the entrepreneurs to know that he is proceeding in the right direction.

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Explain the significance of report:

- project report is an important cornerstone for setting up an enterprise. It is a business plan to convert a business idea into a productive venture.
- It is like a blue print for any construction activity without which one could land in confusion or chaos at a later stage. The significance of a project report is as follows:

① serves as a master plan.

② Describes Direction / Road map

- ③ shows feasibility.
- ④ Jostres requirements.
- ⑤ Indicates profitability.
- ⑥ helps in decision making.
- ⑦ Paves way for financial assistance.
- ⑧ Ensures Survival.
- ⑨ To plane expected performance.
- ⑩ Assers profitability.

③ What are the contents of project report

Contents of project report:

- * general information
- promoter
- location
- Land & buildings
- Capital requirement & cost
- operational requirement and cost
- products.
- * Economic analysis.
- working capital.
- Requirement of funds.
- plant & machinery.
- Raw material
- Man power.
- Market.

③ Explain the Guidelines by planning Commission for Project report.

① General information.

- ~~Preliminary~~ The report should contain general information regarding the company profile, products details & specification.

② Promoters :- Details of promoters like name, Education, qualification, work experience etc are provided.

③ Location: Details like location of project like lease or own are to be indicated.

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⑥ Land and building: Details like location of ~~project site~~ lease construction cost of construction, detailed plans are included.

⑦ Plan and machinery:

Details of machinery like cost, supplies has to be included.

⑧ Capital requirement & growth:

Information about all item of cost should be carefully collected.

⑨ Operational requirement and cost

Information like fuel, power, labour utilities maintenance etc are included.

⑩ Production process:

Description like process chart, alternative technologies are provided.

⑪ Raw material:

List of raw materials requirement its quality and quantity sources of supply cost are provided.

⑫ Man power.

Details of man power required including skill, semi-skill cost of man power, cost of training are provided.

⑬ Products

products produced and standards are to be mentioned.

⑭ Market:

Target user distribution channel, selling price, estimation sales are included.

⑮ What are errors of project report:

• project report formulation is very important & not an easy task. The entrepreneurs often make errors while preparing project report.

- **Project selection:** It is noticed that some entrepreneurs commit mistakes by selecting a wrong product for their enterprise.
- **Capacity utilizing estimates:** The entrepreneurs many time make over optimistic estimates of capacity utilization.
- **Market study:** production of goods is ultimately meant for sale, hence market study plays vital role and is very important.
- **Technology selection:** The technology varies from product to product. Selection of wrong technology ~~is very~~ ~~enterprises~~ leads to wrong product with inferior quality. Selection of right technology is very important.
- **Selection of ownership form:** Many enterprises fail mainly due to the ownership form of enterprises is not suitable.

⑥ Define project Appraisal:

• project appraisal means the assessment of a project in terms of its economic, social and financial liability. This makes it necessary to financial liability. This makes it necessary to recognize, the interrelationship of various aspects of a project.

• This exercise is critical as it calls for a multidimensional analysis of the project. Financial institutions carry out project appraisal to assess its creditworthiness before giving finance to a project.

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Explain the following :

① Market feasibility study: Feasibility study is a detailed work of collection of data analysis and concludes the feasibility of the operation market feasibility study will answer whether the product has good market. This needs to study the following.

- nature of market
- selling price and profit
- cost of production
- Demand.
- Market share
- Target market.

② Technical feasibility study:

- Location of the project: The data regarding the location of project is very important.
- Construction of factory, building and its size: the construction details.
- Availability of raw materials: The study of availability of raw materials, sources, its quality & specifications cost etc.
- Utilities:- The details about availability of ~~utilization~~ utilities like water, gas, electricity, petrol, diesel etc.
- production capacity: Establishment of production capacity & utilization of production capacity are analysed.
- Staff requirement: study and analysis of requirement of workers, technical staff and officer etc.
- Technical viability: The technical viability is the opportunity.

③ Financial feasibility study:

Financial feasibility study is the most important

aspect of a business opportunity - so the aspects involved in financial feasibility study are:

- Total capital cost of project
- Sources of capital
- subsidiary sources of additional finance
- Financial for future development of business
- Break Even analysis (BEA)
- Estimation of cash and fund flow
- Return on investment (ROI)

② Social feasibility study:

- location: the location is in such a place that it should not have objection from the neighbours.

- Social problem: The enterprise should not create any nuisance to the public

- pollution: There should not have any sort of noise or other pollution objectionable society

- other problem: Any other problems related to the study and people are to be studied.