

THEORY - 1

ENTREPRENEURSHIP and MANAGEMENT & SMART TECHNOLOGY

5TH SEMESTER, MECHANICAL

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Chapter – 3

PROJECT REPORT PREPARATION

TOPIC TO BE COVERED

- Project report preparation
- Preliminary project report
- Detailed project report
- Techno Economic Feasibility
- Project viability

➤ PROJECT REPORT

- A project report is simply a document that provides details on the overall status of the project or specific aspects of the project's progress or performance.
- Regardless of the type of report, it is made up of project data based on economic, technical, financial, managerial or production.

➤ **PRELIMINARY PROJECT REPORT (PPR)**

- **Problem need**
- **Proposed solution**
- **Work effort**
- **Status**
- **Evaluation**
- **Schedule**

➤ SALIENT FEATURES OF A PRELIMINARY PROJECT REPORT (PPR)

1 SALIENT FEATURES OF A PRELIMINARY PROJECT REPORT

2 PROJECT PROFILE On

3 PROJECT PROFILE 1. Introduction [Product and its uses] Market [Area specific]

4 PROJECT PROFILE

- Basis and Presumptions
- Implementation Schedule.

5 PROJECT PROFILE 2. Technical Aspects: Process of Manufacture

- Quality Specifications
- Production Capacity per annum
- Power Requirement
- Pollution Control
- Energy Conservation

6 PROJECT PROFILE FINANCIAL ASPECTS A. Fixed Capital:

1. Land and Building:

- Land : area + land development
- Built up area [Office, workshop, godown, laboratory,

2. Machinery and Equipments:

- Sl. No
- Item
- Qty. (Nos.)
- Rs.

7 PROJECT PROFILE 3. Miscellaneous Fixed assets :

- Trolley/Truck/van/auto/bus
- Computer & its accessories
- Office equipments
- Specific interiors

8 PROJECT PROFILE Preliminary & Preoperative expenses Cost of :

- Project Report Preparation
- Company formation
- Registration fees,
- if any Insurance,
- if any Travelling expenses

9 PROJECT PROFILE

TOTAL FIXED COST= = FC

10 PROJECT PROFILE B. Working Capital per month: 1. Personnel:

Sl.No.

Designation

No(s)

Salary p.m.(Rs.)

Total (Rs.)

11 PROJECT PROFILE 2. Raw materials (per month):

Sl.No.

Quantity Rate(Rs.)

Value

12 PROJECT PROFILE 3. Utilities per month: Power☐ Fuel☐ Water Rs.☐

13 PROJECT PROFILE 4. Other Contingent expenses: Rs. Rent (if any)

Repair & Maintenance

Postage & Stationery

Administration Overheads

Transport

14 PROJECT PROFILE

Total Recurring Expenses per month = 1 + 2 + 3 + 4 =

Working Capital for 3 months =WC

15 PROJECT PROFILE

Total Capital Investment: Fixed Capital : FC + +

Working Capital :WC

16 PROJECT PROFILE

Machinery Utilisation:

17 PROJECT PROFILE FINANCIAL ANALYSIS:

1. Cost of Production (per year):

- i. Total recurring expenses per year
- ii. Depreciation on 5%
- iii. Depreciation on 10%
- iv. Depreciation on office
- v. Interest on total 10% :

18 PROJECT PROFILE

2. Turnover per year:

3. Net Profit per year (2-1):

19 PROJECT PROFILE

4. Net Profit Ratio = [Profit X 100] / Turnover

5. Rate of Return = [Profit X 100] / [Total Capital Investment]

20 PROJECT PROFILE

6. Break-Even Analysis (% of production envisaged)

i. Fixed Cost:

- A. Total Depreciation :
- B. Interest on total investment :
- C. 40% of Salaries and Wages :
- D. 40% of other expenses :

(ii) Profit per year:

Break-Even Point(BEP%) = Fixed Cost X = [%]Fixed Cost + Profit

21 PROJECT PROFILE

Addresses of Machinery Suppliers

Addresses of Raw Material Suppliers

Any other information

➤ **DETAILED PROJECT REPORT (DPR)**

Detailed project report is a very extensive and elaborative outline of a project, which includes essential information such as the resources and tasks to be carried out in order to make the project turn into a success.

DETAILED PROJECT REPORT (DPR)

❖ Meaning And Its Contents

Description:

- After the planning and the designing part of a project are completed, a detailed project report is prepared.
- A detailed project report is a **very extensive and elaborative** outline of a project, which includes essential information such as the resources and tasks to be carried out in order to make the project turn into a success.
- It can also be said that it is the **final blueprint of a project** after which the implementation and operational process can occur.
- In this comprehensive project report, the **roles and responsibilities** are highlighted along with the **safety measures** if any issue arises while carrying out the plan.

DETAILED PROJECT REPORT (DPR)

- The following points play an essential role in deciding whether a project turns into success.
- Completion of the project within the stipulated period.
- Priority to client satisfaction by delivering quality product after the completion of the project.
- Completion of the project within the set limits of escalation of cost.
- The blueprint design's focus has to be to convert the corporate investment into a project idea that gives good monetary returns.
- A detailed project report depicts a practical view point for the implementation of the project.
- The requirements and risks should also be highlighted in a detailed manner to prevent any troubles that can delay or halt the execution of the project.
- Hence effective measures must also be stated so that the execution of the project can be carried out hassle-free.

DETAILED PROJECT REPORT (DPR)

❖ A detailed project report must include the following information:-

- **Brief information about the project.**
- Experience and skills of the people involved in the promotion of the project.
- **Details and practical results of the industrial concerns of the promoters of the project.**
- **Project finance and sources of financing.**
- **Government approvals.**
- **Raw material requirement.**
- **Details of the requisite securities to be given to various financial organizations.**
- **Other important details of the proffered project idea include information about management teams for the project, details about the building, plant, machinery, etc.**

DETAILED PROJECT REPORT (DPR)

- A detailed project report is extremely important in order to turn the idea of your project into a reality.
- A DPR acts as a ladder towards success to make your project reach great heights.
- If the project report is prepared by putting a tremendous amount of effort into details, you will surely get good results later.
- **Managing the budget** - Managing the budget or expenditure is not an easy task, especially when you have to look at so many aspects of your project.
- Hence a DPR comes to your rescue and helps your plan and manage your budget in such a manner that you do not go over your set budget.
- **Minimizing risks** - Sometimes, despite giving great attention to details, risks, and issues arise during the implementation of the project.
- Hence it is crucial to identify and reduce these risks as much as possible so that the project is implemented without any hassles.
- It is reporting the risks to the project manager before the implementation that makes room for improvement.

DETAILED PROJECT REPORT (DPR)

- **Project progress follow up** - One of the most important aspects of a detailed project report is to have a control on the project progress.
- Accordingly, one can keep **track** of the **schedule of the project** and **eliminate the problems**, if any.
- **Holdover the project** - Project reporting maintains hold of the higher authority, such as managers, over the project so that they can keep a **check on progress** and **eliminate factors** that cause a halt in the progress of the project.
- The **performance** of the team members and their quality of work is also checked.

DETAILED PROJECT REPORT (DPR)

- A detailed project report has **innumerable benefits** in order to drive a project towards the **path of success**.
- Hence it is vital to get a DPR prepared from an **experienced person/firm** that holds **relevant experience** and **skill set** to leave no stone unturned.
- It is also important that the person who is a part of the team for the project has **relevant expertise** in the field so as to take up the task of handling the project.
- Putting the DPR's preparation task into the hands of an inexperienced person can also cause you to lose a lot of money, so choose wisely.

TECHNO-ECONOMIC FEASIBILITY

- Feasibility Study is an assessment of the practicality of a proposed project or system.
- In feasibility analysis, the project idea is examined from the point of view whether to go in for making a detailed investment proposal or not.

TECHNO-ECONOMIC FEASIBILITY

❖ WHILE MAKING A FEASIBILITY ANALYSIS, THERE COULD BE 3 ALTERNATIVES WHICH ARE THE FOLLOWING:

1. When the project idea seems to be **feasible**, then we **proceed** with the idea.
2. When the project idea is **not feasible**, then we **abandon** the idea.
3. When we are unable to arrive at a conclusion, then we make efforts to collect the required data and design the development.

WHAT IS TECHNO-ECONOMIC FEASIBILITY OF A PROJECT???

- **Techno – Economic feasibility** refers to the estimation of project demand potential and choice of optimal technology.
- **Techno – Economic feasibility** is an analysis on the existing market and technology.
- The choice of technology itself will be based on the demand potential in project design.
- **Techno – Economic feasibility** analyze the project on individual criteria or different aspects and sets the stage for detailed design development.

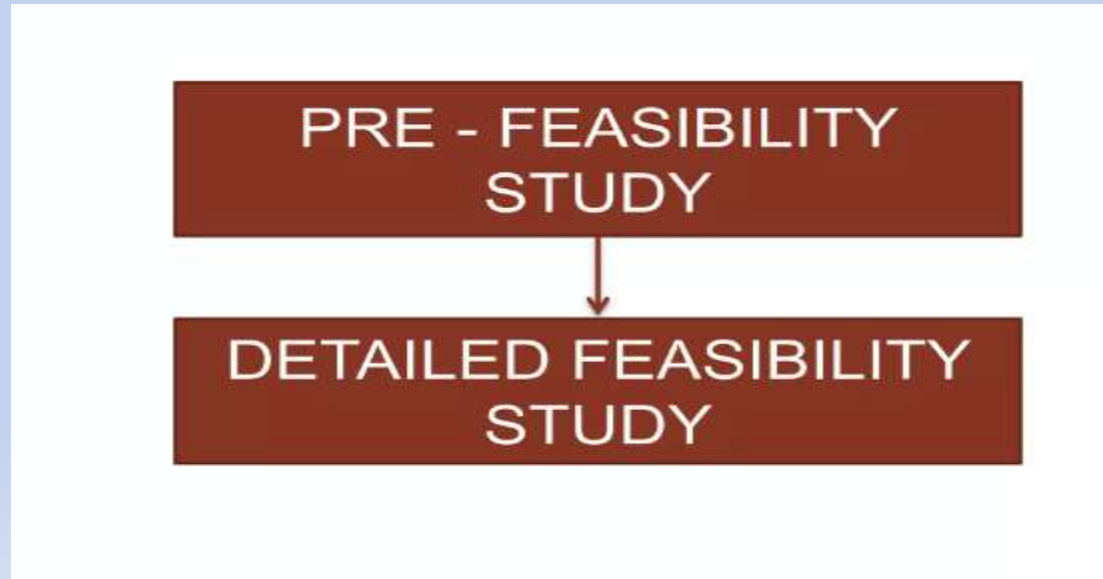
WHAT IS FEASIBILITY REPORT & ITS CONTENT

❖ A feasibility report of a enterprise or of an expanding enterprise consist of some background information about the industry to which the project belongs and the enterprise submitting the report in general.

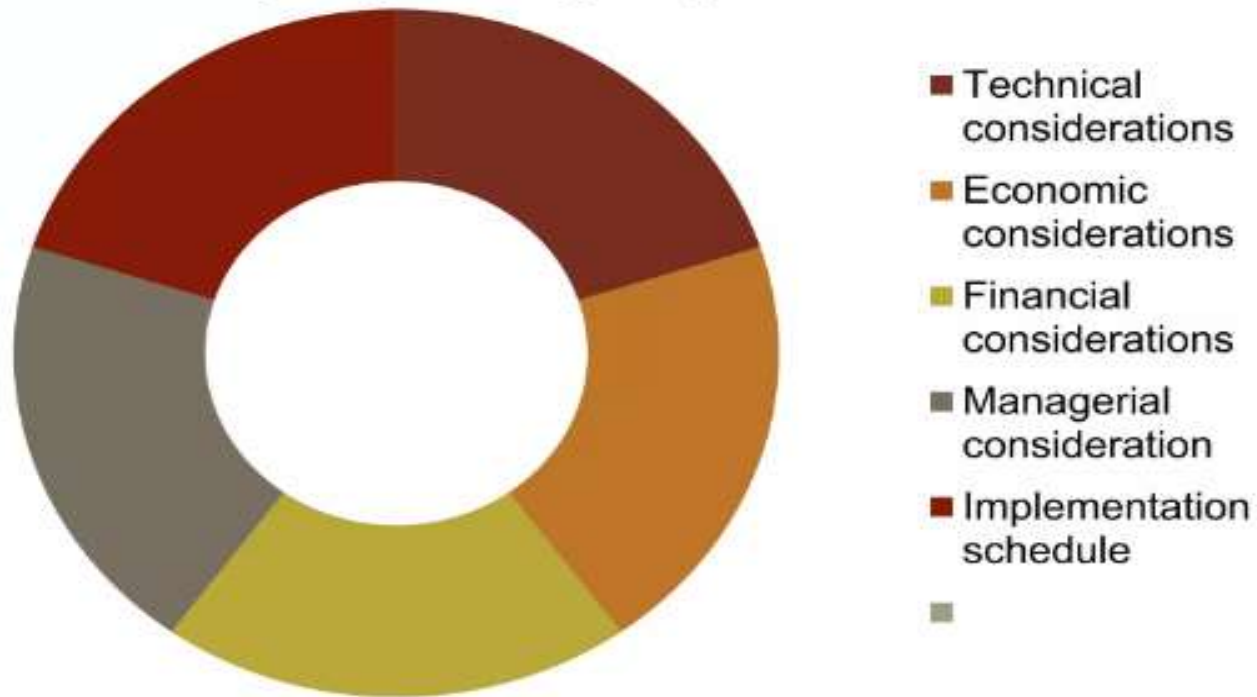
CONTENT OF TECHNO-ECONOMIC FEASIBILITY REPORT (TEFR)

1. Objective and scope of the project.
2. Product characteristics.
3. Market position and trends.
4. Raw material requirement, prices, sources and properties of raw materials.
5. Manufacturing process, selection of process, production schedule and techniques.
6. Plant and machinery.
7. Requirement of land area, building, construction schedule.
8. Financial implications.
9. Marketing channels, their trending practices and marketing strategies.
10. Requirement of personnel, labour and expenses on wage system.

CONSIDERATION WHILE PREPARING A FEASIBILITY REPORT



FACTORS TO BE CONSIDERED WHILE PREPARING REPORT



1. TECHNICAL CONSIDERATIONS

- It establishes whether the project is technically feasible or not.
- In this various technical alternatives on employment, ecology, infrastructure demands, capital services, balance of payments and other factors are taken in account.

2. ECONOMIC CONSIDERATIONS

- Economic data relates to market, the data required for analysis of this aspect can be obtained from secondary sources like Government agencies, trade associations.
- Data can also be obtained through primary sources like mailed questionnaire and market survey.

3. FINANCIAL CONSIDERATIONS

- Financial Considerations help the project to evaluate the different measures of commercial profitability and the magnitude of financing required.
- It requires the current status of the market with respect to the project.

4. MANAGERIAL COMPETENCE

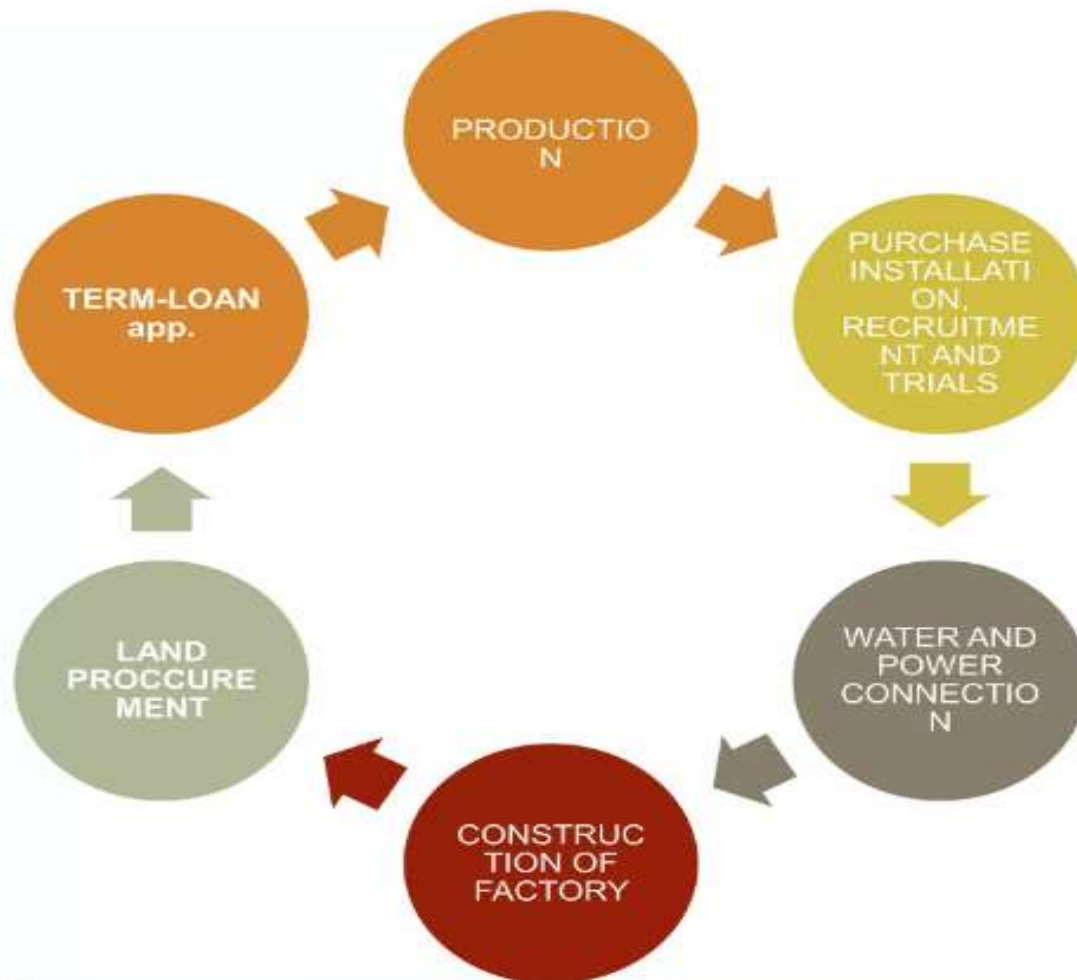
- A proper assessment of the number and skills of staff required for the project is to be considered under this aspect.
- For this purpose an appropriate organization structure is decided, then the skills and talents required by man power determined.

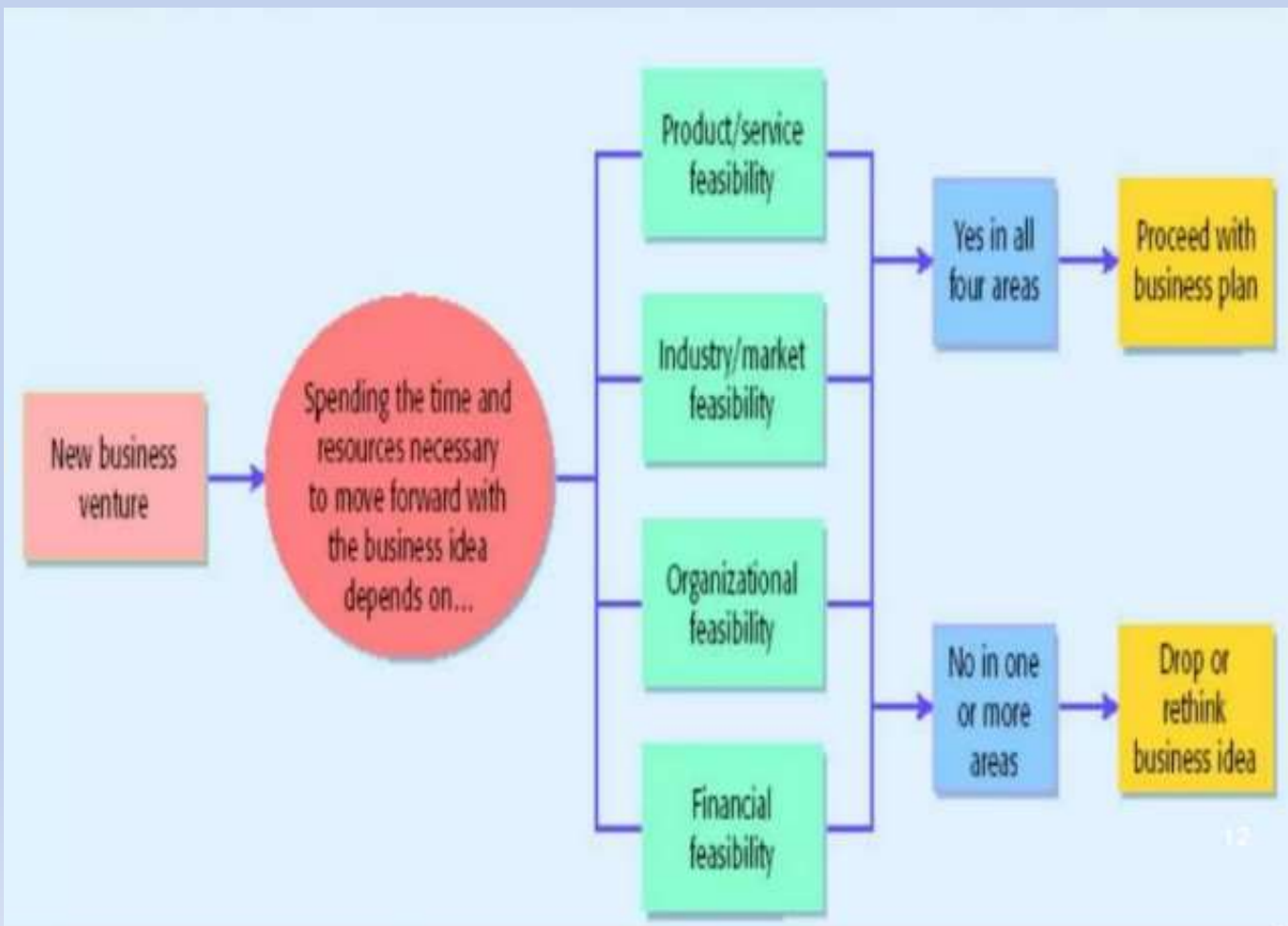
MANAGERIAL COMPETENCE CONSIDERATIONS

- a) Activity analysis involving anticipated work flow and the activities involved in the project.
- b) Grouping of activities in to tasks which employees can perform effectively.
- c) Classification of tasks are the building blocks of the organization structure.
- d) Determining inter-relationships between different positions to decide the chain of command.

5. IMPLEMENTATION SCHEDULE

- The implementation schedule is prepared to ensure timely completion of the project.
- It helps in saving time and cost.

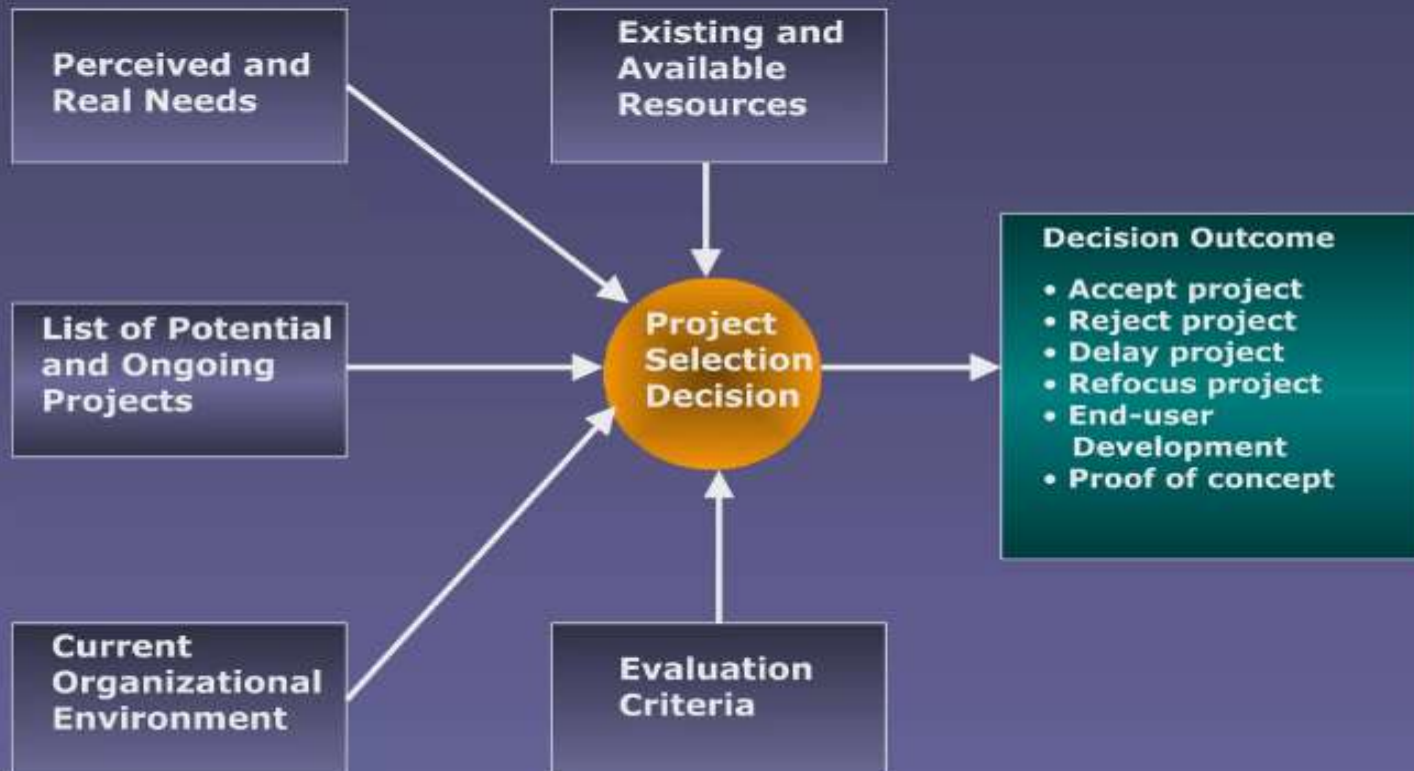




ADVANTAGES OF TEFR

- **A record to verify that the running facets of the project are analyzed just before implementation.**
- **To make sure the suggested project/ business is a effective venture.**
- **Provide guideline which will help the management in easy monitoring and controlling project implementation and production activity.**
- **Helps you to convince bankers, partners, Government to avail necessary help.**

Graphical Analysis



PROJECT VIABILITY

❖ Project Viability means the likelihood that the Project can be successfully developed and provide the Product and services required for the period stated in the offer.

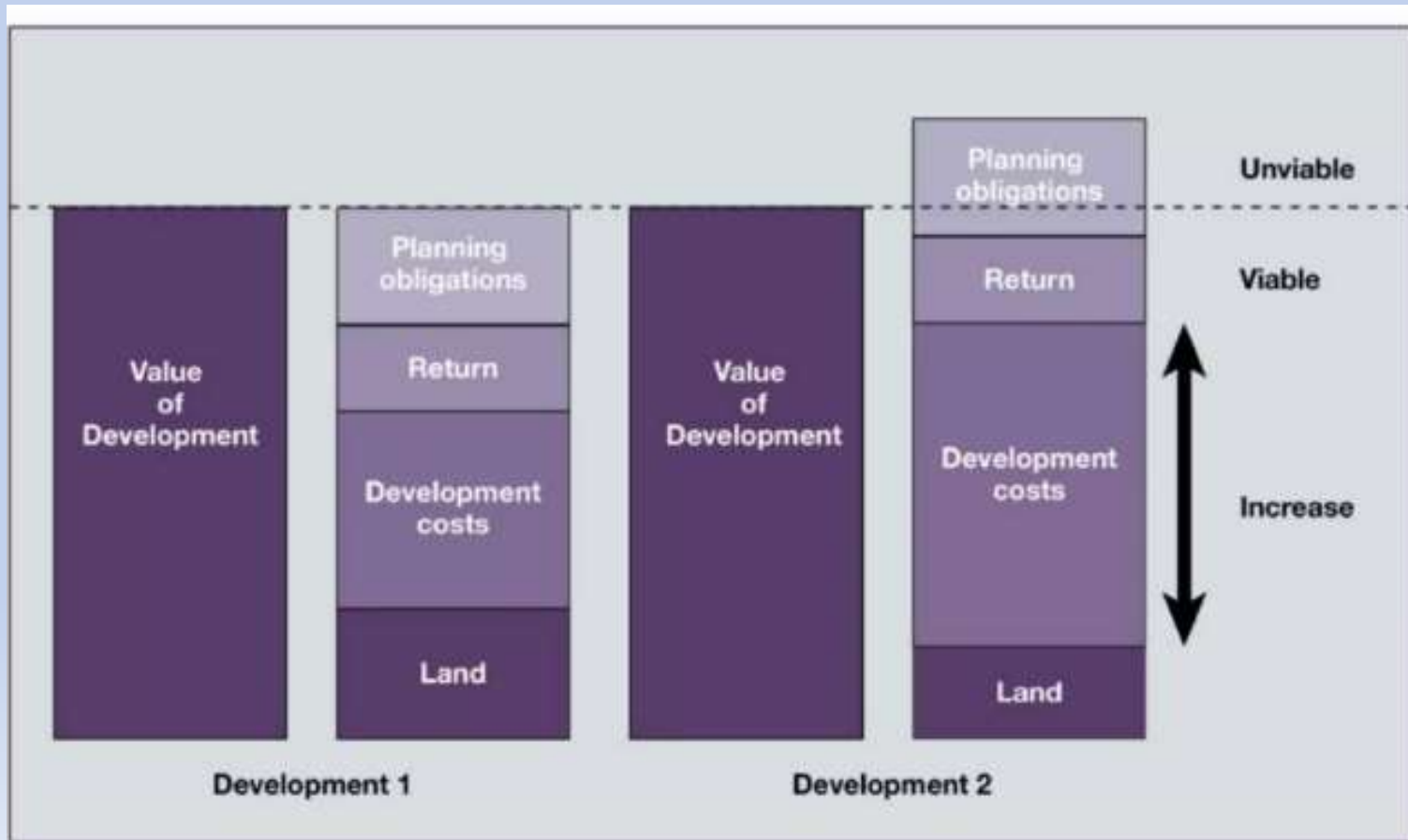
❖ Feasibility is the possibility and ability for something to be done.

❖ Viability is that something's ability to

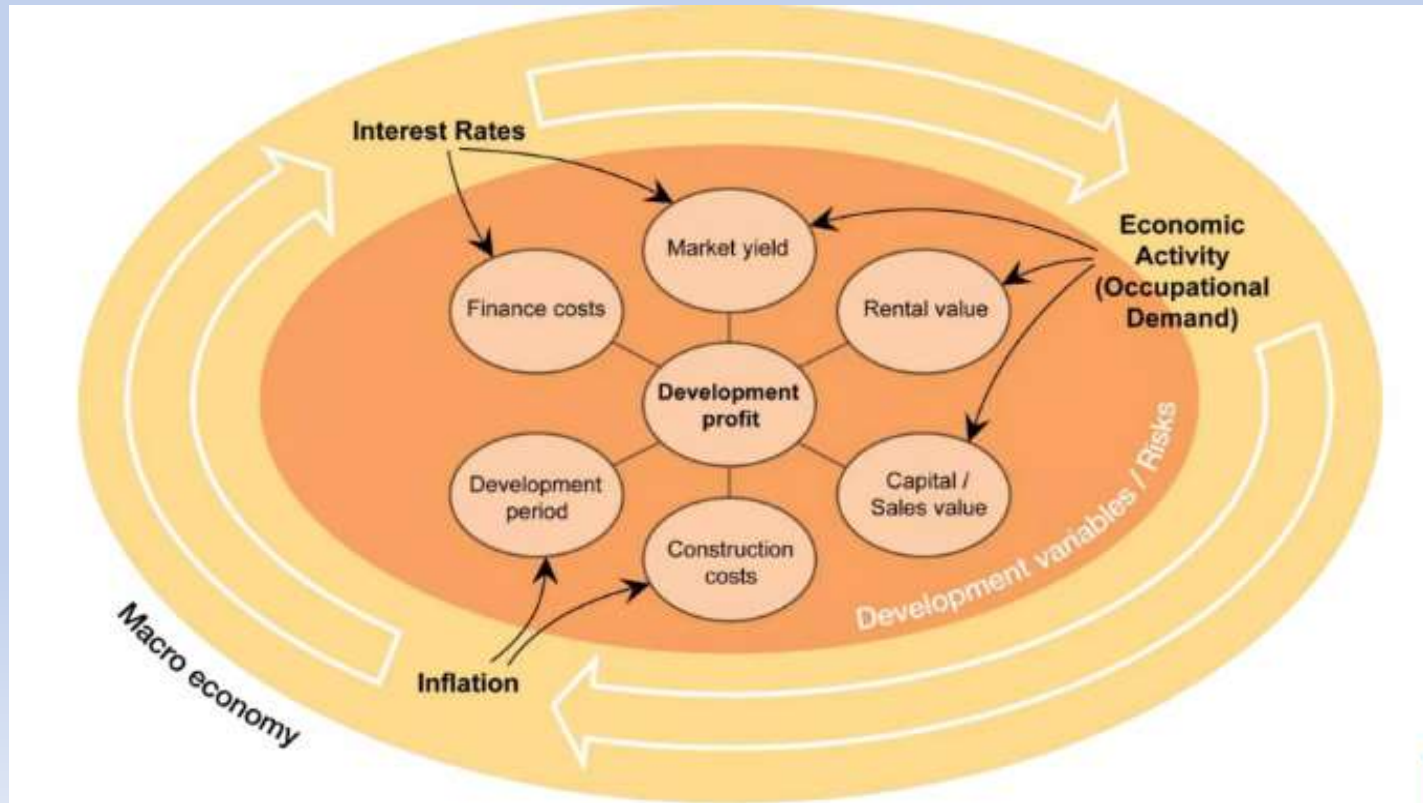
PROJECT VIABILITY

❖ An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the costs and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade a land owner to sell the land for the development proposed.

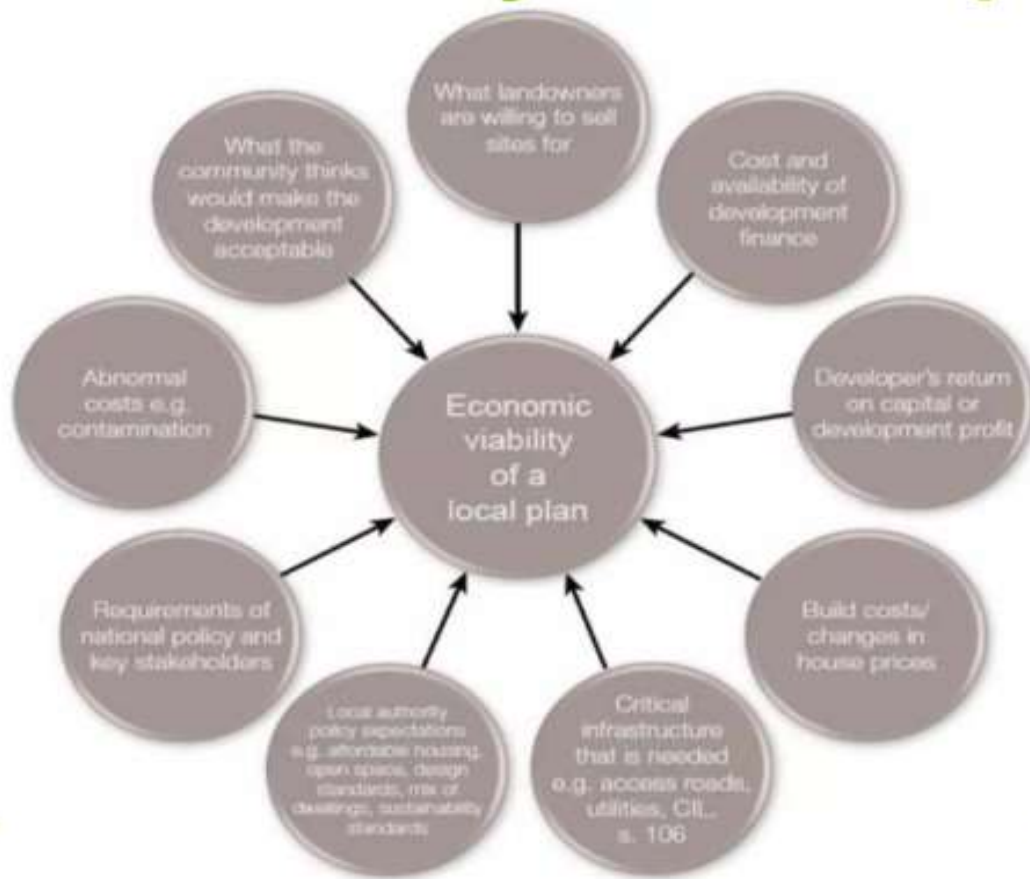
ECONOMIC VIABILITY OF A SCHEME



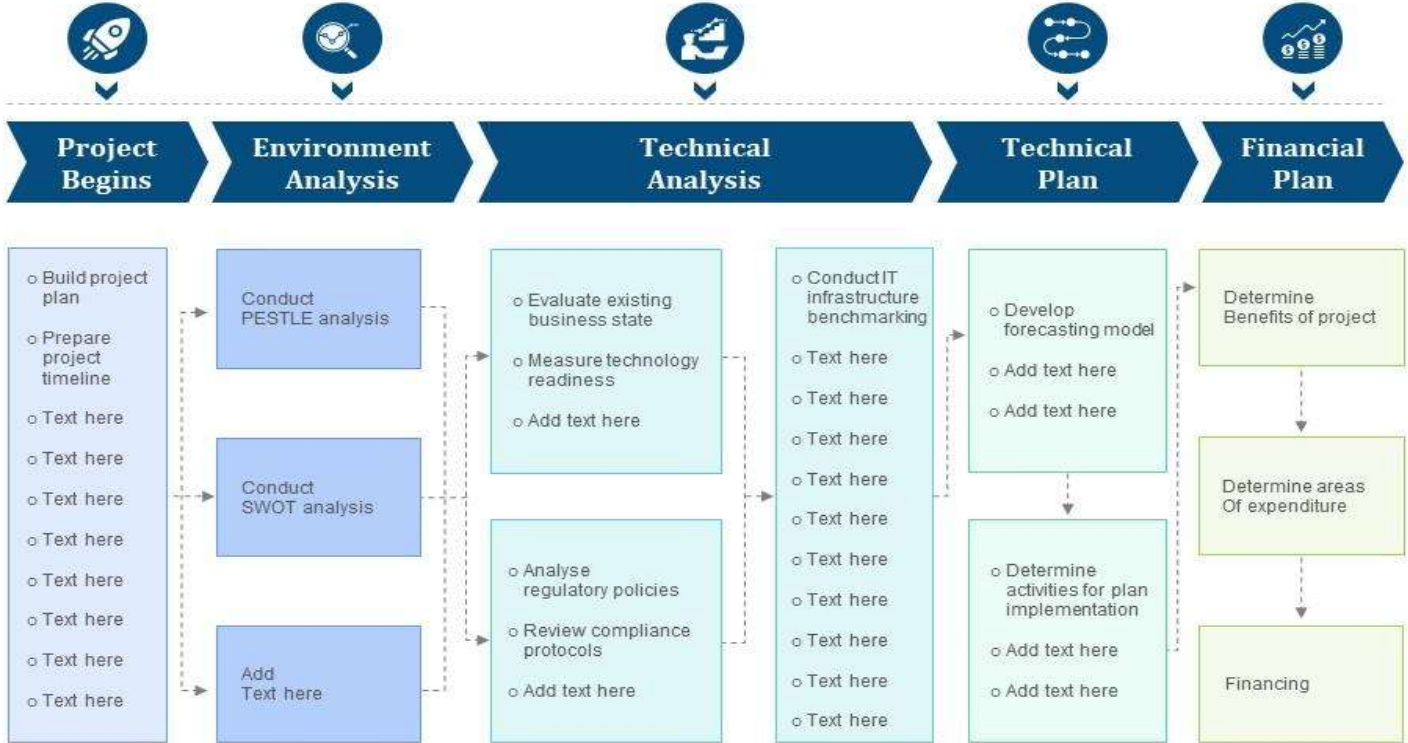
ECONOMIC DEVELOPMENT



ECONOMIC VIABILITY OF A LOCAL PLAN



Project Viability Assessment Framework of Organization



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Essential Steps in Project Viability Assessment Process

Step 01  **Confirm Opportunity**

- Identify project opportunities
- Gather market data
- Add text here.

Analyse and Develop Shortlisted Option  **Step 02**

- Identify alternative approaches to implement project
- Conduct service providers benchmarking
- Add text here

Step 03  **Evaluate Options**

- Evaluate impact of alternative options
- Measure project progress on daily basis
- Add text here

Implementation Strategy  **Step 04**

- Estimate goals to be achieved
- Utilize budget as per project pipeline
- leading

Step 05  **Recommendations**

- Present business case for approval
- Add text here

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Thank You

