

PROJECT APPRAISAL, PLANNING & CONTROL

Semester	III	CIE Marks	40
Course Code	18MBAFIN306	SEE Marks	60
Teaching Hours / week (L:T:TP)	3-0-2	Exam Hours	1:01
Credits	04		

Course Objectives:

1. To screen and assess project ideas.
2. To plan, appraise and evaluate implementation of a project.
3. To assess financial and social risk concerned with project implementation.
4. To understand various aspects of project management.

Unit 1:

Planning & Analysis Overview: Capital budgeting concepts, objectives and Phases, levels of decision making, Resource Allocation Framework: Key criteria for allocation of resource – elementary investment strategies: Generation and screening of project ideas: Generation of ideas – monitoring the environment – regulatory framework for projects – corporate appraisal – preliminary screening – project rating index (Theory).

Unit 2:

Market and demand analysis, Technical analysis (steps to be discussed in detail). **Financial Analysis:** Estimation of cost of project and means of financing – estimates of sales and production – cost of production – working capital requirement and its financing – estimates of working results – breakeven points – projected cash flow statement – projected balance sheet. **Project cash flows:** Appraisal criteria: Net Present Value – benefit cost ratio – internal rate of returns urgency – payback period – accounting rate of returns – investment appraisal in practice. (Theory & Problems).

Unit 3:

Types and measure of risk – simple estimation of risk – sensitivity analysis – scenario analysis – Monte Carlo simulation – Decision tree analysis – selection of projects under risk – risk analysis in practice.

Special decision situations: Choice between mutually exclusive projects of unequal life – optimal timing decision – determination of economic life – interrelationships between investment and financing aspects – inflation and capital budgeting, International Capital Budgeting. (Theory & Problems).

Unit 4:

Social Cost Benefit Analysis (SCBA): Rationale for SCBA – UNIDO

approach to SCBA – Little and Mittle approach to SCBA. Multiple projects and constraints: Constraints – methods of ranking – mathematical programming approach – linear programming model – Qualitative Analysis: Qualitative factors in capital budgeting – strategic aspects – strategic planning and financial analysis – informational asymmetry and capital budgeting – organizational considerations. (Theory & Problems).

Unit 5:

Multiple projects and constraints: Constraints – methods of ranking – mathematical programming approach – linear programming model. Qualitative factors in capital budgeting: Judgmental, Behavioral, Strategic and Organizational Considerations. Environmental appraisal of projects: types and dimensions of a project, environmental impact assessment and environmental impact statement (Theory & Problems).

Unit 6:

Project Management: Forms of project organization – project planning – project control – human aspects of project management – prerequisites for successful project implementation. Project review and administrative aspects: Control of in-progress projects, The Post-audit, Abandonment Analysis, administrative aspects of capital budgeting, agency Problem, evaluating the capital budgeting system of an organization. (Theory).

PRACTICAL COMPONENTS:

- Students are asked to identify how the approaches to project appraisal differ between commercial projects in the private sector and a public sector.
- Students can visit a Financial institution/Bank and study the project appraisal criteria adopted by them.
- Students can study the project financing procedure provided by Banks.
- Students can visit the organization which have undertaken large scale projects like 'Bangalore Metro Rail' and study the risk associated with such projects and also study how they access and manage such risks.

COURSE OUTCOMES:

1. Students would learn capital budgeting and project financing.
2. Students would be quipped to appraise a project.
3. Students would learn to prepare a Business plan.
4. To understand various financial and technical aspects of project management.

RECOMMENDED BOOKS

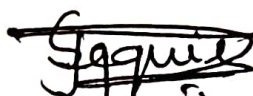
- Project Planning: Analysis, Selection, Implementation and Review – Prasanna Chandra, 7/e, TMH, 2011.
- Project Management and Control – Narendra Singh, HPH, 2003.
- Project Management – Bhavesh M. Patel, 2/e, Vikas Publication.

REFERENCE BOOKS

- Project Management for Business and Technology: Principles and Practice – Nicholas, John M., 2/e, Pearson.
- Project Management: The Managerial Process – Gray & Larson, 4/e, TMH, 2011.
- Project Management – Choudhury, 1/e, TMH, 7.

CO-PO MAPPING

Merge	PO				
	PO1	PO2	PO3	PO4	PO5
CO1	X				
CO2					X
CO3				X	
CO4	X				



DEAN

Dept. of Business Administration
Alva's Institute of Engg. & Technology
MIJAR – 574 225