

23CE702 : PROJECT MANAGEMENT

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NARSIMHA REDDY ENGINEERING COLLEGE
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UNIT-II: PROJECT PLANNING AND APPRAISAL

- Topics Covered
- Project Planning
- Project Appraisal
- Feasibility Study
- Technical Feasibility
- Commercial Feasibility
- Economic Feasibility
- Financial Feasibility
- Management Feasibility
- Social Cost-Benefit Analysis
- Project Risk Analysis

Learning Outcomes

- After completing this unit, students will be able to:
- Understand project planning.
- Explain project appraisal.
- Evaluate different feasibility studies.
- Analyze financial and economic viability.
- Understand social cost-benefit analysis.
- Identify and assess project risks.

PROJECT PLANNING

- **What is Project Planning?**
- Definition
- Project Planning is the process of deciding what to do, how to do it, when to do it, and who will do it.
- Objectives
 - Achieve project goals
 - Optimize resources
 - Reduce uncertainty
 - Control time and cost

Steps in Project Planning

- **Steps in Project Planning**
- Define Objectives
- Identify Activities
- Estimate Resources
- Prepare Schedule
- Estimate Cost
- Risk Planning

PROJECT APPRAISAL

- **What is Project Appraisal?**
- Definition
- Project Appraisal is the systematic evaluation of a project to determine its viability and profitability.
- Purpose
- Selection of best project
- Investment decision
- Risk assessment
- Resource allocation

Types of Project Appraisal

- **Types of Project Appraisal**
- Technical Appraisal
- Commercial Appraisal
- Economic Appraisal
- Financial Appraisal
- Management Appraisal
- Social Appraisal

FEASIBILITY STUDY

- Definition
- A Feasibility Study examines whether a project is practical, achievable, and beneficial.
- Areas Studied
 - Technical
 - Commercial
 - Economic
 - Financial
 - Management
 - Social

TECHNICAL FEASIBILITY

Technical Feasibility

- Checks
- Technology availability
- Plant location
- Machinery
- Raw materials
- Production capacity
- Skilled manpower
- Example
- Can a solar power plant be technically established in a selected area?

COMMERCIAL FEASIBILITY

- **Commercial Feasibility**
- Focus
- Market demand
- Customer needs
- Competition
- Pricing
- Distribution channels
- Key Question
- Will customers buy the product or service?

ECONOMIC FEASIBILITY

- **Economic Feasibility**
- Evaluates
- Contribution to economy
- Employment generation
- Foreign exchange earnings
- Infrastructure development
- National income

FINANCIAL FEASIBILITY

- **Financial Feasibility**
- Analyzes
- Investment required
- Revenue
- Profitability
- Cash flows
- Payback period

Management Feasibility

- **Definition**
- Implementation is the execution phase where project plans
- Examines
- Managerial competence
- Organizational structure
- Leadership
- Experience of project team
- formed into actual work.
- **Activities**
- Resource allocation
- Team formation

SOCIAL COST-BENEFIT ANALYSIS

- Definition
- Measures the social benefits and social costs of a project.
- Social Benefits
- Employment
- Better healthcare
- Education
- Infrastructure
- Social Costs
- Pollution
- Environmental damage
- Traffic congestion

PROJECT RISK ANALYSIS

- Definition
- Risk is the possibility that actual project outcomes may differ from expected outcomes.
- Common Risks
 - Cost overrun
 - Schedule delay
 - Technical failure
 - Market changes
 - Regulatory issues

Risk Analysis Process

- Risk Identification
- Risk Assessment
- Risk Prioritization
- Risk Response Planning
- Risk Monitoring

Project Planning & Appraisal Framework

- **Project Planning & Appraisal Framework**
- Project Idea
- Project Planning
- Feasibility Study
- Project Appraisal
- Risk Analysis
- Project Approval

Summary

- We Learned
- Project Planning
- Project Appraisal
- Feasibility Study
- Technical Feasibility
- Commercial Feasibility
- Economic Feasibility
- Financial Feasibility
- Management Feasibility
- Social Cost-Benefit Analysis
- Project Risk Analysis