

CORE COURSE XII A - PROJECT APPRAISAL AND EVALUATION

Objectives : To make the students to understand the importance of Project Appraisal and Evaluation.

Unit I

Capital expenditure – Importance and difficulties, Objectives, Resource allocation – Criteria – Investment Strategies – Generation and Screening of Investment ideas.

Unit II

Project Analysis – Market and demand analysis – Technical analysis, Financial analysis.

Selection of Project cash flows – Appraisal Criteria – Pay back period accounting rate of return – Discounted cash flow methods.

Unit III

Analysis of risk : Types and Measures of risk, Sensitivity Analysis, Scenario Analysis, Monte Carlo Analysis, Decision Tree Analysis. Special decision situations: Choice Between Mutually Exclusive projects of Unequal life, Optimal Timing, Determination of Economic Life, Interrelationship between Investment and financing Aspects, Inflation and capital budgeting.

Risk Analysis : Firm risk and market risk, Portfolio, Theory and capital budgeting, CAPM and Capital budgeting,. Social cost benefit analysis: UNIDO Approach, Little-Mirrlees Approach.

Unit IV – Implementation :

Project Organization, Project Planning, Project Control, Pre-requisites for successful Project Implementation – Network techniques : Development of Project Network, Time Estimation, scheduling, PERT, CPM, Network Cost System.

Unit V – Project Review :

Performance Evaluation, Abandonment Analysis, Administrative aspects in Capital Budgeting.

Reference:

1. Prasanna Chandra, Projects: Planning, Analysis, Selection, Implementation & Review, Tata McGraw Hill.
2. Clark J.C., T.J., Hindelang, and R.E. Pritchard, capital Budgeting : Planning and control of Capital Expenditures, Prentice Hall.
3. Little I.M.D. and S.A. Mirrless, Project Appraisal and Planning for Developing countries, Heimann, London.
4. P.C.K. Rao., Project Management, Sultan Chand & Sons, New Delhi
5. Marghin E.and A.K.Sen., Guideline for Project Evaluation, UNIDO, New York.
6. Bhavesh M.Patel, Project Management, Vikas Publishing House, New Delhi.