

## SEMESTER – VI

### PAPER- 6.3

#### PROJECT APPRAISAL AND ANALYSIS

**Full Marks: 100**

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**Objectives :** To explain identification of a project, feasibility analysis including market, technical and financial appraisal of a project. Understand the relevance of alternative project appraisal techniques, financial structuring and financing alternatives. This course intends to involve students to apply appraisal techniques for evaluating live projects

#### **Course Contents:**

**Unit I: Introduction:** Project appraisal and evaluation, Project cycle, Project cycle management, Private and Public sector Projects; Identification of investment opportunities – industry analysis review of project profiles, feasibility study, Project identification and formulation, Basic Principles of Project Analysis, Entrepreneurship – concept, theory and perspective **(5L)**

**Unit II: Market Analysis:** Market analysis of a project, Need for market analysis, Demand and supply analysis, primary /secondary data, Forecasting techniques Technical appraisal of a project, Business and Technology Acquisition and management of technology. **(15L)**

**Unit III: Investment Appraisal:** Introduction, Investment criteria and techniques-DCF and non-DCF, Capital Rationing, Project Appraisal parameters of Financial Institutions.

**Social Cost benefit analysis:** value added concept, social surplus, indirect impact of projects, rationale of SCBA, Efficiency and Equity in Project Appraisal, UNIDO approach, Little Mirlees Approach. **(30L)**

**Unit IV:** Project Assessment under risk and uncertainty: Risk and Sensitivity Analysis, probabilistic cash flow approaches, Application of Network Analysis and Monte Carlo Simulation techniques. **(20L)**

#### **Readings :**

1. Machiraju, H.R.: Introduction to Project Finance, Vikas Publishing House
2. Prasanna Chandra: Project Preparation Appraisal Budgeting and Implementation, Tata McGraw.