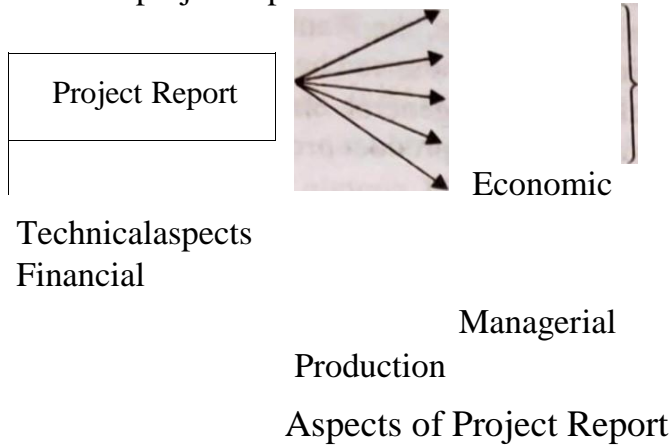


MEANING

Project report can be defined as a well evolved course of action devised to achieve the specified objective within a specified period with specified resources. In simple words, it is a written statement of what an entrepreneur hopes to achieve in business and how is he going to do it ?

Project report assesses the demand of the proposed product to be produced, investment and operational costs and thus estimates the expected profitability of the project.

Also, it enables the entrepreneur to understand, at the initial stage, whether the project is sound on technical, commercial, financial and economic parameters. These may be defined as the various aspects of the project report.



A good project report includes information about these above defined aspects.

CONTENTS OF A PROJECT REPORT

A well defined project report should contain the following informations :

1. General Information : General information about the project, its objectives, characteristics, application etc.
2. Location : Exact location of the project, locational advantages.
3. Land and Building : Land area, building, construction schedule, cost of construction etc.
4. Promoter : Educational qualification, work experience and project related experience etc. of promoter.
5. Plant and Machinery : Details of technical tools, equipments, machinery, laboratory equipments, electric load, water supply and other essential infrastructure.
6. Raw Material : Requirement of raw material, prices, sources and alternative raw material, if any.
7. Production Process : Description of the process adopted for production, process chart, production programme, technical know-how etc.
8. Man Power : Requirement of staff, labour and skilled and semi-skilled personnel, sources of man power, requirement for training and its costs etc.
9. Market : Market position and trends, anticipated demand, export prospects and price structure etc.

10. Financial Implications Fixed and working capital investment, project cost and profitability.

The project report is prepared for submission to the financial institutions for the grant of land and other financial concessions.

An entrepreneur can himself prepare the report or may take assistance of some skilled persons.

There are several organisations also to help the entrepreneur in the preparation of project report. the Small Industries Service Institute (SISI) and Small Industries Development Organisation (SIDO) help the entrepreneurs in this field. SIDO has been publishing model schemes on certain lines of Production-wtlic#provide immediate scope for development of small scale industries as well as other enterprises.

PLANNING COMMISSION'S GUIDELINES FOR FORMULATING A PROJECT REPORT

An entrepreneur has to consult the planning commission to get the project sanctioned. In order to process investment proposals and arrive at investment decisions, the Planning Commission Of India has also issued some guidelines to formulate a project report. These can be summarised as follows : 1. General Information : Report should contain general information regarding the company/enterprise. It should contain information on product profile and product details.

2. Preliminary Analysis of Alternatives : This should contain present data on the gap between demand and supply for the outputs which are to be produced, data on the capacity that would be available from the projects that are in production or under implementation at the time the report is prepared, a complete list of all existing plants in the industry giving their capacities and level of production actually attained, a list of all projects for which letters of intent/licenses have been issued and a list of proposed projects. All options that are technically feasible should be considered at this preliminary stage. The location of the project as well as its implications should also be shown. An account of the foreign exchange requirements should also be taken. The profitability of different options should also be given. The rate of return on investment should be calculated and presented in report. Also, the alternative cost calculations against the returns should be presented.
3. Project Description : The project report should provide a brief description of the technology/process chosen for the project. Information relevant to determining optimality of the location chosen should also be included. To assist in the assessment of the environmental effects of a project, every report must present the information on specific points i.e., population, water, air, land, flora, and fauna effects arising out of project pollution, other environmental descriptions etc. The report should contain a list of the operational requirements of the plant, requirements of water and power personnel, organisational structure envisaged, transport costs activity-wise phasing of construction and factors affecting it.
4. Marketing Plan : It should contain data on marketing plan, i.e., demand and prospective supply in each of the areas to be served. The methods and data used for making estimates of domestic supply and selection of the market areas should be presented. Estimate of the degree of price sensitivity should also be shown. It should also contain an analysis of past trends in prices.

5. Capital Requirements and Costs : Information on all items of costs should be carefully collected and presented. The estimates of costs should be reasonably complete and properly classified.
6. Operating Requirements and Costs : Operating costs are essentially those costs which are incurred after the commencement of commercial production. Information about all items of operating costs should be collected. Operating costs relate to the costs of raw materials and intermediates, fuel, utilities, labour, repair and maintenance, setting expenses and other expenses.
7. Financial Analysis : The purpose of this analysis is to present some measures to assess the financial viability of the project. A preliminary balance sheet for the project data should be presented. Depreciation should be allowed for, on the basis specified by the Bureau of Public Enterprises. Foreign exchange requirements should be cleared by the Department of Economic Affairs. The report should take into account income-tax rebates for priority

industries. incentives end subsidy for backward areas, accelerated depreciation etc. The report must also analyse the sensitivity of the rate of return to changes in the level and pattern of product prices.

8. Economic Analysis : Social profitability analysis needs some adjustment in the data relating to the costs and returns to the enterprise. The enterprise should try to assess the impact of its operations of foreign trade. Indirect costs and benefits should also be included in the report. If they cannot be qualified they should be analysed and their importance emphasised.
9. Miscellaneous Aspects : Other aspects relevant to the enterprise, which is collected, should also be included. For e.g.. cash flow statements, method of accounting, use of computers or any new technology used etc. must be specified.

Significance of Project Report

Project report is a very important tool in the hands of the entrepreneur to take decisions regarding project from time to time. It may be called as three dimensional plan or a blue-print of all those activities that an entrepreneur is supposed to exercise. A project report highlights the practicability of a project regarding different aspects i.e., economy, finance, technology and various social desirabilities. These may be carried on by skilled individuals, related institutions, consultancy services and, or development banks. the report also determine the profitability of the project and minimize the risk factors in the execution of the project. So formation of project report is of great importance for the successful completion of the project and its objectives.

SPECIMEN OF A PROJECT REPORT

Here we give a proforma of the project report of a manufacturing unit, it will help you understand how to prepare a report or business plan.

Project profile for manufacturing of.....

1. Introduction	Title/Name of the firm
2. Product Description	
(a) Scope	
(b) Product (give specifications, viz., ISS/BSS/ASS)	
(c) Process (technology used or techniques etc.)	
3. Marketability	
(a) End users	
(b) Sales channels and methods adopted	
(c) Geographical extent of market	
(d) Competitive situation in market	
(e) Domestic market and/or Export market	

4. Capital Requirements

(a) Land and Buildings (owned/rented or leased)

(b) Machinery and Equipments

(give details and specifications of each machine separately)

(c) For imported machine allowances

(for duty on imported items, dock clearance charges, freight etc.)

(d) Testing and other tools

(e) Furniture and fittings

(f) Other fixed investments .

(i) packing and forwarding charges

(ii) electrification and water supply fittings

(iii) Cost of fixtures

Total non-recurrin ex enditure

Rs.

S.
S.

(g) Raw material and other consumables : (Description)

(i)

(ii)

(iii)

(h) Other items of expenditure :

(i) Power, fuel and water

(ii) Maintenance and Allied Supplies

(iii) Advertising, travelling and transport (i)

Commission to distributors/agents (j) Manpower (staff and labour) :

(i) Indirect labour nos. and wages/p.m.

(ii) Direct labour nos. and wages/p.m.

Total salaries p.m. [(i) + (ii)]

Total recurrin ex enditure

Rs.

Rs.

Rs.

Rs.

.

5. Total Cost of Production

(a) Total recurring expenditure

S.
S.

(b) Depreciation on machinery and other equipments

(c) Depreciation on building

S.

(d) Maintenance charges

(e) Interest on total investment

- (f) Welfare for staff
- (g) Administrative cost
- (h) Training cost

Total :

6. profit and Loss Account

- (a) Annual Cost
- (b) Annual sales revenue
- Expected annual profit [(b) — (a)]
- 0/0 profit on own capital
- % profit on total annual sales turnover
- 0/0 profit on total investment
- Break-Even Point (i) Fixed costs

:
(Description)

(b) Variable costs :
(Description)

Now $Q =$

where, Q = Break-Even Quantity

F = Fixed cost

V = Variable cost

P = Sales price per unit

7. Name and Addresses of Supplier

- (a) Raw Materials
- (b) Machinery and Equipments

8. Remarks

Seal and Date

(Signature of
Consultant)

Conclusion

A detailed project report serves as the work plan for the implementation of a project. It must contain the various informations in detail which ultimately help in the decision making process about the feasibility of the project. The financial institutions usually fund the project on the basis of project report. So considerable attention and care is required to formulate a good report.

The project report works like a guide book for an entrepreneur because all activities or actions required to complete the project within specific period are sequentially described in the report.

SPECIMEN OF A PROJECT REPORT

Here we give a proforma of the project report of a manufacturing unit, it will help you understand how to prepare a report or business plan.

Project profile for manufacturing of

1. Introduction

Title/Name of the firm

2. Product Description

- (a) Scope
- (b) Product (give specifications, viz., ISS/BSS/ASS)
- (c) Process (technology used or techniques etc.)

3. Marketability

- (a) End users
- (b) Sales channels and methods adopted
- (c) Geographical extent of market
- (d) Competitive situation in market
- (e) Domestic market and/or Export market

4. Capital Requirements

(a) Land and Buildings (owned/rented or leased)	Rs.
(b) Machinery and Equipments (give details and specifications of each machine separately)	Rs.
(c) For imported machine allowances (for duty on imported items, dock clearance charges, freight etc.)	Rs.
(d) Testing and other tools	Rs.
(e) Furniture and fittings	Rs.
(f) Other fixed investments :	
(i) packing and forwarding charges	Rs.
(ii) electrification and water supply fittings	Rs.
(iii) Cost of fixtures	Rs.
Total non-recurring expenditure	Rs.

(g) Raw material and other consumables : (Description)	
(i)	Rs.
(ii)	Rs.
(iii)	Rs.
(h) Other items of expenditure :	
(i) Power, fuel and water	Rs.
(ii) Maintenance and Allied Supplies	Rs.
(iii) Advertising, travelling and transport	Rs.
(i) Commission to distributors/agents	Rs.
(j) Manpower (staff and labour) :	
(i) Indirect labour nos. and wages/p.m.	Rs.
(ii) Direct labour nos. and wages/p.m.	Rs.
Total salaries p.m. [(i) + (ii)]	Rs.
Total recurring expenditure	Rs.

5. Total Cost of Production

(a) Total recurring expenditure	Rs.
(b) Depreciation on machinery and other equipments	Rs.
(c) Depreciation on building	Rs.
(d) Maintenance charges	Rs.
(e) Interest on total investment	Rs.

- (f) Welfare for staff
- (g) Administrative cost
- (h) Training cost

Rs.
Rs.
Rs.
Rs.

Total :

6. Profit and Loss Account

- (a) Annual Cost
- (b) Annual sales revenue
- Expected annual profit [(b) – (a)]
- % profit on own capital
- % profit on total annual sales turnover
- % profit on total investment

Rs.
Rs.
Rs.
Rs.
Rs.
Rs.

Break-Even Point

- (i) Fixed costs :
(Description)
- (b) Variable costs :
(Description)

Rs.
Rs.

$$\text{Now } Q = \frac{F}{P - V}$$

- where, Q = Break-Even Quantity
- F = Fixed cost
- V = Variable cost
- P = Sales price per unit

7. Name and Addresses of Supplier

- (a) Raw Materials
- (b) Machinery and Equipments

8. Remarks

Seal and Date

(Signature of Consultant)