

**VIVEKANANDA COLLEGE
THAKURPUKUR
KOLKATA-700063**

NAAC ACCREDITED 'A' GRADE



Topic: Project Planning

Course Title: B. Com

Paper: Entrepreneurship Development

Unit: 1

Semester: IV

Name of the Teacher: Dr. Debashis Kundu

Name of the Department: Commerce

Project

A project may be defined as a pre-determined set of actions intended to achieve some particular objectives. It is expected to be completed within a specific time-frame and within a fixed budget.

Features:-

1. It contains a diverse array of functions within it.
2. All the actions to be performed are pre-planned.
3. The management of the project is kept in the hands of the team-leader. No decision is imposed from outside.
4. A project may or may not generate profit e.g. a project for market-survey will only generate cost and information for the company
5. A project is controlled on a continuous basis. Any deviation from the plan is immediately corrected.
6. It has fixed life term. It has to end after some time.
7. The resources, except financial, can be transferred from one project to another if required.

Types:-

1. Diversification project (of existing or new product)
2. Capacity expansion project (from 10t/day to 50 t/day)
3. Replacement project (to replace old plant to improve quality and quantity produced)
4. Cost control project (to reduce the cost of production)
5. Maintenance project (for special maintenance of plant and machinery)
6. R&D project (to develop new product/service)
7. Social project (to help the society by setting up new schools, hospitals etc.)

Contents of a project:-

1. Capacity of the plant being set up with max. and min. utilisation level.
2. Description of location (position, size, soil type etc.)
3. Description of machines required
4. Description of technology to be used and its expected cost
5. Quantity and description of raw material required
6. Other factors required to set up a project like electricity, water, road, warehouse etc.
7. Quality and quantity of employees required at the top, middle and lower level
8. Money required to set u the project and their possible sources
9. An overall time limit to complete the project and schedules for all the sub-plans.
10. Pollution has become a prime concern in modern society. So effluent treatment plants should form a part of the plan
11. A plan of managing the project with clear demarcation of responsibility.

Business / Project plan

It may be defined as the process of determining the course of actions that are to be implemented to attain some pre-determined objectives. It is the cause while project is the effect.

Importance:-

1. Helps to breakdown a project into smaller parts and allots time to each of those

parts.

2. Helps to predict the number and type of manpower required.
3. Helps to develop the internal communication network of the project-team for proper coordination of activities.
4. Forecasts the amount of money required
5. Helps to control cost by allocating a fixed amount for each sub-plan
6. Also outlines the steps to be undertaken in case of stoppage of work
7. Identifies the risks associated with implementing the project. If the management thinks that the risks are more than anticipated, the project may be cancelled.

Features:-

1. It is a circular process having a definite beginning and an end.
2. It sets out a pre-determined action programme on the basis of forecasting techniques.
3. It should have some specific objectives to achieve.
4. It should have a specific time-frame to finish its execution.
5. The plan should indicate the types of raw materials required and their probable sources.
6. The main plan should be supported by various sub-plans which will help to achieve the goal efficiently.
7. The plan should have an in-built control mechanism to monitor the progress of the project.

Items considered in project planning

1. Information collection and processing – Possible sources to be identified and should be processed in such a way so that they fit the company's goals
2. Work-load distribution – It looks after how much work should be done by whom and in what way
3. Labour requirements – Types and numbers of employees required to complete various parts of the project
4. Requirement of fund and their cheapest sources
5. Time required to be specified for each and every part of the project
6. Material resources required, their sources and cost should be determined

[Example: Project to set up a Kindergarten {Kinder-children, garden-garden} having Pre-KG, KG1 and KG2; Requirements – land, attractive building, study materials, trained teachers, support staff etc.]

Steps of Planning a Project

1. Identification of objectives to be achieved by the management
2. Selection of a project based on land, labour, capital, organization and technology
3. Preparation of a detailed programme of action
4. Identification of resources required and their possible and cheapest sources
5. Allotting time to each sub-plan
6. Feasibility study covering demand of the product/service, price to be charged, location, risk analysis etc.
7. Organising the project-team with a team leader and giving him/her all the power to lead and execute the project plan.

Detailed Project Report (DPR)

This is a detailed report that is prepared at the end of project-planning and contains the findings of feasibility study. It contains the following points:-

1. A brief description and background on the project – legal, location, nature, name

- etc.
2. Market demand for the product/service to be introduced. Nature of demand and the capacity of the plant.
 3. Nature and feature of the product to be launched.
 4. Cost of the project. It should contain –
 - (i) Cost of land and development of the site.
 - (ii) Cost of civil construction
 - (iii) Cost of plant and construction
 - (iv) Cost of other fixed assets
 - (v) Preliminary expenses regarding issue of shares and debentures in the capital market
 - (vi) Estimated cost of production that would include the cost of raw materials, labour, overhead, royalty on know-how, administration expenses etc.
 5. Various sources of finance and their source to be mentioned
 6. Expected sales revenue.
 7. Margin money required to obtain working capital from bank
 8. A list of various and licenses and clearances required from various agencies like PCB, SEB, Central/State government, local municipality etc.