

DISCIPLINE SPECIFIC ELECTIVE (DSE) COURSES

DSE 3: PROJECT APPRAISAL AND FINANCING

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Project Appraisal and Financing DSE-3	4	3	1	0	Class XII	NA

Course Objectives:

- To provide an understanding to the students about identification of a project, feasibility analysis, alternative project appraisal techniques, Project financing.

Learning Outcomes:

On successful completion of this course, the students will be able to:

- Apply various methods of project Appraisal.
- Use Capital Budgeting techniques for financial evaluation and selection of Projects.
- Understand the concept and application of Social Cost and Benefit Analysis.
- Carry out Risk Analysis for business projects and identify alternative sources of financing.
- Apply appraisal techniques for evaluating live projects.

Course Contents

Unit 1: Introduction to Projects and their Appraisal (9 hours)

Project Definition, Project Identification, Project Life Cycle, Project Stakeholder Analysis, Feasibility study. Types of Project Appraisal (Brief Overview): Market and Demand Analysis, Technical Appraisal, Financial Appraisal, Economic Appraisal, Managerial Appraisal, and Social Appraisal.

Unit 2: Financial and Social Appraisal (15 hours)

Project Cost and its components, Investment Evaluation Methods (Non-Discounting and Discounting Methods): Payback Period, Accounting Rate of Return, Discounted Payback Period, Net Present Value, Profitability Index, Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR). Suitability of Methods to different Projects, Investment Evaluation in Practice. Social Appraisal: Rationale for Social Cost Benefit Analysis, Approaches of SCBA (UNIDO and Little-Mirrlees Approach), Environment Impact Assessment (EIA) and Social Impact Assessment (SIA) of Projects. Relevant Case Studies.

Unit 3: Project Risk Analysis**(12 hours)**

Risk Analysis and Management: Sources and Measures of Risk. Methods of Assessing Risk – Sensitivity Analysis, Scenario Analysis, Break-Even Analysis, Simulation Analysis, Decision Tree Analysis, Project Selection under Risk – Judgmental Evaluation, Payback Period, Risk Adjusted Discount Rate Method, Certainty Equivalent Method, Strategies for Risk Management.

Unit 4: Project Financing**(9 hours)**

Capital Structure; Choices of Financing; Sources of Financing – Internal Accruals, Equity Capital, Preference Capital, Debentures (or Bonds), Term Loans, Venture Capital, Private Equity, Venture Capital Vs Private Equity, Loan Syndication, Consortium Financing, Public Private Partnership (PPP), Securitization, Crowd Funding; Raising Capital from International Markets: Foreign Issue, Foreign Direct Investment (FDI), External Commercial Borrowings (ECB).

Essential Readings:

1. Chandra, P: *Projects – Planning, Analysis, Selection, Financing, Implementation, and Review*. 2019 Edition. McGraw Hill Education.
2. Agrawal, R., & Mehra, Y. S. (2017). *Project Appraisal and Management*. Taxman Publications.

Additional Readings:

1. Goodpasture, C.J *Quantitative Methods in Project Management*. J. Ross Publishing.
2. Chandra, P, *Financial Management: Theory and Practice*, McGraw Hill Publishing.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.