

# **PROJECT PLANNING**

## **BUSINESS PLANNING PROCESS**

Business planning attempts to provide answers to the questions -

What is our present position?

What should be our future position?

What should be done to reach future position?

## **STEPS IN BUSINESS PLANNING PROCESS:**

- 1 Analysis of Internal & External Environment
- 2 Setting of Corporate Objectives
- 3 Formulation of Strategies ( At Top level/Department level/Lower level)
- 4 Analysis of Strategies/plans
- 5 Selection of Best Strategy
- 6 Arrangement & Allocation of Resources
- 7 Implementation
- 8 Review

# CONCEPT & IMPORTANCE OF PROJECT PLANNING

A Project is planned set of interrelated tasks to be implemented over a specific period. Project planning provides a blueprint / guidelines for starting & managing the project.

## **Project planning is important for -**

Achievement of strategic goals

Reference Guide

Time management

Investment Decisions

Minimisation of risks

Project

Evaluation & Control

Innovation

Corporate Image

Motivation of Employees

Benefits to

## **PROJECT REPORT**

It is summary of project planning. It is a written document containing complete information of a proposed project. It is a blueprint guiding entrepreneur to undertake the project. It helps as base for feasibility study and other execution of the project. An ideal project is self explanatory, complete, certain ear and a concise document. It helps in availing aid from financial institutions and banks.

### **Importance of project report:**

- A) Importance to entrepreneurs:** 1) Obtaining loans & advances    2) Govt. clearance    3) Viability of project    4) Reference guide    5) Controlling 6) Information
- B) Importance to Financial agencies:** Banks & financial institutions, the investors
- C) Importance to Govt. authorities:** Subsidies, tax exemptions, clearance
- D) Importance to supplies of equipments:** credit basis, hire-purchase basis

## **Contents of project report:**

- 1) Cover page
- 2) Index
- 3) Name, address and other details of proposed project
- 4) Brief history and summary of proposed project
- 5) Location, land & building
- 6) Plant process
- 7) Production process & production utilities
- 8) Raw material
- 9) Manpower / Market / Financial aspects
- 10) Cost of project
- 11) Means of finance
- 12) Note & Statements: profitability, projected B/S, cash flow statement etc.

## **FEASIBILITY STUDY:**

It is undertaken to determine project's viability. It refers to finding out the practical utility or the future prospects of project. It is an impartial and a scientific study of the project before its final selection. It is an evaluation of a proposed project. It is to find out commercial worth of the project.

### **Types/Areas of Feasibility study**

- |                                |  |
|--------------------------------|--|
| 1) Technical feasibility study | 2) Commercial feasibility study              |
| 3) Market feasibility study    | 4) Managerial or personnel feasibility study |
| 5) Economic feasibility study  | 6) Environmental feasibility study           |
| 7) Financial feasibility study | 8) Legal feasibility study                   |

## **Reasons for conducting feasibility study**

- 1) To safeguard against wastage
- 2) To support planning stage
- 3) To select best business alternatives
- 4) To locate opportunities
- 5) To enhance probability of success
- 6) To provide necessary information for decision-making
- 7) To help to increase investment in company

# **BUSINESS UNIT PROMOTION**

## **Stages in business unit promotion**

- 1) Identification of business opportunities: Market research, Discussion, Consultancy, Brainstorming sessions, Observation at market place etc.
- 2) Evaluation of business opportunity: Cost-benefit analysis, Do we need such new product? Can existing organization set-up handle new product? Nature & amount of resources required? etc.
- 3) Selection of best opportunity
- 4) Decision on location
- 5) Develop a business plan to describe future direction of business
- 6) Determine resources required
- 7) Arrangement of resources
- 8) Allocation of resources
- 9) Implementation – directing, guiding, motivating employees
- 10) Periodic review

## **Factors determining Location**

- 1) Law & order situation
- 2) Infrastructure facilities
- 3) Industrial relations
- 4) Skilled manpower
- 5) Investment friendly attitude
- 6) Proximity to market
- 7) Proximity to source of raw material
- 8) Safety requirements
- 9) Supporting industries & services
- 10) Other factors – availability of suitable land, climate conditions etc.



## ROLE OF GOVT. IN PROMOTION OF BUSINESS UNIT

- 1) **Composite Credit scheme**: The micro & small enterprises can obtain working capital & term loan together. Scheme is operated by banks & financial institutions, also by SFC's (State Finance Corporations)
- 2) **Credit linked subsidy Scheme**: This scheme is introduced in 2000 under the CPP (Comprehensive Policy Plan). The scheme provides capital subsidy (credit linked) for purchase of technology up gradation.
- 3) **Priority in Govt. Purchases**: The NSEP (New Small Enterprises) 1991, and MSMED (Micro, Small & Medium Enterprises Development Act 2006, introduces priority for tiny & small enterprises relating to Govt. purchases.
- 4) **Package for promotion**: NSEP & MSMED introduced this scheme of package of promotion including financial assistance for training, research and marketing to the micro and small enterprises.
- 5) **Testing Centre**: Under this scheme assistance upto 50% or Rs. 30 lakhs, whichever is less is provided for setting up testing centers.
- 6) **Tax Holidays**: In the Union budget 1993-94, a five year tax holiday has been granted for new industrial undertakings located in all of the North Eastern State, Jammu & Kashmir, Himachal Pradesh, Sikkim, Goa & Andaman & Nikobar Islands, Dadar & Nagar Haveli, Daman & Diu, Lakshadweep & Pondicherry.

## **ROLE OF GOVT. IN PROMOTION OF BUSINESS UNIT**

7) **Integrated Infrastructure Development Scheme**: Under this scheme assistance is provided upto 40% or Rs. 2 crore, whichever is less for setting up industrial estate for MSE's. The scheme is applicable to State Govt. or industry associations or NGO's so that they develop infrastructure facilities.

8) **Industrial Estate Programme**: First introduced in 1952, at Hadapsar, Pune. Under the scheme infrastructure facilities are provided to encourage entrepreneurs to set units in such centers. Readymade factory sheds, Power supply, Water supply, Transport & banking facilities etc.

9) **Marketing development assistance**: It offers fundings upto 90% in respect of to & fro air-fair for participation by MSE entrepreneurs in overseas fares/trade delegations.

10) **Excise Exemption**: In order to improve the performance of SSI units, the GOI had increased the excise exemption for SSI units. The SSI units are exempted from excise duty of up to Rs. 4 crore turnover in a year. This will help them to quote competitive prices in the market.

11) **Seed Capital Scheme**: Under this scheme, funds are provided to promoters of business enterprises to contribute towards their equity for starting a new project. This scheme is operated through various institutions such as SFC's, SIDCO and banks. The purpose of seed capital finance is to encourage and to promote entrepreneurship.

12) **Incentives to exporters**: Such as – Duty drawback, Octroi exemption, Value added Tax exemption, Excise exemption, Export promotion capital goods scheme etc.

## STATUTORY REQUIREMENTS OF PROMOTION

Before starting the operations, business unit has to follow the legal provisions.

- 1) **Registration under the Companies Act 2013:** Promoters need to obtain incorporation certificate from the Registrar of Companies. Documents to be submitted to ROC, such as – MA, AA, List of Directors, Written Consent of Directors, Statutory declaration etc
- 2) **Registration under Indian Partnership Act, 1932:** The partnership deed along with other relevant documents must filed with Registrar of Firms. On registration, the partnership firm gets legal status.
- 3) **Registration Under the Bombay Shops and Establishment Act 1948:** The promoter of every establishment shall send to inspector of the local area concerned, a statement in prescribed form together with prescribed fees, containing – The name of the employer & the manager, the postal address & name & category of the establishment etc. On the receipt of the statement & the fees, the inspector shall on being satisfied about the correctness of the statement, register the establishments.
- 4) **Registration of Micro & Small Enterprises:** It must be registered with District Industries Centre (DIC) of the district concerned. (Manufacturing unit with investment in P&M up to Rs. 25 lakhs comes under micro enterprise / Rs. 5 crore come under small enterprise)

## STATUTORY REQUIREMENTS OF PROMOTION

- 5) **Obtaining Food & Drugs Administration License:** Promoters dealing in hotels, food & drugs need to obtain FDA license.
- 6) **Clearance from Pollution Control Board:** it is required for business units, engaged in manufacturing process, which may pollute the environment.
- 7) **VAT & Excise Registration:**
- 8) **Registration with Directorate General of Foreign Trade (DGFT):** The business unit intending to deal in foreign must register with DGFT & obtain Importers-Exporters Code Number (IEC).
- 9) a) **DIN** (Director's Identification Number) for Directors  
b) **TIN** (Tax Identification Number) is an initiative by Income Tax department of India (ITD) for the modernization of current system for collection, processing etc.  
c) **TAN** (Tax Deduction Account Number) is required for deducting tax on payment to parties. It is 10 digit alpha numeric numbers required to be obtained by

## **Filing Returns & Other Documentation:**

- 1) Filing annual returns with RoC, within 60 days of AGM
- 2) Filing of forms, such as Form 29 (Directors consent to act as director), Form 32 (appointment directors, managers & secretary)
- 3) Filing of Annual Accounts with RoC, as per Sec.220 of the Companies Act. 3 copies of B/S & P/L account of the company, within 30 days of the AGM.
- 4) Filing of Corporate Tax Return:
- 5) Filing return of allotment with RoC, under the Companies Act. It gives details regarding allotment of shares. Must be filed within 30 days from the date of passing Board resolution regarding allotment of shares.
- 6) Filing of statutory report, by public ltd. Company within 21 days of holding AGM.
- 7) Filing of Special Resolutions with RoC within 30 days of its passage. Special resolutions requires 3/4 majority for the passage.
- 8) Filing of Memorandum & Articles of Association to get the company registered.

## **Important Legal Provisions**

- 1) The Factories Act 1948
- 2) The Minimum Wages Act 1948
- 3) The Foreign Exchange Management Act 1999
- 4) The Companies Act 2013
- 5) The Competition Act 2002
- 6) India Contract Act 1872
- 7) The Employees Compensation Amendment Act 2009
- 8) The Industrial Disputes Amendment Act 2010
- 9) Sale of Goods Act 1930
- 10) The Bonus Act 1965
- 11) The Trade Union Act 1926
- 12) The Payment of Wages Act 1936