

Project appraisal

[Finance](#), [Investment](#)



Project Appraisal Concept of Project Appraisal Project appraisal is a generic term that refers to the process of assessing, in a structured way, the case for proceeding with a project or proposal. In short, project appraisal is the effort of calculating a project's viability.[1] It often involves comparing various options, using economic appraisal or some other decision analysis technique. Or in other terms it is Systematic and comprehensive review of the economic, environmental, financial, social, technical and other such aspects of a project to determine if it will meet its objectives. Project appraisal is a structured, systematic and a comprehensive process to assess the financial, economic, social, environmental and technical viability of a project. The quality of the project appraisal is the main determinant of success of a project. As per the experience of the World Bank, poorly appraised projects have seven times more probability of failure within three years of their implementation as compared to well appraised projects. As all projects compete for scarce resources, good quality investment appraisal of projects, quantification of risks of different stakeholders and well laid out strategies to manage risks expedite financial closure and timely completion of projects. In the developing economies, the infrastructure sectors such as Power, Roads and Highways, Telecommunications, Ports, Airports, Water Supply, Irrigation and Shipping, Railways and Sewerage systems require large investments. Adoption of sound project appraisal methodologies expedites investment in these sectors which are crucial for economic growth. In the banker perspective a structured analytical tool to take a credit decision, the basic premises of an appraisal are to assess and analyze the promoters, viability of the business macro & micro environment of the business, business financials

various risk and its mitigations, permission and approval form regulatory bodies, <http://www.businessdictionary.com/definition/project-appraisal.html#ixzz2lgVun>