

## **Criteria of Assessment of the Project Proposals:**

Applications for allotment of land/module are submitted by prospective entrepreneurs in approved format of '**Declaration of Intent**' along with a copy of the DPR and other necessary documents required for due assessment of the proposal. The proposals are broadly appraised on the basis of three parameters, namely: Financial, socioeconomic and land requirement. The details of such appraisal are as follows:

### ➤ **Financial Appraisal of project:**

In financial appraisal of the project, the financial viability, means of finance, implementation capability of investor, experience and background of investors *etc.* are assessed. The following aspects are assessed of a particular company:-

- 1) The financial achievements based on the past three years balance sheet, turnover, profit margin, profit after tax, current ratio *etc.* are taken into consideration. Market presence is also considered along with the background of the promoters.
- 2) The performance of the group companies, if any, is also considered.
- 3) The future projections of the performance of the company is obtained for five to seven years which is then analyzed in terms of Debt- equity ratio, Debt Service Coverage ratio, Internal rate of return, profit percentage and Return on investment. Future marketing strategy of the company is also considered.

### ➤ **Socio- economic Appraisal:**

Socio-economic appraisal for a particular project is done on the following parameters:

- ✚ Employment potential-both direct & indirect.
- ✚ Supply of raw materials and source thereof.
- ✚ Market proximity for the intermediate and end products.
- ✚ Benefit to the local community and its neighborhood in terms of income and employment generation- multiplier effect on the economy.

➤ **Requirement of land:**

To assess the requirement of land for a particular project, the following broad aspects are considered:

- 1) The plant layout of the company.
- 2) Utilization of land for different purpose.
- 3) Standard norms for requirement of land for the project.
- 4) Production capacity *vis-à-vis* land requirement *etc.*