

Project Identification and Formulation

Introduction

A project in the economic sense directly or indirectly adds to the economy of the Nation. However an introspection of the project performance clearly indicates that the situation is far from satisfactory. Most of the major and critical projects in public sector that too in crucial sectors like Railways, irrigation, agriculture, and infrastructure are plagued by tremendous time and cost overruns. Even in the private sector the performance is not all that satisfactory as is evident from the growing sickness in industry and rapid increase in non-performing assets (NPAS) of Banks and Financial Institutions. The reasons for time and cost over runs are several and they can be broadly classified under-technical, financial, procedural and managerial. Most of these problems mainly stem from inadequate project formulation and haphazard implementation.

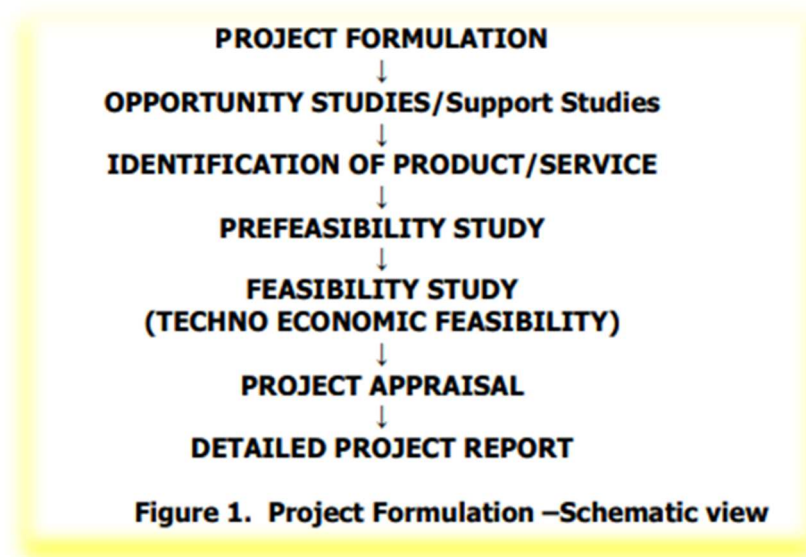
Project Identification

Project identification is an important step in project formulation. These are conceived with the objective of meeting the demand, exploiting natural resources or creating wealth. The project ideas for developmental projects come mainly from the national planning process, where as industrial projects usually stem from identification of commercial prospects and profit potential. As projects are a means to achieving certain objectives, there may be several alternative projects that will meet these objectives. It is important to indicate all the other alternatives considered with justification in favour of the specific project proposed for consideration. Sectoral studies, opportunity studies, support studies, project identification essentially focuses on screening the number of project ideas that come up based on information and data available and based on expert opinions and to come up with a limited number of project options which are promising.

Project Formulation

Project Formulation Concept

“Project Formulation” is the processes of presenting a project idea in a form in which it can be subjected to comparative appraisals for the purpose of determining in definitive terms the priority that should be attached to a project 9 under sever resource constraints. Project Formulation involves the following steps (Figure 1).



Benefits of Project Management Approach

The rationale for following project management approach is as follows.

- Project management approach will help in handling complex, costly and risky assignments by providing

interdisciplinary approach in handling the assignments.

Example: R&D organizations.

- Project management approaches help in handling assignments in a specified time frame with definite start and completion points.

Example handling customer orders by Industries involved in production of capital goods.

- Project management approaches provide task orientation to personnel in an Organization in handling assignments.

Example: Organizations in Railway sector for handling railway development, safety, reliability and assignments for customer satisfaction.