-	Capital gains distribution					
+/-	Change in long-term debt					
	Cash flows from financing activities					
	Total cash flows					

Key financial ratios used for assessing financial performance

In addition to the tools like projected balance sheet, projected income statements, projected cash flow statements number of ratios are also used by the investors for assessing the financial viability of the proposed venture. Some of the most common ratios are discussed below :

The equity ratio indicates the share of equity within the total capital. The higher the ratio, the more creditworthy a company is. On account of this the structure of equity plays a crucial role within the credit-rating of banks.

$$\text{Equity Ratio} = \frac{\text{Total Equity} \times 100}{\text{Total Assets}}$$

The debt ratio indicates the amount of debt (liabilities to banks, trade and other liabilities) as a proportion of the whole company's financing. The higher this ratio, the less willing the banks are to give additional loans.

$$\text{Dept Ratio} = \frac{\text{Short-term, mid-term, long-term debt} \times 100}{\text{Total Assets}}$$

The total asset turnover indicates how many times capital invested in the total assets has been turned over. This figure provides an indicator of how productively capital has been utilized within the company. The more often capital has been turned over, the more efficient the assets have been utilized for the generation of sales.

$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

The receivables turnover indicates how many days on average lie between the generation of sales and the payment of receivables. It can also be an indication of how well the organization accounts receivable management works.

$$\text{Receivable Turnover} = \frac{\text{Total Trade Receivables} \times 360}{\text{Sales}}$$

The equity to assets ratio is also referred to as "the golden balance sheet rule". Long-term assets have to be financed by long-term available capital. The proportion of coverage should not be less than 100% over a longer period.

$$\text{Equity to Assets Ratio} = \frac{\text{Total Equity} + \text{Long-term Borrowings}}{\text{Assets}}$$

The investment ratio indicates the volume of new investments in tangible fixed assets in the expired period proportional to acquisition and production costs as at the beginning of the period. Thus it becomes clear, indirectly, what percentage of the fixed assets has not been reinvested. If this figure decreases over several years, this could imply that the fixed assets are obsolete. The higher this figure, the newer the machines held by a company and the more secure its future is :

$$\text{Investment Ratio} = \frac{\text{Net Investments in Tangible Fixed Assets} \times 100}{\text{Tangible Fixed Assets at the Start of the Period}}$$

The fixed asset intensity indicates fixed assets as a proportion of total assets. This ratio can only be used as a reliable indicator where compared with others in the sector. Production companies naturally have, for example, more fixed assets than service providers. On comparing industries, if an enterprise has a lower fixed asset intensity this could indicate that fixed assets is obsolete. If fixed assets intensity is too high compared to others this could be negative since, fixed assets are usually difficult to sell where there are shortages of liquidity.

$$\text{Fixed Asset Intensity} = \frac{\text{Fixed Assets} \times 100}{\text{Total Assets}}$$

The current asset intensity shows current assets as a proportion of total assets. As for fixed asset intensity a clear assessment can only be made on the basis of a comparison with other enterprises in the same sector. A high proportion of current assets can indicate high liquidity since these can usually be sold quickly. However, a very high level of this ratio can indicate, for example, that inventories are too high.

$$\text{Total Revenue per Employee Ratio} = \frac{\text{Sales}}{\text{Average Number of Employees}}$$

The retained earnings to average equity indicates the proportion of the retained earnings to average equity available.

$$\text{Retained Earnings to Average Equity} = \frac{\text{Retained Earnings} \times 100}{\text{Average Equity}}$$

whereby average equity is defined as :

$$\text{Average Equity} = \frac{\text{Equity Period 1} + \text{Equity Period 2}}{2}$$

This ratio can, for example, give a potential investor an indication of where investments will be made.

The absolute liquidity ratio indicates which percentage of the short-term liabilities can be repaid via liquid assets (cash balances, bank balances, cheques and bills of exchange). This figure usually is lower than 100%. The significance of this ratio is relatively restricted.

$$\text{Absolute Liquidity Ratio} = \frac{\text{Cash and Cash Equivalents} \times 100}{\text{Short-term Liabilities}}$$

QUICK RATIO should, if possible, not be lower than 100%, so that the company will not have financial difficulties.

$$\text{Quick Ratio} = \frac{\text{Total Current Assets} - \text{Inventories}}{\text{Short-term Liabilities}} \times 100$$

CURRENT RATIO should at the latest exceed the value of 100%. If this is not the case, an equivalent financing period cannot be guaranteed for total assets and this could lead to payment difficulties. Certain fixed as-sets might possibly be used to pay liabilities. If these fixed assets cannot be sold quickly enough this could lead to insolvency or, if fixed assets are sold, to a great deal of disruption in production.

$$\text{Liquidity Ratio III} = \frac{\text{Total current Assets} \times 100}{\text{Short-term Liabilities}}$$

The net debt to cash flow indicates how many years a company needs to amortize their debts under the premise of a constant cash flow. An increasing time of amortizing debts can lead to a decrease of an investors' willingness to offer additional capital. The effective level of indebtedness is calculated by subtracting liquid assets, stocks within current assets and short-term liabilities from the outside capital.

$$\text{Net Debt Repayment Rate} = \frac{\text{Net Debt}}{\text{Cash Flow}}$$

The following key figures support you in analyzing your results of operations :

The return on sales indicates how high the share of profit is according to the sales revenue. This figure indicates how effective the cost management of an enterprise is. The higher this figure, the better an enterprise is prepared for externally driven cost increases or income reductions such as, e.g., increasing purchase prices due to scarcity of raw materials or price wars on the income side.

$$\text{Return on Sales} = \frac{\text{Net Income} \times 100}{\text{Sales}}$$

The return on equity indicates the return on total equity in the past period. This figure is very important for an investor who wants to take a holding in the company. It shows the return on the invested capital. For an investor this figure has to be higher than the market interest level plus a risk premium, otherwise a holding in the company is of no interest to him.

$$\text{Return on Equity} = \frac{\text{Net Income} \times 100}{\text{Average Total Equity}}$$

The return on total assets gives information about how effectively fixed and other assets are used to generate surpluses. Furthermore it indicates if it is worth using borrowings to finance assets. If the interest rate for the borrowings is lower than the return on total assets, the use of borrowings has proved worthwhile.

$$\text{Return on Total Assets} = \frac{\text{Net Income} + \text{Interest Expenses}}{\text{Total Assets}} \times 100$$

The return on investment determines the efficiency of the capital employed. In this ratio the efficiency of the cost management is compared in relation to the productivity of the capital employed.

$$\text{Return on Investment} = \frac{\text{Net Income} \times 100}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}}$$

The cost of material to sales indicates the proportion of the cost of materials to the total sales of the company. In addition to rises in raw material prices, an increasing proportion of cost of materials compared to other periods can also be caused by an increase in rejects from production.

$$\text{Cost of Material to Sales} = \frac{\text{Cost of Materials} \times 100}{\text{Sales}}$$

IV. ORGANIZATION AND MANAGEMENT PLAN

Organization and management profile report states the basic aims of the organization, the form, current and future structure of the organization and the key managerial positions in the organization.

Organizational intent

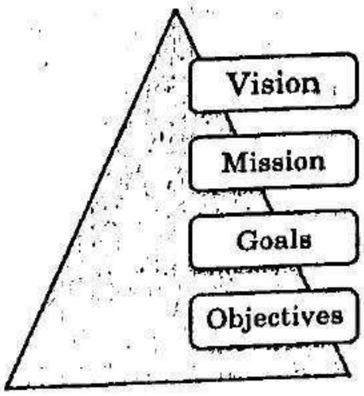
Organization intention simply means the intention behind strategic actions. The term simply represents organizations belief about its future.

Strategic intent is a process that helps the management team to understand where they want to go and how to arrange their priorities so as to achieve the organizational goals. Strategic intent process includes :

- The current environment of the business.
- The core competencies of the current business.
- The future position of the business.
- Setting Mission, Vision, Goals and Objectives.

Hierarchy of Strategic intent

The aspirations of the business may be short term or long term, it may general or specific. Every organization put their aspirations in a particular order which is called hierarchy of strategic intent. Hierarchy of strategic intent has been represented in the following figure.



Vision

Organizations' strategic intent starts with stating the vision. Every entity should have vision. Nations, Organizations and even individuals should have vision. The dictionary meaning of vision is 'a mental image of what the future will or could be like'. In business sense vision represents what organizations would be in future.

Burt has defined vision as 'a realistic, credible and attractive future of an organization'. On the basis of this definition a vision statement should have the following elements :

1. ***Realistic*** : A vision must be based on realistic facts. It should be meaningful to the organization. It should not be merely a day dreaming.

2. ***Credible*** : A vision must be believable to the members of the organization. It should inspire the members to work more and work with excellence. It should also provide necessary directions to the members for their actions.

3. ***Attractive*** : A vision must be attractive so as to inspire and motivate organizational members. It should provide enough inspiration to the members at various levels to work with enthusiasm and skill.

4. ***Future*** : A vision is not for the present; it is for the future. Simply a vision is not where an organization is now but where it will be in future.

Mission

Every organization must have a mission. Mission is a statement which describes the fundamental reason for the existence of an organization. It defines the role of organization in the society. The mission statement helps the organization to link its activities to the requirements of the society.

A mission can be defined as 'a statement which defines the role that an organization plays in the society'. In short mission gives a clear cut idea about the basic long run commitment of an organization.

CHARACTERISTICS OF MISSION STATEMENT

A mission statement defines the basic reason for the existence of the organization. It reflects the corporate philosophy, identity, character and image of an organization. It provides a clear message to the insiders and outsiders of what the organization stands for. A mission statement should posses the following characteristics.

1. ***It should be flexible*** : A mission should always aim high but it should not be an impossible statement. It should be realistic and achievable. Feasibility depends on the resources available and anticipated.

2. ***It should be precise*** : A mission statement should be self explanatory. It should not be so narrow or too broad. It should express the need for the existence of an organization in a condensed manner.

3. ***It should be clear*** : A mission statement should be clear enough to action. It should be unambiguous. It should clearly spell out the existence of an organization in the society.

4. ***It should be motivating*** : A mission statement should me motivating both the internal and external parties. The employees should feel that it worthwhile in working such an organization and the customers should feel that is a pride to be a customer of the organization.

5. ***It should be distinctive*** : It means a mission statement should not be a like statement of another company. Every organization's mission statement should have its own features and peculiarities.

6. ***It should indicate major components of strategy*** : A mission statement should exhibit the major components of the strategy to be adopted. It should reveal the type of strategy adopted, and the organizations aspiration in the future.

7. ***It should indicate how objectives are to be accomplished*** : A mission statement should provide clues regarding the manner in which the objectives are to be accomplished. It should indicate the ways through which the long term objectives can be achieved.

GOALS

Mission statement tries to make a vision more specific. Likewise goals are attempt to make a mission statement more concrete.

Features of goals

1. They are expressed both in financial and non financial terms- the goals spelled out by the organization are both financial and non financial. Financial goals are relate to profitability whereas non financial goals relate to the social responsibility aspects of an organization.

2. Goals are aimed to satisfy various needs of stake holders- most of the companies formulate a wide range of goals in order to satisfy different needs of stake holders. Through setting both financial and non financial goals, an organization can satisfy multiplicity of interest of various stake holders.

3. Goals can be achieved only with motivated employees. For achieving goals motivated and satisfied human resources are mandatory.

4. Goals should be challengeable and achievable. Goals should be challengeable in the sense that it should need more efforts of employees at the same time goals should not be too high which is very difficult to achieve.

5. Goals are related to different functional areas of business. The goals are related to the overall organization goal is supreme than departmental or individual goals.

OBJECTIVES

Objectives are short term. They spell out purposes to be achieved in a near future.

Importance of objectives

Objectives ensures growth : Growth of an organization cannot be ensured unless sound objectives are set. Company's growth demands certain elements. Resources are the most important pre-requisite for growth. In addition to resources, the company should have a competitive advantage. Setting of sound objectives helps the organization to build a competitive advantage.

Objectives help revival process of business : Objectives are companies' aspirations of growth. A growth oriented firm always revives their objectives in tune with the changing environment.

Objectives define organization's relationship with the environment : Objectives always exhibit the commitments of the organization towards various stakeholders. Stakeholders include both the internal and external stakeholders. An accurately fixed objective helps the organization to fulfill the aspirations of both the internal and external stakeholders.

Objectives act as base for business decisions : Decision making is the fundamental activity of management. All decisions are interconnected and objectives serve as a founding stone in every decision.

Objective set standard for performance : An organization firstly set the organizational objectives. Divisional, departmental and individual objectives are formulated on the basis of corporate objectives. These objectives serve as a standard against which actual performance can be measured.

Objectives helps an organization to achieve its mission : Mission is always framed in tune with the vision of the organization whereas objectives are formulate based on the mission. Through framing and attaining both short term and long term objectives an organization can catch the mission.

Characteristics of objectives

Objectives are a measure of organizational performance and it is a tool for evaluation the performance. An objective is said to be effective only if it has the following characteristics :

1. ***Objectives should be understandable*** : Objectives should be stated in a clear cut manner. It should be understandable by those who have to achieve them. There should not be any vagueness, ambiguity in a stated objective.

2. ***Objectives should be concrete and specific*** : Objective should be stated in a specific way. It should not be a general statement. A general statement does not provide any information to the mangers but specie objectives motivate the mangers to work with clear aim.

3. ***Objectives should be related to a time frame*** : If objectives are related to a time frame, then mangers know the duration within which they have to be achieved. Shorten objectives are normally drawn for the immediate future whereas long term objectives are drawn for distant years.

4. ***Objectives are inter-dependent*** : Objectives are inter dependent and must support one another. The objectives can be attained simultaneously.

5. ***Objectives have hierarchy*** : The objectives of an organization can be structured into hierarchy. The lower level objectives are the stepping stones for higher level objectives.

6. ***Objectives are multiple in nature*** : Objectives are set at all areas of an enterprise. There should be multiple objectives for all division/ departments. All these objectives are aimed to achieve the organizational objective.

7. ***Objectives have priority*** : An organization may give more importance in the attainment of some objectives rather than others. Thus every organization assigns some priority over the objectives.

8. ***Objectives may be tangible or intangible*** : Tangible objectives can be easily quantifiable and it is pertains to productivity, financial standing, etc whereas intangible objectives are not readily quantifiable and it is relate to workers morale, performance of management, etc.

Benefits of objectives

1. ***Basis for planning*** : All plans in an organizations are based on objectives. Various plans such as budgets, policies and procedures are prepared on the basis objectives.

2. ***Basis for control*** : Standards are established on the basis of objectives. Established standard and actual performance are compared in order find deviations.

3. ***Stimulates motivation*** : Objectives match individual objectives with organizational objectives. Through attaching individual objectives an organization can attain corporate objective. The awareness that everyone has some contribution it the attainment of corporate objective will be great stimulus to the staff.

4. ***Co-ordination*** ; When organizational objectives are set the views and opinions of every responsible person are sorted. Such a broad approach in the selection of objectives helps to have co-ordination among the staff.

5. ***Better management*** : Soundly fitted objective help the organization in leading directing and controlling the activities of people of various departments. Thus objectives facilitate better management of the enterprise.

DIFFERENCE BETWEEN GOALS AND OBJECTIVES

Environment

Objectives are generally stated in terms of some environments which are external to the organization whereas goals are related to internal environment.

Scope

Objectives are stated in broad and general terms whereas goals are very specific stated in terms of a particular result which is to be achieved within a specified time span.

Time span

Objectives are timeless, enduring or longer lasting while the goals are time phased and temporal.

FORM OF ORGANIZATION

There are different forms of organization. Some of the forms of the organization are listed below

(a) Sole Trading
(b) Partnership
(c) Hindu Undivided Family
(d) Limited Liability partnership
(e) Co-operative Society
(f) Joint venture
(g) Company.

Organizational structure

Based on the description of your business idea, and your strategic intent, the entrepreneur can present organizational structure. This will show the inter relations between positions of the organization.

In many cases investors have only limited understanding of the organizational interrelations and tend to judge the financial situation of the company for taking financial decisions. From the organizational presentation the investors can derive how efficiently and effectively the organization really works.

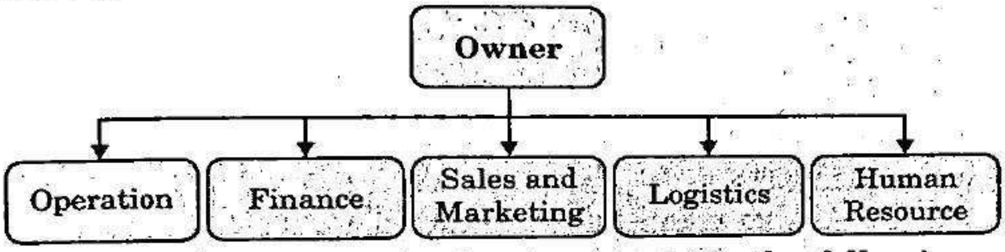
The organizational structure covers the organization of the entire operational processes in a company. It can be defined as sequences of logically related activities or operational steps which are performed within a certain period of time.

Organization structure may be simple or complex. Organizational structure depends on type of products, its area of operation, etc

Five elements create an organizational structure : *job design, departmentation, delegation, span of control and chain of command.* These elements comprise an organizational chart and create the organizational structure itself. "Departmentation" refers to the way an organization structures its jobs to coordinate work. "Span of control" means the number of individuals who report to a manager. "Chain of command" refers to a line of authority.

The company's strategy of managerial centralization or decentralization also influences organizational structures. "Centralization," the degree to which decision-making authority is restricted to higher levels of management, typically leads to a pyramid structure. Centralization is generally recommended when conflicting goals and strategies among operating units create a need for a uniform policy. "Decentralization," the degree to which lower levels of the hierarchy have decision-making authority, typically leads to a leaner, flatter organization. Decentralization is recommended when conflicting strategies, uncertainty or complexity require local adaptability and decision-making.

A simple organizational structure models is as follows This type of organizational structure is called autocratic structure It is also called functional organization structure.



Advantages of a autocratic structure include the following :

(a) The organization develops experts in its respective areas.

(b) Individuals perform only tasks in which they are most proficient.

(c) This form is logical and easy to understand.

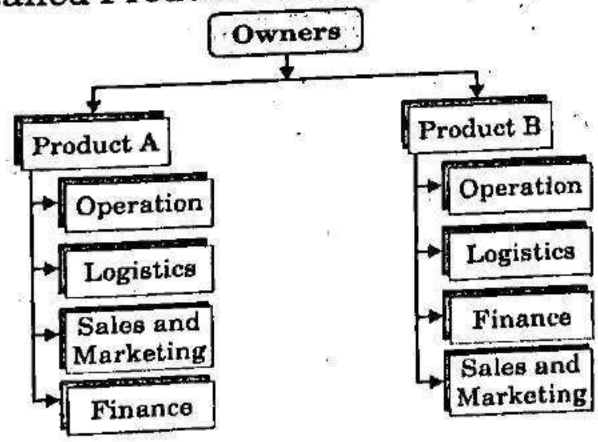
Disadvantages :

(a) The structure tends to be resistant to change.

(b) There is no freedom to think.

This structure works best for organizations that remain centralized (i.e., a majority of the decision-making occurs at higher levels of the organization) because there are few shared concerns or objectives between functional areas (e.g., marketing, production, purchasing).

An organization with multi products can have the following type of structure. It is called Product Structure or Divisional Structure.



The *advantages* of this type of structure are the following :

(a) It provides more focus and flexibility on each division's core competency.

(b) It allows the divisions to focus on producing specialized products while also using knowledge gained from related divisions.

(c) It allows for more coordination than the functional structure.

(d) Decision-making authority pushed to lower levels of the organization enables faster, customized decisions.

The *disadvantages* of this structure include the following :

(a) It can result in a loss of efficiency and a duplication of effort because each division needs to acquire the same resources.

(b) Each division often has its own research and development, marketing, and other units that could otherwise be helping each other.

(c) Employees with similar technical career paths have less interaction.

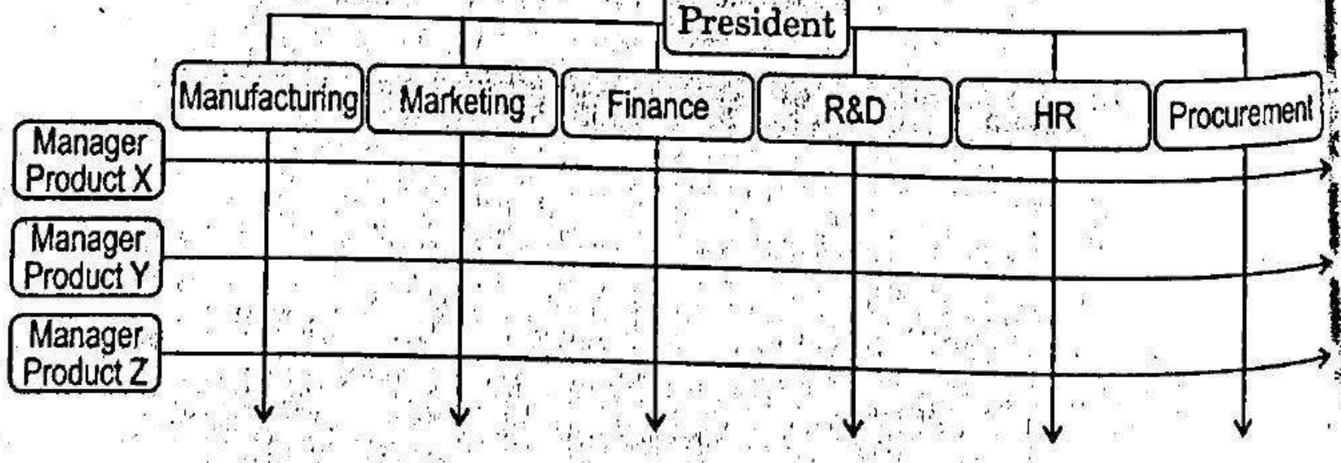
(d) Divisions may be competing for the same customers.

(e) Each division often buys similar supplies in smaller quantities and may pay more per item.

This type of structure is helpful when the product base expands in quantity or complexity.

Combined structure combines the functional structure and divisional structure. It is also called matrix structure.

A matrix structure combines the functional and divisional structures to create a dual-command situation. In a matrix structure, an employee reports to two managers who are jointly responsible for the employee's performance. Typically, one manager works in an administrative function, such as finance, HR, information technology, sales or marketing, and the other works in a business unit related to a product, service, customer or geography.



Advantages of the matrix structure include the following :

(a) It creates a functional and divisional partnership and focuses on the work more than on the people.

(b) It minimizes costs by sharing key people.

(c) It creates a better balance between time of completion and cost.

(d) It provides a better overview of a product that is manufactured in several areas or sold by various subsidiaries in different markets.

Disadvantages of matrix organizations include the following :

(a) Responsibilities may be unclear, thus complicating governance and control.

(b) Reporting to more than one manager at a time can be confusing for the employee and supervisors.

(c) The dual chain of command requires cooperation between two direct supervisors to determine an employee's work priorities, work assignments and performance standards.

(d) When the function leader and the product leader make conflicting demands on the employee, the employee's stress level increases, and performance may decrease.

(e) Employees spend more time in meetings and coordinating with other employees.

PERSONNEL PLANNING

When the organizational structure has been determined and the different tasks and the functional areas defined, an entrepreneur can start with the personnel planning. In order to achieve the business goals, entrepreneur may either employ new members of staff or release employees. An entrepreneur may usually be confronted with a kind of fluctuation in the number of employees, taking into account retirements or resignations. The entrepreneur will prepare a personnel planning for coping up with the situation.

By means of personnel planning the personnel requirements can be determined, which are presented in job descriptions. The job descriptions of your employees should include the following essential elements :

(a) Name of job,

(b) Rank and name of the job holder,

(c) Aim of the job,

(d) Goals of the job holder,

(e) Demands on the job holder,

(f) Area of responsibility of the job holder,

(g) Its relationship to other jobs.

V. OPERATIONAL PLAN

Operational plan describes the products produced/intends to produce by the organization, auxiliary serves provided/intends to provide and key product features. It also shows key related aspects which support operational activities like location, inputs infrastructure etc. A brief description of the above mentioned activities are given below :

Product and service

As soon as outlined the business idea, the entrepreneur should have a critical look at the products and services. It is important that only if the products and services fit the needs of the customers : they are prepared to pay a price for the products and services. Therefore it is necessary to describe the very unique features and characteristics of the products, the so-called unique selling propositions.

(a) ***Unique selling propositions*** : Unique selling propositions are those features and characteristics which accentuate the uniqueness and excellence of the products on the market in order to be distinguished and preferred by the customers and to raise competitive advantages. USP of a product may be any of the following :

(i) The quality is discernibly higher than that of the competitors.

(ii) The quality standard represented by the brand is maintained by constant product improvements and is never given up.

(iii) The price is more favorable than that of the competitors while the quality is the same.

(iv) The technological characteristics and features of the product are more advanced.

(v) The Design is more modern or satisfies the expectations of customers much better than the competitors' do.

(vi) The brand or the image of the product is more valuable.

(b) ***Auxiliary services*** : Due to the high maturity of products on most markets and the high degree of similarity of the products within the markets, auxiliary services play an increasingly important role in distinguishing oneself from the competitors. For service companies in particular this differentiation is determined by the personal relationships of the company to its customers. With technical products it is also important to determine how well the product suits the customers' way of looking at a problem. At this point the entrepreneur should thoroughly consider and analyse differentiation potential, which can decisively influence the price of the product and the satisfaction of the customers.

In order to help you characterize auxiliary services for the products, following features can be augmented :

(i) fast and flexible implementation of customization,

(ii) better customer service and support,

(iii) faster and more reliable supplying of spare parts,
(iv) better complaint management,
(v) better customer relationship management,
(vi) more regular and refined delivery of information,
(vii) communication is guaranteed via modern media
(viii) customer friendly and diverse sales channels exist.

Product description

After determining the essential features and characteristics of the products, the entrepreneur should precisely describe the products and services. The descriptions of details in manufacturing and processing methods are not necessarily expedient, unless the entrepreneur can substantiate cost or quality advantages with them.

Related Facts

Some of the elated facts in Operational plan are illustrated below :

(1) ***Location and site :*** Initially, as many locations as possible should be identified which would meet the most fundamental operational requirements of the proposed project. These should then be evaluated and an optimum location should be selected using the criteria of material versus market orientation, quality standards, infrastructural status, local laws and socio-economic and living conditions.

Within the geographical location so selected, alternative sites are similarly identified and the most optimal one should be selected after considering factors like terrain, local climate, land, impact on plant and equipment and their operation, availability and cost of land, local infrastructural facilities and their costs, socio-economic conditions, availability and quality of labour and construction equipment, valid waste disposal alternatives and their costs, local living conditions, public policies, local law, taxes, etc.

The locational decision should be made after giving due consideration to various benefits and incentives offered by governments or local bodies for setting up production or service facilities in certain specified areas. These may include assistance in the form of or in respect of capital loans and grants, tax concessions, clearances, subsidies, infrastructure, etc. All the above mentioned elements which favors location decision are mentioned in a business plan.

(2) ***Plant Size*** : Determination of an optimum plant size is very important to the success of a project. In a feasibility study, one-begins by looking 'at projections of the demand-supply gap in the market and anticipated arrivals' at the possible range of project sizes after considering various factors like availability of materials, technology, equipment, public policy, finances, etc. The best possible size of plant and equipment is then recommended after analyzing the availability, economies and practicability of different size options.

(3) ***Manufacturing/Production Process*** : In the business plan, selected manufacturing/production process must be described simply and clearly, preferably with the aid of flow charts and diagrams. The alternative processes and the way in which they are compared with the chosen process must be mentioned. The analysis should further touch on the manufacturing/production processes used in existing businesses with the same or similar activity, both domestic and foreign. Licensing agreements and patents should also be reviewed.

(4) ***Utilities*** : This area of operational plan explains the amount, cost and sources of electricity, fuel, water, and /or steam required. This must be determined in relation to the production schedule and capacity utilization defines. Alternative sources of these utilities and the feasibility of their use must also be described.

A technology is considered appropriate only if it is assessed to be satisfactory and relevant according to the specific situations of the project.

(a) Specifications of the task/product.
(b) Task uncertainties and interdependence.
(c) Growth of employment.
(d) Maximising the use of local resources.
(e) Required gestation period versus the time actually available to the project.
(f) Source and easiness of availability of the technology.
(g) Indigenous availability of comparable technology.
(h) Capacity of the organisation to absorb/adopt the technology.
(i) Timely availability of manpower with requisite skills for installation, operation and maintenance.
(j) Cost of acquisition, installation, repairs and maintenance versus availability of funds.
(k) Safety features.
(l) Requirement or availability of R & D facilities.
(m) Environmental and sociocultural sensitivities.

(5) ***Design, Layout and Plant and Machinery*** : The business plan should broadly specify the recommended design of the processes and plant. It should also present a rough layout of various facilities and list out all the major equipment needed, with key specifications and available sources of supply. Moreover, it should consider and evaluate alternative equipment and give genuine recommendations about them.

(6) ***Construction Process*** : The site, type and costs of the land and building, as envisaged in the project should accurately be presented. The construction cost of the building and facilities should be presented so that it may adapt to the machinery and equipment that will be used in the project. Land improvements such as roads, drainage facilities, etc. and their respective costs should also be computed and included.

(7) ***Inputs*** : In business plan, classification of the inputs are made into the following categories :

(a) Raw materials,

(b) Processed materials,

(c) Components and sub-assemblies,

(d) Spares and wear and tear parts,

(e) Water and steam, gas, fuels and electricity.

Their qualitative and quantitative requirements, availability, feasibility alternatives and reliable sources of supply should be carefully ascertained and recorded. The problems involved in their storage and handling should be also assessed.

(8) ***Infrastructural Facilities*** : Availability and characteristics of roads, bridges, railway facilities, air transportation, waterways, ports, etc. depending upon their relevance to the assessed requirements of the plan is to be considered. A large part of the land area is normally required to be reserved for service roads, water reservoirs, railways, over-ground or overhead gas, steam, air pipelines, etc.

QUESTIONS