

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics
Fall 2023

AP/ECON 3810 3.0A The Economics of Project Appraisal and Feasibility

Course Webpage: <https://eclass.yorku.ca/>

Course Instructor/Contact:

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Lecture Time and Location: W 19:00-22:00 (YK SLH A)

AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents. A course in intermediate microeconomics will be helpful.

Course Description:

Covers prefeasibility and feasibility studies of proposed projects, forecasting of demand and plant capacity, estimation of production, sales, costs, and revenues, alternative commercial profitability criteria (net present value, rate of return) for project evaluation and selection, and sensitivity analysis under risk and uncertainty. The first half of the course will discuss the underlying welfare theoretic foundations behind the economics of project feasibility.

Weighting of Course:

Evaluation: Midterm 40% (Wednesday, 18th October in class)

Final 60%

Missed exams/Tests:

There will be no make-ups for the midterm exam. If, for some reason students miss the midterm, the weight will be transferred to the final. The deferred exam for the final exam will be granted only for medical reasons. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the economics department to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

Grading

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Assignments and tests will bear either a letter grade designation or a corresponding number grade (e.g. A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.)

Course Text: (Available on the internet)

Cost-Benefit Analysis 2nd Edition. Edited by Richard Layard and Steven Glaister

We will rely mostly on lecture notes posted on e-class

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Organization of the Course (Topics):

Part 1. (Theory)

The Economic Environment

Broad Economic Criteria for Projects

Social Welfare

Shadow Prices and the Social Planner

Feasibility Criteria (NPV, IRR)

Part 2 (Practice)

There will be some application of the material learned to a real-world example. (The Trans Mountain pipeline expansion project)

Important Course Information for Students:

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage;

<http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Important Dates

Classes start	September 6
Last date to announce components of final grades	September 20
Fall Reading Week ¹	October 7-13
Last date to submit Fall term work	December 5
Fall classes end	December 5
Fall Study Day ²	December 6
Fall examinations ³	December 7-21