


TRAINING PROGRAMME ON



**PROJECT  
APPRAISAL  
AND  
ENTREPRENEUR  
ASSESSMENT**



ENTREPRENEURSHIP DEVELOPMENT INSTITUTE OF INDIA  
AHMEDABAD

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## Rationale-----

In the post liberalisation scenario, the Indian Financial System has undergone a sea change on account of various banking and financial sector reforms initiated by the Reserve Bank of India and the Government of India. The RBI, while relaxing the banking regulations, made it mandatory for banks to ensure good performance and improve their balance sheets. The compulsory adherence to Capital Adequacy, Asset Quality, Management Quality, Earnings and Liquidity (CAMEL) Ratings is a step in this direction. This means that while the public sector banks and financial institutions still have to maintain their social obligations, they will also have to look deep into profitability of their operations. This becomes all the more difficult with stiff competition from cooperative and private sector banks and from financial institutions which have now started offering many competing products which were hitherto offered by banks only.

However, the emphasis on CAMEL ratings and competition should not come up as hindrance to banks in providing credit to the industry, especially the SSI sector. The need of the hour is that the banks conduct a scientific and detailed appraisal of proposals coupled with assessment of entrepreneurs, so as to arrive at sound Investment Decisions. In order to facilitate easy credit to the SSI sector, RBI appointed a one-man high-level committee headed by Shri S.L.Kapur, Former Secretary, Ministry of Industry to look into the credit delivery system and simplify the procedures. The Committee has laid substantial emphasis on training intervention. Among the training interventions suggested by the Committee, training programmes of Entrepreneurship Development Institute of India (EDI), for bankers have specifically been recommended. (Recommendation no. 6.99)

Over the years, EDI has designed and conducted several training programmes on skill and attitude development for bank managers and officers engaged in project appraisal as also the entrepreneur behind the project. Some of its important programmes directed towards achieving this objective are; Training Programme on Industrial Project Preparation and Appraisal (IPPA), Training Programme on Financial and Economic Analysis of Industrial and Infrastructure Projects using UNIDO designed software, Computer Model for Feasibility Analysis and Reporting (COMFAR) III Expert and Training Programme on Assessing the Entrepreneur using Focussed Behavioural Event Interview (FBEI) technique. These programmes have received encouraging response at national as well as international level.

Keeping in view the recommendations of the S. L. Kapur committee, the EDI is offering new programmes to train Bankers and Financial Institution Personnel. The programmes have a comprehensively designed curriculum and cover all the relevant areas of earlier programmes designed for bankers and financial institution personnels. **Three programmes have been planned for the year 1999-2000. This comprises two programmes of basic level and one programme of advanced level.**

The broad objective of the programmes is to upgrade the skills of the bankers and financial institution personnel in formulating and appraising projects in the SME sector and assessing the entrepreneurs behind the projects.

## Objectives-----

The specific objectives of the programmes are to

- develop overall project formulation and appraisal skills among the participants, which would include areas like market analysis, technical analysis, financial analysis and economic analysis
- help the participants identify competent entrepreneurs using specific behavioural tools and techniques
- help participants become more proactive, customer - oriented, dynamic and responsive officers competent enough to operate in the changing scenario

## Course Contents-----

### (i) Basic Programme

The entire programme will be divided into 2 modules to be covered over 6 days.

Module 1: Project Formulation and Appraisal - 4 days

- \* An overview of the project development cycle.
- \* Business Opportunity Identification
- \* Market Analysis for projects covering demand analysis, supply analysis, competition, regulatory aspects, product-mix decisions, pricing decisions and market assessment.
- \* Technical Analysis for projects covering components of cost of project, production process, technology options, parameters for technology assessment, factors influencing productivity, quality parameters, cost of production and determinants of capacity utilisation.
- \* Financial Analysis for projects would include project cost and means of finance, working capital assessment, cost of capital, financial statements, break-even analysis, financial appraisal techniques - simple and dynamic measures to assess financial viability of projects.

#### Module 2: Selection and Assessment of Entrepreneur - 2 days

- \* Overview of the present Entrepreneur Assessment System
- \* Focussed Behavioural Event Interview Technique - Process, Methods, Problems and Strategies
- \* Introduction to entrepreneurs' and bankers' competencies and their association with successful implementation and management of business plans
- \* Self Assessment through feedback on Instruments

#### (ii) Advanced Programme

The advanced programme is divided into 3 modules and will be conducted over 10 days.

The first two modules shall remain the same with some additional advanced inputs being provided in them.

#### Module 1: Project Formulation and Appraisal - 5 days

- \* Advanced inputs in Market Analysis shall include analysing export market and selection of countries for exports
- \* Advanced inputs in Technical Analysis shall include impact of new technology on projects, project implementation - Scheduling and Monitoring
- \* Advanced inputs in Financial Analysis shall include impact of inflation on financial appraisal, sensitivity and risk analysis and decision making based on them, construction of capital structure and comparative analysis of NPV and IRR.
- \* A two session module on Economic Analysis covering Social Cost Benefit Analysis

#### Module 2: Selection and Assessment of Entrepreneur - 3 days

- \* Advanced inputs in this module shall include one day module on self awareness through soft skills test, role efficacy and stress scales and motivational tests.

#### Module 3: Financial and Economic Appraisal using Computer Model for Financial Analysis and Reporting (COMFAR) III Expert (2 days)

- \* Introduction to COMFAR III EXPERT
- \* Data Entry System
- \* Sensitivity Analysis using COMFAR III EXPERT
- \* Report Generation and Graphic Presentation
- \* Demonstration and Practice Sessions

### Who can participate?-----

#### (i) Basic Programme

The 6-day basic programme is fully residential and is open to

- \* middle and junior management level officers (credit/ appraisal wing) of banks, financial institutions and investment promotion agencies.
- \* trainers of staff training colleges of these institutions.
- \* all those involved in project formulation and appraisal and investment decision making.

#### (ii) Advanced Programme

The 10-day advanced programme is fully residential and is open for

- \* senior and middle management level officers (credit/ appraisal wing) of banks, financial institutions and investment promotion agencies.
- \* trainers of staff training colleges of these institutions.

### Duration-----

(i) **Basic Programme:** The first basic programme shall be conducted during 23 - 28 August, 1999. The second basic programme shall be conducted in the third week of January 2000.

(ii) **Advanced Programme:** The advanced programme shall be conducted in the second week of February 2000.

### Faculty-----

The programme would primarily be conducted by EDI faculty who have been conducting such programmes internationally under the aegis of UNIDO and other international agencies. Academicians from reputed institutions and experts from industry would also be invited to provide inputs.

## Course Fee-----

(i) **Basic Programme:** Rs.20000/- which includes course material and boarding and lodging (air-conditioned accommodation on twin sharing basis on EDI Campus).

(ii) **Advanced Programme**

Rs.35000/- which includes course material and boarding and lodging (air-conditioned accommodation on twin sharing basis on EDI Campus).

## Observations made by some of the participants of the previous programmes-----

### Programme on Industrial Project Preparation and Appraisal

“Lectures, discussions and practical computer aided analytical exercises were excellent and very useful.”

“The training programme has provided me with guidelines to evaluate projects and study the feasibility of a project at all levels for further development of industrial sector.”

“The training material is excellent and informative for productive use in our countries.”

### Programme for Assessing the Entrepreneur using FBEI

“FBEI can help us understand who can be given a business loan”

“FBEI is a pragmatic way of understanding the promoter”.

## About the Institute-----

Entrepreneurship Development Institute of India (EDI) is an autonomous, not-for-profit institution sponsored by all-India financial institutions, namely IDBI, IFCI, ICICI & SBI. It is now an acknowledged national resource Institution committed to investment promotion, entrepreneurship education, training and research. Its efforts in spearheading entrepreneurship movement in India and other developing countries has led to the emergence of a range of training programmes and workshops in the area of investment promotion and entrepreneurship development.

The Institute has received support from the World Bank, ILO, UNIDO, Commonwealth Secretariat, Friedrich-Naumann-Stiftung and several other international agencies. Its international activities cover a range of entrepreneurship and investment promotion-related training programmes/ workshops. Ever since its inception in 1983, the Institute has interacted with 30 developing countries, thus helping them build capabilities for industrial development. So far, over 500 professionals from developing countries have benefited from EDI's capacity building programmes including the one on Industrial Project Preparation and Appraisal co-sponsored by UNIDO. The EDI Inter Regional Centre (IRC) is the result of UNIDO's strategic thinking that innovative methodologies should be transferred to developing world through regional institutions with proven skills in the area of entrepreneurship and investment promotion.

**Banks/Financial Institutions may send their nominations alongwith demand draft for the amount applicable, in favour of EDI, Ahmedabad to :**

**Dr. Sunil Shukla**  
Programme Director

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