



**CREDIT RISK ASSESSMENT  
BASED  
PROJECT APPRAISAL  
&  
ENTREPRENEUR ASSESSMENT**

**(October 20 – 25, 2008)**

**Developing techniques & skills of  
matching key success requirements of  
a project with Entrepreneurial traits.**

**Organised by**



**Entrepreneurship Development Institute of India  
Ahmedabad, Gujarat**

# COP MOF BEP NPV IRR CRA BASEL

## RATIONALE

With financial reforms in the post liberalization scenario, competition has become large scale and intense. Banks and financial institutions (FIs) are also not sheltered from such stiff competition.

In essence, the relevance of **Ratings linked project appraisal is imperative**. Thus, the parameters for measurement of risk dimension have to be enlarged so that banks are able to retain business as well the mirror risk into **Credit Risk Assessment (CRA)** system. With the enforcement of 'Basel Committee's Norms for Banking Supervision', Credit Risk Assessment (CRA) based project appraisal & entrepreneur assessment has become mandatory.

Comprehending the dynamics of investments and reaching financing decisions, become all the more difficult with stiff competition from private sector banks and universal bank that has now started offering competitive products.

**The solution lies in the efficacy with which banks and FIs carry out credit risk assessment based appraisal of project proposals as well as the assessment of person-behind-the-project i.e. the entrepreneur. This entails skillful matching of the key success requirements of a project with the entrepreneur's traits, leading to sound investment decisions. Investment decisions based on such prudential approaches ensure sustainability throughout the project life cycle.**

Over the years, EDI has designed and conducted training programmes on skill and attitude development of bank managers and officers engaged in Project Appraisal as also the entrepreneur-behind-the-project. EDI has also conducted Training Programme on Assessing Entrepreneurs using Focused Behavioural Event Interview (FBEI) technique. These programmes have received encouraging response at national as well as international levels.

## OBJECTIVES

The broad objective of the programme is to upgrade the skills of banks' and financial institutions' personnel in **formulating and appraising projects evolving risk assessment parameters**. The focus will be on SME sector comprising manufacturing as well as services segment. **Assessing entrepreneurs-behind-the-project through techniques like, competency assessment, FBEI, SAFI will be emphasized upon.**

Specific objectives of the programme are to:

- evolve risk assessment framework covering financial, business, industry and management risks.
- develop overall project formulation and appraisal skills of the participants, which would include areas like; market analysis, technical analysis, environment analysis and financial analysis.
- help 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, in keeping with the Basel Committee Report requirements.

## WHO CAN PARTICIPATE

The six-day programme is residential and is best suited for;

- Middle and front line managers and officers involved in credit appraisal of banks, financial institutions and investment promotion agencies.
- Officials of specialized industrial finance branches.
- Officials of specialized SSI branches.
- Trainers of staff training colleges.
- Executives involved in evaluation of investment proposals or venture proposals from specialized financial institutions.
- Executives involved in making DPR from Technical Consultancy Organizations; Chambers of Commerce and Industry Associations.
- Executives involved in Project Formulation, Appraisal & Investment Decision-Making of various institutions, organizations and development bodies.

## PROGRAMME CONTENTS

### Module I : Project Formulation and Appraisal

- An overview of the Project Development Cycle and framework of Credit Risk Assessment (CRA) in project.
- Market Analysis (MA) of projects covering demand analysis, supply analysis, competition, regulatory aspects to assess the need and quantum of demand, product-mix decisions, pricing decisions and market programme for implementation, thus leading to product planning.
- Technical Analysis (TA) of projects dealing with appropriate choices of selection of location, technology and its cost, assessment of optimum plant capacity and various critical inputs. Coverage also includes assessment of technical viability by drawing investment cost and cost of production.
- Financial Analysis (FA) of projects would cover 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.
- Evolving Risk Assessment framework for Market, Technical & Financial Analysis.
- Understanding the relevance of environment analysis in project finance.
- Exposure to Excel in Financial Analysis.

### Module II : Selection and Assessment of an Entrepreneur

- An overview of the present Entrepreneur Assessment System.
- Focussed Behavioural Event Interview (FBEI) Technique – Process, methods, problems and strategies.
- Introduction to an entrepreneur's competencies and their association with successful implementation and management of business plan.
- Self-Assessment through Feedback on instruments (SAFI).
- Framework for assessment of management risk.



Participants of the 2007 batch seen with (5th from R) Dr. Dinesh Awasthi, Director, EDI; (4th from R) Mr. D. M. Parikh, Programme Director and distinguished members of EDI faculty group.

# **BASEL** **FBEI** **SAFI**

## **PEDAGOGY**

The programme will be highly interactive in nature. Classroom lectures will be supported by presentations of analytical tools and frames of references. Case studies, syndicate discussions, group presentations, role-plays and experiential learning will be extensively followed.

## **FACULTY**

The programme would primarily be conducted by EDI faculty members who have been conducting such programmes nationally and internationally under the aegis of UNIDO and other international agencies. Experts from industry, financial institutions and banks would provide special inputs. Experience sharing with successful entrepreneurs will be organised.

## **PROGRAMME VENUE**

This residential programme, to be held during October 20 – 25, 2008, will be conducted on EDI campus at Ahmedabad, equipped with state-of-the-art learning facilities.

## **COURSE FEE**

Fee for participants from India and Nepal is Rs. 20,000/- (Indian Rupees). For international participants the fee is US \$ 600. The fee includes course material and boarding and lodging (air-conditioned accommodation on twin-sharing basis on EDI Campus). For nomination of participants in groups, please contact the Programme Director.

## **HOW TO APPLY**

Nominations must be sent in the enclosed proforma and mailed along with a demand draft of Rs.20,000/- or US \$ 600 drawn in favour of EDI, Ahmedabad. Nomination form can also be downloaded from EDI website: [www.ediindia.org](http://www.ediindia.org) and sent to :

**Mr. D.M. Parikh**  
Programme Director

at EDI Head Office address  
E-mail : [dmparikh@ediindia.org](mailto:dmparikh@ediindia.org)

Last date for receiving nominations is October 15, 2008.

## **FEEDBACK**

Almost all the participants of our previous programmes have opined that the contents are exhaustive and all encompassing. They have rated the programme inputs as 'extremely useful' and especially appreciated the training methodology and exercises included in the curriculum. Commending the faculty members, the participants observed that they were experts in their fields and immensely resourceful.

## **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 Ltd., ICICI Ltd., and SBI. It is 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 areas of investment promotion and entrepreneurship development.

Ever since its inception in 1983, the Institute has worked with 70 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.

## EDI GOVERNING BODY MEMBERS

(AS ON 1<sup>st</sup> JUNE, 2008)

**Shri Yogesh Agarwal**, President-EDI  
Chairman, Industrial Development Bank of India  
Mumbai

**Dr. Yoginder K. Alagh**, Vice Chairman & Professor  
Emeritus, Sardar Patel Institute of Economic  
& Social Research  
Ahmedabad

**Shri D. P. Bagchi**, IAS (Retd.)  
Ex-Chief Secretary, Orissa

**Mrs. K. Rama Devi**, President  
Association of Lady Entrepreneurs of Andhra Pradesh  
Hyderabad

**Ms. Soundara Kumar**, Chief General Manager (SME)  
SME Business Unit, State Bank of India  
Mumbai

**Dr. Chukka Kondaiah**, Director General,  
National Institute for Micro, Small and Medium  
Enterprises (NIMSME), Ministry of MSME,  
Government of India, Hyderabad

**Shri Rajendra Malla**, Chairman & Managing Director  
Small Industries Development Bank of India  
Lucknow

**Dr. Sailendra Narain**, Chairman  
Centre for SME Growth & Development Finance  
Navi Mumbai

**Shri P. H. Ravikumar**, Managing Director & CEO  
National Commodity & Derivatives Exchange Ltd.  
Mumbai

**Shri B. Ravindranath**, Executive Director  
Industrial Development Bank of India  
Mumbai

**Shri Umesh Chandra Sarangi**, IAS, Chairperson  
National Bank for Agriculture &  
Rural Development  
Mumbai

**Shri P. S. Shenoy**, Chairman  
Board of Directors, IFCI Ltd.  
Gandhinagar

**Shri Jawhar Sircar**, Additional Secretary and  
Development Commissioner (SSI & ARI),  
Ministry of Micro, Small and Medium Enterprises  
Government of India  
New Delhi

Principal Secretary  
Industries & Mines Department  
Govt. of Gujarat, Gandhinagar

**Dr. Dinesh Awasthi**, Director  
Entrepreneurship Development Institute of India  
Ahmedabad



## ENTREPRENEURSHIP DEVELOPMENT INSTITUTE OF INDIA

P.O. Bhat 382 428, Dist. Gandhinagar, Gujarat

Tel : (079) 23969163, 23969161, 23969162, Fax: (079) 23969164

E-mail: [ediindiaad1@sancharnet.in](mailto:ediindiaad1@sancharnet.in) Website: <http://www.ediindia.org>

### Lucknow :

432 / 36, Kala Kankar Colony,  
Old Hyderabad,  
Lucknow-226 007.

Phone : 0522-2780820

Telefax: 0522-2780856

E-mail : [edinro@sancharnet.in](mailto:edinro@sancharnet.in)

### Bangalore :

102, 70th Cross, 17<sup>th</sup> 'A' Main Road,  
5<sup>th</sup> Block, Rajajinagar,  
Bangalore-560 010.

Phone : 080-23119361

Telefax: 080-23119360

E-mail : [ediro@giasbg01.vsnl.net.in](mailto:ediro@giasbg01.vsnl.net.in)

### Guwahati :

House No. 36, Nr. D.G.P Office,  
B.K. Kakoti Road, Ulubari,  
Guwahati-781 007.

Phone : 0361-2461063

Telefax: 0361-2459112

E-mail : [edinero@india.com](mailto:edinero@india.com)