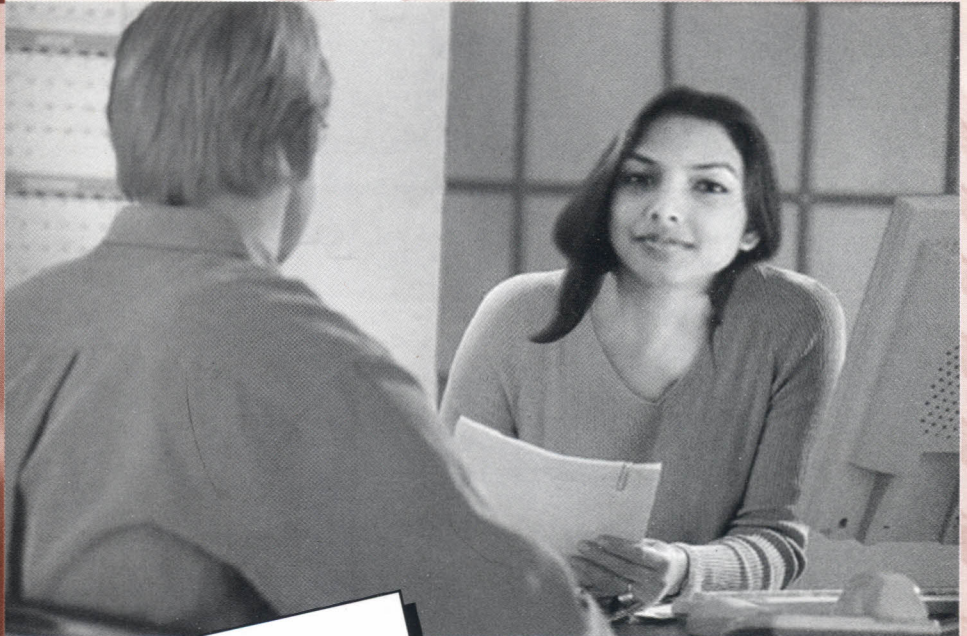


TRAINING PROGRAMME ON
**PROJECT APPRAISAL
ENTREPRENEUR ASSESSMENT
AND
CREDIT RISK ASSESSMENT**

(October 09 - 14, 2006)



Aimed at developing techniques and skills of matching key success requirements of a project with entrepreneurial traits and credit risk assessment frame work

Financial Risk
Business Risk
Industry Risk
Management Risk



Organised by :

Entrepreneurship Development Institute of India
Ahmedabad, Gujarat.

RATIONALE

The world financial sector has been on the roll since the late '90s and the pace of this motion has gathered momentum with the passage of time. In the aftermath of WTO and related developments, the integration of the Indian economy with the world economy is a natural corollary. But such a development has totally altered the basics of market dynamics. The scale of competition has become sharper and more focused day by day – the essence of a comfortable margin in a venture has become history and the companies are required to operate on a narrow margin to keep the business afloat. The banks and FIs are not sheltered from this intense competition. Booking of business is the compulsion for survival.

In essence, the relevance of **ratings linked project appraisal is imperative**. In such a scenario, the parameters for measurement of risk dimension have to be enlarged so that banks are able to retain business as well as risk is mirrored into Credit Risk Assessment (CRA) system. Given the rapid changes in the methodology for the assessment of risk which would become more pronounced in the near future with the advent and enforcement of 'Basel Committee's norms for Banking Supervision'. The compulsory adherence of Capital Adequacy, Asset Quality, Management Quality, Earnings and Liquidity (CAMEL) Ratings is a positive step in this direction.

Driven by economic compulsion of sound deployment of funds all financial institutions and commercial banks are moving towards universal bank or going for more specialized industrial finance branch; where decision making on total project appraisal has become imperative comprising term-loan as well as working capital.

Dynamics of Investment and 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 as to how the banks and FIs carry out a scientific and prudent appraisal of project proposals as well as the assessment of person-behind the project i.e. entrepreneurs; whereby doing skillfully matching the key success requirement of a project with entrepreneur's traits; which leads to sound investment decisions. The investment decision based on such prudential approaches remain sustainable throughout the project life cycle.

The Committee appointed by RBI, headed by Shri S. L. Kapur – Former Secretary, Ministry of Industry laid substantial emphasis on training interventions. Among the training interventions suggested by the Committee, EDI training programmes for bankers have specifically been recommended.

Over the years, EDI has designed and conducted training programmes on skill



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development 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 the Entrepreneur using Focussed Behavioural Event Interview (FBEI) technique. These programmes have received encouraging response at national as well as international levels.

Keeping in view the recommendations of the S. L. Kapur Committee and Basel Committee's on Banking Supervision, EDI is offering programmes to train bankers and financial institutions' personnel.

OBJECTIVES

The broad objective of the programme is to upgrade the skills of the banks' and financial institutions' personnel in formulating and appraising projects in the SME sector comprising of manufacturing as well as services segment and assessing the entrepreneurs behind them.

The specific objectives of the programme are to :

- 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 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.
- Up-date Credit Risk Assessment Approach based on Basel Committee Report.

COURSE CONTENTS

The entire programme will be divided into three broad modules to be covered over six days.

Module I : Project Formulation and Appraisal :

- An overview of the Project Development Cycle
- Market Analysis of projects covering
 - (a) Demand as well as supply analysis, competition, regulatory aspects to assess the need and quantum of demand.
 - (b) Decisions pertaining to market segmentation; Product-mix, Pricing and market programme leading to product planning.
- Technical Analysis of projects covering
 - (a) Sensible choices of selection of location, technology and its cost as well as assessment of optimum plant capacity, based on various critical inputs.
 - (b) Technical viability by drawing investment cost and cost of production.

BASEL - II

CRA

FBEI



- Financial Analysis of projects covering
 - (a) Framing means of finance, working capital assessment.
 - (b) Understanding the concept of cost of capital, break-even and sensitivity analysis.
 - (c) Evaluation of static and dynamic measures of performance using financial appraisal techniques.

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 entrepreneurs' competencies and their association with successful implementation and management of business plan.
- Self Assessment through Feedback on Instruments (SAFI)

Module III: Credit Risk Assessment :

- A frame work broadly covering; Financial Risk, Business Risk, Industry Risk and Management Risk.

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 and experiential learning will be extensively followed.

Who Can Participate?

The six-day programme is fully residential and is open to:

- 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.
- Executive involved in Project Formulation, Appraisal & Investment Decision-Making of various institutions, organization, and development bodies.

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. Academicians from reputed institutions and experts from industry would be invited to provide special inputs.

Programme Venue

This residential programme is scheduled during October 09 – 14, 2006 and it will be conducted on EDI campus at Ahmedabad.

Course Fee

Rs.16,000/- (Indian Rupees) for participants from India and Nepal. 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 consult the Programme Director.

How to Apply

Nominations must be sent in the enclosed proforma and mailed along with a demand draft of Rs.16,000/- drawn in favour of EDI, Ahmedabad to :

Mr.D.M. Parikh, Programme Director
at EDI Head Office.

E-mail : dmparikh@ediindia.org

The late date for receiving nominations is 3rd October, 2006.

Feedback

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

About the Institute

Entrepreneurship Development Institute of India (EDI), an autonomous institution set up in 1983, is promoted all India financial institutions viz., Industrial Development Bank of India (IDBI), ICICI Ltd, IFCI Ltd and State Bank of India (SBI), with active support from the Government of Gujarat. The Institute is committed to promote entrepreneurship through education, research & training at national & international levels. The Government of India & UNIDO have established the Inter-Regional Centre for Entrepreneurship & Investment Promotion at EDI so that emergence of entrepreneurship could be given a spurt in developing countries, thus creating a socio-economic environment favouring entrepreneurial careers and tendencies.

This two-year project covering four countries, viz. Mozambique, Sudan, Yemen and Lao PDR would focus on both New Enterprise Creation & Enterprise Upgradation of existing units.

These successes and commitments have culminated in the recognition of its achievements by the Government of India and the State Governments. In the international arena, efforts to develop entrepreneurship by way of sharing resources and organising training programmes, have helped EDI earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, FNSt, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies.

In recognition of its international achievements, the United Nations Economic & Social Commission for Asia and Pacific (UN-ESCAP), Bangkok, Thailand, has declared EDI as a 'Center of Excellence'.

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