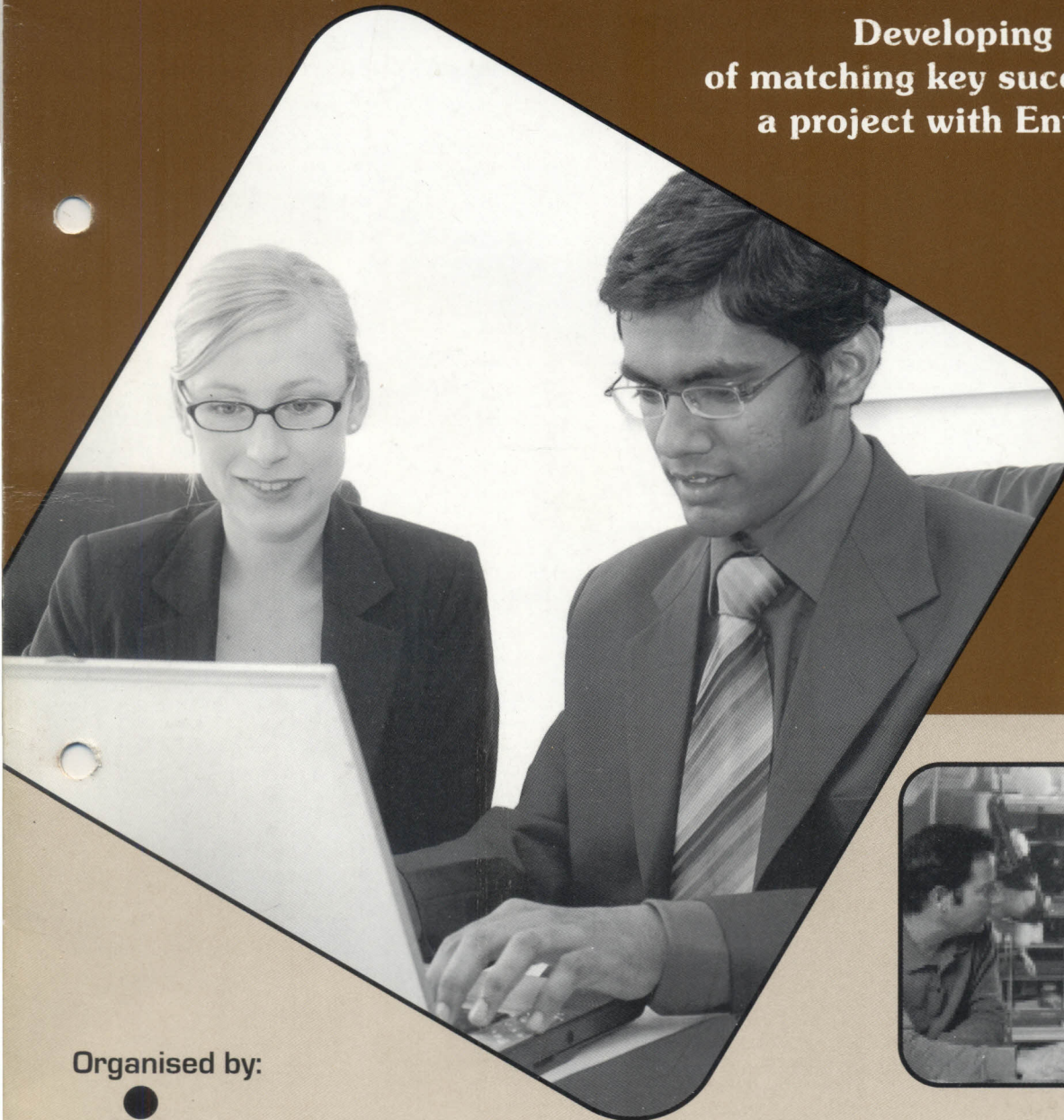


**CREDIT RISK ASSESSMENT
BASED
PROJECT APPRAISAL
&
ENTREPRENEUR ASSESSMENT**

(October 22 - 27, 2007)

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



Organised by:



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

**CRA Model
BASEL II**

RATIONALE

In the post liberalization 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. With financial reforms, the scale of competition has become sharper and more focused. The banks and Financial Institutions (FIs) are not sheltered from this intense competition.

Even 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. 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 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 is a must.

Further, 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 branches related to industrial finance where decision making on risk emerging from total project appraisal has become imperative.

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 in how the banks and FIs carry out credit risk assessment based appraisal of project proposals as well as assessment of the person-behind-the-project i.e. the entrepreneur; whereby skillfully matching the key success requirements of a project with the managerial and entrepreneurial capabilities of the entrepreneur leads to sound investment decisions. The investment decision based on such approaches ensures sustainability throughout the project life cycle.

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

OBJECTIVES

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

The specific objectives of the programme are to:

- Evolve the risk assessment framework covering financial, business, industry and management risk.
- 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 based on Basel Committee Report.

COURSE 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) for 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) for projects dealing with sensible choices of selection of location, selection of 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) for 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.

Module II : Selection and Assessment of an Entrepreneur

- An overview of the present Entrepreneur Assessment System.
- Focused 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.

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.

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 SME 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, 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. Experts from industry, financial institutions and banks would be invited to provide special inputs. Experience sharing with entrepreneurs will be organised.

PROGRAMME VENUE

This residential programme, to be held during October 22-27, 2007, will be conducted on EDI campus at Ahmedabad where adequate learning facilities are available. All participants are expected to stay on campus.

COURSE FEE

The fee for participants from India and Nepal is Rs. 16,000/- (Indian Rupees). 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.



Participants of the previous programme seen with (3rd from L.) Dr. Dinesh Awasthi, Director - EDI and core faculty members.

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 Address

E-mail : dmparikh@ediindia.org

The last date for receiving nominations is October 15, 2007.

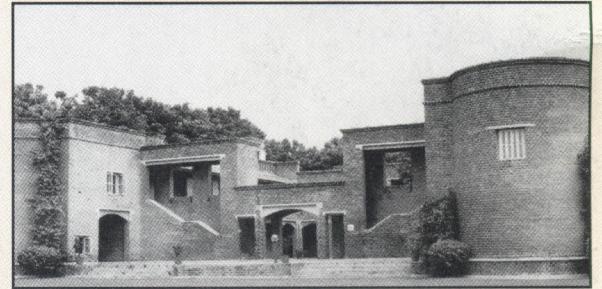
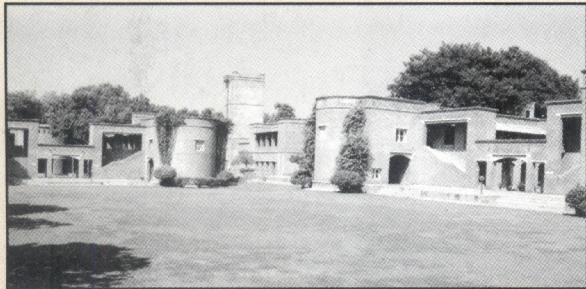
FEEDBACK OF THE PAST PARTICIPANTS

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) is an autonomous, not-for-profit institution sponsored by 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 had 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 conducted more than 11 programmes on Project Appraisal and Entrepreneur Assessment, thus training more than 300 officials from Banks and Financials Institutions.



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