

Course Name: Banking, Lending and NBFC II**About the course:**

TOTAL DURATION:	45HRS
MODE OF DELIVERY	PHYSICAL CLASSROOM TRAINING AT RESPECTIVE COLLEGES
TRAINER TO STUDENT RATIO:	1:50
TOTAL MARKS:	75

TABLE 1	
OVERALL COURSE OBJECTIVE:	The objective of this course is to make the learners skilled in the process of credit appraisal and lending.
LEARNING OUTCOME:	<ul style="list-style-type: none">• Analyze the Ability and Capacity to Repay a Loan• Comprehend Credit Assessment and Rating• Conduct Financial and Collateral Analysis for Creditworthiness• Evaluate Internal and External Scorecards• Comprehend Provisions of Goods and Services Tax (GST) in Lending/Borrowing

TABLE 2: MODULE-WISE COURSE CONTENT AND OUTCOME				
SL. NO	MODULE NAME	MODULE CONTENT	MODULE LEARNING OUTCOME	DURATION (HRS)
1.	Concepts of Lending	Borrowing requirements for Individuals and Businesses, Source of Funds – Secured and Unsecured Loans, Asset-based financing, Simple and Compound	<ul style="list-style-type: none">• Analyze Borrowing requirements for Individuals and Business• Examine Source of Funds	9

		<p>Interests, Fixed and Floating Interest Rates, Margins, Overdrafts and accommodation, Supplier finance and bill discounting, Other working capital funding, Rates and elements of loan structure</p>	<ul style="list-style-type: none"> • Compare Secured and Unsecured Loans • Explore Asset based financing • Evaluate Simple and Compound Interests • Assess Fixed and Floating Interest Rates • Explore Margins, Overdrafts and accommodation • Examine Supplier finance and bill discounting • Describe Other working capital funding options • Examine Rates and elements of loan structure 	
2.	Lending Principles and Process	<p>Analysis of Ability and Capacity to pay back the loan, Regulatory policies for lending: AML & KYC guidelines and Fair Practices Code, Credit assessment and rating</p> <p>Credit rating principles and process, Financial and Collateral analysis for credit worthiness, Understanding and evaluating internal and</p>	<ul style="list-style-type: none"> • Evaluate financial indicators and metrics to assess loan repayment capabilities • Explain Anti-Money Laundering (AML) and Know Your Customer (KYC) guidelines • Evaluate the impact of credit rating on lending decisions • Demonstrate the ability to analyze financial 	9

		<p>external Scorecards, Credit Bureau score analysis, Field Investigation and Fraud Control Unit report analysis, Ongoing management of credit quality</p> <p>Lending process: security, guarantee, Recovery and overdue: regulations and process</p> <p>Default, NPA and security liquidation</p>	<p>statements to determine creditworthiness.</p> <ul style="list-style-type: none"> • Differentiate between internal and external credit scorecards. • Interpret credit scores obtained from credit bureaus. • Analyze reports from Fraud Control Units to identify potential risks and fraud indicators • Implement measures to address and mitigate emerging credit risks • Describe the regulatory framework and processes for loan recovery and managing overdue accounts • Explain the concept of Non-Performing Assets (NPA) and the process of security liquidation in case of default. 	
3.	Procedural Aspects of Lending	Credit limits and sales expansion, Managing a credit portfolio and	<ul style="list-style-type: none"> • Evaluate factors influencing the 	9

		<p>portfolio health checks, Competitive space in lending, Asset liability management for lenders,</p> <p>Technical & Legal aspects of underlying Collateral, Property types and valuation models, Legal aspects of Property (clearance of title and its marketability), Aspects and calculations of Life Insurance, Property Insurance and Health Insurance linked to loan</p>	<p>establishment of credit limits.</p> <ul style="list-style-type: none"> ● Demonstrate the ability to manage a credit portfolio effectively. ● Analyze the competitive space in lending, considering market trends and competitors. ● Explain the principles and practices of asset liability management in lending. ● Identify technical aspects related to the evaluation of collateral. ● Classify different types of properties relevant to lending. ● Evaluate the legal clearance of property titles. ● Perform calculations related to life insurance coverage in the context of lending ● Calculate appropriate property insurance coverage based 	
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			<p>on loan requirements.</p> <ul style="list-style-type: none"> • Calculate health insurance coverage relevant to loan agreements. 	
4.	Pricing and Structuring	<p>Pricing and structuring a loan, Elements of loan structuring: risk, rate, cash flow, amortization, Practical case studies in loan structuring, Calculating loan eligibilities</p> <p>Instrument design – fixed and floating rates, Types of lending instruments and their features, Strategic Management of Loan Book, Composition of loans: tenor, rate, sourcing mix and risk, Profitability measures of an individual loan – RAROC & ROA, Defaults, Expected Loss, NPA and provisioning, Capital adequacy, Recovery, restructuring and management of default</p>	<ul style="list-style-type: none"> • Develop the ability to determine appropriate pricing for loans. • Analyze the components of loan structuring, including risk factors, interest rates, cash flow management, and amortization schedules • Demonstrate proficiency in calculating loan eligibility for borrowers • Differentiate between fixed and floating rate loan instruments • Evaluate the distinctive features and suitability of different lending instruments for specific scenarios. • Analyze the composition of loans in terms of tenor, interest rates, sourcing 	9

			<p>mix, and risk factors.</p> <ul style="list-style-type: none"> • Calculate and interpret profitability measures such as Risk-Adjusted Return on Capital (RAROC) and Return on Assets (ROA) for individual loans. • Estimate expected losses, manage Non-Performing Assets (NPA), and implement provisioning strategies. • Analyze regulatory requirements and implement measures to maintain a healthy capital position. • Analyze the process of loan restructuring and the overall management of defaults to minimize financial losses. 	
5.	Tax Aspects of Lending	Provisions of Corporate Tax related to Lending / Borrowing, Tax Planning aspects of Capital Structure, Business Expenses and	<ul style="list-style-type: none"> • Demonstrate the ability to apply relevant corporate tax regulations in the context of financial transactions 	9

		<p>Financing Decisions</p> <p>Provisions of Goods and Services Tax related to Lending / Borrowing</p>	<ul style="list-style-type: none"> • Analyze the tax planning aspects associated with capital structure decisions. • Assess the tax implications of various business expenses and financing decisions. • Apply GST regulations to financial scenarios involving lending and borrowing 	
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TABLE 3: OVERALL COURSE LEARNING OUTCOME ASSESSMENT CRITERIA AND USECASES		
LEARNING OUTCOME	ASSESSMENT CRITERIA	USECASES
Analyze the Ability and Capacity to Repay a Loan	<ul style="list-style-type: none"> • Identify key factors influencing a borrower's ability and capacity to repay a loan. • Demonstrate the ability to analyze financial statements and income sources for assessing repayment capacity. • Develop recommendations for mitigating risks associated with repayment challenges. 	<ul style="list-style-type: none"> • Provide learners with a detailed financial profile of a borrower. Ask them to analyze the data and determine the borrower's ability and capacity to repay a specific loan amount. Learners should then present their findings, highlighting potential risks and suggesting risk mitigation strategies.

<p>Regulatory Policies for Lending</p>	<ul style="list-style-type: none"> • Summarize and explain Anti-Money Laundering (AML) and Know Your Customer (KYC) guidelines. • Outline the key elements of the Fair Practices Code in lending. • Demonstrate knowledge of regulatory policies governing lending activities. 	<ul style="list-style-type: none"> • Present learners with hypothetical lending scenarios. Ask them to identify and explain how AML, KYC, and Fair Practices Code guidelines would be applied in each situation. Require learners to discuss the potential consequences of non-compliance with these regulations.
<p>Comprehend Credit Assessment and Rating</p>	<ul style="list-style-type: none"> • Outline the principles and processes involved in credit assessment and rating. • Evaluate the impact of credit rating on lending decisions. • Demonstrate the ability to apply credit assessment techniques to real-world cases. 	<ul style="list-style-type: none"> • Provide learners with case studies involving companies seeking loans. Ask them to conduct a credit assessment, assign a credit rating, and justify their decisions based on relevant financial indicators and risk factors.
<p>Conduct Financial and Collateral Analysis for Creditworthiness</p>	<ul style="list-style-type: none"> • Analyze financial statements to determine creditworthiness. • Evaluate the role of collateral in assessing and mitigating credit risk. • Demonstrate relationship between financial health and creditworthiness. 	<ul style="list-style-type: none"> • Provide learners with financial data from different companies. Instruct them to conduct a comprehensive financial analysis, assess creditworthiness, and recommend appropriate

		collateral based on the findings.
Evaluate Internal and External Scorecards	<ul style="list-style-type: none"> • Differentiate between internal and external credit scorecards. • Assess the effectiveness and limitations of various credit scoring systems. • Apply scorecard evaluation to make informed lending decisions. 	<ul style="list-style-type: none"> • Present learners with internal and external credit scorecards for the same borrower. Ask them to compare and contrast the scorecards, identify strengths and weaknesses, and determine which scorecard is more reliable in a given context
Analyze Credit Bureau Scores	<ul style="list-style-type: none"> • Interpret credit scores obtained from credit bureaus. • Relate credit bureau scores to creditworthiness and lending decisions. • Develop strategies for using credit bureau scores to manage risk 	<ul style="list-style-type: none"> • Provide learners with credit reports from different borrowers. Ask them to interpret the credit bureau scores, assess creditworthiness, and propose lending terms based on the scores and associated risk levels.
Analyze Field Investigation and Fraud Control Unit Reports	<ul style="list-style-type: none"> • Evaluate the findings of field investigations in the context of lending. • Analyze reports from Fraud Control Units to identify potential risks and fraud indicators. • Recommend appropriate actions based on the findings 	<ul style="list-style-type: none"> • Provide learners with field investigation and fraud control unit reports for a loan applicant. Ask them to analyze the reports, identify red flags, and propose a course of action to mitigate the identified risks.

	of investigative reports.	
Corporate Tax Provisions Pertaining to Lending/Borrowing	<ul style="list-style-type: none"> • Identify specific corporate tax provisions related to lending and borrowing accurately. • Demonstrate the ability to apply tax regulations to practical lending and borrowing scenarios. • Analyse and discuss the potential tax implications of different financing structures. 	Given a case study involving a corporate loan transaction, learners must identify the relevant tax provisions impacting interest deductions, loan origination fees, and any applicable withholding taxes. Learners would then need to calculate the tax implications and discuss the overall impact on the lending and borrowing parties
Demonstrate Tax Planning Skills for Capital Structure	<ul style="list-style-type: none"> • Analyze a company's capital structure and identify tax planning opportunities. • Develop a tax-efficient capital structure plan based on given financial information. • Evaluate and justify the chosen capital structure in terms of tax optimization. 	Provide learners with financial statements and tax regulations. Ask them to propose a tax-efficient capital structure for a hypothetical company. Learners should explain the rationale behind their choices and discuss potential tax advantages or disadvantages associated with each component of the capital structure
Evaluate Tax Implications on Business Expenses and Financing Decisions	<ul style="list-style-type: none"> • Analyze a list of business expenses and financing decisions for their tax implications. • Develop recommendations for optimizing business 	Present learners with a set of business expenses and financing options. Ask them to evaluate the tax implications of each, prioritize them based on tax efficiency, and provide a strategic plan for managing both

	<p>expenses to minimize tax liabilities.</p> <ul style="list-style-type: none"> • Discuss the impact of financing decisions on the overall tax position of a company. 	<p>business expenses and financing decisions to achieve optimal tax outcomes.</p>
<p>Comprehend Provisions of Goods and Services Tax (GST) in Lending/Borrowing</p>	<ul style="list-style-type: none"> • Identify and explain specific GST provisions related to lending and borrowing. • Apply GST regulations to calculate the tax implications in lending and borrowing scenarios. • Evaluate the impact of GST on overall financial decisions. 	<p>Provide learners with a case involving a cross-border lending transaction subject to GST. Ask them to identify and apply the relevant GST provisions, calculate the GST impact on the transaction, and propose strategies to minimize GST-related costs.</p>

TABLE 4: LIST OF FINAL PROJECTS

SL. NO	FINAL PROJECT
1	<p>Credit Appraisal Case Study Analysis</p> <ul style="list-style-type: none"> • Objective: Apply credit appraisal principles to real-world scenarios. • Project Description: Provide students with case studies representing diverse businesses seeking loans. Ask them to conduct a comprehensive credit appraisal, including financial analysis, risk assessment, and recommendation for loan terms. Emphasize the importance of considering industry-specific factors
2.	<p>Lending Simulation Exercise</p> <ul style="list-style-type: none"> • Objective: Simulate the end-to-end lending process to reinforce practical skills.

	<ul style="list-style-type: none"> ● Project Description: Create a lending simulation where students act as loan officers. They should review loan applications, conduct credit assessments, and make lending decisions. Include elements such as customer interviews, document verification, and collaboration with other departments involved in the lending process
3.	<p>Credit Proposal Development</p> <ul style="list-style-type: none"> ● Objective: Develop practical skills in crafting credit proposals. ● Project Description: Assign students different business scenarios and require them to prepare a comprehensive credit proposal. This includes assembling financial statements, analyzing risk factors, proposing suitable collateral, and justifying the recommended loan terms. Encourage them to consider both quantitative and qualitative aspects.
4	<p>Industry Analysis and Risk Assessment:</p> <ul style="list-style-type: none"> ● Objective: Analyze industry-specific risks and their impact on lending decisions. ● Project Description: Assign each student or group an industry. Require them to conduct a detailed analysis of the industry's economic environment, regulatory landscape, and unique risk factors. Students should then apply this knowledge to assess credit proposals from businesses within their assigned industries.
5	<p>Credit Committee Simulation</p> <ul style="list-style-type: none"> ● Objective: Experience the decision-making process in a credit committee setting. ● Project Description: Create a mock credit committee session where students present their credit appraisal findings and recommendations for a specific loan application. Include elements of discussion, debate, and decision-making within the simulated credit committee. This project helps students experience the collaborative nature of lending decisions.

TABLE 5: COURSE ASSESSMENT RUBRICS (TOTAL MARKS: 75)

ASSESSMENT CRITERIA	DESCRIBE THE CRITERIA OF THE BELOW CATEGORY			TOTAL MARKS
	PERFORMANCE			
	FAIR	GOOD	EXCELLENT	
Identifying Key Factors Influencing Repayment Capacity	Identifies some of the key factors but lacks depth or overlooks certain crucial elements.	Identifies most key factors accurately and provides a reasonable analysis of their impact on repayment capacity.	Thoroughly identifies and critically analyzes all key factors, demonstrating a comprehensive understanding of their significance in assessing repayment capacity.	10
Analyzing Financial Statements and Income Sources	Demonstrates basic understanding but may struggle to integrate various financial elements or overlooks certain income sources.	Analyzes financial statements competently, considers multiple income sources, and provides a sound assessment of repayment capacity.	Demonstrates a highly sophisticated analysis, integrating complex financial elements, and showing a nuanced understanding of how different income sources contribute to repayment capacity.	10
Developing Recommendations for Mitigating Risks	Offers some general suggestions but lacks specificity or fails to address all potential risks	Provides well-considered recommendations, addressing a majority of risks	Delivers comprehensive and nuanced recommendations, demonstrating a deep understanding of potential risks and proposing highly effective mitigation strategies.	10

	adequately .	and offering practical solutions		
Summarizing AML and KYC Guidelines	Summarizes the guidelines with basic accuracy but may miss certain nuances or details	Provides a clear and accurate summary of AML and KYC guidelines , demonstrating a solid understanding of their principles.	Offers a detailed, precise, and nuanced summary, showcasing a profound comprehension of AML and KYC guidelines.	15
Outlining Fair Practices Code Elements	Outlines some elements but may miss or inadequately explain certain key components	Accurately outlines most Fair Practices Code elements, demonstrating a solid understanding	Provides a comprehensive and articulate outline, showcasing an in-depth understanding of all key elements of the Fair Practices Code	15
Demonstrating Knowledge of Regulatory Policies	Demonstrates basic awareness of regulatory policies but may lack clarity or overlook specific details.	Shows a clear and accurate understanding of regulatory policies governing lending activities.	Demonstrates an exceptional level of knowledge, including a detailed understanding of complex regulatory policies and their implications for lending activities.	15