



## A showcase of PRODUCTIVE SECTOR LENDING

Productive sectors are the real sectors of the economy. Sectoral components of GDP such as agriculture, industry and services are the productive sectors. It reflects the viable, creditworthy picture of an economy emerging. Investment on the productive sectors has been a main focus of the government thus to stimulate economic growth and generate income and employment opportunities. The central bank policy directs the banks to increase their lending to these sectors to at least 12 percent of their total credit disbursement by the end of the current fiscal year hence, targeting to boost the overall lending to productive sector by 20 percent by the year-end.

Despite dismal lending demand from the growth accelerator agriculture, a deliberate focus on the agriculture sector by both government and central bank with rapid agriculture insurance implementation helps boost lending. However, the lending idea and decisions are still in bleak for many Banks/FIs due to the lack of the nature of business and inherent risks occupied by such sectors.

Productive-sector lending is mandatory, but is hurdled in many ways mainly because of lack of qualified human resources. The bank officials also lacks technical expertise and know-how of the nature of business, its performance and success stories which is making Banks/FIs fearing to invest.

<b>Level</b>	<b>Officers</b>
<b>Duration (Sessions)</b>	8 Sessions (90 minutes/sessions)
<b>Target Audience</b>	Relationship Managers of Commercial Banks
<b>Program Takeaways</b>	<ul style="list-style-type: none"> <li>• Understand the nature of productive sectors, nature of particular business</li> <li>• Ability to assess the factors associated with lending to productive-sector businesses, and utilize techniques for mitigating risks that affect overall borrower creditworthiness</li> <li>• Identify the unique risks inherent in CSSI, tourism and agricultural lending deals and an underwriting framework to ensure the quality of lending decisions.</li> <li>• Each learning module highlights questions that a lender should ask the borrower to support credit risk assessment and lending decision skills for the lender.</li> </ul>

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<b>Contents</b>	<p>Training Program on Productive Sector Lending shows Banks/FIs, how to identify segments within the productive sectors where profitable and safe lending can be undertaken. It involves primarily knowing the business, its size, viability and overall risk analysis. It also examines the specific credit, financial analysis, preparations, issues, regulatory requirements, policies and procedures that are needed to ensure that BFIs make sound credit decisions.</p> <p>This curriculum is specifically designed with the Cottage and Small Scale Industries (CSSI), Tourism and Agribusiness lender in mind. The lender will develop solid knowledge of such lending principles and practices that will enable them to confidently manage portfolio loans. The overall learning objective is to understand customer goals, credit strengths and weaknesses that will enable the lender to deliver a sound financial solution to support their clients businesses.</p>
<b>Methodology</b>	<p>The methodology will be <b>class-lecture, interaction and case-study based</b> ensuring you can return to your workplace, ready to implement your new skills.</p>
<b>Date, Time &amp; Venue</b>	<p>20<sup>th</sup> February, 2015 (2:45pm to 6:00pm), Friday  21<sup>st</sup> February, 2015 (10am to 5:15pm), Saturday  22<sup>nd</sup> February, 2015 (7:30am to 9:00am), Sunday  23<sup>rd</sup> February, 2015 (7:30am to 9:00am), Monday  NBI Training Hall, Kathmandu.</p>
<b>Facilitators</b>	<p><b>Mr. Pralhad Giri</b> – Asst. Director, Nepal Rastra Bank, Bankers' Training Centre</p> <p>Central Banker having 18 years hands-on experience on Central Banking Corporate Governance, payment and settlement, public relations and communications, reporting and editing skills, banking operations etc.</p> <p>Mr. Giri is having Masters in Economics/Sociology and MBA Finance from Tribhuvan University. Diploma in Development Journalism from IIMC, JNU New Campus, Delhi (Gold Medalist). Recipient of various awards including best program presenter from Late GP Koirala, Former PM of Nepal.</p> <p><b>Mr. Upendra Malakar</b> – Head of Operations, Machhapuchhre Bank Limited</p>

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## SESSION OUTLINE

Time	Details	Facilitator
<b><u>Day 1</u></b> 2:45pm to 4:15pm Friday, 20th Feb, 2015	<b>SESSION 1: REGULATORY REQUIREMENTS &amp; PROVISIONS</b> <ul style="list-style-type: none"> <li>• Productive-sector lending at a glance</li> <li>• Government's plan and budgetary provisions</li> <li>• NRB Circulars &amp; provisions on productive-sector lending</li> <li>• Achievements and challenges</li> </ul>	Mr. Prahlad Giri
15 minutes	<b>Hi-Tea</b>	
4:30pm to 6:00pm Friday, 20th Feb, 2015	<b>SESSION 2: FARM PRODUCT MARKETING</b> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Non-supply-managed marketing</li> <li>• Supply-managed marketing</li> <li>• International trade agreements</li> <li>• Commodity markets</li> <li>• Government support programs</li> </ul>	Mr. Prahlad Giri
<b><u>Day 2</u></b> 10:00am to 11:30am Saturday, 21st Feb, 2015	<b>SESSION 3: ACCESSING THE FARMER</b> <ul style="list-style-type: none"> <li>• Evaluating the applicant</li> <li>• Analysis of the individual</li> <li>• Evaluating farm management</li> <li>• Evaluating the market environment</li> <li>• Marketing and pricing strategies</li> </ul>	Mr. Prahlad Giri
15 minutes	<b>Tea Break</b>	
11:45am to 1:15pm Saturday, 21st Feb, 2015	<b>SESSION 4: TOURISM BUSINESS</b> <ul style="list-style-type: none"> <li>• Introduction of Tourism Sector Industries</li> <li>• Significance of tourism business sustainability</li> <li>• Evaluating the diverse range of tourism products</li> <li>• Opportunities and Challenges of Tourism Financing</li> </ul>	Mr. Upendra Malakar
45 minutes	<b>Lunch Break</b>	
2:00pm to 3:30pm Saturday, 21st Feb, 2015	<b>SESSION 5: UNDERSTANDING THE COTTAGE AND SMALL SCALE BUSINESS</b> <ul style="list-style-type: none"> <li>• Introduction of Cottage and Small Scale Industries (CSSI)</li> <li>• Summary of the key issues that the banker has to focus on when lending to CSSI</li> <li>• Deciding on the criteria for client selection</li> <li>• What are the characteristics of businesses that you want to deal with?</li> </ul>	Mr. Upendra Malakar
15 minutes	<b>Tea Break</b>	

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<p>3:45pm to 5:15pm Saturday, 21st Feb, 2015</p>	<p><b>SESSION 6: DESIGNING AND MARKETING FOR RIGHT PRODUCTS FOR COTTAGE AND SMALL SCALE BUSINESS</b></p> <ul style="list-style-type: none"> <li>• Linking understanding of CSSI characteristics to CSSI credit products</li> <li>• Marketing to CSSIs</li> <li>• Assessing business plans</li> <li>• Opportunities and Challenges of CSSI Financing</li> </ul>	<p>Mr. Upendra Malakar</p>
<p><b>Day 3</b> 7:30am to 9:00am Sunday, 22nd Feb, 2015 (Breakfast)</p>	<p><b>SESSION 7: CASE STUDIES</b></p>	<p>Mr. Upendra Malakar</p>
<p><b>Day 4</b> 7:30am to 9:00am Monday, 23rd Feb, 2015 (Breakfast)</p>	<p><b>SESSION 8: RISK CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Risk defined</li> <li>• Production risk</li> <li>• Market and price risk</li> <li>• Technological risk</li> <li>• Casualty loss risk</li> <li>• Social and legal risk</li> <li>• Human risk</li> <li>• Business and financial risk</li> </ul>	<p>Mr. Prahlad Giri</p>

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