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Explanation of Terms

1. Wilful Default- Borrower who has the Capacity to repay but does not pay, diverted the funds for other purposes other than specified in the loan terms, siphoned off the funds and/or disposed or removed the movable fixed assets or immovable property given by him or it for the purpose of securing a term loan without the knowledge of the bank/lender.
2. NPA/NPL-Non Performing Assets/Non Performing Liabilities-Non repayment of loan for more than 90 days to the financial institution or banks.
3. RBI-Reserve Bank of India, a statutory body which governs the monetary policy, foreign exchange and regulates banks in India.
4. CIC-Credit Information Companies are the authorized companies by RBI to capture loan non-repayment details which thereafter is made available to all banks
5. LR-Logistic Regression- Logistic Regression is a statistical technique which uses logistic function for dichotomous dependent variables. It is mainly used where the outcome is binary; 0 or 1 and in this case default or not, buy or not, etc. The logistic regression computes the probability that the binary response is as a function of a set of predictor variables and regression coefficients.
6. ANN-Artificial Neural Network- Artificial Neural Network is an attempt to replicate the brain's neural network. It has been used extensively for programming of Artificial Intelligence Software.
7. DT-Decision Tree- Decisions Tree creates classification and helps in better identifying groups, discover relationships between groups and predict future events. Visual diagrams enables to present categorical results in an intuitive manner; it can clearly explain the results to non-technical audiences. The trees explore results and visually determine model flows. Visual results can help to find specific subgroups and relationships that might not uncover using more traditional statistics. Because classification trees break the data down into branches and nodes, one can easily see where a group splits and terminates.
8. MDA-Multivariate Discriminant Analysis- Discriminant Analysis searches a set of prediction equations; it helps to classify individuals into groups through independent variables. It helps in better understanding of the relationship amongst the variables. It helps to find relationship through mathematical expressions. Discriminant analysis is

used to determine the minimum number of dimensions needed to describe these differences. A distinction is sometimes made between descriptive discriminant analysis and predictive discriminant analysis.

9. BSE-Bombay Stock Exchange, oldest stock exchange in India for listing of companies
10. NSE-National Stock Exchange, largest stock exchange in terms of turnover in India for list of companies.
11. CRILC- Central Repository of Information on Large Credits – Responsible to collect the data of large loan of Rs. 5 Crore and above time to time.