



## Financial Literacy for Entrepreneurs

[Provision of Loans without collateral](#)

[Credit Guarantee Trust](#)

[General Credit Card \(GCC\)](#)

[Loan Application Process](#)

[Timelines as prescribed by BCSBI for Disposal of Loan Applications](#)

[Must-know Finance Terms for Entrepreneurs](#)

[Be Proactive and Approach the Bank in Case of Stress](#)

[Recent initiatives for MSMEs](#)

[www.cgtmse.in](http://www.cgtmse.in) 

[www.dcmsme.gov.in](http://www.dcmsme.gov.in) 

- A joint initiative of the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India, and the Small Industries Development Bank of India (SIDBI) with an objective to provide credit to the MSE sector without the need for collateral and third party guarantee.
- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) would provide cover facility of up to Rs. 200 lakhs.
- Guarantee and annual fees charged by CGTMSE are to be borne by the borrower or member lending institution.
- Instructions from the RBI to all banks not to accept collateral security for loans up to Rs. 10 lakhs provided to the MSE sector

1. Prepare your business plan and funds requirement estimate

■ You can visit the Udyami Mitra portal - <https://udyamimitra.in/> or go to a bank directly.

2. Get a loan application number and acknowledgment for the application.

3. Respond to all queries from the bank/portal on the application promptly; wait for their decision.

4. Track your application to check whether the loan has been sanctioned or rejected.

- MSE loan application for a credit limit or enhancement in the existing credit limit of up to Rs. 5 lakhs : 2 weeks
- For credit limit above Rs. 5 lakhs and up to Rs 25 lakhs : 3 weeks
- The Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and banks will comply with such instructions/directions issued by the RBI from time to time.

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COGS : RS 8,00,000

Cash : RS 1 39 100

Operating expenses

Liabilities

- **Term Loan** : Loans that are availed for a specific purpose and are to be repaid over a long period (one year and above) are called 'Term Loans'.
- **Profit & loss statement** : A statement showing income and expenses of the company. This is prepared for a particular period (usually 1 April to 31 March).
- **Balance sheet** : A statement showing the position of assets and liabilities of the company as on a particular date.
- **Revenue** : Amount received by way of sales of products and services. This includes both cash and credit sales.
- **Cost of goods sold** : This is the direct material cost incurred in manufacturing or procuring a product that is sold to the customers.
- **Gross profit** : Gross profit is the difference between revenue and cost of goods sold. It does not include operating expenses like rent, salaries, etc.
- **Operating expenses** : Expenses that are not directly associated with the production of goods, e.g., rent, salary, and SG&A (selling, general and administrative expenses).
- **Interest** : Charges paid to the lender of money on the outstanding loan amount.
- **Depreciation** : Annual charges applied to fixed assets depending on their life. Depreciation is accounted as an expense in the profit and loss account.
- **Profit before tax** :  $\text{Gross Profit} - \text{Operating Expenses} - \text{Interest} - \text{Depreciation}$

Profit before tax: Gross Profit – Operating Expenses – Interest – Depreciation

- **Assets** : Current assets such as cash, inventory and non-current assets or fixed assets such as plant & machinery.
- **Liabilities** : Shareholder capital, current liabilities such as creditors and short-term loans to be paid within one year and term liabilities (liabilities to be paid after one year).
- **Receivables** : Payments that are to be received from the customers on a future date as per agreement.
- **Current assets** : Current assets include cash, account receivables and other liquid assets that can be readily converted to cash.
- **Fixed assets** : Assets that are used for the long term and which are not sold during the normal course of the business.
- **Cash credit** : Working capital loans to finance current assets and manage day-to-day running of the business.
- **Term loan** : A long-term loan generally taken to buy fixed assets and which is repaid in installments over a period of time.
- **Equity capital** : Shareholder's capital which represents ownership interest in the company.

- **Rectification** : The bank/committee may obtain a commitment, specifying actions & timelines from you to regularize the account. They may also consider providing additional need-based finance.
- **Restructuring** : Consider the possibility of restructuring your account if it is viable and after ascertaining that you are not a wilful defaulter (i.e. no diversion of funds, fraud or malfeasance).
- **Recovery** : If the bank/committee feels that the first two options are not viable, they may initiate recovery of the loan from your enterprise.

[Home/CCC](#)

<https://udyamimitra.in/>

**[RBI's Financial Literacy for Entrepreneurs](#)**

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<https://data.vikaspedia.in/short/lc?k=VePGaL3oofkZOYO8AZijIQ>

