



सूक्ष्म उद्यमों का संबल

PM FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME

MODULE-5

UNDERSTANDING BANKING AND FUNDING- HANDOUTS



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GENERAL BANK SYSTEM

- General banking includes business of a bank or other financial institution.
- Credit card machines and bank cards are an example of these types of general banking products.
- Undertaking safe custody of valuables, important documents, and securities
- Standing guarantee on behalf of its customers, etc.

TYPES OF ACCOUNTS

- SAVING ACCOUNT
- CURRENT ACCOUNT
- RECURRING DEPOSIT ACCOUNT
- FIXED DEPOSIT
- DEMAT ACCOUNT
- NRI ACCOUNT

BASIC FUNCTION OF BANKER

- Issuing letters of credit, traveller's cheque, etc.
- Providing customers with facilities of foreign exchange dealings
- Underwriting of shares and debentures
- Standing guarantee on behalf of its customers, etc. of Social Welfare programmes & maintenance of Project Reports

DEPOSITS & ITS IMPORTANCE

- Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts, and money market accounts.

DEMAND DEPOSITS

- **Saving Account Deposits** – A saving account can be opened from a bank or financial institution, to earn interest on balance maintained.
- **Current Account Deposits** – A current account is a special type of account that has lower restrictions than a saving account when it comes to withdrawal and transactions.

TIME DEPOSITS

- **Fixed Deposits** – A Fixed deposit is an investment avenue offered by banks, financial institutes, and Non-Banking Financial Companies (NBFCs) that offers guaranteed returns with an interest rate ranging between 5 %- 9%.
- **Recurring Deposits** – It is a special type of term where you do not need to deposit a lump sum savings rather a person has to deposit a fixed sum of money every month (which can be as low as Rs.100 per month)

WORKING CAPITAL

- Working capital is described as the capital which is not fixed but the more common uses of the working capital is to consider it as the difference between the book value of current assets and current liabilities. Working capital can be classified or understood with the help of the following two important concepts:

- Gross Working Capital
- Net Working Capital

COMPONENTS OF WORKING CAPITAL

- The four main components of working capital are -

- Account Receivables
- Trade Payables
- Inventory
- Cash & bank Balances

Working capital may be of different types as follows:

- Gross Working Capital
- Positive Working Capital
- Permanent Working Capital
- Net Working Capital
- Negative Working Capital
- Variable Working Capital

CLASSIFICATION OF WORKING CAPITAL

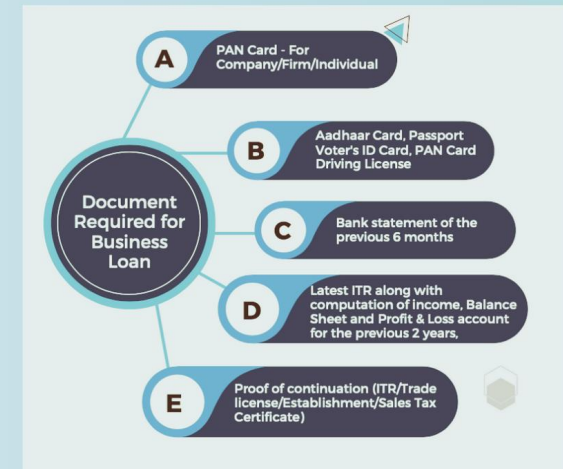
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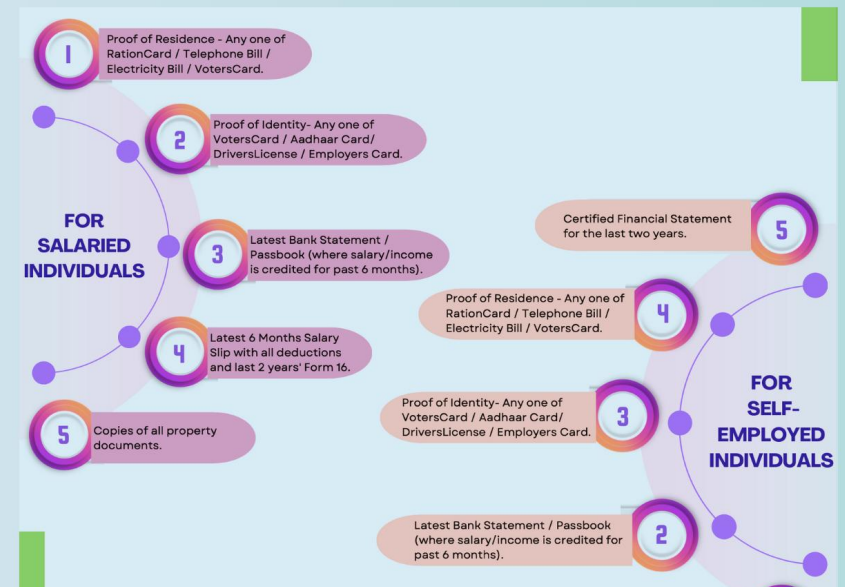
CHECK POINTS FOR GETTING A LOAN

- Check your credit score
- Check interest rates
- Check eligibility
- Check your debt-to-income ratio
- Check the cost of the loan
- Choose the right lender
- check your your credit score
- assess your loan requirement
- Check details of lenders

DOCUMENTS REQUIRED FOR A BUSINESS LOAN



DOCUMENTS REQUIRED FOR LOAN AGAINST PROPERTY

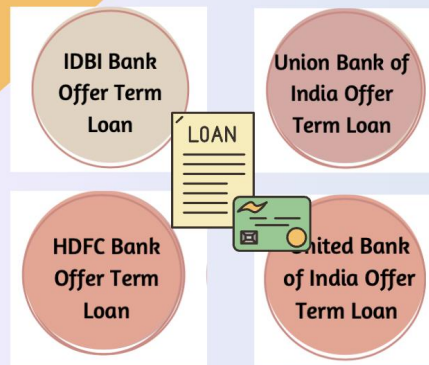


- **Secured Loan:** This is a loan which uses an asset as collateral. A good example is a mortgage loan. For this type of large loan, the Bank secures the house as collateral. If people, defer on their loan, the bank is able to legally possess the home to pay off the outstanding debt.
- **Bank Loan:** A bank loan is when a bank offers to lend money to consumers for a certain time period. As a condition of the bank loan, the borrower will need to pay a certain amount of interest per month, or per year. Bank Loans consists of Two types:
- **Unsecured Loan:** This is a loan given without any asset for collateral. These tend to be for smaller amounts and typically attract a higher interest rate because of the perceived risk.

FUNDING

- **Term Loan:** can be allowed for one year or prolonged for 25 years. It reduces cash crunch in businesses. They are secured borrowings, and assets are often put up as security or collateral against payment to ensure that payments are being made when scheduled.

TERM LOANS OFFERED IN INDIA



INVESTING & FUNDING OPTIONS

How to submit a loan application and receive assistance

- Application for a loan can be made in person at any commercial bank or through their respective online application portals.
- Looking for loans online is the most efficient method.
- Online loan applications are as simple as they get, in contrast to the lengthy and complicated processes required for more conventional lending sources.
- All an aspirant has to do is visit an online loan website, where he/she can compare the offers of several other lenders.



CASH CREDIT

- Generally the facility given to the Industrial / Business customers is known as 'Cash Credit' (CC) account in which the stock (raw material / work in process / finished goods) lying in the go down is pledged or hypothecated as the security to the bank.

EXAMPLE- THE COMPANY'S CAPITAL IS STUCK IN THE FORM OF INVENTORY

OVERDRAFT

- An overdraft facility is an open-ended facility. Normally the limit is initially sanctioned for a period of one year and rolled over after a review by the bank of the facility utilized by the borrower. Bank charges interest on the actual amount utilized by the borrower Intraday Overdraft Limit: End-of-Day Overdraft Limit: Generally, the term 'Overdraft' is used for the unsecured open ended facility given to a borrower.

EXAMPLE- TO PROFESSIONALS LIKE DOCTORS, LAWYERS, ADVOCATES Etc.

