de Asra
Powering Businesses. Creating Jobs.



Funding Proposal Creation Checklist

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Need assistance? Reach out to our team

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We work from Monday to Friday 10 a.m to 6 p.m

FUNDING PROPOSAL CREATION

Some prerequisites for getting funds

(What should be done before applying for a loan?)

1. Take proper training, experience, technical skills regarding business activity.
2. Banks/Financial institutions typically examine your personal credit report when you apply for loan. They often require a CIBIL score of at least 650. If you're already in business, CIBIL score of your firm/company is also required.
3. In case you have an existing business then ensure that you have filed Income Tax Return for the previous 1 to 3 years.
4. The age of an entrepreneur should be between 18 and 60 years. However, certain banks/financial institutions might consider proposals where the age of the applicant is above 60 years.
5. The entrepreneur should have adequate knowledge about the source and availability of raw material. He should also study market trends and should have done a competitive analysis.
6. The entrepreneur should find a suitable place and adequate space with basic facilities such as water, power, approach road, labour, etc.
7. The entrepreneur should finalize the type of business entity — like proprietorship, partnership, etc.
8. If the business is already in existence then the entrepreneur should ensure that the applicable compliances, registration & licenses are in place and wherever necessary renewed.
9. Prepare a brief document on business activity.
10. Take support or seek advice from an expert who is/was in similar business activity.
11. Decide the purpose and the details of the assets to be purchased and the sources of funds including the amount of loan required.
12. Banks/Financial institutions sanction term loan for the purchase of fixed assets and convert into order list. cash credit for the working capital requirement.
13. Financial institutions require margin money in the range of 15 to 25% of the project cost.
14. In case of funding from Banks/Financial Institutions, the entrepreneur is normally required to provide 2 guarantors, also if the loan amount is higher, Banks/FIs may ask for some collateral security e.g. NA plot, house, FD's, Insurance policies, etc. However, both the requirements of guarantor and collateral are being waived off by nationalized banks when the loan is sanctioned under certain government schemes.

For getting funds from Banks/Financial institution, the entrepreneur is required to submit a Project Report.

Information required for preparing a project report:

(What information does one need when applying for a loan?)

1. Name and type of business entity.
2. Brief description of business activity.
3. Bank account details e.g. saving account / current account — name of the bank.
4. Details and cost of assets to be acquired.
5. Actual / projected sales per product — per month.

6. No. of working days in a month and year.

- Raw material consumption details per product — per month.
- Details of other income and expenses, if applicable.
- Holding levels and value of the stock of finished goods, raw material.
- Estimated level of debtors and creditors (in months).
- Details of monthly expenses (electricity, rent, salary, repairs and maintenance, selling and transportation, other administrative charges, etc.)
- In the case of an existing business, last 2–3 years performance i.e. sales, profits/loss, capital, net worth, assets etc. are required for preparing the project report.(This Will be supported by the financial statements of the respective years.)
- In case of existing loan rate of interest, disbursement date, tenure of the loan, EMI, of the outstanding loan amount.

List of documents to be submitted while applying for funding for New Businesses i.e. businesses which are not yet set up:

A. When applying for Term Loan

1. Bankable project report.
2. KYC documents of all the applicants – PAN card, Aadhar Card, address proof.
3. Address Proof of the business premises —
    - In case of own property — Index-II, sale deed, etc.
    - In case of rental property — Light bill & rent agreement. Avail Rent Agreement Registration service
4. 2 passport size photographs of the applicant.
5. Form 16 of the applicant (In case they are salaried individuals).
6. ITR for the past 2–3 years. Avail ITR service
7. Latest Bank statement for the last 6 months.
8. Shop Act / Gram Panchayat NOC. Avail Shop Act service
9. Business specific licenses for example FSSAI License/Registration, FDA license, TRA license, IEC code (if applicable). Avail FSSAI Registration service.
10. Quotations of machinery, equipment, furniture & other assets to be purchased.
11. Work orders (if any).
12. Letters of support, reference.
13. Copy of Agreement entered into with suppliers or customers in case of special arrangements. Also, wherever necessary copy of licenses/permissions to carry on such assignments. Avail Udyam Registration service

B. When applying for Cash Credit (Loan for working capital):

1. “Working capital Assessment Statement”, which is a part of “Bankable Project Report”.

2. Quotation of major raw material/tradable stocks would be required.

Rest of the documentation for Cash Credit is the same as that required when applying for Term Loan.

Documents of guarantors:

1. KYC documents of guarantors (Identity proof and address proof).
2. Passport size photographs.
3. Form 16 (In case they are salaried individuals).
4. ITR for the past 2–3 years.
5. Balance Sheet and Profit & Loss statement for the last 2–3 years (In case they are running a business).
6. Bank statement for the past 6 months.

Pre-requisites for preparing a project report for New Businesses i.e. businesses which are not yet set up:

(What should be done before applying for a loan?)

1. The entrepreneur should have finalized their business idea.
2. The place where the business will be started should be finalized.
3. The entrepreneur should have basic information on which machinery, equipment, furniture i.e. assets are required to start their business and cost of such assets.
4. Which Services will be provided or products will be sold should also be finalized.
5. The entrepreneur or one of their team members should have undergone relevant training or education in the proposed line of business.

List of documents to be submitted while applying for funding (For existing businesses):

(What documents does any existing business need while applying for a loan?)

A. When applying for Term Loan:

The term loan is the funding required to purchase Fixed Assets of the business:

1. Bankable project report.
2. KYC documents of all the applicants – PAN card, Aadhar Card, address proof.
3. Address Proof of the business premises —
    - In case of own property — Index-II, sale deed, etc.
    - In case of rental property — Light bill & rent agreement. Avail Rent Agreement Registration service
4. 2 passport size photographs of the applicant.
5. Form 16 of the applicant (In case they are salaried individuals).
6. ITR for the past 2–3 years. Avail ITR service
7. Balance sheet and Profit & Loss statement for the last 2–3 years. In case of newly set up businesses tentative Balance sheet and Profit & Loss statement from the date of commencement of business till date. Avail Book Keeping and Accounting service
8. Shop Act / Gram Panchayat NOC. Avail Shop Act service
9. Business specific licenses for example FSSAI License/Registration, FDA license, TRA license, IEC code (if applicable). Avail FSSAI License service
10. Quotations of machinery, equipment, furniture & other assets to be purchased.
11. Work orders (if any).
12. Letters of support, reference.
13. Copy of Agreement entered into with suppliers or customers in case of special arrangements. Also, wherever necessary copy of licenses/permissions to carry on such assignments. Avail Udyam Registration service

B. When applying for Cash Credit (Loan for working capital):

Cash Credit is a loan taken to fund the working capital requirement of the business.
Following documents are required when applying for Cash Credit:

1. “Working capital Assessment statement”, which is a part of “Bankable Project Report”.
2. Quotation of major raw material/tradable stocks (Instead of quotation for fixed assets).
3. Stock, Debtors and Creditors position as on date.

Rest of the documentation for Cash Credit is the same as required for applying for the Term Loan.

Documents of guarantors:

1. KYC documents of guarantors (Identity proof and address proof).
2. Passport size photographs.
3. Form 16 (In case they are salaried individuals).
4. ITR for the past 2–3 years.

5. Balance Sheet and Profit & Loss statement for the last 2–3 years (In case they are running a business).
6. Bank statement of the past 6 months.

FAQs

Q: What does “Margin money” mean?

A – Margin money is the owner’s or promoter’s contribution which is calculated as a percentage of the total project cost. In case of a loan, the applicant has to gather this margin money amount before sanctioning of the loan. Generally, financial institutions demand a minimum of 25% of the total project cost as margin money.

Q: What is CIBIL score?

A – CIBIL (Credit Information Bureau (India) Limited) score is a three-digit numeric summary of your credit history. The score is derived by using details found in the accounts and enquiries section on Credit Information Report (CIR). CIR includes details of credit availed by individuals such as home loan, automobile loan, credit card, personal loan, overdraft facilities over a period of time. CIBIL score is one of the first checks that a lender does when they are evaluating your loan proposal.

Q: Who are “Guarantors”?

A – Guarantors are mostly the individuals who guarantee to repay the loan and interest amounts in case the borrower is unable or does not repay the same on the due date.

Q: What is collateral?

A – Collateral is a security which is created in the name of the lender to secure the loan amount. It can be seized by the lender in case of any defaults in repayment of the loan.

Q: How to avail or apply for Government schemes?

A – Generally, Government schemes are made available through notified banks. There are prescribed forms for different schemes, you need to fill these forms, provide required documents and most important you need to fit within the schemes eligibility criteria.

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Thank you so much for choosing our checklist!
We genuinely hope it becomes your guiding star on your exciting journey into the world of entrepreneurship.



Wish you All the Best for your journey!

Should you require any further assistance, please feel free to reach out, and we will be delighted to assist you!

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