

## **JOBS**

ASSISTING ENTERPRISES TO CREATE EMPLOYMENT!

**JOBS** is a dynamic USAID funded initiative working with micro, small and medium enterprises to expand their businesses

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# **BANK LOAN APPLICATION PROCEDURES**

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## **A HANDBOOK**

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*for*  
**SMEs**

**How to prepare a  
basic business, marketing and financial plan,  
net worth  
financial statement  
and  
submit a bank loan application**

A program of USAID/Bangladesh implemented by the IRIS Center at the University of Maryland,  
in partnership with the Government of Bangladesh, Proshika and  
Development Alternatives, Inc.

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**THE JOBS PROGRAM SMME**  
(small, medium and micro enterprise)  
**INTEGRATED DEVELOPMENT ASSISTANCE STRATEGY**

The JOBS Program is a major USAID \$10m funded initiative assisting SMMEs to expand and/or start-up new enterprises through a wide range of technical assistance initiatives which include:

- A. Improving business management/financial/marketing etc. skills through training.*
- B. Assisting selected enterprises to develop business/financial/marketing plans and prepare bank loan applications.*
- C. Assisting groups of enterprises to participate in Bangladesh and/or export markets trade fairs to promote and sell their products on a cost sharing basis.*
- D. Developing marketing, distribution and sales linkages between SMMEs and Bangladesh and export buyers.*
- E. Training Bank Loan Officers in the special needs and requirements of the SMME Sector.*
- F. Introducing improved and/or new technologies and processes.*

The SMME component targets its technical assistance programs at two levels i.e. the small/medium enterprise (SME) and the micro enterprise (ME) sectors; whilst the JOBS Program policy component plays an underpinning support role through creation of a far more conducive business environment to help SMMEs to more successfully expand their enterprises.

To find out more about how the JOBS Program may be able to assist your enterprise expand its business, kindly send your request for a *JOBS Enterprise Profile and Application for Possible Assistance Form* to  
**Program Manager & Senior Business Advisor**  
**JOBS PROGRAM**  
House # 24, Road # 7, Block-H, Banani, Dhaka-1213  
Phone/Fax : 88-02-8829037, 88-02-8826154  
E-mail : info@jobsiris.dhaka-bd.net

## **TYPICAL ILLUSTRATIONS OF THE JOBS PROGRAM SMME COMPONENTS AT WORK !**

- A. FOOTWEAR MARKETING DEVELOPMENT-EXPORT & BANGLADESH MARKETS :** JOBS identified and assisted 7 footwear export producers to participate for the first time in a major South African footwear and accessories trade fair. Substantial "first time" export orders of US\$355,000 were taken and the JOBS trade fair stand and presentation by Bangladesh exporters won the third highest award for "all round professionalism and sales achievement". JOBS is also assisting a number of small clusters of footwear producers to improve product quality, introduce new designs and open-up wider Bangladesh distribution and export marketing opportunities.
- B. BANGLADESH TRADE FAIRS :** JOBS first ever trade fair ( JOBS Trade Fair '99 at the Gulshan Park, Dhaka ) was attended by 16,000 visitors and achieved an impressive US\$341,656 in domestic and export sales for the 90+ SMMEs who participated in this event.
- C. SME BAKERY SECTOR :** JOBS SME improved bakery hygiene and sanitation workshops, in collaboration with the Canadian CIDA Bangladesh Environment Initiatives Fund, have already trained many SMEs in this arena, and is supported by a US\$5,000 hygiene and sanitation awards program which every JOBS/CIDA trained bakery enterprise is entitled to participate in.
- D. JOBS AND AMERICAN EXPRESS BANK SME AND WOMEN ENTREPRENEURS OF THE YEAR AWARDS PROGRAM :** This unique Bangladesh US\$10,000 performance recognition program is designed to reward the top sales performing and employment generating enterprises assisted by the JOBS Program.
- E. HANDICRAFTS/HANDLOOM EXPORTS SECTOR :** JOBS is working closely with a selected number of SMMEs and NGOs to develop and implement a major trade fairs export marketing and promotional program to assist them to improve product design and quality, participate in appropriate trade fairs to sell their products and produce a major Bangladesh handicrafts/handloom export products catalogue.
- F. MICRO-ENTERPRISE SECTOR :** JOBS in the year 2000 is targeting to assist over 8,000 selected MEs to improve their business management/marketing skills, introduce improved and/or new technologies and increase sales.
- G. OTHER MAJOR JOBS ASSISTANCE INITIATIVES :** These include a). Training many SME entrepreneurs in "Basic Business, Marketing and Bank Loan Application Procedures Skills", b). Training bank loan officers in the special needs of SME lending, c). Launch of a Womens Business Development Unit to address the special entrepreneurial requirements of this sector.

## **THE KEY OBJECTIVES OF THE JOBS PROGRAM SME BANK LOAN APPLICATION PROCEDURES HANDBOOK**

This handbook will help you think and plan the future of your enterprise through the construction of a sound, basic business, marketing and financial plan. It is also a most important document, together with a net worth/financial statement, required by a bank in support of your loan application.

Without a business, marketing and financial plan, you really cannot say why you are in business or where you are going. Although you may have a plan locked away in your head, experts agree that it is a very worthwhile exercise to formalise it and write it down. This will help you in thinking about your business and will be an excellent form of communication which you can use to convince other people of what you are doing, particularly a bank when making a loan application.

The basis and content of a business, marketing and financial plan depends on the status of your business. New enterprises are concerned with different time frames and issues than established businesses, but really there is no greater or lesser need for planning in big rather than small enterprises. The need to set directions, objectives and strategies and then strive to achieve them is universal.

A business, marketing and financial plan is also about the key sources of your competitiveness. It will help you to determine how best you can compete in the marketplace, with the aim of becoming a healthy, thriving and profitable enterprise.

The JOBS Program sincerely hopes that our initiative in producing this handbook for the SMEs of Bangladesh, will play an important role in helping them to more successfully expand existing and/or start up new enterprises and convince a bank when making a loan application that they have a "bankable enterprise".

The approach we have adopted is to simply illustrate how an SME manufacturer of shoes should go about preparing a business, financial and marketing plan, net worth/financial statement and bank loan application form. The same principles and approach would apply to the vast majority of other SME sector enterprises.

Remember, most enterprises do not plan to fail - they simply fail to plan !

**Aniruddha Hom Roy**  
Senior Manager  
Loan Facilitation Unit

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Program Manager  
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**ILLUSTRATIVE  
MODEL OF A BASIC  
SME BUSINESS, MARKETING  
AND FINANCIAL PLAN**



**QUALITY SHOE COMPANY (QSC)**  
**“BUSINESS, MARKETING AND FINANCIAL PLAN”**

Submitted to

**ABC BANK LIMITED**  
**Motijheel Commercial Area**  
**Motijheel**  
**Dhaka**

Submitted by

**Mohammad Hossain**  
**Proprietor**  
**THE QUALITY SHOE COMPANY (QSC)**  
**Abdul Hadi Road, Dhaka**  
**Bangladesh**

(1st December 1999)



## **THE QUALITY SHOE COMPANY (QSC)**

### **“BUSINESS, MARKETING AND FINANCIAL PLAN”**

#### **1. Entrepreneur’s background and business mission statement**

I commenced my business in 1977 after gaining considerable footwear production skills working in different positions with a number of manufacturers, finally rising to the position of Factory Manager with a footwear producer in Zigatola.

Although QSC is a soundly organised SME enterprise, production skills can be further improved and excellent possibilities exist to introduce improved and/or new processing technologies.

The main problem facing QSC is a shortage of working capital, with upward of 75% of sales made against extended credit terms. Other important working capital requirements include having to advance pay for raw materials, build-up and maintain high inventory levels to meet seasonal/peak sales demand periods and the purchase of new processing equipment necessary to both increase the quality and volume of production.

**We have defined our “Business Mission Statement” as follows**

**QSC will continue to grow its business within the Bangladesh (and later at an export markets level) as a profitable SME manufacturer of high quality, fashionable and competitively priced mens footwear.**

#### **2. Marketing dynamics**

##### **a. Brand name and product positioning**

QSC markets a range of low/medium/high quality mens leather footwear under the QSC brand name, which has already established a retailer and consumer buyer reputation for

- *Durability (including superior rain protection)*
- *Quality and design*
- *Competitive price (wholesaling between Taka 500-575 per pair)*
- *After sales service*

QSCs own market research has identified that a distinct preparedness exists among consumers to pay a premium price for superior quality leather shoes.

##### **b. Distribution**

The main buyers of QSC footwear products are shoe stores and sellers located throughout Dhaka city (including New Market, Elephant Road, Eastern Plaza, Gaosia Market,

Chandichalk, Farmgate, Mirpur etc). QSC also sells a small volume of shoes to out of Dhaka centers such as Khulna, Munshiganj, Sylhet, Barisal, Bogra, Comilla and Rangpur.

**c. Plan to open own "sales and servicing" retail outlet**

Within the next eighteen months QSC will open its own retail outlet in a major Dhaka City shopping complex which will enable the enterprise to

- *Sell direct to consumers at a higher margin (more profitable) level*
- *Offer buyers an efficient, reliable after sales/repair service*
- *Conduct ongoing buyer market research to more precisely determine their needs, marketing opportunities etc.*

**d. Key target markets**

QSC seeks to sell its leather footwear range to identities who are "conscious about the way they dress, status symbol etc". Key target markets include

- *Businessmen and office executives*
- *Other professional groups*
- *Students (senior college and university )*

**e. Retailer marketing strategy etc**

QSCs owner/manager (supported by an assistant) is responsible for the selling/marketing of the enterprise's mens footwear range which includes marketing, sales, new product development/design, distribution, accounts collection, deposit of sales proceeds in the bank etc.

**f. Consumer marketing strategy**

QSC heavily relies on the staff of its retailers to "promote and sell the superior product benefits" which accrue when buying the QSC brand of shoes, namely

- *Durability*
- *Excellent quality ( including imported chemical dyes which guarantee long lasting appearance and rain protection )*
- *Latest fashion design*
- *A competitive price*

QSC promotes the above product benefits both on the outside of each shoe box and within a leaflet contained within the latter. At this stage of development, QSC's sales, distribution

and profit margins are not of sufficient size to justify consumer media (i.e. newspaper) advertising.

**g. Estimated Bangladesh market demand for QSC style quality/price positioned mens shoes**

Whilst QSC has been unable to obtain any official and/or market research statistics covering the current and forecast Bangladesh market demand for their quality/price positioned shoes, it would appear from discussions with own shoe retailers and competitive manufacturers, that the national yearly demand for QSC quality/price positioned mens shoes

- a. *Currently equates to 6.5 million pairs of shoes per annum*
- b. *There is an unmet demand of 2.6 million pairs of shoes within a forecast*
- c. *This sector has the potential to grow between 3-4% per annum*
- d. *The Dhaka mid to high income earning employment sector is witnessing considerable expansion as are the markets for imported consumer goods, new premium value retail centers/shops and expensive apartments*

**h. QSC 4 (four) year market sales and share forecast**

Provided QSC can access the necessary working capital (for reasons detailed under 1. Entrepreneur's background and business mission statement) the enterprise remains convinced it can significantly (and profitably) increase market sales/share in view of

- a. *QSCs quality and reputation as a supplier/seller to retailers of mens shoes*
- b. *QSCs sound consumer image as a producer of durable, fashionable, quality, competitively priced mens shoes*

The enterprises 4 (four) year sales/growth forecasts of

**Pairs of shoes:**

Year 1	%PY	Year 2	%PY	Year 3	%PY	Year 4	%PY
12,000	-	12,720	6	13,610	7	14,699	8
(% PY = % increase over previous year)							

are based on "g. Estimated Bangladesh market demand for QSC style quality/price positioned mens shoes" i.e. the enterprise is projecting an averaged 7% projected sales growth of 13,676 pairs of shoes per annum over years 2-4. Whilst this is higher than the forecast 3-4% per annum growth potential for this sector of the mens footwear market, it only equates to

- a. *0.2% of the forecast sector market size of 6.5 million mens shoes per annum*
- b. *0.5% of the projected 2.6 million unmet demand for mens shoes within g. forecast*

### 3. Financial forecast and working capital requirements

Selected highlights of QSCs financial forecast (extracted from the Income Statement on page 14) are detailed below.

<b>Component</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Sales/pairs of shoes	12,000	12,720	13,610	14,699
% increase over previous year		6	7	8
Average Taka price/ pair of shoes	550	560	565	564
% increase over previous year	-	2	1	-
<b>Total gross sales (in Taka)</b>	<b>6,600,000</b>	<b>7,123,200</b>	<b>7,689,300</b>	<b>8,294,000</b>
% increase over previous year	-	8	8	8
<b>Net profit after tax (in Taka)</b>	<b>632,045</b>	<b>676,997</b>	<b>794,145</b>	<b>941,301</b>
% increase over previous year		7	17	19

Notwithstanding that QSCs fixed assets (refer balance sheet on page 16) are not significant as a % of total assets, the enterprise's inventory holding and accounts receivables are quite substantial.

Other QSC strengths in support of its application for a Taka 500,000 three year working capital loan to enable the enterprise to substantially expand its business are

- a. *QSC has a long standing successful history as an SME producer of quality mens shoes.*
- b. *QSC is projecting it will be in an excellent position to both repay the working capital loan and achieve a sound, ever increasing "net profit after tax" position over the next four years.*

- c. *Availability of a working capital loan will assist (among other benefits) QSC to purchase critically important new processing technology necessary to help the enterprise to*

*Markedly increase product quality, production and sales without the need to significantly increase employment numbers and lease additional factory space*

- d. *QSC has not built into the above four year sales forecast, its belief that a sound, export marketing opportunity could well emerge, for an additional 4,000 - 5,000 pairs of quality mens shoes produced on behalf of a large footwear exporter under their brand name.*

#### **Supporting four year financials data**

<b>Page 14</b>	<b>:</b>	<b>Income Statement</b>
<b>Page 15</b>	<b>:</b>	<b>Income Projection Summary</b>
<b>Page 16</b>	<b>:</b>	<b>Balance Sheet</b>
<b>Page 17</b>	<b>:</b>	<b>Working Capital Statement</b>
<b>Page 17</b>	<b>:</b>	<b>Cash Flow Statement</b>

#### **Additional information**

<b>Page 18</b>	<b>:</b>	<b>Manpower Statement</b>
<b>Page 19</b>	<b>:</b>	<b>Income Projection by month-Year 2</b>
<b>Page 20</b>	<b>:</b>	<b>Cash Projection by month-Year 2</b>
<b>Page 21</b>	<b>:</b>	<b>Break-Even analysis</b>
<b>Page 22</b>	<b>:</b>	<b>Some important ratios</b>

**QUALITY SHOE COMPANY**  
**INCOME STATEMENT**

*(Amount in Taka)*

<b>I T E M S</b>	<b>YEAR:1</b>	<b>YEAR:2</b>	<b>YEAR:3</b>	<b>YEAR:4</b>
Sales Revenue	6,600,000	7,123,200	7,689,300	8,294,000
Net VAT paid <sup>1</sup>	363,600	397,990	435,348	475,476
Net sales revenue	6,236,400	6,725,210	7,253,952	7,818,524
Cost of Goods Sold	5,271,340	5,616,022	5,992,277	6,386,561
Gross Profit	965,060	1,109,188	1,261,675	1,431,962
General Administrative and Selling Expenses	169,000	178,192	188,544	200,123
Net Profit before Interest and Taxes	796,060	930,996	1,073,131	1,231,839
Interest on bank loan	-	75,000	60,938	23,438
Net Profit before Taxes	796,060	855,996	1,012,194	1,208,401
Income Tax <sup>2</sup>	164,015	178,999	218,048	267,100
<b>Net Profit after Tax</b>	<b>632,045</b>	<b>676,997</b>	<b>794,145</b>	<b>941,301</b>

1. *Payment of net VAT (Value added tax). Bangladesh manufacturers are required to pay VAT at the rate of 15%. They pay twice. First, at the time of purchase of raw materials and next on the total sales value of finished products.*

*However, the current law permits manufacturers to claim reimbursement of net VAT paid following purchase of raw materials if supported by the correct documentation. We have made our calculations of the VAT which QSC would be liable to pay on the basis of the above requirements.*

2. *Income tax: Calculated on the basis of Finance Act 1999.*

**QUALITY SHOE COMPANY**  
**INCOME PROJECTION: FOUR YEAR SUMMARY**

*(Amount in Taka)*

<b>ITEMS</b>	<b>YEAR:1</b>	<b>YEAR:2</b>	<b>YEAR:3</b>	<b>YEAR:4</b>
Sales in unit	12,000	12,720	13,490	14,300
Sales Revenue	6,600,000	7,123,200	7,689,300	8,294,000
Vat (15%)	363,600	397,990	435,348	475,476
Net sales revenue	6,236,400	6,725,210	7,253,952	7,818,524
Cost of Goods Sold (COGS)				
Raw materials	4,092,000	4,380,895	4,692,552	5,024,057
Packing material	84,000	89,040	94,430	100,100
Wages & Salaries	990,000	1,039,500	1,091,475	1,146,049
Factory Rent	78,000	78,000	81,900	81,900
Repair & Maintenance	700	1,050	3,100	3,950
Carriage Inwards	10,440	11,175	11,967	12,810
Electricity and Gas	10,200	10,302	10,611	11,142
Other Manufacturing Overhead	6,000	6,060	6,242	6,554
<b>Total COGS</b>	<b>5,271,340</b>	<b>5,616,022</b>	<b>5,992,277</b>	<b>6,386,561</b>
<b>Gross Profit</b>	<b>965,060</b>	<b>1,109,188</b>	<b>1,261,675</b>	<b>1,431,962</b>
General, Administrative and Selling expenses (GASE)				
Administrative Salaries	72,000	75,600	79,380	83,349
Transportation	6,000	6,120	6,304	6,619
Carriage outward	24,000	24,240	24,967	26,216
Legal expenses	1,000	1,000	1,000	1,000
Bad debt expenses	66,000	71,232	76,893	82,940
Total GASE	169,000	178,192	188,544	200,123
Net Profit before Interest and Taxes	796,060	930,996	1,073,131	1,231,839
Interest on bank loan	-	75,000	60,938	23,438
Net Profit before Taxes	796,060	855,996	1,012,194	1,208,401
Income Tax	164,015	178,999	218,048	267,100
<b>Net Profit after Tax</b>	<b>632,045</b>	<b>676,997</b>	<b>794,145</b>	<b>941,301</b>

## QUALITY SHOE COMPANY

### BALANCE SHEET

(Amount in Taka)

I T E M S	Year 1	Year 2	Year 3	Year 4
<b>ASSETS AND PROPERTIES</b>				
<i>Current Assets</i>				
Cash and Bank balance	371,735	1,002,530	1,141,078	1,433,299
Inventory	350,000	496,659	667,887	906,490
Accounts Receivables	645,010	854,000	929,100	980,200
Prepaid Expenses	35,000	35,000	35,000	35,000
Other current assets				
<b>Total current assets</b>	<b>1,401,745</b>	<b>2,388,189</b>	<b>2,773,065</b>	<b>3,3354,989</b>
<i>Fixed Assets</i>				
Preliminary expenses	24,400	24,400	24,400	24,400
Machinery & equipment	70,000	170,000	170,000	170,000
Furniture & Fixture	25,000	25,000	25,000	25,000
Security Deposits	-	-	-	-
Land & Building	-	-	-	-
Rental advance	30,000	30,000	30,000	30,000
Vehicles & Transport	-	-	-	-
Other fixed Assets	-	-	-	-
<b>Total fixed assets</b>	<b>149,400</b>	<b>249,400</b>	<b>249,400</b>	<b>249,400</b>
<b>Total Assets</b>	<b>1,551,145</b>	<b>2,637,589</b>	<b>3,022,465</b>	<b>3,604,389</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<i>Short term liabilities</i>				
Cash credit	-	-	-	-
Accounts Payable	469,500	383,647	224,378	115,000
Outstanding expenses	4,700	-	-	-
<b>Total Short term liabilities</b>	<b>474,200</b>	<b>383,647</b>	<b>224,378</b>	<b>115,000</b>
<i>Long term Liabilities</i>	-	500,000	250,000	-
<b>Total Long term liabilities</b>	<b>-</b>	<b>500,000</b>	<b>250,000</b>	<b>-</b>
<b>Total Liabilities</b>	<b>474,200</b>	<b>883,647</b>	<b>474,378</b>	<b>115,000</b>
<i>Owners Equity</i>	-	-	-	-
Initial capital	300,000	300,000	300,000	300,000
Retained Earnings	144,900	776,945	1,453,942	2,248,088
Profit for the year	632,045	676,997	794,145	941,301
<b>Total Owners Equity</b>	<b>1,076,945</b>	<b>1,753,942</b>	<b>2,548,088</b>	<b>3,489,389</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,551,145</b>	<b>2,637,589</b>	<b>3,022,466</b>	<b>3,604,389</b>



**QUALITY SHOE COMPANY**  
**WORKING CAPITAL STATEMENT**

(Amount in Taka)

ITEM	Year 1	Year 2	Year 3	Year 4
<b>Current Assets (CA):</b>				
Cash and Bank balance	371,735	1,002,530	1,141,078	1,433,299
Inventory	350,000	496,659	667,887	906,490
Accounts Receivables	645,010	854,000	929,100	980,200
Prepaid Expenses	35,000	35,000	35,000	35,000
<b>Investment in Current assets</b>	<b>1,401,745</b>	<b>2,388,189</b>	<b>2,773,065</b>	<b>3,354,989</b>
<b>Current Liabilities (CL):</b>				
Cash credit	-	-	-	-
Accounts Payable	469,500	383,647	224,378	115,000
Outstanding expenses	4,700	-	-	-
<b>Total Current liabilities</b>	<b>474,200</b>	<b>383,647</b>	<b>224,378</b>	<b>115,000</b>
<b>Working capital (CA-CL)</b>	<b>927,545</b>	<b>2,004,542</b>	<b>2,548,687</b>	<b>3,239,989</b>

**QUALITY SHOE COMPANY**  
**CASH FLOW STATEMENT**

(Amount in Taka)

ITEMS	YEAR:2	YEAR:3	YEAR:4
<b>A. Operating activities</b>			
Net profit	676,997	794,145	941,301
Increase in inventory	(146,659)	(171,228)	(238,603)
Decrease of Accounts Receivable	(208,990)		
Increase of Accounts Receivable		(75,100)	(51,100)
Decrease of Accounts Payable	(85,853)		(109,378)
Increase of Accounts Receivable	-	(159,269)	-
Decrease of Outstanding Expences	(4,700)	-	-
<b>Cash Flow from Operating Activities</b>	<b>230,795</b>	<b>388,548</b>	<b>542,220</b>
<b>B. Investing Activities</b>			
Purchase of Machinery	(100,000)	-	-
<b>Cash Flows from Investing Activities</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>
<b>C. Financing Activities</b>			
Loan from Bank	500,000		
Loan payment		(250,000)	(250,000)
<b>Cash Flows from Financing Activities</b>	<b>500,000</b>	<b>(250,000)</b>	<b>(250,000)</b>
<b>Net Cash Flows (A+B+C)</b>	<b>630,795</b>	<b>138,548</b>	<b>292,220</b>
Add: Beginning cash balance	371,735	1,002,530	1,141,078
<b>Cash Balance</b>	<b>1,002,530</b>	<b>1,141,078</b>	<b>1,433,298</b>

**QUALITY SHOE COMPANY**

**MANPOWER STATEMENT**

Particulars	No. of Employee			Monthly Salary		Total Annual Salary
	Skilled	Unskilled	Total	Skilled	Unskilled	
Technical (Upper)	7	3	10	4,500	1,500	432,000
Technical (Bottom)	6	2	8	4,500	1,500	360,000
Technical (Finishing)	3	2	5	4,500	1,500	198,000
<b>Sub-total</b>	<b>16</b>	<b>7</b>	<b>23</b>	<b>3,500</b>	<b>4,500</b>	<b>990,000</b>
Marketing & Collection	1	1	2	2,500	1,500	48,000
Administrative	1		1	2,000	-	24,000
<b>Sub-total</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4,500</b>	<b>1,500</b>	<b>72,000</b>
<b>Total</b>	<b>18</b>	<b>8</b>	<b>26</b>	<b>18,000</b>	<b>6,000</b>	<b>1,062,000</b>

**QUALITY SHOE COMPANY**  
**INCOME PROJECTION BY MONTH, YEAR 2**

*(Amount in Taka)*

ITEMS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales (Unit)	600	1,300	1,600	600	600	600	600	600	850	1,300	1,700	2,370	12,720
Sales Revenue	336,000	728,000	896,000	336,000	336,000	336,000	336,000	336,000	476,000	728,000	952,000	1,327,200	7,123,200
Vat	18,773	40,675	50,062	18,773	18,773	18,773	18,773	18,773	26,595	40,675	53,190	74,154	397,990
<b>Net sales revenue</b>	<b>317,227</b>	<b>687,325</b>	<b>845,938</b>	<b>317,227</b>	<b>317,227</b>	<b>317,227</b>	<b>317,227</b>	<b>317,227</b>	<b>449,405</b>	<b>687,325</b>	<b>898,810</b>	<b>1,253,046</b>	<b>6,725,210</b>
Cost of Goods Sold (COGS)													
Raw materials	206,646	447,733	551,056	206,646	206,646	206,646	206,646	206,646	292,749	447,733	585,497	816,252	4,380,895
Packing materials	4,200	9,100	11,200	4,200	4,200	4,200	4,200	4,200	5,950	9,100	11,900	16,590	89,040
Wages & Salaries	86,625	86,625	86,625	86,625	86,625	86,625	86,625	86,625	86,625	86,625	86,625	86,625	1,039,500
Factory Rent	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Repair & Maintenance	88	88	88	88	88	88	88	88	88	88	88	88	1,050
Carriage Inwards	931	931	931	931	931	931	931	931	931	931	931	931	11,175
Electricity and Gas	859	859	859	859	859	859	859	859	859	859	859	859	10,302
Other Manufacturing Overhead	505	505	505	505	505	505	505	505	505	505	505	505	6,060
Total COGS	306,353	552,340	657,763	306,353	306,353	306,353	306,353	306,353	394,206	552,340	692,904	928,349	5,616,022
<b>Gross Profit</b>	<b>10,874</b>	<b>134,985</b>	<b>188,175</b>	<b>10,874</b>	<b>10,874</b>	<b>10,874</b>	<b>10,874</b>	<b>10,874</b>	<b>55,199</b>	<b>134,985</b>	<b>205,905</b>	<b>324,697</b>	<b>1,109,188</b>
General, Administrative and Selling expenses (GASE)													
Administrative Salaries	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	75,600
Transportation	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Carriage outward	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	24,240
Legal expenses	83	83	83	83	83	83	83	83	83	83	83	83	1,000
Bad debt expenses	3,360	7,280	8,960	3,360	3,360	3,360	3,360	3,360	4,760	7,280	9,520	13,272	71,232
Total GASE	12,273	16,193	17,873	12,273	12,273	12,273	12,273	12,273	13,673	16,193	18,433	22,185	178,192
Net Profit before Interest and Tax	(1,400)	118,791	170,302	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)	41,526	118,791	187,472	302,512	930,996
Interest on bank loan	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
Net Profit before Taxes	(7,650)	112,541	164,052	(7,650)	(7,650)	(7,650)	(7,650)	(7,650)	35,276	112,541	181,222	296,262	855,996
Income Tax	14,917	14,917	14,917	14,917	14,917	14,917	14,917	14,917	14,917	14,917	14,917	14,917	178,999
<b>Net Profit after Tax</b>	<b>(22,566)</b>	<b>97,625</b>	<b>149,135</b>	<b>(22,566)</b>	<b>(22,566)</b>	<b>(22,566)</b>	<b>(22,566)</b>	<b>(22,566)</b>	<b>20,359</b>	<b>97,625</b>	<b>166,305</b>	<b>281,345</b>	<b>676,997</b>

**QUALITY SHOE COMPANY**  
**CASH PROJECTION BY MONTH, YEAR 2**

*(Amount in Taka)*

ITEMS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales (Unit)	600	1,300	1,600	600	600	600	600	600	850	1,300	1,700	2,370	12,720
Cash Receipts													
Wholesale (50% of sales)	168,000	364,000	448,000	168,000	168,000	168,000	168,000	168,000	238,000	364,000	476,000	663,600	3,561,600
Sales receivable:													
30% of past month 1	330,000	100,800	218,400	268,800	100,800	100,800	100,800	100,800	100,800	142,800	218,400	285,600	2,068,800
19% of past month 2	156,750	209,000	63,840	138,320	170,240	63,840	63,840	63,840	63,840	63,840	90,440	138,320	1,286,110
Loan from bank	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000
<b>Total Cash Receipts</b>	<b>1,154,750</b>	<b>673,800</b>	<b>730,240</b>	<b>575,120</b>	<b>439,040</b>	<b>332,640</b>	<b>332,640</b>	<b>332,640</b>	<b>402,640</b>	<b>570,640</b>	<b>784,840</b>	<b>1,087,520</b>	<b>7,416,510</b>
Cash Disbursements													
Raw and Packing material cost	225,504	488,591	601,343	225,504	225,504	225,504	225,504	225,504	319,464	488,591	638,927	890,740	4,780,679
Other variable costs	95,507	95,507	95,507	95,507	95,507	95,507	95,507	95,507	95,507	95,507	95,507	95,507	1,146,087
Administrative salaries	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	75,600
Transportation	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Carriage outward	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	24,240
Legal expenses	-	-	-	-	-	-	1,000	-	-	-	-	-	1,000
Purchase of machinery	-	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Income tax	-	-	-	-	-	-	178,999	-	-	-	-	-	178,999
Vat	-	-	109,510	-	-	56,319	-	-	64,141	-	-	168,019	397,990
Interest expense	-	-	18,750	-	-	18,750	-	-	18,750	-	-	18,750	75,000
<b>Total Cash Disbursements</b>	<b>329,841</b>	<b>692,929</b>	<b>833,940</b>	<b>329,841</b>	<b>329,841</b>	<b>404,910</b>	<b>509,840</b>	<b>329,841</b>	<b>506,692</b>	<b>592,929</b>	<b>743,265</b>	<b>1,181,846</b>	<b>6,785,715</b>
<b>Net Cash Flow</b>	<b>824,909</b>	<b>(19,129)</b>	<b>(103,700)</b>	<b>245,279</b>	<b>109,199</b>	<b>(72,270)</b>	<b>(177,200)</b>	<b>2,799</b>	<b>(104,052)</b>	<b>(22,289)</b>	<b>41,575</b>	<b>(94,326)</b>	<b>630,795</b>
<b>Cumulative Cash Flow</b>	<b>824,909</b>	<b>805,780</b>	<b>702,080</b>	<b>947,359</b>	<b>1,056,558</b>	<b>984,288</b>	<b>807,088</b>	<b>809,887</b>	<b>705,834</b>	<b>683,546</b>	<b>725,121</b>	<b>630,795</b>	<b>-</b>
<b>Cash on Hand</b>													
Opening Balance	371,735	1,196,644	1,177,515	1,073,815	1,319,094	1,428,293	1,356,023	1,178,823	1,181,622	1,077,569	1,055,281	1,096,856	-
+ Cash Receipts	1,154,750	673,800	730,240	575,120	439,040	332,640	332,640	332,640	402,640	570,640	784,840	1,087,520	7,416,510
- Cash Disbursements	329,841	692,929	833,940	329,841	329,841	404,910	509,840	329,841	506,692	592,929	743,265	1,181,846	6,785,715
<b>Totals=New Balance</b>	<b>1,196,644</b>	<b>1,177,515</b>	<b>1,073,815</b>	<b>1,319,094</b>	<b>1,428,293</b>	<b>1,356,023</b>	<b>1,178,823</b>	<b>1,181,622</b>	<b>1,077,569</b>	<b>1,055,281</b>	<b>1,096,856</b>	<b>1,002,530</b>	<b>-</b>

## QUALITY SHOE COMPANY

### ANALYSIS OF NO PROFIT-NO LOSS SITUATION (BREAK EVEN ANALYSIS)

**YEAR: 1**

- 1 Net Sales Revenue (in Taka) 6,236,400
- 2 Total production, Administrative, Selling and Financial Expenses

Sl. No.	Items	Fixed cost	VariableCost	TotalCost
1	Raw & Packing materials	0	4,176,000	4,176,000
2	Wages & Salaries	-	990,000	990,000
3	Factory Rent	78,000	-	78,000
4	Repair & Maintenance	-	700	700
5	Carriage Inwards	0	10,440	10,440
6	Electricity and Gas	0	10,200	10,200
7	Other Manufacturing Overhead	2,400	3,600	6,000
8	Administrative Salaries	72,000	-	72,000
9	Transportation	0	6,000	6,000
10	Carriage outward	-	24,000	24,000
11	Legal expenses	1,000	0	1,000
	<b>Total</b>	<b>153,400</b>	<b>5,220,940</b>	<b>5,374,340</b>

- A. Profit Volume Ratio** =  $(\text{Sales} - \text{Variable cost})/\text{Sales}$   
 $(6,236,400 - 5,220,940)/6,236,400$   
**PV Ratio** = 0.16
- B. Break-Even Sales in Taka** =  $\text{Fixed Cost}/\text{Profit Volume Ratio}$   
 $153,400/0.16$   
**BEP Sales Tk.** = 958,750
- C. Break-Even Sales in Unit** =  $\text{Break-Even sales}/\text{Net sales price per unit}$   
 $958,750/520$   
**BEP Sales in Unit** = 1,844 pairs

## QUALITY SHOE COMPANY

### SOME IMPORTANT RATIOS

<b>Gross Profit ratio/Margin</b>	=	Gross Profit/Net Sales 965,060/6,236,400 = 15%
<b>Operating Profit Ratio</b>	=	EBIT/Net Sales 796,060/6,236,400 = 13%
<b>Net Profit Ratio/ Margin</b>	=	EAT/Net Sales 632,045/6,236,400 = 10%
<b>Current Ratio:</b>	=	Current Assets/Current Liabilities 1,401,745/474,200 = 2.96:1
<b>Debt Equity Ratio:</b>	=	Total Debt (Long term debt + CL)/Equity 474,200/1,076,945 = 44%
<b>Return on Investment:</b>	=	Net Income/(Total Assets - Current Liabilities) 632,045/(1,551,145 - 474,200) = 59%



# **ILLUSTRATIVE MODEL OF A NET WORTH/FINANCIAL STATEMENT**

(This is an important requirement sought by the vast majority of banks and/or financial intermediaries from both the enterprise and the entrepreneur in support of his/her loan application)



**QUALITY SHOE COMPANY**  
**NET WORTH/FINANCIAL STATEMENT**

**A. Net worth of the Enterprise** (*Valuation in case of existing unit*)

	<b>Figures in Taka</b>
<b>➤ Fixed investment</b>	<b>125,000</b>
1. Value of the land and building ( at market value )	Nil
2. Possession money lying with landlord (if not owned by the business)	30,000
3. Furniture and fixture (resale value)	25,000
4. Vehicle and transport (depreciated value assessed)	Nil
5. Machinery and office equipment (depreciated value assessed)	70,000
6. Other fixed assets	Nil
<b>➤ Start up expenses</b>	<b>23,000</b>
1. Trade license fee	1,500
2. Registration fees	1,000
3. Other legal expenses	1,000
4. Launching documentation (pad, seal, signboard, stamp, etc.)	1,500
5. Membership fees for different trade & commerce associations	3,000
6. Other start-up expenses ( speed-up expenses )	15,000
<b>➤ Value of the Stock/Inventory</b>	<b>350,000</b>
1. Estimated value of raw materials in hand (at market price)	145,000
2. Estimated value of work-in-process (at market price)	85,000
3. Estimated value of finished goods (at market price)	120,000
<b>➤ Liquid assets</b>	<b>371,735</b>
1. Cash in hand	296,500
2. Cash in bank	75,235
3. Other financial obligations (FDR, PSP, confirmed bill etc.)	Nil
<b>➤ Credit extended (Accounts receivables) and advance</b>	<b>385,000</b>
1. Bills to be received	350,000
2. Advance payment to raw material supplier	Nil
3. Advance salary to the workers	35,000
4. Security money lying with different offices	Nil
5. Advance rent paid to the landlord	Nil
<b>Total investment of the business:</b>	<b>1,254,735</b>
<b>Total liability of the business:</b>	<b>474,200</b>
1. Accounts payable	469,500
2. Staff salary	3,500
3. Utility services	1,200
<b>Total net worth of the business</b>	<b>780,535</b>



## B. Personal Net worth Assessment

		<b>Figures in Taka</b>
➤	<b>Real estate and household properties</b>	<b>660,000</b>
	1. Value of other landed property (area of land x market price)	500,000
	2. Value of tin shed village house at market price	60,000
	3. Value of household properties (at sellable price)	50,000
	4. Refrigerator	Nil
	5. Television	25,000
	6. Air cooler	Nil
	7. Home furniture	25,000
	8. Home appliance	Nil
	9. Personal transport	Nil
	10. Others sellable items	Nil
➤	<b>Short term deposits &amp; investment</b>	<b>141,500</b>
	1. Investment in shares (face value)	Nil
	2. Fixed deposit receipts	Nil
	3. Savings certificates	2,000
	4. Deposit pension scheme	Nil
	5. Prize bond	Nil
	6. Insurance premium (sum insured Tk. 0.2 mil)	139,500
➤	<b>Prospective real estate expected to be owned by inheritance</b>	<b>Nil</b>
	1. Landed properties	Nil
	2. Building and apartment	Nil
	3. Value of share in other inherited assets	Nil
➤	<b>Assets of the spouse at market value</b>	<b>Nil</b>
	1. Ornaments (market value)	Nil
	2. Landed properties (market value)	Nil
	3. Building and apartment (market value)	Nil
	4. Value of share in others assets (market value)	Nil
<b>Gross personal net worth</b>		<b>801,500</b>
<b>Total personal obligations and liabilities</b>		<b>120,000</b>
	1. Borrowings from the bank (Agricultural loan)	120,000
	2. Borrowings from the friend and relatives	Nil
	3. Other personal obligations	Nil
	4. Others	Nil
<b>Personal net worth</b>		<b>681,500</b>



**AN ILLUSTRATIVE  
MODEL OF A  
BANK LOAN  
APPLICATION FORM**



**ABC BANK LTD.**  
**Application Form for Bank Loan**

Photograph of  
the applicant  
(3 copies)

Date: April 01, 2000

**A. PROFILE OF THE ENTERPRISE**

1. Name of the enterprise : Quality Shoe Company (QSC)
2. Nature of business :  Manufacturing  Service  Trading  Others  
(please tick the appropriate one)
3. Location of the project : Dhaka  
 a) Office address : Abdul Hadi Road, Dhaka  
 b) Factory address : Same as above
4. Legal status of the enterprise :  i. Sole proprietorship  ii. Partnership  
(please tick the appropriate one)  iii. Private limited company  v. Public limited company  
 iv. Other (specify)
5. Status of the enterprise :  i. Existing  ii. New venture  
(please tick the appropriate one)
6. Year of commencement of business : 1977

**B. PERSONAL INFORMATION OF THE ENTREPRENEUR**

1. Name : Mohammad Hossain
2. Father's/Husband's name : Md. Nur Hossain
3. Contact address : Abdul Hadi Road, Dhaka
4. Permanent address : Village: Uttar Mohakhali, Union: Mohakhali  
Upazilla and District: Munshiganj  
  
 Telephone : Residence: N/A Office: N/A Mobile : N/A  
 Fax : N/A  
 E-mail : N/A
5. Marital status : Married
6. Academic qualification (Detailed) : Primary level
7. Experience (Detailed) : 25 Years of experience as a simple worker, manager of different shoe manufacturing enterprises as well as an entrepreneur.

8. Present business or occupation (Detailed) : Footwear manufacturing, 23 years experience as an entrepreneur with Quality Shoes Company
9. Business and other training (Detailed) : Technical training on how to manufacture shoes
10. Name of the banker(s) : Rupali Bank, Branch Bangshal, A/C Number: 1333
11. Tax Identification Number (if any) : 224-100-2460/Sha/78
12. Affiliation with different Trade associations : Not applicable

### C. BRIEF DESCRIPTION OF THE BUSINESS ENTERPRISE

<u>Name of the product/service</u>	<u>Number /Size/Weight</u>	<u>Annual Production (Quantity)</u>
Men's Footwear	5"	960 Pairs
Men's Footwear	6"	2,040 Pairs
Men's Footwear	7"	3,000 Pairs
Men's Footwear	8"	3,000 Pairs
Men's Footwear	9"	2,040 Pairs
Men's Footwear	10"	960 Pairs

2. **TYPE OF THE PRODUCT** : i. Export oriented       i. Import substitute      iii. Others  
(please tick the appropriate one)

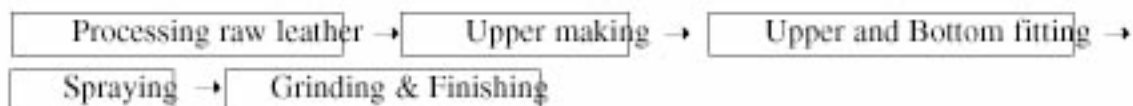
3. **REQUIRED RAW MATERIALS** : Local: 25% Imported: 75% (available in the local market)

<u>Name of raw material</u>	<u>Quantity/Year</u>	<u>Unit expense (inTk.)</u>	<u>Total expense (in Tk.)</u>
Shoe tacks (3/4")	344 Packets	45	15,450
Shoe tacks (10mm)	86 Packets	35	3,010
Shoe tacks (1")	86 Packets	80	6,850
Aica	240 Bottle	96	23,000
Rubber adhesive	400 Tins	213	85,000
Bamboo cuts	12,000 Pairs	0.20	2,400
Buckels	2,000 Pairs	23	45,000
Lace	8,000 Pairs	1	7,000
Monogram (for pump shoe)	2,000 Pairs	4	7,000
Color (7 varieties)	12,000 Pairs	14	170,000
In-sole (Flex sole)	400 Pieces	238	95,000
Thokor leather	12,000 Pairs	4	50,000
Emery and other Papers	12,000 Pairs	4	47,400
Upper leather	12,000 Pairs	188	2,250,000
Inside leather	12,000 Pairs	31	375,000
Eyelet	12,000 Pairs	3	30,000
Thread	12,000 Pairs	3	40,000
Lower sole bit	12,000 Pairs	3	30,000
Lower sole	12,000 Pairs	50	600,000
Lower hill	12,000 Pairs	6	72,000
Others	12,000 Pairs	12	138,000
<b>Total</b>	<b>12,000 Pairs</b>		<b>4,092,110</b>
<b>Per/Pair</b>			<b>341.00</b>

## 4. Required manpower :

Particulars	Skilled	Unskilled	Total
Technical (Upper)	7	3	10
Technical (Bottom)	6	2	8
Technical (Finishing)	3	2	5
<b>Sub-Total</b>	<b>16</b>	<b>7</b>	<b>23</b>
Marketing & Collection	1	1	2
Administrative	1	-	1
<b>Sub-Total</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>Total</b>	<b>18</b>	<b>8</b>	<b>26</b>

## 5. Manufacturing process/Steps to create Product :



## 6. List of machineries &amp; equipment:

Name	Origin	Number	Unit Price/Tk.	Total/Tk.
Upper stitching machine	England	4	8,000	32,000
Finishing machine	Bangladesh	3	4,000	12,000
Spray machine	Bangladesh	3	4,000	12,000
Wooden stool	Bangladesh	3	200	600
Stone (Big)	Bangladesh	175	20	3,500
Stone (Small)	Bangladesh	200	12	2,400
Forma	Bangladesh	150	50	7,500
<b>Total</b>				<b>70,000</b>

7. Machineries installation expenses : Not applicable

## 8. List of furniture and fixtures:

Name	Unit price/Tk.	Number	Expense/Tk.
a) Ceiling Fan	1,000	5	5,000
b) Steel Almirah	5,000	1	5,000
c) Steel Cabinet	2,000	2	4,000
d) Wooden Macha	3,000	3	9,000
e) Wooden Ckouki	2,000	1	2,000
<b>Total</b>			<b>25,000</b>

9. **Transport/Vehicle (depreciated value in Tk.)** : Not applicable

10. **Description of the factory/business center (please tick the appropriate one)**

- a) Own premises/  Rented premises  
 b) Measured area/square feet : 3 Katha  
 c) Prepaid Rent : 35,000  
 d) Monthly rent (in Tk.) : 6,500

11. **Required utility facilities /Infrastructure** :

- Electricity, Gas and Water connection expenses : 10,200  
 Electricity consumption (Monthly in Tk.) : 600  
 Gas consumption (Monthly in Tk.) : 250  
 Security deposits (Gas +Electricity +Water in Tk.) : Not applicable

#### D. FINANCIAL REQUIREMENT

1. Total cost of the existing enterprise (in Tk.) : 1,551,145  
 a) Fixed investment (in Tk.) : 149,400  
 b) Working capital investment (in Tk.) : 1,401,745

2. Means of finance of the existing enterprise

- a) Own sources (in Tk.) : 300,000 (19.34 %)  
 b) Personal borrowing (in Tk.) : 0 (0%)  
 c) Initial credit facility (in Tk.) : 0 (0%)  
 d) Others (accumulated profit) (in Tk.) : 1,251,145 (80.66%)

3. Purpose of loan (please tick the appropriate one) :

- a) Investment in fixed asset (procurement of machinery, furniture, vehicle etc)  
 b) Working capital requirement  
 c) Both machinery and working capital

4. Estimated financial requirement (in Tk.) : 500,000  
 a) Fixed capital investment(in Tk.) : 100,000  
 b) Working capital requirement (in Tk.) : 400,000

5. Expected amount of loan (in Tk.) : 500,000
6. Expected terms of loan :  3  6  9  12 months  
(please tick the appropriate one)
7. Source(s) of loan repayment : To be repaid in monthly installment basis from revenue to be generated from the business

**E. SECURITY TO BE OFFERED AGAINST LOAN PROPOSED**

- ✓ 1. Stock of goods (raw materials, work-in-process and finished goods)
- ✓ 2. Fixed assets of the enterprises (*land, building, machineries, furniture and fixtures and other capital assets*)
- ✓ 3. Personal guarantee of the entrepreneur
- ✓ 4. Creating interest on future sales proceeds (accounts receivables)
- ✓ 5. Creating lien on possession rights of the enterprises
- 6. Equitable mortgage on the real estate properties
- 7. Registered mortgage of real estate properties

*F. Detailed Business Plan for the Enterprise : Attachment 1*

*G. Statement of Networth : Attachment 2A & 2B*

I hereby declare that the information provided above are true and correct to the best of my knowledge.

.....  
*Official seal*

.....  
*Date*

.....  
*Signature of the applicant*



# **TYPICAL ILLUSTRATIONS OF LOAN PROGRAM AND FINANCING CRITERIA OF BANKS AND FINANCIAL INTERMEDIARIES**

(The majority of the following banks and financial intermediaries loan program and financing data were collected during the latter part of 1999. Logically, between the time of data collection and printing of this publication, banks and financial intermediaries loan program and financing data may well have changed. SMEs should therefore check direct with banks and financial intermediaries relating to their latest loan program and financing criteria requirements)







### ARAB BANGLADESH BANK LTD.

<b>Introduction:</b>	Arab Bangladesh Bank Ltd. is the first private sector bank in the country. Starting operation in 1981, today the bank has intotal 62 branches including an overseas branch at Mumbai, India. ABBL provides full range of banking facilities with computerized service.
<b>Loan Programs / Schemes:</b>	The bank provides both short and long-term loan including working capital facility. A sizeable amount of loan has also been disbursed under syndicated loan schemes. Besides, ABBL has also been the nominated bank for handling special loan scheme like under ADB, IDA, ATDP.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Time and Term loan, Overdraft, Import and Export credit, and short term trade financing.
● Amount of Loan:	Tk. 680 million (maximum limit) Tk. 50,000 (minimum)
● Rate of Interest:	The current interest band is between 10% to 16.50%. Interest category is applicable depending on the nature of the credit facility.
● Term of Loan:	For Term Loan: From 2 to 7 years
● Mode of Repayment:	Time and Term Loan facilities are repaid in monthly or quarterly installments. Overdraft facility is adjusted in lumpsum within the expiry.
● Security/Collateral:	For funded loan usually immovable properties are taken as security. However particular emphasis is given on the quality of the business and the borrower.
<b>Loan Processing Cost:</b>	
● Application Fee:	No fee.
● Appraisal fee:	Based on documentation,
● Legal Fee:	Actual for all cases.
● Documentation Fee:	No fee for loan application
<b>Loan Processing Time:</b>	It takes 1-2 weeks to approve the loan after the branch made all investigation on the proposals and subject to submission of all required papers and documentation by the applicant.
<b>Paper/Documents Required :</b>	<ol style="list-style-type: none"> <li>i. Duty filled in banks prescribed loan application form along with project feasibility report.</li> <li>ii. Depending on size of the loan, copies of balance sheet, cash flow, brochure/ booklet of machinery and other relevant papers of the project. For documentation purpose, standardized documents called charge documents are obtained regardless of the loan size along with relevant papers for creation of mortgage formality on the immovable properties.</li> </ol>

## AL BARAKA BANK BANGLADESH LIMITED

<b>Introduction:</b>	Al-Baraka Bank Bangladesh Limited is a joint-venture banking enterprise of Al Baraka Investment and Development Co. of Jeddah, a renowned financial and business house of Saudi Arabia, Islamic Development Bank, a group of eminent Bangladeshi entrepreneurs and the Govt. of the Peoples Republic of Bangladesh. Established in May 1987, it is the second bank in the country to carry on business in keeping with the dictates of Islamic tenets.
<b>Loan Programs /Schemes:</b>	The bank provides Individual facility, Group facility, in Trading on Hypothecation basis against Collateral and on Pledge basis. Also short term facility in the form of working capital (for 1 year)
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Bai-Muajjal (Hypo), Murabaha (Commercial), C.C pledge
● Amount of Loan:	Up-to Tk.5 million within management power
● Rate of Profit:	Highest 17% mark-up profit
● Period of Loan:	1-12 months
● Mode of Repayment:	Monthly, quarterly, yearly with profit.
● Security/Collateral	Hypothecation on stocks Pledge on goods Registered mortgage of urban property.
<b>Loan Processing Cost:</b>	
● Application Fee:	No Fee for loan application
● Appraisal Fee:	No fee required for loan appraisal
● Documentation Fee:	Government stamp and duty cost : Actual
● Legal Fee:	Actual
<b>Loan Processing Time:</b>	It takes one day to get approval from Head Office after necessary investigation on the loan proposal by the branch subject to submission of all required information and papers by the client.
<b>Paper/Documents Required:</b>	No Objection Certificates of other banks regarding liability including clean C. I. B (Credit Information Bureau) report, Filled-in application form, Income statement, Balance sheet, Cash flow statement , Trade license, Tax identification number etc.

### BANK OF SMALL INDUSTRIES AND COMMERCE BANGLADESH LTD. (BASIC)

<b>Introduction:</b>	The Bank of Small Industries and Commerce Bangladesh Ltd. has a micro credit scheme for the poor for generation of employment and income on a sustainable basis through development of micro enterprises, particularly in urban and sub urban areas, comparatively easily accessible by bank branch personnel. BASIC provides both short and long term finance and working capital facilities for small industries and other business enterprises.
<b>Loan Programs / Schemes:</b>	The Bank provides Individual Loan, Group Loan, Industrial Project Loan, Working Capital facilities and loans to Trading concern on Hypothecation and Pledge basis and loan against Imported Materials. BASIC provides loan to NGOs which later on lend to the poor borrowers particularly to the urban poor borrowers or directly extends loan to the borrowers, or to the members of NGOs where NGOs assist the bank in motivation, monitoring and supervision of loan utilization and recovery.
<b>Basic Information of Loan:</b>	
● Amount of Loan:	Micro Credit : Each individual Tk. 2,500 – 15,000 (collateral free) Small Enterprise: There is no maximum or minimum limit of loan. Generally the loan does not exceed 50% of project cost.
● Rates(s) of Interest:	For Small Industries : 12% p. a. For Medium Industries : 13% p. a. Direct lending to Micro Enterprises : 16% p. a. Lending to NGOs for on lending to it members : 7%-10.5% p.a.
● Repayment of Loan:	Micro Credit: 12 equal monthly installments payable on 1 <sup>st</sup> day of each month commencing after 30 days (interest free period) from the date of availing credit. In case of loan to NGOs, 12 equal monthly installments commencing after 3-6 months from the date of availing credit. SSI or MSI: 3-5 years excluding 6-12 months grace period.
● Mode of Repayment:	Monthly and quarterly basis.
● Security/Collateral:	Hypothecation/pledge of raw materials, stocks; hypothecation of furniture, fixtures and machinery and other goods; registered mortgage of factory land, building and other immovable properties and DP note.
<b>Loan Processing Cost:</b>	
● Project Examination Fee:	No fee for micro credit. Tk 5000 for the project costing up to Tk 50 lac and Tk 10,000 if the project cost exceeds Tk 50 lac.
● Documentation Fee/Legal Fee:	Based on documentation.
<b>Loan Processing Time:</b>	15-60 days depending on nature of loan and size of the project.
<b>Papers/Documents Required:</b>	Application form, Business plan including feasibility report, Constitution, Bye-laws, Memorandum and Articles of Association, Balance sheet of existing business, if any, and Trade license and any other papers Required as per policy and practice of the Bank.

## DHAKA BANK LIMITED

<b>Introduction:</b>	The Dhaka Bank is one of the few successful local commercial banks providing short-term finance for business enterprise irrespective of its size.
<b>Loan Programs / Schemes:</b>	The bank provides short-term loans on Hypothecation and Pledge basis for the following purposes: Trade Finance, Import and Export, Working capital for departmental stores and Manufacturing units.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Cash Credit – both hypothecation and pledge , Overdraft (OD), Secured Overdraft (SOD), Working capital for Industries
● Amount of Loan:	Tk. 100,000 to 1 million , Tk.1 million - up to the bank's equity subject to due approval of Bangladesh Bank
● Rates(s) of Interest:	15% (existing good client ) 16% (irregular and new)
● Term of Loan:	1-12 months , 1-3 months, 1-6 months, 1-9 months ( renewable subject to satisfactory repayment performance)
● Mode of Repayment:	Monthly, quarterly, half-yearly, annually, depending on the terms and conditions of the loan sanction
● Security/Collateral Required:	Hypothecation and Pledge of goods, additional security in the form of lien on FDR, PSP, Shares and Registered mortgage of real estates etc. Security documents include Personal Guarantee of the clients, Demand Promissory Note, Letter of Revival, Letter of Continuity, Letter of Undertaking, Letter of Authority, Debit Balance Confirmation Certificate etc.
<b>Loan Processing Cost:</b>	
● Application Fee:	No fee.
● Appraisal Fee:	No fee for loan appraisal, examination & technical assistance (in case of project )
● Documentation Fee :	Based on documentation.
● Legal Fee :	As per Lawyers' bill.
<b>Loan Processing Time:</b>	Secured overdraft 3-7 days. Cash credit 2-4 weeks. Others – depending on the situation and submission of required papers and documents. Maximum – 6 weeks.
<b>Papers/Documents Required:</b>	Introduction from existing account holder, CIB Report (for any amount) Trade license, Financial statements, Transaction record.

## EASTERN BANK LIMITED

<b>Introduction:</b>	The Eastern Bank is a private commercial bank that provides short-term finance for business enterprise irrespective of its size.
<b>Loan Programs / Schemes:</b>	<p>The bank provides Loans and Advances to Individual, Business entities groups, Industries etc. It provides loan to both Trading and Manufacturing concern on Hypothecation and Pledge basis. Industrial loan also extended by the bank on Hire purchase basis. Loan also provided by the bank for Foreign trade against Imported materials and Confirmed L/C. Bank have two types of loan programs;</p> <p><i>Loans : Loan in the form of revolving credit and frequent Repayment and adjustment</i>  <i>Advances: Loan in one shot disbursement and at a time Repayment. The Bank allows advances on secured basis. Security/Collateral in the mode of cash, quasi-cash and goods/real estates are taken by Bank commonly.</i></p>
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Trade Finance, Finance against work order, Individual loans against security, Purchase of bills/Bill discounting , Letter of Credit
● Amount of Loan:	No minimum amount is fixed up. Amount is fixed on the basis of requirement.
● Rate of Interest: (Floating rate)	Rate ranges from 14%-16%. Normal client-16%, Special or valued client- 14%. (Compound interest is charged on daily product basis and interest realized quarterly)
● Term of Loan:	1-12 Months, Loan can be adjusted earlier.
● Mode of Repayment:	<i>Loans:</i> Repayment is made any time in case of revolving credit. <i>Advances:</i> The entire receivables including interest is repaid and adjusted at the end of tem of loan. No debit balance should be in the account.
● Security/Collateral:	Hypothecation/Pledge of raw materials, stocks; hypothecation of furniture, fixtures and machinery and other goods; registered mortgage of factory land, building and other immovable properties and DP note.
<b>Loan Processing Cost:</b>	
● Application Fees:	No fee.
● Documentation Fee:	Actual basis. Appraisal Fee: 0.5% - 1% of the total loan sanctioned.
● Legal Fee:	Examination & Technical Assistance fee ( In case of project )
<b>Loan Processing Time:</b>	It varies with the nature of loan -Trade Finance –1-2 weeks -Loan proposals require BOD approval- 3 weeks-Secured Overdraft (SOD) – If a third party issues the financial instrument then it may take more time. Otherwise, within a day by the Manager. In case of a big amount of short-term finance, it requires BOD approval and so, it may take even a month to sanction.
<b>Papers/Documents Required:</b>	Security documentation includes Accepted sanction letter, Letter of Continuity, Letter of Revival, Demand Promissory Note, Personal guarantee of the client, Letter of Authority, Letter of Lien, Trade license, Tax identification number, Business plan, Cash flow statement, Fund flow statement, Balance sheet , Income statement, etc.



## EXIM BANK LIMITED

<b>Introduction :</b>	Export Import Bank of Bangladesh Ltd. (EXIM Bank), a distinctive type of Bank in Bangladesh. Its Authorized capital is Tk. 1,000 million while its initial paid up capital is Tk. 225.00 million subscribed by the sponsors. To solidify its capital base further, the paid up capital will further rise to Tk. 450.00 million within a reasonable period by public offering of shares of the company. The Bank came into operation on August 3, 1999, with a strong commitment to contribute to the growth of national economy. It has assumed for itself the slogan - Together Towards Tomorrow. The EXIM Bank pursues excellence at all stages of activity with a climate of continuous improvement. As a commercial bank, EXIM Bank do all traditional banking business including introduction of a wide range of savings and credit products, retail banking and ancillary services with the support of modern technology and professional management. But the main stress of EXIM Bank, for obvious reasons, being put on export and import trade handling and financing, development of entrepreneurship and patronization of Private sector.
<b>Loan Programs / Schemes :</b>	The bank provides loans to different groups of clients under the following categories: Working capital to Trading houses, Import finance, Export finance, Bank guarantee, Term loans for industrial units, Working capital to Industry, Contractors for construction works, e.g. Building/Roads/Bridges etc. Agricultural loan, Loan to small & cottage industries, Urban housing loan, Loan under syndication financing etc.
<b>Basic Information of Loan :</b>	
● Type(s) of Loan :	Loan (General), Cash credit (hypothecation), Cash credit (Pledge) SOD (General), L/C, PAD, LIM, LTR, ECC, PC.
● Amount of Loan :	Depends on cash flow vis-a-vis Debt service capability of the customer
● Rate of Interest :	Agriculture loan including Raw Jute - 12% pa, Term Loan (Project) - 16% pa, Loan (General)-16% pa, Cash credit (hypothecation)- 16% pa for working capital of Industry and Trading, Cash credit (Pledge) - 16% pa for working capital of Industry and Trading, Urban housing loan - 16%, Small & cottage industries loan - 16%, Other special program - 16%, SOD against Financial obligation (PSP etc) - 16% pa, SOD against FDR of EXIM Bank etc - Upto 3% above FDR rate, SOS (against Shares) - 16% pa, Import finance 16% pa, PAD, LIM, LTR: 16% pa, ECC, PC: 10%
● Term of Loan :	Loan (General): Medium and Long term 1-5 Years. Cash credit (hypothecation and pledge): for 1 Year, SOD (General): As per requirement, LTR, LIM, PAD: For 30 days, L/C : on Sight and Issuance basis.
● Mode of Repayment :	Loan (General): Repayment is made by fixed installments from cash flow. Cash credit (hypothecation and pledge): Repayment in 3 months from sales proceeds. SOD (General): Repayment from bills
● Security/Collateral :	Loan (General): Financial assets/ properties. Cash credit (hypothecation and pledge): Current assets/Financial assets/ Properties. SOD (General): Financial assets/ Properties/ Assignment of bills. PAD: Import documents. LIM: Pledge of imported goods under bank's effective control. LTR: Trust Receipt, Land, Building. ECC: Pledge of goods. PC: Export documents. L/C: Margin.
<b>Loan Processing Cost :</b>	
● Application Fees :	No fee (for all type of loan)
● Appraisal fee :	No fee for loan appraisal.
● Documentation Fee :	At actual (for all type of loan) .
● Legal fee :	At actual.
<b>Loan Processing time :</b>	Depends on nature of facility/credit size and paper submission. Usually it takes 15 days for all type of credit). In case of L/C - five days.
<b>Papers /Documents Required :</b>	Loan request letter, Balance sheet, Income statement, Board resolution, Credit Report, Memorandum & Article of Association, TIN Certificate, Trade license, Valuation certificate of the property, Photograph of the property, Rent receipt, Confidential report, Personal Net worth statement, Original Title deed of land and all papers related thereto, etc.

### INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LTD. (IFIC)

<b>Introduction:</b>	IFIC Bank Limited is a private schedule commercial bank established in 1983. Government of the Peoples Republic of Bangladesh holds 40% of its share. The sponsors and general public hold rest. Besides carrying out conventional banking, the Bank has also been providing term finance to medium and small-scale industries. Besides its 50 Branches within the country the Bank also has joint ventures, and branches outside the country.
<b>Loan Programs / Schemes:</b>	Besides usual Credit/ Advance portfolio, the Bank has also been financing under the special program of ADB and World Bank to medium and small sized industries. The Bank has already sanctioned loans to as many as 50 such units. The Bank is carrying out study to set up small branches in the rural areas to promote small-scale entrepreneurs to generate employment.
<b>Loan Approving Authority:</b>	Management at Head Office is the only approving authority of loans. In selective basis Head Office delegates authority to specific Branches for sanction of loan under specified criteria. In some cases, the approval of the Board of Directors is also required.
<b>Basic Information of Loan:</b>	
• Type(s) of Loan:	Cash Credit, SOD, Import/ Export finance, Term loan etc.
• Amount of Loan:	According to requirement.
• Rates(s) of Interest:	Varies from 10% to 16.50% per annum with quarterly rest or as revised from time to time.
• Period of Loan:	a) For Term loan (Project) the loan to be repaid in monthly/ quarterly/ half yearly installment including interest as per fixed repayment schedule. b) Working Capital and Trade/ Import / Export finance, to be adjusted in full including interest on or before the date of expiry/ maturity.
• Mode of Repayment:	Monthly, quarterly, half-yearly, yearly.
• Security/Collateral:	a) Equitable / Registered mortgage on the immovable property b) Hypothecation of machinery duly insured c) Hypothecation / Pledge of stock-in-trade as well as stock of raw materials, work-in-process and finished goods duly insured
<b>Loan Processing Cost:</b>	
• Application Fee:	No Fee.
• Documentation Fee / Legal Fee:	Based on actual charge.
<b>Loan Processing Time:</b>	Depends on nature of loan and loan size, submission of relevant papers/ documents. Usually 1-15 Days.
<b>Papers/Documents Required:</b>	Bank prescribed Application form. Income statement of the concern. Balance sheet for last three years. Cash flow statement. Valid Trade license. Tax payer identification number. Relevant papers / Documents for immovable property. Credit report. Other papers / Documents if deemed necessary.



## ISLAMI BANK BANGLADESH LIMITED

<b>Introduction:</b>	Islami bank Bangladesh Limited (IBBL) was incorporated in 13.03.1983 as a Public Limited company with limited liability under the Companies act, 1993. IBBL is the first interest-free bank in South-East Asia. The Bank is committed to run all its activities as per Islamic Shariah.
<b>Loan Programs / Schemes:</b>	The special feature of the investment policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shariah. Earning profit is not the only motive and objective of the Bank's investment policy rather emphasis is given in attaining social good and in creating employment opportunity.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan :	Mudaraba, Musharaka, Bai-Muajjal, Bai-Muradaha, Bai-Salam, Izara, Hire purchase under Shirkatul Melk, Istisna, etc.
● Amount of Loan :	Minimum Tk 5,000/- and Maximum Tk.120 crores.
● Required Rate of Return:	Ranging from 11.50% to 15.50%
● Term of Loan :	Term Investment : 1-7 years, Others : Upto 1 year
● Mode of Repayment :	Weekly, monthly, quarterly, yearly depends of facility
● Security/Collateral:	Hypothecation of stocks Hypothecation/ ownership of machinery Pledge of goods Lien on FDR and other financial obligations Registered Mortgage of real estate properties/project, Land and Building
<b>Loan Processing Cost:</b>	
● Application Fee:	For project investment : Upto Tk.1.00 lac – No Fee For other investment : No Fee
● Documentation Fee/ Legal Fee:	At actual
● Examination and Technical assistance Fee (In case of project):	Above Tk. 1.00 lac to Tk. 3.0 lac : Tk.3,000 Above Tk. 3.00 lac to Tk.25.0 lac : Tk.5,000 Above Tk.25.00 lac to Tk.50.0 lac : Tk.7,500 Above Tk.50.00 lac to Tk. 1.0 crore : Tk.10,000 Above Tk.1.00 crore to Tk. 5.0 crore : Tk.15,000 Above Tk. 5.00 crore : Tk.25,000
<b>Loan Processing Time:</b>	Depends on nature and size of loan. In case of Working capital loan – 15 days In case of Project loan 2 months
<b>Papers/Documents Required:</b>	<ol style="list-style-type: none"> <li>1. Duly filled in Application form</li> <li>2. Last 3 years Balance sheet (where applicable)</li> <li>3. Declaration of assets and liabilities</li> <li>4. Estimated Income statement</li> <li>5. Cash flow statement</li> <li>6. Trade license</li> <li>7. Tax identification number</li> </ol>

## JANATA BANK

<b>Introduction:</b>	The Janata Bank is a nationalized commercial bank providing all types of loans to Individual, Entrepreneurs, Cultivators, Industrialists etc. In almost all sectors irrespective of its size.
<b>Loan Programs / Schemes:</b>	The Bank extends credits to different business enterprises, business groups and projects. Loans and Advances to the individual trading concern are given on the basis of Hypothecation and Pledge. The Loan programs of the bank are : Trading loan, Project loan, Sector loan (Jute, Brick, Cold storage, Textile, Tannery etc.), Rural credit program, Foreign trade finance, Individual loans etc.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Cash Credit (Hypothecation & Pledge), Secured Overdraft (SOD), Loan against Trust Receipts (LTR), Loan against Imported Merchandise (LIM), Letter of Credits (L/C), Payment against Documents (PAD), Loan against Packing Credit, Foreign Documentary Bill Purchase (FDBP), Project loan, Export credit, House building loan, Transport loan, Rural credit etc.
● Amount of Loan:	Amount of loan varies according to demand, purpose and need. It may be of any amount. Loans are being sanctioned according to delegation power fixed by the Board from Branch Manager to Managing Director of the Bank. Sanctioning amount also varies according to the purpose.
● Rate of Interest:	Generally the rate of interest on commercial, Industrial, Export and Import loan is from 9.00% to 16.00% and that of Rural credit is from 11.00% to 15.50%, Others 15.00%. Some specific rates are : Long term loan for Large and Medium industries 13.00%, Long term loan for Small industries 11.50%, Working capital for all industries 14.50%.
● Term of Loan :	Pledge : 12 Months, Hypothecation : 12 months Foreign trade : 21 days – 9 months, Term loan : 3 to 12 years.
● Mode of Repayment :	a) Working capital : Repayment should be made once within 21 to 90 days. b) C.C Hypo & Pledge : Do c) Term loan : Equal monthly, quarterly & half yearly installment.
● Security/Collateral :	Primary: 1) Trading items or stock of goods. 2) Machinery and other movables. 3) Documents. Collateral: Financial obligations, Real estate etc.
<b>Loan Processing Cost:</b>	
● Application Fees:	Generally no fee for loan application is needed. In case of industrial credit it is Tk. 100/= for Application Form.
● Documentation Fee :	Documentation fees varies on the nature and amount of loans as per Govt. rule which is actual.
● Legal Fee :	Legal opinion fee costs Tk. 500/= only.
<b>Loan Processing Time:</b>	Working capital + CC (Hypo + Pledge) : 49 days (maximum) Project loan : 90 days (maximum)
<b>Papers/Documents Required :</b>	Papers/Documents containing sound transaction record, Credit report, Relationship with the bank, Eligibility of the credit line, Security aspect (Primary and secondary/Collateral Security), Trade license, Net worth position, Financial statements, Credit Information Bureau (CIB) report.

### MICRO INDUSTRIES DEVELOPMENT ASSISTANCE AND SERVICES (MIDAS)

<b>Introduction :</b>	MIDAS is a non banking financing institute engaged in the promotion and development of micro, small and medium enterprises in the private sector. It provides technical, managerial and financial assistance to entrepreneurs to set up and/or expand business/industrial ventures.
<b>Loan Programs / Schemes:</b>	Micro Enterprise Development Initiative (MIDI) Small Enterprise Development (SED) program
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Project loan (MIDI: 2-3 years; SED 4-10 years) Short term working capital loan (4-12 months)
● Amount of Loan:	MIDI: Tk. 50,000 - 500,000 SED: Tk. 500,000 - 30,000,000
● Rate of Interest:	15% (simple) p.a. on reducing balance 10% rebate on interest for timely repayment
● Mode of : Repayment:	MIDI: Monthly SED: Quarterly & in some cases half-yearly
● Security/ Collateral:	No collateral security for loans up to Tk. 200,000 in case of first loan and Tk. 300,000 in case of repeat loan, except personal guarantee in favor of the client from an acceptable person.
<b>Loan Processing Cost :</b>	
● Application Fees:	Tk. 100 for each MIDI loan & Tk. 1,000 for each SED loan.
● Loan Appraisal Fee:	MIDI: @ 1% of the loan amount. SED: @ 0.3% of the project cost but not exceeding Tk. 50,000
● Documentation Fee/Legal Fee:	No fee is charged. Borrowers are to supply required stamps and bear documentation expenses as per Govt. rate.
<b>Loan Processing Time:</b>	MIDI: 15 - 30 days, SED: 3 months (max.)
<b>Papers/Documents Required:</b>	<ol style="list-style-type: none"> <li>1. Loan agreement</li> <li>2. Personal guarantee by the sponsor(s) of the borrower enterprise.</li> <li>3. DP Note</li> <li>4. Deed of hypothecation</li> <li>5. Mortgage Deed (where collateral security is required)</li> <li>6. Power of attorney in favor of MIDAS</li> </ol>

<b>NATIONAL BANK LIMITED</b>	
<b>Introduction:</b>	On March 23, 1983 the National Bank Limited (NBL) started its operation with an authorized capital of Tk. 1000.00 Million. Today National Bank Limited has paid up capital of Tk. 391.16 Million (Sources: Annual Report 1997) and successfully continued procuring sizable deposit, handling a good volume of foreign trade and earning a profit from calculative lending. It has expanded its operation to 66 branches covering almost all the major cities of Bangladesh. During 1997, NBL earned an operating profit of Tk. 726.77 million. The net profit after tax stood at Tk. 170.04 million.
<b>Loan Programs / Schemes:</b>	The bank provides loans to different groups of clients under the following categories: Working capital to Trading houses, Import finance, Export finance, Bank guarantee, Term loans for industrial units, Working capital to industry, Micro finance, Procurement of consumer goods, Credit Card, Contractors for construction works, e.g. Building/Roads/Bridges etc. Rural credit in Barind Area, ATDP.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Loan (General), Cash credit ( hypothecation), Cash credit (Pledge), SOD (General), L/C, PAD, LIM, LTR, ECC, PC.
● Amount of Loan:	Depends on cash flow vis-a-vis Debt service capability of the customer
● Rate of Interest:	Loan(General) : 16.5% Cash credit (hypothecation): 15.5% for working capital of industry, 16.5% for Trading. Cash credit (Pledge) : 15.5% for working capital of industry, 16.5% for Trading. SOD (General) : 16.5%, Import finance 16%, PAD, LIM, LTR: 16%. ECC, PC: 10%
● Term of Loan :	Loan (General): Medium and Long term 1-3 years. Cash credit (hypothecation and pledge): for 1 year SOD (General): As per requirement. LTR, LIM, PAD: For 30 days. L/C : for 90 days.
● Mode of Repayment:	Loan (General): Repayment is made by fixed installments from cash flow. Cash credit (hypothecation and pledge): Repayment in 3 months from sales proceeds. SOD (General): Repayment from bills.
● Security/Collateral:	Loan(General): Financial assets/properties. Cash credit (hypothecation and pledge): Current assets/Financial assets/ Properties. SOD (General): Financial Assets/ Properties/Assignment of bills. SOD (Import): Shipping documents. PAD: Import documents. LIM: Pledge of imported goods under bank's effective control. LTR: Trust Receipt, Land, Building. ECC: Pledge of goods. PC: Export documents. L/C: Shipping documents
<b>Loan Processing Cost.</b>	
Application Fees:	No fee (for all type of loan)
● Appraisal fee:	No fee for loan appraisal.
● Documentation Fee/Legal Fee:	Actual.
<b>Loan Processing Time:</b>	Depends on nature of loan size and paper submission. Usually it takes 3 to 4 weeks (for all type of credit). In case of L/C - One to seven days.
<b>Papers/Documents Require :</b>	Loan request letter. Balance sheet, Income statement, Board resolution, Credit report, Memorandum & Article of Association. TIN Certificate, Trade license, Valuation certificate Of the property, Photograph of the property, . Rent receipt, Confidential report, Personal net worth, Original title deed of land and all papers

## PRIME BANK LIMITED

<b>Introduction:</b>	Prime Bank Limited is one of the reputed private local commercial bank in Bangladesh providing all sorts of credit facilities to the business enterprises/ individuals.
<b>Loan Programs / Schemes:</b>	The bank provides loans to individual, private business houses, group of companies, importer, exporter etc. Loan programs of the bank are : Cash credit, Secured overdraft, Hire-purchase, Bank guarantee, Foreign trade finance, Letter of credit, Lease finance, Term loan, Consumer credit Scheme, Work order finance etc.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Cash credit, Secured overdraft, Hire-purchase, Bank guarantee, Foreign trade finance, Letter of credit, Lease finance, Term loan, Consumer credit scheme, Work order finance etc.
● Amount of Loan:	The loan may be Minimum Tk. 10,000.00 to Maximum Tk. 30.00 crore.
● Rates(s) of Interest:	Rate of interest varies from 10% p.a. to 16.5% p.a. depending on the mode of finance and customers.
● Term of Loan:	Term of facility may vary from 1 month to 5 year.
● Mode of Repayment:	Repayment of interest & principal is fixed by the Bank as per mode of finance and the customer.
● Security/Collateral:	Primary & Collateral securities are taken according to the nature of facility and customer. There is no any hard and fast rule for the security to be held against the facility.
<b>Loan Processing Cost:</b>	
● Application Fee:	No fee.
● Documentation Fee/ Legal Fee:	Documentation/ Legal fees depends on the govt. policy, type of security held and the amount of exposure.
<b>Loan Processing Time:</b>	Loan processing time depend on the nature of facility sought and the information given by the customer.
<b>Papers / Documents Required:</b>	Detail Plan of business with feasibility report, Trade license, other Bank's credit report, CIB report for the facility more than Tk. 1.00 lac etc.

## RUPALI BANK LIMITED

<b>Introduction:</b>	The Rupali Bank, a public limited commercial bank- majority share is owned by the government, provides short-term/long term finance for different business enterprises/individuals.
<b>Loan Programs / Schemes:</b>	The bank provides Individual loan, Group/consortium loan and Project loan. For small traders the bank gives loans on Hypothecation or Pledge basis. The bank also finances Foreign trade and extends loan to industrial units. The following are the main loan scheme of the bank: General credit (Short/Long term), Special credit, Rural credit, Foreign trade finances (L/C, PAD, LIM, LTR, PC etc.), Bank guarantee, Industrial credit/Project loan.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan :	Cash credit (Pledge & Hypothecation), Overdraft loan, PAD, LIM, LTR, PC etc.
● Amount of Loan :	Amount depends upon the project/credit worthiness of the clients. Rural credit : Tk. 2,000/- to Tk.10,00,000/- (Project loan) Overdraft amount will be up to 80% of FDR, PSP and other financial obligations.
● Rates(s) of Interest:	Cash credit -16% Rural credit - 13.00% Term loan (Large and Medium Industry) – 13.50%. Working capital Loan – 14.5% Export- 10.00%. Term loan (Small & Cottage industry) – 11.00 % Other commercial loan – 15.00 % Rate of interest is changeable from time to time.
● Term of Loan :	Cash credit: 1 year. Term loan (Industry): Maximum 10 years. House building loan: Maximum 15 years. Bank guarantee: Maximum 1 year, depending on the nature of works of the clients, Foreign Trade: 1-9 months.
● Mode of Repayment:	OD- Loan including interest will have to be adjusted on or before expiry date. Cash credit loan will have to be adjusted minimum once in a month. House building loan monthly installment basis (Interest & Installment) – maximum 15 years. In all cases early payment is encouraged.
● Security/Collateral :	For Overdraft loan – FDR, PSP, other financial obligation, (Margin 20%). For cash credit primary security will be the stock of goods (Worth 2 times of loan amount. i.e. 50% margin – 2:1) Collateral security – Land & Building (Security & loan ratio 2:1) to be taken as Registered mortgage 100% of loan limit.
<b>Loan Processing Cost:</b>	
● Application Fee:	No fee for loan application excepting application form fee of Tk.40/- for industrial credit as prescribed by the Bank.
● Appraisal Fee:	No
● Documentation /Legal Fee:	Actual.
<b>Loan Processing Time:</b>	OD: Against FDR, PSP etc. with in one hour. OD: Against work order 1 to 4 weeks Steps: Branch, Zonal office, and Head office. Cash Credit: 1 to 4 weeks. It may take more or less depending on the loan approving steps and authority. Loans within the discretion of the branch manager take one week to process.
<b>Papers/Documents Required :</b>	Existing account holder current/savings. Sound transaction of the account. Trade License, Integrity, Capacity, Capital, Business of the client. Security (Primary/Collateral). Papers/Documentation are obtained/observed as required for each of the advances according to their propriety.

### SMALL ECONOMIC ENTERPRISE DEVELOPMENT (SEED) PROGRAM OF PROSHIKA

<b>Introduction:</b>	Proshika is one of the largest NGO in Bangladesh. Small Economic Enterprise Development (SEED) program is one of the department which provides the short term finance to small enterprises with a package program of technological support, extension of marketing facilities, management development support and association building.
<b>Loan Programs / Schemes:</b>	SEED program provides loans to small business enterprises. It provides loan to trading, manufacturing and services concern on hypothecation. Loan is to be repaid by monthly installment.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Fixed and operating capital without collateral.
● Amount of Loan:	TK. 50,000 to TK. 5,00,000
● Rate of Interest:	20% per annum (Simple interest charge on the basis of declining method)
● Term of Loan:	1 year to 3 years.
● Mode of Repayment:	Repayment is made by monthly installment (installment amount is decided according to cash flow)
● Security/Collateral:	Collateral: Short term loan and capital loan is made without collateral. Security: 1. Personal guarantee of the client 2. Third party guaranty 3. Business capital and all assets of the business is hypothecated. 4. If loan is more than Taka 5,00,000 then more security is needed.
<b>Loan Processing Cost:</b>	
● Application Fee:	Taka 100 (Non refundable )
● Appraisal Fee:	1% (Non refundable )
● Documentation Fee/ Legal Fee:	To be borne by the client.
<b>Loan Processing Time:</b>	15 days to 90 days
<b>Papers/Documents Required:</b>	Trade license Nationality certificate Bank certificate Deed of rent arrangement Balance sheet



<b>SONALI BANK</b>	
<b>Introduction:</b>	The Sonali Bank is the largest nationalized commercial bank in Bangladesh providing short-term finance for business enterprise irrespective of size.
<b>Loan Programs / Schemes:</b>	The bank provides individual loan, group loan, and project loan. Short-term loans are mainly extended to trading houses and importers on hypothecation and pledge basis. Major loan programs are: General credit, Industrial credit, Rural credit program, Micro credit cell, Special loan facility (Credit for Urban Women Micro Enterprise Development CUMED), Foreign trade finance
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Cash credit (Hypothecation and pledge), Secured overdraft Letter of credit, Small loans, Working capital loans for industries, Rural credit program
● Amount of Loan:	Tk.200,000 –Tk. 50 million (maximum) Tk.5,000 and above, Tk.10,000-300,000 Tk.50,000-200,000 (Credit for Urban Women Micro Enterprise Development CUMED)
● Rate of Interest:	Term loan for Large and Medium industries - 13.00% Working capital – 14.50% Trading – 16.00% Small and Cottage – 11.00% House building – 16.00% Rural credit crops loan –12.50% Other agriculture credit – 13.00%
● Term of Loan:	1-12 months. (Usually sanctioned for 3 months and it can be adjusted earlier).
● Mode of Repayment:	Regular transactions with banks and loan will be adjusted at the end of the year.
● Security/Collateral:	Primary security is stocks, furniture & fixture and machinery of the enterprises, Collateral security includes lien on Fixed deposits receipt, PSP and financial instruments and registered mortgage of landed property etc.
<b>Loan Processing Cost:</b>	
● Application Fees:	No fee for loan application
● Documentation/ Legal Fee:	Based on documentation. In case of Project loan, Actual (Minimum Tk.1,500 and then actual basis)
<b>Loan Processing Time:</b>	Branch level – 10 days Z. O. / P. O. level – 8 days GMO level – 7 days H.O. level – 10 days Total – 35 days
<b>Papers/Documents Required:</b>	Existing client of that branch for at least 1 year with sound transaction record, Good customer -bank relationship Eligibility of the credit line, Security aspect (primary and secondary/collateral security), Trade license, Net worth position, Financial statements, Credit report from other banks and from CIB for larger amount of loan  <b>For Rural Credit Program</b> Citizenship certificate, Trade license, TIN, Financial statements, Net worth statement  <b>For Credit For Urban Woman Micro Enterprise Development</b> Business concern (proprietorship, Partnership and company), Experienced and skilled, Business potential and integrity, Good repayment history.



## THE CITY BANK LIMITED

<b>Introduction:</b>	The City Bank Limited, provides Long / Mid term loan for industrial project, House Building & Transport, Short term finance for industrial manufacturing and business enterprises.
<b>Loan Programs / Schemes:</b>	The bank provides individual loan, Project loan for industrial concern, CC(H) / CC(PL) as working capital of running industry and expansion of business (trading), import and export Financing.
<b>Basic Information of Loan:</b>	
● Type(s) of Loan:	Cash credit (Pledge and Hypothecation), SOD (W.O), HBL, Transport loan & project loan, Loan General (individual), LIM, PCC, LTR.
● Amount of Loan:	Minimum Tk 5,000/-(individual) and Tk.50,000/-others.
● Rates(s) of Interest:	Ranging from 11.50% to 18.50% based on the categories & subject to revision from time to time.
● Term of Loan:	Specific limit, Repayment period with expiry date, required securities-primary & collateral.
● Mode of Repayment:	Every 45/60 days for CC(H) & CC(P), regular repayments of installment fixed for term loan on monthly/ bi-monthly/quarterly or half yearly basis & full adjustment within validity.
● Security/ Collateral :	<ol style="list-style-type: none"> <li>1. Primary – Stock in trade or raw materials &amp; finished goods.</li> <li>2. Collateral: <ol style="list-style-type: none"> <li>a) Plant and machinery (industrial concern)</li> <li>b) Immovable property – land &amp; building or quasi security</li> <li>c) Creation of 1<sup>st</sup> charge on assets with R.J.S.C in case of limited company</li> <li>d) Personal guarantee.</li> </ol> </li> </ol>
<b>Loan Processing Cost:</b>	
● Application Fee:	Not necessary.
● Documentation Fee / Legal Fee/Appraisal Fee:	At actual to be paid in cash by borrower or debiting borrower's account supported by letter of authority.
<b>Loan Processing Time:</b>	Minimum one week maximum 3 months depending on the nature of limit. However, more time may require if there is a lack of appropriate document & needs further quarries.
<b>Papers/Documents Required:</b>	<ol style="list-style-type: none"> <li>1. Party to maintain well conducted current account</li> <li>2. Duly filled in application for loan</li> <li>3. Trade license</li> <li>4. Memorandum and Article of Association (in case of limited company)</li> <li>5. Financial statements (in case of limited company)</li> <li>6. Statement showing turnover of account (at least 6 months on Current account) for Term loan, CC(H), CC(PL) Loan</li> <li>7. Declaration in prescribed form to be filled by the borrower.</li> <li>8. Credit reports from other local bank's</li> <li>9. Valuation certificate from an engineer (at least Asstt. Engineer) on security offered as collateral.</li> </ol>

## UNITED COMMERCIAL BANK LIMITED

<b>Introduction:</b>	United Commercial Bank Ltd. was incorporated in Bangladesh as Banking company in the year 1983 under Companies' Act 1994. Banks Authorized capital, Paid Up capital and Reserve Capital are Tk. 1000 million, Tk. 230 million and Tk. 302 million respectively. It has 79 branches all over Bangladesh with manpower reaching at 1947. It carries out all types of commercial banking activities through its network of branches in Bangladesh and Foreign Exchange business through foreign correspondences all over the world.
<b>Loan Programs / Schemes:</b>	Own Loan/Credit Programs.
<b>Basic Information of Loan:</b>	
<ul style="list-style-type: none"> <li>● Type(s) of Loan:</li> </ul>	<ol style="list-style-type: none"> <li>1. Large &amp; Medium Scale Industry (Term Loan)</li> <li>2. Working Capital – Other than Jute.</li> <li>3. Exports.</li> <li>4. Other Commercial Lending.</li> <li>5. Small and Cottage Industry (Term Loan)</li> <li>6. Others               <ol style="list-style-type: none"> <li>a) Urban Housing.</li> <li>b) Special Program.</li> </ol> </li> <li>7. Other Loans &amp; Advances.               <ol style="list-style-type: none"> <li>a) Loans/Advance against FDR/BSP/PSP/ICB Units/Wage Earners Development Bond etc.</li> <li>b) Loan against DPS.</li> <li>c) Transport Loan.</li> <li>d) Brick manufacturing</li> <li>e) Work Order.</li> <li>f) Fertilizer Dealers.</li> </ol> </li> </ol>
<ul style="list-style-type: none"> <li>● Amount of Loan:</li> </ul>	Minimum Tk. 1.00 Lac, maximum amount depending on banks equity.
<ul style="list-style-type: none"> <li>● Rate of Interest:</li> </ul>	Loan pricing are fixed up on case to case basis ranging from 10% to 18.50% p.a.
<ul style="list-style-type: none"> <li>● Term of Loan:</li> </ul>	- Minimum 6 months, maximum 1(one) year incase of commercial lending. -3 to 7 years in case of term loan.
<ul style="list-style-type: none"> <li>● Mode of Repayment:</li> </ul>	It depends upon nature of facility of loan, such as, adjustable once in 45 days, monthly and quarterly installment basis.
<ul style="list-style-type: none"> <li>● Security/Collateral:</li> </ul>	Movable: Financial obligations – <ol style="list-style-type: none"> <li>i) Fixed Deposit</li> <li>ii) BSP, PSP, ICB Unit, WEDB,</li> <li>iii) Deposit Pension Scheme.</li> <li>iv) Insurance policy.</li> </ol> Immovable: Landed property preferably within City Corporation/Pourashava.
<b>Loan Processing Cost:</b>	
<ul style="list-style-type: none"> <li>● Application Fee:</li> </ul>	No Fee is required.
<ul style="list-style-type: none"> <li>● Appraisal Fee:</li> </ul>	0.50% of loan amount or Tk. 1.00 Lac whichever is less.
<ul style="list-style-type: none"> <li>● Documentation Fee:</li> </ul>	Stamp duty as per Government Stamp Act in force and Registration Fee for mortgage of property.
<ul style="list-style-type: none"> <li>● Legal Fee:</li> </ul>	An amount ranging from Tk. 500/- to Tk. 1000/- is payable to legal adviser depending on category of lawyer for giving legal opinion on landed property offered for mortgage.
<b>Loan Processing Time:</b>	Depends on nature of facility ranging from 3 days to 30 days.
<b>Papers/Documents Required:</b>	Papers required for processing different loan proposal, Party's approach letter, Loanee's attested photograph, Statement of stock in case of CC(H) A/C or CC(P) A/C in prescribed form, Godown inspection report, Requisite papers/information's in regard to collateral security in the form of landed properties, Letter of Consent, Letter of Identification, Credit report on the borrowers and declaration of the borrower, Credit report from local bank branches, Income Statement, CIB report in case of loan limit of Tk. 5.00 lac and above, Copy of Trade License, Copy of regd. partnership deed, Copy of Memorandum & Articles of Association. Documents required for different Loan/Advances, <b>Loan/ Overdraft /Cash Credit/Bill Purchase etc:</b> D.P. Note, Deed of partnership (in case of partnership concerns), Letter of Undertakings, Letter of Disbursement, Letter of Pledge (in case of pledge of goods), Letter of Hypothecation (in case of hypothecation of goods), Trust Receipts, Letter of Lien and Ownership, Letter of Lien for Pucking Credit, Letter of Continuity,



**SELECTED KEYS TO  
SUCCESSFUL SME BUSINESS  
PLANNING, IMPLEMENTATION  
AND BANK LOAN  
APPLICATION**



## **SELECTED KEYS TO SUCCESSFUL SME BUSINESS PLANNING, IMPLEMENTATION AND BANK LOAN APPLICATION**

When presenting your loan application to a bank, they will be impressed if you can demonstrate that behind the construction of your plan (bearing in mind the components below are taught within the JOBS Program's basic SME business, marketing and loan procedures training workshops)

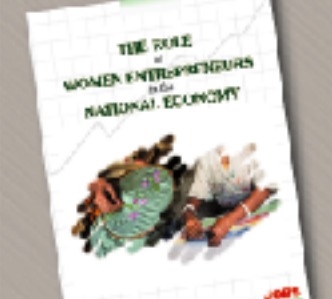
1. You have conducted a simple S.W.O.T. (Strengths, Weaknesses, Opportunities, Threats) analysis of your enterprise, although a S.W.O.T. assessment can be presented within a business, marketing and financial plan in differing ways.

Here you will clearly demonstrate where your enterprise's strengths lie, weaknesses which must be addressed, opportunities which exist and the threats you must confront and address to successfully grow and profitably expand your business.

2. You have a clear "Business Mission Statement". This will help a bank to understand that you know why you are in business and how you plan to get there.
3. You have a "Competitive, Sustainable Marketing Edge". Here you will be demonstrating confidence that your enterprise and its product(s) can beat the competition; and that your forecasts (particularly sales and profit projections) are soundly based.
4. Your enterprise's human resource capability is strong for the task ahead.  
A bank will most often pay considerable attention to the team (however small) which will drive your enterprise to the next stage of success, particularly in the management, financial, production and marketing sectors.
5. You have in place the mechanism via which you evaluate every 4 months your Annual Business, Marketing and Financial Plan to ensure that objectives and targets are being achieved and/or necessary corrective strategies introduced. This will give further confidence to a bank from whom you are seeking a loan that you have a sound, potentially bankable enterprise.
6. When presenting your Business, Marketing and Financial Plan and Loan Application to a bank, take along a support team to give confidence to the bank that you are "more than a one person show". They could include your production manager, accountant, lawyer and yourself as an illustration.

7. Finally, make sure that when you are requesting working capital from a bank, you demonstrate either within your Business, Marketing and Financial plan and Loan Application or at the meeting itself
  - a. Your business acumen, tenacity and integrity.
  - b. Your loan repayment capability (together with possible back-up sources)
  - c. Your invitation to the bank to make a first hand visit to your business premise (and/or manufacturing unit) and talk with a number of your key customers.





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**JOBS**

# BANK LOAN APPLICATION PROCEDURES

## A HANDBOOK *for* SMEs

How to prepare a  
 basic business, marketing and financial plan  
 net worth  
 financial statement  
 and  
 submit a bank loan application

**JOBS**  
 ASSISTING ENTERPRISES  
 TO CREATE EMPLOYMENT!

JOBS is a dynamic USAID funded initiative working with micro, small and medium enterprises to expand their businesses

BANK LOAN APPLICATION PROCEDURES – A handbook for SMEs