All you need to know about Business loan

Do you have a startup idea but not enough funds? Looking to expand your existing retail store but short of money? Want to recover losses but not sure how? Broken and received a big order? Then there is another way other than shutting down the business. Yes, the Business loan can help you uplift your business and support you during tough times.

You can be the next Sam Walton (Founder of Walmart) who had nothing in his pocket when he started his first general store. He borrowed $25000 from his father-in-law to make the initial purchase and within a decade it reached $176 million worth.

Thus if you look back at history, many million-dollar businesses started small. They didn’t stop when they broke instead they stood strong with the help of financial support and focused on their business.

A business loan is money borrowed from lenders to support the business. From small retailers to big enterprises, everyone can avail of this loan. Today many people are running their businesses successfully with the help of these loans.

## Who can avail Business Loan?

* Self-employed professionals
* Private and Proprietorship firms
* Private limited companies
* Enterprises (With the condition of minimum turnover or profit)
* Chartered Accountants

## Types of Business loan

Every business is different hence the requirements can be different. To facilitate the various needs of businesses, banks offer different kinds of business loans.

### 1) Secured & Unsecured

A secured business loan is where a loan sanctioned against property or an asset. These loans have the benefits of higher loan amounts and banks consider these types of loans as low-risk loans. Enterprises can go for this kind of loan to recover huge losses or to fulfill big contracts.

Unsecured loans are collateral-free thus the lender bears the high risk. This results in higher interest rates and minimum funds. Suitable for small businesses where the borrower cannot risk or doesn’t have an asset.

### 2) Working Capital

Working capital loans help to handle daily operations. These loans help the business to focus on its growth and generate capital. The duration of this loan is 6-12 months, suitable for small and medium enterprises. You can avail of both secured and unsecured capital loans.

### 3) SBA Loans

Small Business Administration loans are government-backed loans provided to small businesses. Since the lender is government, high-risk loans are guaranteed to help small businesses grow and expand. There are many types of SBA loans available and they generally have a longer tenure.

### 4) Business Credit Cards

Business credit cards are credit cards given to licensed businesses. Here there is no restriction on cash flow, turnover, minimum profit etc. This allows any startup or existing business modules to choose the credit card. There will be a maximum limit which has to be paid timely.

### 5) Invoice Financing

As the name suggests, invoice financing is borrowing loans against invoices. About 80%- 85% of the amount can be borrowed and the remaining is due when the invoice is paid in full by the customer. These kind of loans are prominent ways to raise capital and also helps to build great customer relationships.

### 6) Equipment loans

Equipment loans are suitable for manufacturing industries. Many types of equipment cost a lot hence banks provide special loans to fulfill industry needs. The amount and interest rate depend on the funds required by the borrower.

## Final Note

Before applying for the loan, check your requirements. Make a list of profit and expenditures, thorough analysis of loans, try not to risk your assets, Pay as soon as possible, Keep track of the market and Refinance, and finally maintain a good credit score.