

Title:

Bankruptcy 101

Word Count:

644

Summary:

'Bankruptcy' the term that can raise the goose bumps of almost every individual who hears it and even a nervous breakdown to those who confront it. Bankruptcy stands for the situation when a person runs into huge debts and there is hardly any money left with him to repay those debts. The

Keywords:

bankruptcy, finance, purpose, debt, creditor

Article Body:

'Bankruptcy' the term that can raise the goose bumps of almost every individual who hears it and even a nervous breakdown to those who confront it. Bankruptcy stands for the situation when a person runs into huge debts and there is hardly any money left with him to repay those debts. The clouds of bankrupt situation can hover over anybody's life be it a successful business man who has never ever fathomed it or any greenhorn entrepreneur who had thought of going a long way ahead.

There are several reasons behind this insolvency-

Indebtedness-people usually take big loans from the banks and private companies in order to run successfully their business or company. However, since the economy is constantly fluctuating, one might not be able to incur expected results or profits. So, the loan debt with interest rates gets piling on. The loan can also be taken to pay off a bill that you missed paying. The loan is taken instantly in this case without an assessment of the interest rates. This can be cause snags later.

The credit card bills are also a source of trouble. They are charged with good interest and at the end of the month when the expenditure has chewed your month's income; the credit card bill can make you bite the dust.

In the world today where fraud and betrayals are considered to be the bets virtues, any partner or shareholder or director might connive to pitch the

company or business to bankruptcy. Here the reasons can be mutual squabbles and vengeance.

Gradual denouncement from the market- the commodity you sell today at price X, may be sold tomorrow by some other company at a much cheaper price Y. This can oust or eject your product from the market replacing it with a relatively cheaper one.

However, where there is a will, there is definitely a way. Just as there are two sides of a coin, there are two aspects attached to everything. When you glare at the negative side of the situation, its positive aspect is lurking behind according to which bankruptcy can be seen a situation that provides you a golden chance to start things afresh.

This is done by filing your application for bankruptcy, in a way seeking help from the government to help you overcome the disaster. Once you forward your application and it is accepted, the government repays most of your debts. This becomes possible by taking hold of your assets and dividing them amongst the creditors in an organized manner. But the debts that are associated with embezzlement or those huge ones that cannot be covered up via one's assets can be problematic. In case of businesses filing for bankruptcy, certain procedure has to be followed up.

Besides this there are a few debt consolidation services that advertise themselves through television, print media etc. Debt consolidation signifies using a loan provided by that service to repay other debts. This loan is comparatively at a lower rate of interest and it often becomes easier for many to repay one loan instead of five to six ones.

In any case, if you are seeking financial aid from the government, banks, services etc., there stands the barrier of qualification. It is that you should be able to prove the service or the bank that your case is authentic and not a fraud. In order to escape future troubles, the government has formulated strict laws and eligibility criterion in this area.

However, in any case it is better to seek the advice of an advisor before seeking help to make up your crisis. This will not just educate you about all the related terms and conditions but also the possible legal and financial consequences. Just keep in mind that help always comes to those who are look for it with a true heart.

