
Expand Your Business With a Loan That Offers Low Business Loans Interest Rate

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Whether a business is just starting up, trying to stay afloat or looking to expand the operations, it requires additional funding from a reliable source. A business loan is one such form of lending agreement that takes place between the borrower and a financial institution. This is a debt, which is paid back within an agreed-upon period and on a pre-set interest rate. Most importantly, it can be availed by any kind of business, regardless of its nature and size. However, while selecting a loan, the business loans interest rate can act as a deciding factor as you would look for a lender who can offer you a low interest rate.

Usually, the interest rate starts from 10.05% and goes as high as 24 %, depending on the type of loan, lender, and mode of payment. In addition, there are a host of factors that can influence this rate, including the loan amount, business plan, credit score and business stability along with multiple others. Each one of these factors is meticulously analysed by the concerned financial institution and only then, the rate is decided.

Types of business loans

- **Secured loans** - These types of business loans are taken against some kind of a valuable asset in the form of collateral. Term loans, loans against property, inventory loans, and equipment loans are some of the common kinds of business loans that can serve your purpose.
- **Unsecured loans** - In contrast to the secured loans, the unsecured equivalents do not demand any collateral for the purpose of approval and completely operate on the creditworthiness of the buyer.

Both secured and unsecured loans come with their own set of advantages and conditions. It entirely depends on your business situation and your ability to repay when it comes to choosing between these two. However, you must remember that despite their collateral-free nature, the unsecured loans have higher business loans interest rate and are ideally offered for a short period.

Tips to improve your chance of getting the business loan easily

The borrower needs to fulfil the eligibility criteria decided by the financial institutions to avail the loan and it is not approved in case of any shortcomings. So, listed below are the tips to improve your business' chance of getting the loan approved.

- **Improve your credit score** - Your credit history has an essential role to play in making you eligible for the loan. You must identify the factors that result in a low credit score such as defaulting and late credit payments so that they can be eliminated. It is extremely important to make all your payments on time and maintain a healthy track record.
 - **Choose the financial institution wisely** - Research about the lenders that can offer the best interest rates on business loans. Selecting the lender that promises fast services, lowest interest rates and acceptable terms, can help you make the most out of the loan. You must also use the EMI calculator to get the estimate of your ability to make the repayments from your monthly cash flow.
 - **Keep the repayment capacity in check** - Before applying for the loan, determine the loan amount that you can easily repay in future. If you apply for a higher loan than your ability to repay, it can create a doubt in the mind of the lender and
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your application may get rejected.

Conclusion

Irrespective of whether the business is small scale or large scale, proper funding is extremely important. The business owners usually prefer to keep the cash handy and approach the financial institutions to borrow loans with low **business loans interest rate** to ensure the consistent growth and security of the firm. This rate can greatly differ across lending institutions and hence, you need to select the one that offers the lowest rate.

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