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How to write a loan application for your own business?

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You are the owner of aswitchgear business and are thinking of expansion plans. However, you are in urgent need of money for operational expenses. For any self-employed businessperson, capital is of utmost importance, which can be loaned from the bank. It is very important to write a professional loan application. To be able to speak fluent English is very different from being able to draft a letter in English. Below are the key points to keep in mind while drafting a loan application for your business.



Points to keep in mind

1. Give detailed information

In order to convince the bank to lend you money, it is important to give all the details of your business. The bank needs to be sure that your business is a legitimate and viable one. It is investing the hard-earned money of its stakeholders in your business and they need to be sure that the money is safe.

2. Prepare employee profiles

Give a background of the management of your business and workforce. The bank needs to know the strength of your business. Highlight their qualification or achievements or whatever you deem suitable. Bankers need to be sure that the business is run by qualified and competent persons and they value professionally qualified custodians.

3. Have a realistic approach

Do not attempt to paint a rosy picture of your business. Bankers will come to know the reality anyway and any discrepancy will come back to haunt you later. It can be disastrous as other banks canblack list you. Once blacklisted, it is very difficult to get your credibility back. Hence, it is preferable to be honest and direct to the point. Avoid unnecessary jazz.



Sample Loan letter :

Rohan Sharma

652 Taravalla Bridge Rd.

Taravalla Mountain, Delhi- 568963

15th September, 2013

The Branch Manager

Bank of India

Taravalla Mountain Branch

Subject:Application for Loan

Dear Sir,

This letter is in regards to the operational loan requirement for the Switchgear business of Tara Switchgears limited.

I am Rohan Sharma, the proprietor and MD of Tara, based in Tarawalla Mountains. The business has been in operation for the past 3 years and we are considering expanding plans across India. The expansion team is handled by Vinod Chowdhary, an IIT graduate along with 4 other MBA's. Due to the economic boom in the country, Switchgear business is expected to rise by 10 % annually. This is because of high demand for power . To be a part of this growth, we require a loan of Rs. 50,00,000 at 8% annual interest. We are ready to put our land assets as collateral.

We know the risks in the power sector due to fluctuation policies of the government, however we assure you that our professional management will bring out the best in the business. Please consider our application seriously. We hope to hear from you soon.

Yours sincerely,

Rohan Sharma



The above sample shows the importance of the above three points. Yourcommand over English should be up to task for writing professional business letters. Improve your English with the help offree online English tutorials.

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- By Monika Agarwal

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