

# Loan Eligibility Decoded

Home · Business · Personal

Salaried | Self-Employed | 2025-26

## LOAN TYPES AT A GLANCE — SECURED vs UNSECURED

Loan Type	Secured / Unsecured	Interest Range	Max Tenure	Tax Benefit	Typical Limit
Home Loan	Secured (Property)	8.25% – 9.5%	30 years	Sec 24(b) + 80C	Up to 5-6x annual income
Loan Against Property	Secured (Property)	9% – 12%	15 years	Sec 24(b) if rented	50-70% of property value
Business Term Loan	Secured (Asset/Property)	10% – 14%	5-7 years	Interest deductible	Based on turnover/profit
Working Capital / CC / OD	Secured (Stock/Debtors)	10% – 15%	Renewable yearly	Interest deductible	20-25% of turnover
MSME / Mudra Loan	Secured / Unsecured	8% – 12%	5 years	Interest deductible	Up to Rs. 10L / 20L
Personal Loan	Unsecured	10.5% – 18%	5 years	NIL (unless biz use)	Up to Rs. 25-40L
Business Loan (Unsecured)	Unsecured	14% – 24%	3-5 years	Interest deductible	Up to Rs. 50L-2Cr
Gold Loan	Secured (Gold)	7% – 12%	1-3 years	If for biz: deductible	75% of gold value
Vehicle / Car Loan	Secured (Vehicle)	8.5% – 12%	7 years	If for biz: depn + int	80-90% of vehicle cost
Education Loan	Unsecured / Secured	8% – 13%	15 years	Sec 80E (interest)	Based on course/college

## HOME LOAN — ELIGIBILITY & CALCULATION

**SALARIED: Eligible EMI = 50-60% of net monthly salary (FOIR — Fixed Obligation to Income Ratio)**

Formula: Max Loan = EMI Capacity x Present Value Factor (based on rate & tenure)

**Example: Salary Rs.1L/month → EMI capacity Rs.50K → Max loan ~Rs.56L (8.5%, 20 yrs)**

**SELF-EMPLOYED: Banks take average of last 3 years' ITR net profit (after adding back depreciation)**

Income considered: Net profit + depreciation + partner salary (for firm/LLP) + rental income

**Example: Avg net profit Rs.20L/yr → Monthly Rs.1.67L → EMI 50% = Rs.83K → Max loan ~Rs.93L**

Co-applicant (spouse/parent): Both incomes clubbed → higher eligibility. MUST be co-owner for tax benefit

LTV (Loan-to-Value): Up to 90% for loans < Rs.30L · 80% for Rs.30L-75L · 75% for > Rs.75L

**CIBIL Score: 750+ = best rates. 700-750 = approved, higher rate. Below 700 = may be rejected**

50-60% of salary

PV calculation

56L approx

3-yr ITR avg

Adjusted profit

93L approx

Club incomes

RBI norms

Min 700

### HOME LOAN TAX BENEFITS:

Sec 24(b): Interest deduction — Rs.2L (self-occupied, OLD regime only) | NO LIMIT (let-out, BOTH regimes)

Sec 80C: Principal repayment up to Rs.1.5L (OLD regime only) | Sec 80EEA: Extra Rs.1.5L for affordable housing (OLD only)

## BUSINESS LOAN — SECURED & UNSECURED ELIGIBILITY

**SECURED (Term Loan / CC / OD): Collateral = property, FD, stock, debtors, machinery**

Income proof: 3 years ITR + computation + balance sheet. Banks check net profit trend

Turnover-based CC/OD: Limit = 20-25% of annual turnover. Drawing power from stock + debtors

Property-backed: Loan up to 50-70% of market value. Lower rate (9-12%). Longer tenure (10-15 yrs)

**UNSECURED: No collateral needed. Approved on ITR, bank statement, GST returns, CIBIL**

MSME / Mudra: Shishu (up to 50K) · Kishore (50K-5L) · Tarun (5L-10L) — no collateral, subsidy available

CGTMSE Guarantee: Loans up to Rs.2Cr without collateral — bank gets govt guarantee

Startup India: SIDBI Fund of Funds, Stand-Up India (SC/ST/Women), PMEGP for manufacturing

NBFCs & Fintechs: Faster approval (24-48 hrs), less documentation. But rates 16-24%

Lower rate

3-yr financials

20-25% of TO

LAP

Higher rate

Govt scheme

Up to 2Cr

Govt support

Fast but costly

**CRITICAL:** Interest on business loan is 100% tax-deductible as business expense. Personal loan interest is NOT deductible unless used for business purpose (maintain proof). Processing fee also deductible in year of payment.

## EMI PER LAKH — QUICK REFERENCE TABLE (MONTHLY EMI)

Rate / Tenure	5 Years	7 Years	10 Years	15 Years	20 Years	25 Years	30 Years
8.00%	2,028	1,560	1,213	956	836	772	734
8.50%	2,050	1,583	1,237	984	868	806	769
9.00%	2,076	1,609	1,267	1,014	900	840	805
9.50%	2,100	1,634	1,293	1,044	932	875	841
10.00%	2,125	1,660	1,322	1,075	965	909	878
10.50%	2,149	1,686	1,349	1,105	998	944	914
11.00%	2,174	1,712	1,377	1,137	1,032	980	952
12.00%	2,224	1,765	1,435	1,200	1,101	1,053	1,029
14.00%	2,327	1,872	1,553	1,332	1,244	1,204	1,185
18.00%	2,540	2,095	1,802	1,613	1,544	1,517	1,507

**HOW TO USE:** Multiply EMI per lakh by number of lakhs. Example: Rs.50L loan @ 9%, 20 yrs = 900 x 50 = Rs.45,000/month EMI

## DOCUMENTS CHECKLIST — SALARIED vs SELF-EMPLOYED

Document	Salaried	Self-Employed / Business
Identity Proof	Aadhaar + PAN	Aadhaar + PAN
Address Proof	Aadhaar / Passport / Utility bill	Aadhaar / Passport / Utility bill
Income Proof	Last 3 months salary slips + Form 16	Last 3 years ITR + Computation of Income
Bank Statements	Last 6 months (salary account)	Last 12 months (business + savings)
Employment Proof	Offer letter / appointment letter	GST Registration + Udyam certificate
Business Proof	N/A	Partnership deed / MOA-AOA / LLP Agreement
Financial Statements	N/A	Last 3 years P&L + Balance Sheet (audited if applicable)
GST Returns	N/A	Last 12 months GSTR-3B + GSTR-1
Property Documents	Sale deed, title, NOC, EC (for home loan)	Same + valuation report for LAP
Collateral Documents	N/A (home loan: property itself)	Property papers / FD receipt / stock statement
CIBIL / Credit Report	Bank pulls automatically (score 750+)	Bank pulls (business + personal CIBIL)

## 10 PRO TIPS TO GET YOUR LOAN APPROVED FASTER

- 01 File ITR on time every year**  
Banks reject if ITR is late-filed or not filed. 3 years of on-time ITR = loan-ready
- 02 Show growing income trend**  
Declining profits = red flag. Even small growth each year signals stability
- 03 Maintain CIBIL above 750**  
Pay credit card bills in full. Never miss EMI. Don't apply at multiple banks simultaneously
- 04 Keep FOIR below 50%**  
Total EMIs (existing + new) should not exceed 50% of income. Prepay small loans first
- 05 Add co-applicant for higher limit**  
Spouse's income is clubbed. Joint home loan also gives double tax benefit (Sec 24b each)
- 06 Use business account for all transactions**  
Banks check bank statement seriously. Mixed personal/business = lower assessed income
- 07 Don't withdraw cash frequently**  
Heavy cash deposits/withdrawals reduce assessed income. Keep transactions digital
- 08 Get project report ready for business loan**  
CMA data, projected financials, business plan — banks need these for CC/OD/term loan
- 09 Prefer banks over NBFCs for rate**  
Apply at your existing salary/current account bank first — relationship discount. NBFCs for speed
- 10 CA certificate boosts approval**  
Net worth certificate, income certificate from your CA carries weight with banks

### Need a CA Certificate, Net Worth Statement, or ITR for Loan?

We prepare loan-ready financials, CMA data, project reports & income certificates.

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