

7 Benefits of Availing a Loan Against Property

A loan is one of the first things that comes to mind whenever we require a large sum of money for financial emergencies. However, choosing a single loan product out of a variety of loans like personal loans, business loans, or a loan against property can be an extremely overwhelming process.

Having said that, loan against property is one financial product that is becoming increasingly popular nowadays, with the market all set to reach [more than \\$850 billion](#) by FY2026. Indeed, if you are confident about paying your monthly installments on time and you already have a healthy credit history, there are few secured loan options that are better than a loan against property. But what is it? Let's find out.

What is Loan Against Property?

A [loan against property \(LAP\)](#) is a financial instrument that allows you to make use of the stored-up value of your residential or commercial property to avail funds for personal as well as business purposes. With a LAP, you can pledge your residential flat, office plot, or shop as collateral and avail of a loan.

Given the ease of obtaining a LAP and its numerous benefits, you can be sure of fulfilling key life goals like marriage, education, or business expansion while maintaining your long-term financial stability.

Advantages of Availing a Loan Against Property

Lower Interest Rates

Undoubtedly, a low-interest rate is one of the biggest advantages of opting for a LAP. Since the lenders get the right to make a legal claim on the property in case of any loss, the risk factor is very low for them. Subsequently, they are content to charge a lower interest rate, which lowers your EMI and reduces the financial burden on the borrower.

Higher Sanction Amount

When you avail of a LAP, the lender offers you a credit amount equal to a large percentage of your property's current market value. Depending on the type of property, whether it is residential or commercial, the lender can vary the credit amount from 70% to as much as 75% of the value

of your property. This is a relatively large amount that can be used for financing personal goals or the needs of your business ventures.

Longer Tenure of Repayment

With a LAP, you get the option to repay the loan over an extended period of time. While the exact time differs from lender to lender, you easily get a period of 10 to 20 years to pay back the large sum of money.

With such an extended tenure, you can opt for pocket-friendly monthly installments and optimize your repayment process. Together with low-interest rates, this particular feature of LAP makes it an efficient and extremely affordable option for small businesses.

Continued Use of Property

Even after you get a loan against property, you still retain the right to ownership of property and can continue to use it. Hence, while the property serves as a mortgage for your loan, it continues to provide you with its original benefits. You can use different types of properties as a mortgage, regardless of whether it is rented out, self-occupied, or if it is a residential or commercial space.

Partial Fund Disbursements

With a loan against property, you get the option of disbursing only a certain part of your loan amount. This is known as partial loan disbursement. This feature can be extremely helpful if you want the loan for purposes where the working capital is required for the long term, say for various stages of a construction process. You can disburse different loan amounts in multiple tranches while paying interest rates only on the disbursed amount.

Quick Approval of Loan

For a LAP, the process of getting approvals for the loan application is much easier than for other unsecured loans. As said before, lenders enjoy a guarantee for the amount they credit. This security makes these loans far more easily available for borrowers.

Also, LAP is available for both self-employed professionals as well as the salaried class. All that the borrower needs to have is certain documentation for submission to the lenders (such as a PAN card, copy of the property papers, address proof, etc.), and they can get the amount sanctioned.

Tax Benefits

If you use your loan amount from your LAP for some specific purposes, you may even get certain tax benefits on interest payments. Section 37(1) of the Income Tax Act allows you to avail tax benefits on the interest and the processing fees if you are using your loan for business purposes. Similarly, under section 24(B) of the Income Tax Act, you can avail of tax deduction up to Rs 2 lakh, if you use your loan amount for purchasing a residential property.

You will have to provide proof of your expenditure on the fund if you want to ensure these tax benefits. Keep in mind that you do not get these tax deductions if you are using your loan for personal expenses, such as travel, vacations, education, or weddings.

Get a LAP With Protium For More Exclusive Benefits!

For both individuals and businesses, a loan against property is an [incredible option for financing](#) different goals in life. However, the process of getting a loan can still be challenging, especially for small and medium enterprises. So, before you zero in on your lender, make sure that you get additional benefits such as easy documentation, doorstep service, and quick processing to enhance your experience.

[Protium](#) is one such option that can help you convert your property into a source of funds by providing a LAP of up to Rs 5 Crores at affordable rates with flexible repayment tenures. Just call 8828827800 to find out more!