

# How to get a short-term loan? Check this easy guide

By: [Adhil Shetty](#) | New Delhi | Published: July 25, 2018 1:28 AM



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There may be months in which you run out of money even as you wait for your next salary to arrive. You're in a temporary liquidity crunch. You don't want to take a long-term loan for this purpose as your need is for a small amount over a short period of time. You don't want to be paying EMIs for months together. Now, if you are someone who doesn't have a credit card or a credit history for that matter, what do you do to meet this crunch?

### Enter short-term loans

Short-term loans are [mini](#) loans for small needs. They are a variant of personal loans. However, unlike personal loans, short-term loans come in smaller ticket sizes with short tenures. Disbursal is easy. The application is paperless. The borrower need not have a credit history. These loans are typically unsecured in nature and do not require submitting of collaterals unless you are looking a sizeable amount.

### Small loans, small tenures

Short-term loans are small in size. While a typical personal loan may require you to borrow a minimum amount of `50,000-1 lakh, your requirement may be just `10,000. This is where short-term loans come in. You can borrow a small amount, repay it quickly, and avoid being saddled with any debt you didn't need. A typical personal loan has a tenure of 1-5 years. In case of a short-term loan, the tenure may be as small as 15 days going up to a few months.

### Fast disbursal, minimal paperwork

It is easy to avail personal loans today. You may already have a pre-approved loan from your bank based on your credit history and repayment records. Just like personal loans, short-term loans can be availed quickly by applying for it online. Documents you would require include PAN card, bank account statements, address proof, regular income along with salary slips for recent months, and employer ID. Once your application is processed, the short-term loan will be disbursed in a day or less.

### Credit score is important

When you apply for a loan or a credit card, the lender looks at your credit score. They assess your creditworthiness by looking at how you've managed loans and credit cards in the past. Today, the best loan offers are provided to those who have a credit score of 750 or more. However, there are many people who don't have a credit score because they've never taken a loan or a credit card. In such cases, short-term lenders adopt alternate techniques to determine the creditworthiness of a borrower. For example, some may evaluate your creditworthiness by looking at your social media profiles.

### Income and age eligibility

Most short-term lenders require you to pass their eligibility. For example, one lender needs the borrower to be between the ages of 21 and 55, earning at least ₹18,000 a month and having been employed for at least one month in their current job. These criteria vary from one lender to another.

### Interest rate

The interest rate on short-term loans may be relatively high compared to personal loans, ranging between 20% and 40%. These are comparable to credit card interest rates. However, the absolute interest outgo would be low since the loan tenure is short. There may be processing fees on the loan, which may either be deducted from the disbursed amount right away or waived off all together at the lender's discretion.

The writer is CEO, BankBazaar.com

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