# Sources of Funds


Learn about the various sources of funds for your business and the advantages and disadvantages of each option.

**Ms.D.Deepa,AP/MBA-BSPINE**

# Equity Financing

## 1 What is it?

Equity financing involves selling shares of your company in exchange for funding.

## 2 Advantages

No interest payments, no repayment deadlines, and investors become part-owners and may provide valuable guidance.

## 3 Disadvantages

Loss of control and potential conflict with investors, and dilution of ownership.

# Debt Financing

## What is it?

Debt financing involves taking on loans, bonds, or other debt instruments.

## Advantages

No loss of ownership and viable for short-term needs and small businesses.

## Disadvantages

Interest payments and repayment deadlines can be burdensome, and can be unsuitable for startups or high-risk ventures.

# Crowdfunding

1

## What is it?

Crowdfunding involves raising small amounts of funds from a large number of people, often through online platforms.

2

## Advantages

No need to pay interest or give up equity, and can help validate products or concepts.

3

## Disadvantages

Can require significant marketing efforts, and failure to hit funding goals often means no money is received.

# Venture Capital

### What is it?

Venture capital involves larger investments from dedicated firms or individuals who take more risks.

### Advantages

Significant cash injections, access to networks and expertise, and support for growth.

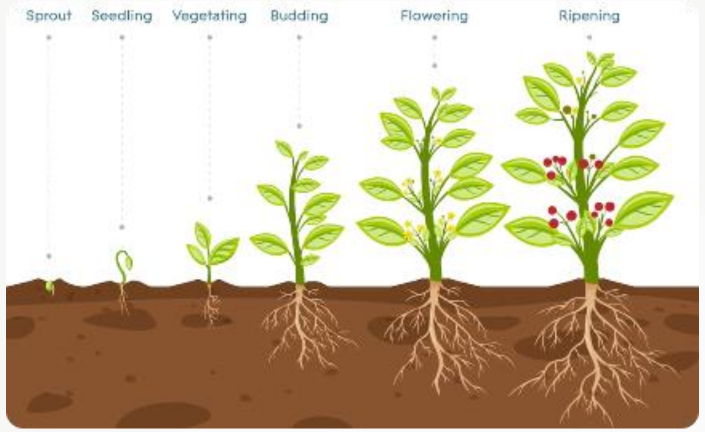
### Disadvantages

Tougher to qualify for, less control, and more pressure to deliver returns.

# Angel Investors

| | Angel investors | Venture capital |
|---|---|---|
| Amount of funding | Typically smaller | Typically larger |
| Control | May offer mentorship and strategic guidance | May be more intrusive and exert more control |
| Expertise | Varies based on investor background and experience | May offer deep industry knowledge and networks |

# Bootstrapping and Self-Funding




## What is it?

Bootstrapping involves starting and growing a business purely on your own money.

## Advantages

Complete control, avoids the problems associated with debt and equity financing, and helps develop financial discipline.

## Disadvantages

Slow growth, requires significant savings, and limits potential for scale.

# Bringing It All Together

## Know Your Options

Understand the pros and cons, and which sources best fit the needs of your business.

## Explore Multiple Sources

Sometimes a combination of sources may work better than one alone.

## Have A Plan

Be strategic in your approach and manage your finances wisely.