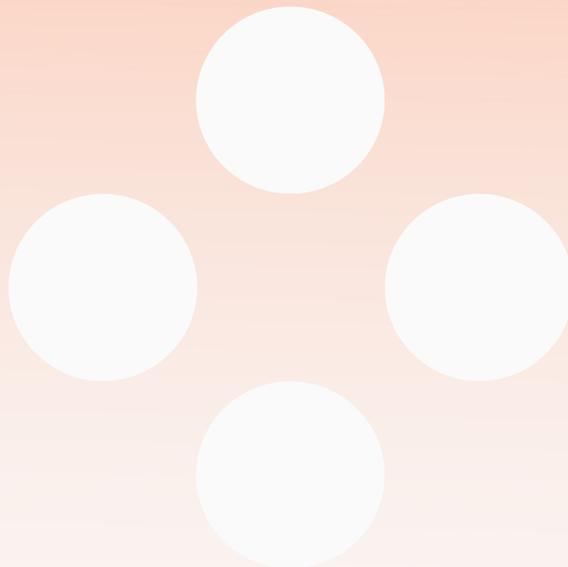


MoE's
INNOVATION CELL
(GOVERNMENT OF INDIA)

Equity vs. Debt Financing

Two Ways to Fund Your Startup

- Equity: Raise funds by selling ownership shares—investors become part-owners and may influence key decisions.
- Debt: Borrow money from lenders—repay with interest, but you keep all company ownership and direct the business your way.



The right choice impacts your control, growth strategy, and future obligations.

Equity Financing

Partner for Growth

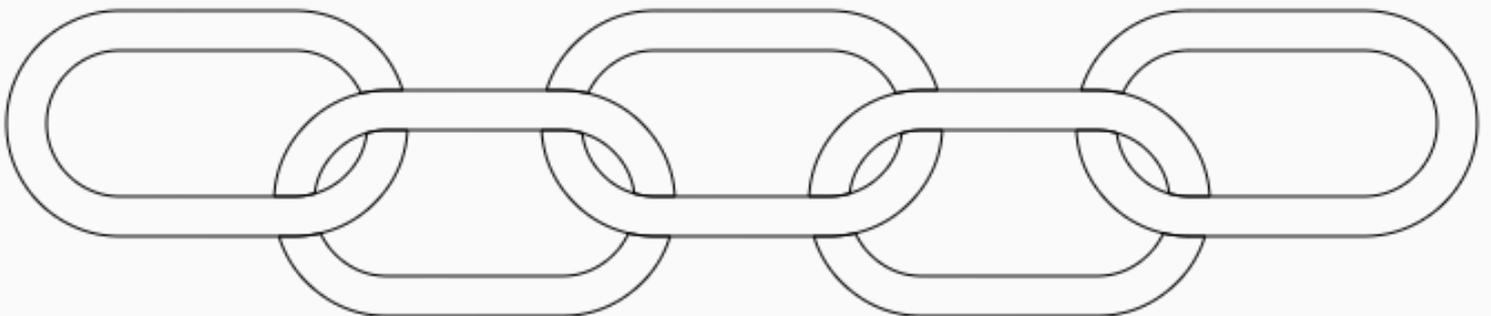
- Attract investment by offering shares, bringing in expertise and networks
- Investors share profits and participate in strategic decisions
- Ideal if you seek guidance and are ready to share both risk and rewards.
- Helps prioritize core features based on actual user behavior.

Equity Financing Benefits

No Repayments

Profit Sharing

Growth Networks



Investor Network

Decision-Making

Debt Financing

Borrow, Build, Repay

- Secure funding with loans or credit—repay on a set schedule, with interest.
- You maintain all ownership and drive all decisions.
- Suited for businesses with predictable income and growth.
- Faster process, but requires discipline to manage regular repayments.



Debt Financing

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Pros

Maintains Ownership

Fixed Payments

No investor involvement

Cons

Interest costs

Repayment pressure

Risk of default

Key Differences

Ownership or Obligation?

| Equity Financing | Debit Financing |
|------------------------------|----------------------------------|
| Share ownership & control | Sole ownership & control |
| Share profits with investors | Repay fixed principal & interest |
| No monthly repayments | Regular payment schedule |
| Strategic support | Independence from investors |



“If you're not embarrassed by your first product release, you've launched too late.” – Reid Hoffman

How to Decide?

7 ways to decide between equity and debt financing for your business success.

- 1** Need money fast? Debt is quicker
- 2** Want expertise and can share control? Equity is helpful
- 3** Prefer to keep ownership and can make repayments? Debt fits
- 4** Mix and match for balanced growth
- 5** Consider your appetite for risk and control
- 6** Evaluate long-term business goals and cash flow
- 7** Seek advice from financial and legal experts

