

# How to Raise Funds for Business in India?

Be it meeting working capital requirements, investing in office space or equipment, hiring manpower or more, every aspect of running the business demands influx of funds at regular intervals. Unless you have won a lottery or have a fairy godmother to bank on, how can you raise funds for your business?

Here are our top 8 recommendations:

## 1. Angel Investors:

Angel investments are a popular funding choice for many start-up ventures. Generally, angel investors operate independently and sometimes as part of a larger investment group or a syndicate.

Having said that, angel investment is not really equivalent to a typical business loan that creates an obligation on the borrower to repay it within a specified period of time. Angel investors are risk-takers and have a long-term view of creating value for the venture by banking on the business instead.

In most cases, they request an equity share of the business and expect to earn high returns. Therefore, they provide more than just monetary assistance. In addition to finance, angel investors often share their business expertise to ensure that the venture is a success.

## 2. Crowdfunding and Cloud Funding:

Finding angel investors can be Difficult and time consuming. Hence, crowdfunding and cloud funding are becoming increasingly common among entrepreneurs to gather financing for their business in India. As long as you have your legal compliances in place, you are free to float your idea, business plan, or company requirements enabling any potential investor to participate in its growth through mediums like crowdfunding and cloud funding.

Unlike a business loan, there is no need for the entrepreneur or the businessman to use a business loan emi calculator to ascertain your monthly repayments to the lender. Generally, the investor chooses to contribute a sum of money that is aligned to their affordability. Since the playing field for the group of investors is open to all, this helps the business raise the required funds for their venture in no time at all.

Must Read: [5 Best Trading Business Ideas in India with Low Investment](#)

### 3. Equipment or Machinery Loans:

If your business is into manufacturing, then equipment or machinery loan will be more attuned towards fulfilling your needs for raising funds. Machinery and Equipment loans are designed to provide quick and convenient access to finance to cater to the asset needs of small-scale enterprises in the country.

This type of loan is best suited to purchase business equipment to transform their production processes and make them more efficient. Manufacturing businesses also rely on these loan types to help fund their repair work for faulty equipment and even to purchase modern, upgraded machinery.

You can easily get a Machinery or Equipment loan from Fullerton India that ensures that you suffer no major roadblocks to your business growth. Applicants can simply use our business loan eligibility calculator to estimate the maximum amount they can get. They can also check our business loan eligibility criteria to know if they meet the basic required parameters.

### 4. Bank Overdraft:

If you have a great relationship with your bank, you may be able to avail of a bank overdraft facility that is best designed to meet your short-term funding needs for your business. Only the crème de la crème of the bank's customers is able to avail of the overdraft facility which is directly dependent on having a great credit score. Making regular repayments to the bank also helps influence the lender's decision of extending the overdraft facility to a select few businesses.

The overdraft facility is enabled by the bank on an annual basis. Hence, you will have to request a renewal of the overdraft facility on a yearly cycle with your respective banking partner.

Having access to an overdraft facility enables you to withdraw funds up to a specified limit from the bank account even if the total funds are not available in your current account at that very point in time. This fund extension facility is extremely handy for businesses especially to meet day to day expenses of the business such as wage or vendor payments.

## 5. Business Loan:

A business loan can be availed by business owners to meet high-value expenditures directed towards expanding operations, meet working capital requirements, investing in upgraded machinery or equipment, purchasing raw material or stocking inventory, financing infrastructural changes, hiring manpower and more.

Business loans are of two types. Unsecured business loans do not require pledging any collateral and come with higher interest rates whereas secured loans require the applicant to pledge an asset such as immovable property.

### How to Apply for a Business Loan Online? (Step by Step Guide)

Fullerton India offers convenient and hassle-free unsecured business loans with minimal documentation. Startups can avail of a business loan between Rs 50,000 to Rs 50 lakhs at competitive interest rates.

## 6. Self-Finance:

Self-finance and personal investment are interchangeably used. Several businesses and startups use this method to fund their businesses.

During the initial phase of your startup, when you opt for a loan from a capitalist or lending institution, they often ask you about the investment you will make in your own startup. For entrepreneurs heading to start their businesses, self-finance is the best way to begin. When your business grows and you are able to meet the required business loan eligibility criteria, reach out for business loans to lenders who may consider your application.

## 7. Government Schemes:

Startups can now benefit from the various loan schemes rolled out by the Government of India. These schemes are incredibly beneficial for start-ups, MSMEs, and SMEs. Furthermore, women entrepreneurs, individuals belonging to the SC/ST category, and educated youth also yield the benefit. The MUDRA loan scheme under Pradhan Mantri Mudra Yojana, Credit Guarantee Fund Trust for SMEs, Atal Innovation Mission, TREAD, Make in India, etc., are some of the loan schemes by the Government of India for startups.

## 8. Peer-to-Peer Lending:

Peer-to-Peer lending is also a very commonly used method for gathering business capital. In this process, third-party involvement is negligible. Lenders directly lend money to borrowers, which they further invest in start-ups. Please note that this product is currently not being offered by Fullerton India. However, if you wish to borrow money so that you can invest in a start-up, you may consider a personal loan.

Lenders directly earn from the borrowers since the rate of interest charged is exceptionally high compared to NBFCs and MFIs. RBI regulates peer-to-peer lending for both lenders and borrowers to benefit equally.

## In Conclusion

When it is a question of how you can raise funds for your business, it is important for the business owner to understand how each type of funding operates and what are the major pros and cons. That said, raising funds through certain mediums like machinery or a business loan may also lead to debt accumulation. Hence, you should be extremely careful when you select your lending partner on this journey. That said, it must be emphasised that business loans are provided only to those who have an established business and match certain criteria. If you are trying to start from scratch, you may want to invest your own funds in the initial phase, and then use any of the above mentioned methods to access more funding for expansion.

To experience a seamless business loan process, get in touch with us today. Fullerton India offers multiple loan products that can help you meet the funding requirements for your business enterprise.