Capital is a key factor for any business. Trading as well as non-trading organizations are always in search of maximum capital mobilization. In fact capital raising capacity decides the form of a business organization. If the capital is limited sole trading can be started. If the capital raising capacity is better partnership firm can be a suitable form of business. When chances of raising capital are bright a joint stock company can be promoted.

Capital can be raised by a company in many ways. Issuing shares for long term finance and borrowings from various financial institutions for medium term finance are the common forms for collecting funds. Short term capital is raised generally by borrowing from banks in the form of cash credits and overdrafts. Banks also provide finance through discounting bills of exchange. By inviting public deposits a company can meet some of its financial requirements. A company accepts deposits from general public for a minimum period of 6 months with limitation for maximum period.