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A STUDY ON SOURCES OF FINANCE AVAILABLE FOR ENTREPRENEURS

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ABSTRACT
The present Research study on the sources of finance available for Entrepreneurs finance refers to the process of acquiring capital and making financial decisions for a new venture or startup. The entrepreneurs finance methods range from self-financing using an entrepreneur's own savings, using debt financing like credit cards, home equity loans, or small business loans, or turning to equity financing from sources like venture capital firms. The researcher explain the various sources of finance available for entrepreneurs with different internal and external environments from different angles. The main objectives of the study are 1.To know about the socio-economic background of the entrepreneurial finance. 2. To identify the sources of Entrepreneurial finance. The present study is purely conceptual and descriptive in nature. The secondary data has been collected from various sources like peer-review articles, books and online source. The author has followed inclusion and exclusion criteria to collect pertinent information related to the present study. The present research study mentions that there are a variety of financing options available to new entrepreneurs. The best option for you will depend on your business needs and your financial situation. Be sure to research all of your options before deciding on a loan. This will help you choose the source of funding that suits best with your situation and company stage. In return it increases the chances that you will successfully rise funding

The Entrepreneurs should be prepared to explore funding opportunities via business angels, venture capital, bank loans, buyouts and financial bootstrapping. Business angels, or angel investors, invest a part of their wealth in innovative companies in their earliest stages to help them grow expeditiously. Angel investments may provide a boon to an infant organization, with angels typically providing three times that of venture capital. Venture capital is a method in which investors fund a fast-growing company with the intention of selling their stake in the middle-stage. Venture capitalists take on high risks and expect high profitability when investing in new ventures. Bank loans are funding provided by a bank against business or personal credit. Financial bootstrapping is when a founder invests their own money and uses that to propel the business forwards, with methods such as joint utilization, sweat equity, owner financing, delayed payments, minimization of inventory and more to keep the business loan.

KEYWORDS: *Entrepreneurship finance, source, inclusion and exclusion criteria, funding*

INTRODUCTION

In the modern world businesses run on money or finance it most likely have to think about financing often, even the company is profitable. When sorting through available sources of finance, research interest rates and repayment terms. Also consider how easy or difficult it will be to have access to funds, and trade-offs for the convenience of readily available cash. Entrepreneurs must be flexible, savvy and fast-moving in order to acquire the financing needed to allow them to focus on scaling operations, hiring employees and propelling their business forward. Seeking out money in creative places must be second nature to build and maintain a successful business. Therefore, entrepreneurs should be prepared to explore funding opportunities via business angels, venture capital, bank loans, buyouts and financial bootstrapping. Business angels, or angel investors, invest a part of their wealth in innovative companies in their earliest stages to help them grow expeditiously. Angel investments may provide a boon to an infant organization, with angels typically providing three times that of venture capital. Venture capital is a method in which investors fund a fast-growing company with the intention of selling their stake in the middle-stage. Venture capitalists take on high risks and expect high profitability when investing in new ventures. Bank loans are funding provided by a bank against business or personal credit. Financial bootstrapping is when a founder invests their own money and uses that to propel the business forwards, with methods such as joint utilization, sweat equity, owner financing, delayed payments, minimization of inventory and more to keep the business loan. Finally, buyouts exchange ownership of the company with another party in order to build its value. Buyouts can only occur once a company attains private status.

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SOURCES OF FINANCE FOR NEW ENTREPRENEUR

1. Personal Investment

It would help if you were your first investor, putting in as much money as you can afford. This will show potential investors that you're committed to your business. You can also use your savings to finance your business, which can be a good option if you don't want to take on debt.

2. Family And Friends

Your family and friends are a great source of financial support when starting a business. They can provide you with loans or investments, and they're often more flexible than banks when it comes to repayment terms. However, it's important to remember that you're putting your relationships at risk if you borrow money from them. Before approaching them, you have a solid business plan and a realistic repayment schedule for financial help.

3. Bank Loans

Bank loans are a popular source of finance for entrepreneurs. However, they can be challenging to obtain if you have no credit history. At Viva Paydays, they offer no credit check loans instant approval, which can be valuable for new entrepreneurs. The interest rates and terms are good if you are starting a business.

4. Angel Investors

These are wealthy people who are looking to invest in new businesses. They usually have a lot of experience and want to be more hands-on than venture capitalists. The downside is that they can be more demanding and more challenging to please than other sources of financing. To find an angel investor, try going to business events and pitching your business idea to potential investors. You can also search online for "angel investors" or "venture capitalists" in your area.

5. Incubators

This is an organization that provides resources and support to new businesses. They can offer office space, mentorship, and access to funding. Many incubators are sector-specific, so make sure to look for one that fits your industry.

6. Government Subsidies And Grants

Several government agencies offer subsidies and grants to new entrepreneurs. The amount of financial assistance varies, but it can be a great way to get your business off the ground. Be sure to research the eligibility requirements and application process for these programs. Getting a grant is complex, and the chances of success are usually low. But it's worth considering because if you do get one, you don't have to repay the money.

7. Crowd funding

The Crowd funding platforms like Kickstarter and Indiegogo are popular options, but many others are available. You'll need to create a compelling pitch to convince people to invest, and you'll need to set a funding goal. If you reach your goal, you'll get the money.

8. Equipment Financing

The need to purchase equipment for your business, you may be able to finance it through a loan. There are a few different types of equipment loans available, and the best option for you will depend on the equipment you need and your financial situation. You may be able to get an equipment loan from a bank, credit union, or online lender. Some equipment loans require collateral, such as a down payment on the equipment or another asset that can be used as collateral. Others may be unsecured, so you won't need to put up any collateral. The interest rate on your loan will also vary depending on the type of loan and your creditworthiness.

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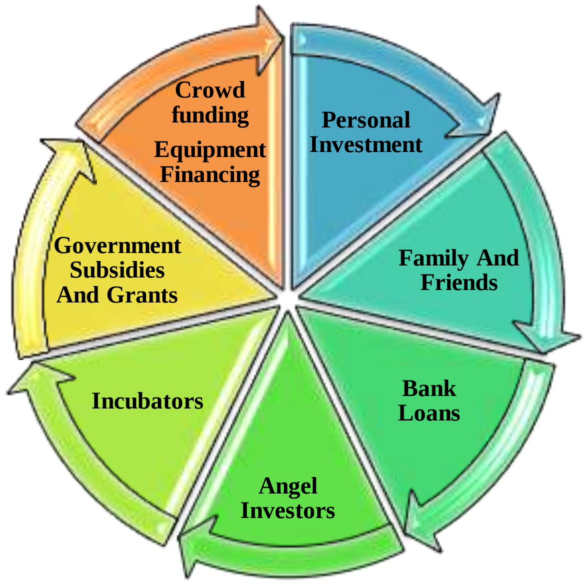

Figure:1 Sources of Finance for new Entrepreneurs

REVIEW OF LITERATURE

Theo Lynn and Pierangelo Rosat (2021), Digital Entrepreneurship: Impact on Business and Society (pp.209-231), Publisher: Springer. Digital technologies are transforming entrepreneurial finance. Near-ubiquitous access to the Internet, platformisation, and advances in cloud computing, machine learning and artificial intelligence, and block chain are changing the sources, basis, and quantum of funding in ways that were unimaginable at the turn of the century. This chapter outlines the changes to the market for entrepreneurial finance from the perspective of structure and participants. The key sources and characteristics of alternative sources of finance available to entrepreneurs, including start-ups, are presented. Two online alternative finance sources, crowd funding and token offerings, are discussed in greater detail. These are illustrated with case studies. This chapter concludes with recommendations and a discussion of practical implications. **Joern H. Block, Massimo G. Colombo, Douglas J. Cumming & Silvio Vismara (2017), New Players in Entrepreneurial finance and why they are there, Volume:50, Pages 239-250.** The landscape for entrepreneurial finance has changed strongly over the last years. Many new players have entered the arena. This editorial introduces and describes the new players and compares them along the four dimensions: debt or equity, investment goal, investment approach, and investment target. Following this, we discuss the factors explaining the emergence of the new players and group them into supply- and demand-side factors. The editorial gives researchers and practitioners orientation about recent developments in entrepreneurial finance and provides avenues for relevant and fruitful further research.

Objectives of the study

1. To know about the socio-economic background of the entrepreneurial finance.
2. To identify the sources of Entrepreneurial finance.

Research Methodology

The present study is purely conceptual and descriptive in nature. The secondary data has been collected from various sources like peer-review articles, books and online source. The author has followed inclusion and exclusion criteria to collect pertinent information related to the present study.

Inclusion Criteria

The literature related to entrepreneurial finance is only considered and the theories of capitalization, financial aspects were considered and the information should be available in English language were considered.

Exclusion Criteria

The author has considered only conceptual facts, theories and quantitative data has been excluded from the study.

Table showing the source of finance for a new Entrepreneurs

Sources of Finance for a new Entrepreneur	Yes	No
Personal Investment	68	32
Family And Friends	87	13
Bank Loans	59	41
Angel Investors	76	24
Incubators	83	17
Government Subsidies And Grants	64	36
Crowd funding	72	28
Equipment Financing	65	35

Source: Primary data

CONCLUSION

The present research study mentions that there are a variety of financing options available to new entrepreneurs. The best option for you will depend on your business needs and your financial situation. Be sure to research all of your options before deciding on a loan. This will help you choose the source of funding that suits best with your situation and company stage. In return it increases the chances that you will successfully rise funding.

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