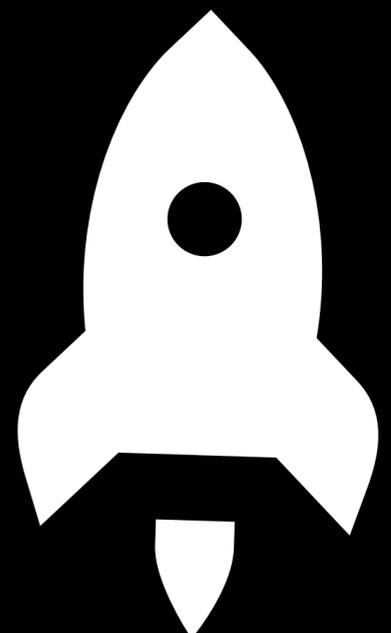


Funding Opportunities for Startups in India



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ABSTRACT

This eBook FUNDING OPPORTUNITIES FOR STARTUPS IN INDIA mainly explains the term Startup, if the Startup requires external funding or not, different methods of external funding, the criteria at which the investors invest, schemes provided by Central, State & Public enterprises for Startups, the funding options are further explained in depth with relevant links mentioned, the Startup funding stages by which the Startups can determine at which level/stage they are, the various ways to approach investors through Pitch Deck, etc. & to identify if the investor is the right match for the Startup or not.

In order to carry out research for this eBook, secondary data was used from various websites & articles. After analysis, conclusion is given thereafter bibliography is mentioned.

INTRODUCTION

WHAT IS A STARTUP?

A startup can be a company or a project which has been carried on by an entrepreneur to seek, develop and to validate business ideas and thus to earn profit. Startup gets born through the idea of an entrepreneur and then flourishes through the correct decisions that have been taken by the entrepreneur. Many times startups don't do well and have to close down due to less availability of funds and incurring low profits at the initial stage of startup. A combination of good idea , right decision, networking, proper team and a clear vision helps the startup to grow as well as can help it to become an unicorn

One of the main tasks of every startup is to collect a required amount of funds whether it would be for the initial development of the product or to take the startup off the growth , getting funds to the startup helps the startup a lot in every aspect of growing. Though many of the startups do not succeed some of the startup have been successful such as Microsoft, Ford motors and McDonald's

CHAPTER 1

SHOULD YOU PURSUE EXTERNAL FUNDING OR NOT?

The main thing that comes before a Startup is of funding, funding is a necessary thing for every startup, along with funding every startup needs to know that whether they really need external funding for their startup or not, there can be two types of startups

- Which doesn't require external fund for startup
- Startup which needs funding to get off the growth

The first type is where the startup doesn't require any external funding. Some startups don't need external funding they have limited funding needs, they don't have any such needs of huge funding, their needs are basic in nature as the product can be launched easily and can generate values quickly. For example – if you decide to start a consulting company your initial startup needs would be a piece of land, a computer, and an internet connection and you are running, then you hope for customers from day one but many a times it doesn't happen and you have to wait for one month and if at this time if your needs are been covered by your savings, an entrepreneur should not worry about how to get funding but can focus their energy on running and growing the business.

The second type is where a startup requires external funding to get off the growth, in such cases it is not possible to go with the savings and the entrepreneur would need funding for his startup as to grow the startup, following are the funding options that will help a new startup survive and grow as time progresses.

(Following funding options are been elaborated in detail in coming chapters)

1. SEED FUNDING

The first one is seed capital, this is the very first investment of money that is been invested by the entrepreneur through his savings and can be used as a seed money for the startup

2. ANGEL INVESTOR

The second one is angel investor, here the angel investor is a person who is wealthy and willing to invest in your startup in exchange of some convertible debt or ownership equity. Angel investors give support to an entrepreneur or an startup in the initial stage when most of the investors are not prepared to back them.

3. VENTURE CAPITAL

A Venture capitalist is a private equity investor that provides capital to the companies which shows high growth potential in exchange for an equity stake. This could be by supporting small companies or by supporting the startup ventures through funding that have a growth potential and wish to expand but do not have access to equities market.

4. INCUBATORS

Incubators are an organization or a professional experienced team that helps the startup by providing guidance at times and also at times some funding. Incubators work on the same old principles of providing the right assistance to startups, but have proved to be a very important part in the startup wheel.

5. DEBT FINANCING

It occurs when company raises the required funds by selling the debt instruments to the investors such as the bonds, bills or notes. Mostly the small companies and the emerging companies rely on debt financing to grow, Debt financing also includes bank loan.

CHAPTER 2

WHAT ARE INVESTORS LOOKING FOR?

The next thing that an entrepreneur should understand is that he should know what an investor are looking at, no one would like to invest in a business or a startup who doesn't have any clear idea about what position will they be in the future or what are the chances that they would cope up with the similar business like them and be ahead in the market. An entrepreneur should clearly put how and where his startup would be without exaggerating it. Following are some of the things that an investor is looking at –

At first the entrepreneur should make the investor believe that you are the one the investor is looking for, this is where you won half the battle, if you gain their belief at first the next thing would go slightly easy as convincing the investor and so on

Following are some of the key points that an investor is looking at-

1. Management to believe
2. A large market and an competitive advantage
3. Idea that will generate cashflow
4. An exit strategy

1. MANAGEMENT TO BELIEVE

An investor wants to know that whether the entrepreneur has a good management or not and how he/she would be able to manage his management during the up's and down's . A good management works as a single motive and thus helps to flourish the business idea.

2. A LARGE MARKET AND AN COMPETITIVE ADVANTAGE

An investor always looks for an investment in an business project which has a plan to survive in large market and can fight with the competitive businesses or companies.

3. IDEA THAT WILL GENERATE CASH FLOW

A investor always looks for an good idea to invest in , because no one wants their money which gives comparatively low cash inflow in long term also a project or a startup should be such which provides or gets the break even point at an early stage and then increases the cash inflow with an increasing or the same pace

4. AN EXIT STRATEGY

An investor also looks for an proper exit strategy for which a startup should have a solid investment plan , even if the investors are willing to be patient and make a long term investment in your startup , they still should know that at the end of the day approximately what return they are going to get . Investors will need to know both your strategy such as acquisition , sale of shares to principle etc. , also the investor will like to know about the timeframe you are been thinking for the exit . If both of them can't be provided by the entrepreneur, the investor will mostly hesitate to invest in your startup idea.

CHAPTER 3

SCHEMES FOR STARTUPS

“The Govt. of India has launched several unique Government schemes and programs designed to empower startups in India. We have covered the top Government Schemes for Startups , which can help them trigger growth, and more business.”

When it comes to startups, then the Govt of India is very clear: They need to be nurtured, protected, and encouraged for India’s betterment.

Startups are the foundation on which Govt’s Atma Nirbhar mission and Make In India vision will succeed – Generating more employment, increasing exports, improving the standard of living for millions of Indians, and making India strong globally.

a) SCHEMES BY CENTRAL GOVERNMENT

1) STARTUP INDIA:

Startups are getting very talked-about in India , the govt. under the leadership of Prime Minister Narendra Modi has started and promoted Startup India. Startup India initiative intends to create a powerful ecosystem that's conducive for the expansion of startups. It aims to empower startups to attain growth through innovation and technology.

Many benefits are being given to entrepreneurs establishing startups, to promote growth and help Indian economy. The startups recognized through the Startup India initiative are provided ample benefits for starting their own business in India But all the advantages and exemptions are available to the startups on condition that they are available under the factors of an ‘Eligible Startup’.

Budget 2021 update:

The tax excursion for startups has been extended by another 12 months up to 31st March 2022.

Eligibility, Tax exemptions and Incentives

According to the Startup India Action plan, the followings conditions should be satisfied to be qualified as Startup :

1. Being joined or enrolled in India as long as 10 years from its date of consolidation.
2. Is a private restricted organization or enlisted as an association firm or a restricted obligation organization.
3. Has a yearly turnover not surpassing Rs. 100 crore for any of the monetary years since joining/enlistment.
4. Is pursuing advancement, advancement or improvement of items or cycles or benefits, or in the event that it is a versatile plan of action with a high capability of business age or abundance creation.
5. Note that a substance framed by separating or reproduction of a current business will not be viewed as a 'Startup'.

Additionally, an element won't be known as a startup after:

1. Fruition of a long time from the date of its fuse/enlistment, or
2. Accomplishing turnover in any earlier year more than Rs. 100 crore.

Benefits Under Startup India

- *Simple process*

The Government of India has launched a mobile application and website to facilitate the registration of start-up companies. Anyone interested in starting a startup can fill out a simple form on the website and upload certain documents. The whole process is completely online.

- *Cost reduction*

The government also provides a list of patent and trademark promoters. They will provide high-quality intellectual property services, including rapid patent review at low cost. The government will take care of all coordinator fees and start-ups will only pay legal fees. They will enjoy an 80% reduction in patent application costs.

- *Easy get entry to to Funds*

A 10,000 crore rupees fund is set-up with the aid of using the authorities to offer price range to the startups as undertaking capital. The authorities is likewise giving ensures to the creditors to inspire banks and different economic establishments to offer undertaking capital.

- *Tax vacation for three years*

Startups could be exempted from earnings tax for three years supplied they get a certification from Inter-Ministerial Board (IMB).

- *Apply for tenders*

Startups can follow for authorities tenders. They are exempted from the “previous experience/turnover” standards relevant for everyday agencies answering to authorities tenders.

- *Easy exit*

In case of exit – A startup can near its enterprise inside ninety days from the date of utility of winding up

- *Meet different entrepreneurs*

The authorities has proposed to preserve 2 startup fests yearly each nationally and across the world to allow the numerous stakeholders of a startup to meet. This will offer big networking opportunities.

Startups are being notably advocated through the authorities. The advantages enjoyed through them are immense, that is why more people are setting up startups.

Steps to register your startup with DIPP

Step 1: Incorporation of the enterprise

Incorporating your enterprise in Limited Liability Partnership or a Private Limited corporation or a Firm. You need to observe the ordinary methods as a certificate of incorporation, Pan card and different compliances associated with the precise form of enterprise. Registration need to be after or on 1st April 2016.

Step 2: Registering enterprise with the Startup India scheme

Registering for a startup is a completely smooth procedure. All you want to do is add a form online with all considered necessary paperwork by Start-up India website. The whole procedure is simplified and made online via way of means of the authorities.

Step 3: Documents to be uploaded in pdf format only

Recommendation letter from the following:

- Any patent filed and posted in patent journals to be had online or offline.
- Incubators who're set up in post graduation faculties in India.
- Support letter from one of the startups who's funded via relevant or nation Government or any incubator that is duly identified via way of means of the authorities of India.
- Letter of investment which ought to now no longer be much less than 20% in equity via way of means of angel or incubation fund.

Incorporation certificates of the enterprise:

- You need to add your certificates of the incorporation of your enterprise.

A quick description of your enterprise:

- A description of the innovation you covered on your product.

Step 4: Choose in case you would really like to have tax advantages

After getting all of the work accomplished you want to undergo one greater step of having an approval from the inter-ministry board. It definitely relies upon the ministry that they'll approve your software or not. Once they approve your software then you'll be capable of registering your Startup with tax advantages. Startups identified via the means of DIPP can avail IPR associated advantages without requiring any similar license.

Step 5: Self-certify your documentation

You need to self-certify all of your files earlier than submitting for the recognition. Check your corporation is qualifying all of the required situations to avail the advantages i.e inside first 7 years you may apply, 25 crore turnover need to not exceed, innovation in the product is ought to, the concept need to not be copied, your enterprise need to not end result from any reconstruction or splitting.

Step 6: Getting recognition number

You are ready to apply for the recognition and on making use of you'll be allocated with one particular recognition number. Certificate of recognition can be issued after going via the files submitted via way of means of you. Remember, constantly take a whole lot care even as importing the files, if it's far determined that you have uploaded forged files or a few files have been required however you overlook to add then you definitely will be chargeable for the exceptional of 50% of the paid-up capital of your startup with Rs.25000 minimal exceptional.

Step 7: Other regions to look over

- Patents, trademark, copyrights, layout etc.

You want to pay the simplest 80% of the charges on making use of any of those i.e. patent, trademark, copyright or layout etc. Only a number of the facilitators are certified by way of means of the authorities of India to offer this discount.

- Funding

One of the main problems in the front of those start-ups is they lack investment. The authorities of India with this initiative is supplying them with investment in order that they will now no longer face any project in going for walks their enterprise efficiently and efficiently.

2) MULTIPLIER GRANTS SCHEME

Launch Date: May 2013

Maintainer: Department of Electronics & Information Technology

Industry Applicable: Analytics, generation hardware, IT Services, Internet of Things, agency software program, generation hardware, AI.

Eligible For: Startups, incubator/accelerators. Should have tasks in electronics & records generation.

Overview: The MGS pursuits to inspire collaborative R&D among enterprise and academics/R&D establishments for improvement of merchandise and packages

Fiscal Incentives: The Government offers for man or woman enterprise might be confined to a maximum of INR 2 Cr consistent with assignment and the period of every assignment should, preferably, be much less than years. For enterprise consortiums, those figures might be INR four Cr and 3 years.

Time Period: 2-3 years

3) SOFTWARE TECHNOLOGY PARK SCHEME (STP)

Launch Date: 5 June

Maintainer: Software Technology Parks of India (STPI)

Industry Applicable: IT offerings, fintech, agency software program, analytics, AI.

Eligibility: Software corporations

Overview: The STPI has been installed with the goal of motivating, advertising, and boosting software program exports from India. The STP Scheme, with the aid of the Indian authorities, affords statutory offerings, statistics communications servers, incubation facilities, education and fee-introduced offerings. The scheme permits software program corporations to install operations in handy and cheaper places and plan their funding and growth, pushed with the aid of using commercial enterprise needs.

Fiscal Incentives: Sales within the DTA as much as 50% of the FOB fee of exports is allowed and depreciation on computer systems at expanded fees as much as 100% over five years is permitted.

Time Period:

4) ELECTRONIC DEVELOPMENT FUND POLICY (EDF)

Launch Date: 15 February 2016

Maintainer: Department of Electronics and Information Technology (DeitY)

Industry Applicable: IT Services, analytics, agency software program, generation hardware, Internet of Things, AI, nanotechnology.

Eligibility: Startups interested in innovating generation sectors like electronics, IT, and nanoelectronics.

Overview: The time table became envisaged to expand the Electronics System Design and Manufacturing (ESDM) area to achieve “Net Zero Imports” with the aid of using 2020. The EDF will assist appeal to assignment budget, angel budget and seed budget toward R&D and innovation withinside the distinct areas. It will assist in creating a mobileular of Daughter budget and Fund Managers who may be searching for suitable startups (capability winners) and choosing them primarily based totally on expert considerations.

Fiscal Incentives: The Electronic Development Fund (EDF) is installed as a “Fund of Funds” to take part in professionally-managed “Daughter Funds” which, in turn, will offer hazard capital to corporations growing new technologies. Canbank Venture Capital Funds Ltd. (CVCFL) is the Fund Manager

Time Period: N/A

5) MODIFIED SPECIAL INCENTIVE PACKAGE SCHEME(M-SIPS)

Launch Date: July 2012

Maintainer: Department of Electronics and Information Technology (DeitY)

Industry Applicable: Internet of Things, nanotechnology, aeronautics/aerospace & defense, Technology Hardware, automotive, non-renewable energy, renewable energy, inexperienced generation.

Eligibility: Startups in digital manufacturing

Overview: The scheme pursuits to assist IPR focus workshops/seminars for sensitiZing and disseminating focus approximately Intellectual Property Rights amongst numerous stakeholders mainly within the E&IT area.

Fiscal Incentives: This startup scheme with the aid of using Indian authorities affords a capital subsidy of 20% in SEZ (25% in non-SEZ) for gadgets engaged in electronics manufacturing. It additionally affords for reimbursements of CVD/ excise for capital devices for the non-SEZ gadgets. For a number of the excessive capital funding tasks just like the scheme affords for Central Taxes and Duties repayment of Central Taxes and Duties.
Time Period: 5 years from date of approval of application.

6) ATAL INCUBATION CENTRES

Launch Date: September 2018

Maintainer: Atal Innovation Mission (AIM)

Industry Applicable: Chemicals, generation hardware, healthcare & lifestyles sciences, aeronautics/aerospace & defence, agriculture, AI, AR/VR (augmented + digital reality), automotive, telecommunication & networking, pc vision, construction, design, non-renewable energy, renewable energy, inexperienced generation, fintech, Internet of Things, nanotechnology, social impact, food & beverages, pets & animals, textiles & apparel.

Eligibility: AICs may be installed in public/non-public/public-non-public partnership mode. These may be installed in: Academia – consists of better instructional institutes and R&D establishments. Non-academic – consists of corporations/corporates/ generation parks / business parks/ any man or woman/ institution of individuals.

Overview: AICs are installed below the Atal Innovation Mission (AIM). AICs intention to assist and inspire startups to grow to be successful enterprises. They will offer vital and ok infrastructure at the side of top notch help or offerings to startups of their early ranges of growth. As consistent with June 16, 2017, Startup India Action Plan repute report, NITI Aayog has accepted 10 institutes to set up new incubators with a supply of INR 10 Cr every.

Fiscal Incentives: AIM will offer a supply-in-useful resource of INR 10 Cr to every AIC for a maximum of 5 years to cover the capital and operational expenditure fee in strolling the centre. The applicant might offer a built-up area of at least 10,000 sq. toes to qualify for the monetary assistance.

Time Period: Companies & individuals should have a minimum lease of 6 years.

7) SCALE UP SUPPORT TO ESTABLISHING INCUBATION CENTRES

Launch Date: August 2017

Maintainer: NITI Aayog

Industry Applicable: Chemicals, generation hardware, healthcare & existence sciences, aeronautics/aerospace & defence, agriculture, AI, AR/VR (augmented + digital reality), automotive, telecommunication & networking, pc vision, construction, design, non-renewable energy, renewable energy, inexperienced generation, fintech, Internet of Things, nanotechnology, social impact, food & Beverages, pets & animals, textiles & apparel.

Eligibility: To avail advantages of this startup scheme with the aid of using the Indian authorities, the startup needs to be a criminal entity registered in India as a public, personal, or public-personal partnership and need to be in operation for at the very least 3 years.

Overview: This startup scheme envisages to enhance the capability of the Established Incubation Centres. It will offer an economic scale-up guide to allow Established Incubation Centres. The scheme could noticeably remodel the startup environment within the us of a with the aid of upgrading the Established Incubation Centres to world-magnificence standards.

Fiscal Incentives: Grant-in-useful resource guide of INR 10 Cr could be furnished in annual instalments of INR five Cr every.

Time Period: Grant - 2 years, Scheme - 6 years.

b) SCHEMES BY PUBLIC SECTOR ENTERPRISES

8) DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME

Launch Date: 2014

Maintainer: National Bank for Agriculture and Rural Development (NABARD)

Industry Applicable: Agriculture, food & beverages, social impact, pets & animals.

Eligibility: Farmers, man or woman entrepreneurs, NGOs, organizations and companies from the unorganized and organized region can observe beneath this scheme. A man or woman could be eligible to avail help for all of the additives beneath the scheme however simplest as soon as for every component. More than one member of a circle of relatives may be assisted beneath the scheme where they install separate gadgets with separate infrastructure at exclusive locations. The distance among the bounds of such farms need to be at the least 500 meters.

Overview: This startup scheme with the aid of using the Indian authorities targets to carry structural modifications within the unorganized region in order that preliminary processing of milk may be taken up on the village stage itself and result in enhancements of conventional generation to deal with milk on a business scale.

Fiscal Incentives: The incentives fluctuate with admiration to the value of the specified device or status quo of the facilities. In all cases, 25% of the outlay (33.33 % for SC / ST/ farmers) as a back-ended capital subsidy situation to the relevant ceiling is furnished to the eligible stakeholders.

9) INDUSTRY INNOVATION PROGRAMME ON MEDIAL ELECTRONIS(IIPME)

Launch Date: 16 January

Maintainer: Biotechnology Industry Research Assistance Council (BIRAC)

Industry Applicable: Healthcare & existence sciences

Eligibility: Indian startups which might be much less than 3 years vintage from date of commercial that have 51% ownership, Indian LLPs and people that have Department of Scientific and Industrial Research (DSIR) Recognition (simplest for early transition & transition to scale) are eligible to use beneath the scheme.

Overview: BIRAC targets to sell and foster modern-day technology within the subject of scientific electronics through this scheme. The IIPME is a partnership venture among the Department of Electronics and Information Technology, Ministry of Communications and Information Technology, Government of India, and Biotechnology Industry Research Assistance Council, a public regional task of the Department of Biotechnology, Ministry of Science and Technology, Government of India.

Fiscal Incentives: The mortgage and provide are furnished in step with the startup stage. The Seed Grant (Idea to PoC) is INR 50 Lakhs for 18 months, early transitions investment consist of INR a hundred Lakhs for twenty-four months and for the ones transitioning to scale, a mixture of provide & mortgage for twenty-four Months is furnished.

Time Period: The name for utility is made 3 instances a year, with assessment cycles beginning from July 10, November 10, & March 10 within the distinctive order.

10) SEED SUPPORT SCHEME

By Department of Science & Technology (DST).

Seed Support Scheme TDB has supplied economic help of Rs. one hundred lakh each as grant to 36 Technology Business Incubators (TBIs) and Science & Technology Entrepreneur Park (STEPs) aggregating Rs. 3600 lakh below Seed support System for Start-ups in Incubators to incubate progressive technological thoughts and to graduate them to a success commercialization. The help is placed to create techno-entrepreneurs other than appearing as a bridge among development & commercialization of the technologies. The provide is supposed to aid the start-ups generally for product development, testing & trials, test marketing, mentoring, expert consultancy, submitting patents, manpower and different locations as deemed necessary. The economic help via TDB could facilitate the STEPs/TBIs to accumulate an incubation fund out of the inflows over a duration of five years. The influx could be ploughed again to aid the following round of start-ups. The help to the incubatees can be in the shape of mortgage or equity.

36 STEPs/TBIs (Listed below) have been released Rs. 23 crores.

First Round

- JSSATE-STEP, NOIDA (U.P.)
- VIT-TBI, Vellore
- TREC-STEP, Tiruchirapalli
- SINE IIT, Bombay
- CIIE IIM, Ahmedabad

Second Round

- PSG College of Technology, STEP Coimbatore
- SJCE-STEP, Mysore
- TBI-KEC, Perundurai, Erode
- SIDBI Innovation and Incubation Centre, IIT Kanpur
- Agri Business Incubators (ABI) (ICRISAT), Patancheru

Third Round

1. Amity Business Incubator, NOIDA (U. P.)
2. NITK-STEP, Karnataka
3. IITMs Rural Technology and Business Incubator, IIT Madras
4. Entrepreneurship Development Centre, NCL Pune
5. Amrita Technology Business Incubator, Kollam , Kerala

Fourth Round

1. Manipal University, Manipal, Karnataka
2. NDBI, NID, Ahmedabad
3. NIT Calicut
4. Technopark, Trivandrum Kerala
5. IKP Knowledge Park, Secunderabad (AP)
6. FITT, IIT Delhi, New Delhi
7. Villgro Innovations Foundation, Chennai
8. SIDBI-IIT, Kanpur (Assisted earlier)
9. JSSATE-STEP (Assisted earlier)
10. TREC-STEP, Tiruchirapalli (Assisted earlier)
11. BITS, Pilani, Rajasthan

Fifth Round

1. eHealth Technology business Incubator, Bangalore
2. EKTA Incubation Centre, Kolkata
3. CIIE-IIM, Ahmadabad (Assisted earlier).
4. KIIT-Technology Business Incubator, Bhubneswar
5. MITCON Consultancy & Engineering Services Ltd, Pune
6. Science & Technology Park, University of Pune
7. IAN Mentoring and Incubation Services, New Delhi
8. Banyan Intellectual Initiatives – IIIT, Hyderabad
9. Technology Incubation and Entrepreneurship Training Society (TIETS)-TBI, IIT Kharagpur
10. Technology Incubation Centre, IIT, Guwahati (Assam)

STATE GOVERNMENT SCHEMES

The State Government departments have implemented various schemes to generate self employment opportunities for unemployed youth especially in rural areas.

11) SEED MONEY SCHEME

- The goal of the scheme is to inspire unemployed man or woman to take up self-employment ventures via industry, service and enterprise, through supplying smooth loans to satisfy a part of the margin cash to avail institutional finance.
- Equity or seed cash is furnished within the shape of a mortgage to entrepreneurs unemployed and involved to begin enterprise or service sector with mission price up to ₹25 lakh. Soft mortgage help is to be had at 15% of the mission price up to a maximum of 3.75 lakhs.
- For initiatives costing ₹10 lakh the help is to be had at 15% (for General category) and at 20% (for SC/ST/OBC/Minorities/Women/Differently abled). The rate of interest on seed cash is 6% and if the borrower will pay the compensation of installment frequently and inside scheduled time, then the borrower gets a rebate of 3% in interest.

12) DISTRICT INDUSTRIES CENTER LOAN SCHEME

- The District Industries Center Loan Scheme affords monetary help within the shape of margin/seed cash for the promotion of tiny industries in semi-city and rural regions that allows you to generate employment possibilities which include self employment.
- Under this scheme, margin cash is furnished for those units wherein funding in plant and equipment does not exceed Rs.2 lakhs. All cities and rural regions having a population of much less than 1 lac are blanketed beneath the Scheme.

- Assistance of up to 20% of the overall funding or a most of Rs.40,000 is furnished to Entrepreneurs belonging to the overall category. In case of entrepreneurs belonging to scheduled caste & scheduled tribe, help of up to 30 % of total fixed capital funding or a most of Rs. 60000/- is furnished. The help furnished within the shape of mortgage have to be repaid back to the State Government with a 4% interest rate within 7 years.

13) MAHARASHTRA STATE INNOVATIVE START-UP POLICY 2018

- The coverage goals to broaden 15 incubators, entice Rs. 5000 crores funding, facilitate 10,000 startups and create 500,000 direct and oblique jobs
- The targets of the coverage encompass attracting \$782 Mn (INR 5,000 Cr) funding in improvement of startups, growing at the least 2,000 startups within the subsequent 5 years, and at the least 10 lakh sq. ft incubation area.
- As in step with the coverage, choice could be given to set up incubators in production and manufacturing, textile, automotive, pharmaceutical and chemicals, Information technology and enabled offerings, agro-processing and biotechnology sectors. Each incubator has to have the capability to host at least 10 startups and have to have an incubation area of at least 10,000 sq.ft.
- It additionally has provisions for a single window system for permissions and licenses.

<http://ciba.org.in/mumbai/maharashtra-state-innovative-startup-coverage-2018/>

14) MAHARASHTRA FIN-TECH POLICY 2018

- Under the coverage, the authorities could facilitate the established order of 300 start-ups and a project capital fund of Rs200 crore for the fintech sector.
- Fin-Tech Startups could furnish 10,000 sq. ft of 'co-working space' at a primary enterprise place in Mumbai at subsidised rates.
- A fintech start-up with a turnover of at least Rs 25 crore could be entitled to an annual help of Rs10 lakh for 3 years as repayment of net and power costs, items and offerings tax, and costs for taking part in worldwide exhibitions or comparable events.
- The authorities could additionally offer help to set up fintech accelerators and incubators. To broaden the worldwide fintech hub in Mumbai, the coverage permits the authorities to create a business sandbox.

https://di.maharashtra.gov.in/_layouts/15/doistaticsite/English/pdf/FintechPolicy.pdf

A billion dollar concept does not make a thousand million dollar corporation without funds, Staff and potential customers. Startups have intellectual capital like excellent ideas, patents etc., however to begin with, they want funds. Raising cash and locating Sources of Funds can be the single most demanding element for plenty Founders.

CHAPTER 4

FUNDING OPTIONS FOR STARTUPS

Reasons for Funding (from the Entrepreneur's View)—a.k.a. "Use of Proceeds"

When you think that you want to open a start-up, the first and foremost step is to get funding, from where you can get all those funds which are required at each and every important stage of startups. So entrepreneurs should have a clear idea about when, where and why it requires funding for start-up and revenue, should have a clear vision and idea about financial and business plan before you approach investors. Following are the reasons why you require funding just like, for product design marketing, or it's advertisement and development, and expansion and development of business. Purchase of assets like machinery buildings for production or any debt or expenses which need to pay for that entrepreneur requires funding.

These are the aspects which entrepreneurs need to consider before approaching investors and their entrepreneurs must have clear vision and description about market problems. The startup should have a clear vision or idea for products and services and the entrepreneurs should have a good potential management team which helps in decision-making in future. Startup should come up with the Innovative product, which have growth nature in future, high level of potential, grab attention of investors to invest in business. Investors won't invest in such a business which don't have growth potential in future and estimates of financial costs requires in future and having proper documentation requirements before you approach the investors.

VENTURE CAPITAL

Venture capital is one of the most popular area of funding and Investors only invest on those business ventures who has growth and profit potential in future Venture capitalists generally forms banks financial institutions venture capitalists invest who grow up quickly and have potential to expand business

Venture capitalists believe that it's too risky in invest in such business who is average and no chances get payoff quickly Venture capitalists used debt instruments capital markets bank loan such access to raise money and in exchange of that they equity stake in business

Key Features:

- Venture capitalists invest their money in different stages of business like evolution stage it's more often invest in early stages of business
- Venture capital invest their money in high growth potential business
- Venture capital invest their money in business who has potential to grow in future in exchange of that they get ownerships stack

Venture Capital Process:

The first step is to any business venture looking for Venture capital needs to submit a business plan whether you get fundings from venture capital or angel investor if they are interested in your proposal they will look for company model products management team operating history other things

Once due to diligence has been completed the business need to payback investments in exchange of equity in the company these funds provided all at once or in some rounds for this venture capital need to research company background before invest in business venture

<https://digest.myhq.in/top-venture-capital-firms-in-india-startup-funding/>

CROWD FUNDING

Crowdfunding is one of the options for getting funds for Startups. In Crowdfunding, investors use a small amount of funding by a large number of individuals to fund startups. Investors fund startups by collecting money from individuals.

Crowdfunding needs huge networking among people who would like to invest in new business ventures. Crowdfunding can get access to vast networks of people through social media and different websites available. In crowdfunding, there are several sites from where you can reach investors like Gofundme, Kickstarter, Indiegogo, Ketto etc.

Key Features:

- There are restrictions on who is allowed to contribute and how much they are allowed to contribute or fund.
- In Crowdfunding, investors can invest in more than 100 of projects but invest as little as 10 dollars, not more than that.
- Crowdfunding raises capital from a percentage of money raised through websites.

How Crowdfunding works?

In Crowdfunding, there are restrictions on who can fund and how much they can fund because these regulations are supposed to protect investors from putting so much of their savings at risk and invest in an unbiased manner because there are some new ventures. Due to this, investors can lose their money.

Crowdfunding has created an opportunity for entrepreneurs to raise money in thousands and millions of dollars from anyone with cash to invest in business. Crowdfunding gives an opportunity to pitch their idea in front of investors.

Types of Crowdfunding

There are two most traditional ways of crowdfunding done by startup companies to bring such useful product or services into world and by individual who have experienced any kind of emergency like many people gets affected by natural disasters any medical emergency or any tragic event such as house fire have received an amount of financial relief due to such amazing Crowdfunding Platforms.

In recent years some crowdfunding platforms like Patreon and Substack have extended their hand towards creative and innovative people artists writers musicians or podcasters to sustain their creative work by receiving ample amount of funds at right time

Popular Crowdfunding Websites

In Crowdfunding there are several websites like Kickstarter Indiegogo Gofundme who attract entrepreneurs to get funding as soon as can

- **GOFUNDME**

As of 2021 Gofundme is popular crowdfunding platforms among others Gofundme was founded in 2010 and till now they have invested and raised \$10 billion through 150 million donations Gofundme is popular for individuals due to it helps who was affected by any medical expense or any natural disasters like house fire any unexpected emergencies.

- **KICKSTARTER**

Kickstarter is another popular choice for Entrepreneurs As of 2021 Kickstarter was founded in 2009 and successfully has invested in nearly 200,000 projects and with more than \$5.7 billion pledged across all projects invested by Kickstarter .Kickstarter is one of the most popular crowdfunding site for aspiring entrepreneurs who hoping to raise capital and reach towards larger audience, unlike Gofundme, Kickstarter can only used for creating projects that can share with others

Kickstarter cannot give funds for any donation or charity cause and projects cant offer any incentives like equity revenue sharing and nor can involve any prohibited items such as any item claiming to cure treat or prevent an illness political fundraising drugs alcohol or any gambling raffles.

- **INDIEGOGO**

Indiegogo started as a crowdfunding site but it initially focuses only on raising money for independent films but it began accepting projects from any category after launch in 2007 . Indiegogo is seen as less strict and more flexible platform from other platform like Kickstarter as its gives control over whether they want fixed or flexible model this is a significant difference between Indiegogo and other platforms Kickstarter funds only when after the campaign reaches its funding goal but Indiegogo allows the to receive funding or wait until their target is hit.

<https://digest.myhq.in/top-crowdfunding-sites-in-india/>

BOOTSTRAPPING

Bootstrapping is a basic funding option which comes in entrepreneurs mind because this businessman makes money through family friends personal savings relying on others investments. In bootstrapping an individual's attempt to found and build a company from personal finances or the operating revenues of the new company Bootstrapping also used for d to calculate the zero-coupon yield curve from market figures

- Bootstrapping is founding and running a company using only personal finances or money through family and friends.
- This form of financing allows the entrepreneur to maintain more control on financial balance and is used for increasing financial strain.
- The term also refers to a method of building the yield curve for certain bonds.
- GoPro was a bootstrapped company that eventually went public with a \$3 billion valuation.

In Bootstrapping when a business owner starts a company with little to no assets or personal savings This is in contrast to starting a company by first raising capital through angel investors or venture capital firms. Instead, bootstrapped founders rely on personal savings, sweat equity, lean operations, quick inventory turnover, and a cash runway to become successful. For example, a bootstrapped company may take preorders for its product, thereby using the funds generated from the orders actually to build and deliver the product itself.

Compared to using venture capital, bootstrapping can be beneficial because the entrepreneur is able to maintain control over all decision.

Bootstrapping is a method that builds a spot rate curve for a zero-coupon bond. This methodology is essentially used to fill in the gaps between yields for Treasury securities or Treasury coupon strips. For example, since the T-bills offered by the government are not available for every time period, the bootstrapping method is used to fill in the missing figures to derive the yield curve. The bootstrap method uses interpolation to determine the yields for Treasury zero-coupon securities with various maturities.

Bootstrapping is a culture where founder start their company with simplicity and its refers to their personal input without any outside input like venture capital or angel investors Entrepreneur starts company with limited resources without external intervention.

Bootstrapping Methods

There are several methods of bootstrapping for minimizing outside investments like

Venture capital Incubators or financing from banks and financial institution

- **Owner Financing:** The use of personal income and savings.
- **Personal Debt:** Usually incurring personal credit card debt.
- **Sweat Equity:** A party's contribution to the company in the form of effort.
- **Operating Costs:** Keep costs as low as possible.
- **Inventory Minimization:** Requires a fast turnaround of inventory.
- **Subsidy Finance:** Government cash payments or tax reductions.
- **Selling:** Cash to run the business comes from sales.

Bootstrapping Stages

A bootstrapped company usually grows through three funding stages: 1) beginning stage, 2) customer-funded stage, and 3) credit stage.

1) Beginning Stage

In this stage normally the founder starts with some personal savings, or borrowed money from family and friends or as a side business—the founder continues to work a day job as well as start the business on the side.

2) Customer-Funded Stage

In this stage, Customers increases eventually grow up and money coming from customers is used to keep the business operating and, eventually, funds growth. Once expenses are met, growth will speed up.

3) Credit Stage

In the credit stage, the entrepreneur must focus on the funding of specific activities, such as improving equipment, hiring staff, etc. At this stage, the company takes out loans or may even find venture capital for expansion.

ANGEL INVESTOR

An Angel Investor (also referred to as a non-public investor, seed investor or angel funder) could be a HNI who provides support for typically in exchange for ownership equity within the company. HNI is often used term of for super rich investors. In India, individuals with quite 2cr investable capital are called HNIs. Often angel investors are found within family and friends. The funds that angel investors provide could also be one-time investment to assist the business get off the bottom or an ongoing injection to support and carry the corporate through its difficult early stages. Ratan Tata, Anand Mahindra, Anupam Mittal are a number of the Angel Investors.

<https://startuptalky.com/angel-investors-mumbai-contact-list/>

DEBT FINANCING

It occurs when a corporation raises & money by selling debt instruments to investors, Bonds, debentures, promissory notes, treasury bills are some samples of debt instruments. it's the other of equity financing, which entails issuing stock to boost money. In equity financing, the promotor of the corporate sells a number of his holding, to lift of cash whereas in debt financing debt instruments are sold. Unlike equity financing where the lenders receive stock, debt financing must be paid back. But in some cases debt instruments are converted into equity. For, eg, a convertible debenture may be a style of long-term debt issued by a corporation which will be converted into shares of equity stock after a particular period. Debt financing includes bank loans; loans from family and friends; government-backed loans like SBA loans; lines of credit, credit cards; mortgages; and equipment loans.

INCUBATORS

These are organizations, platforms of team of experienced professionals that helps startups bootstrap during its early stages and infrequently provides mentoring guidance, co-working space and also occasionally some funding. In short, incubators are platforms which offer guidance and funding for startups. Traditionally incubators are the primary port of demand for any budding entrepreneur. Incubators work on the identical age-old principles of providing the proper assistance to fledging startups, but have proved to be an awfully important cog within the startup wheel.

COEI is an example of the incubates firms that are registered under an incubator and have been operating for a period of your time are called incubatees. COEI is a platform where incubatees meet incubators.

<https://www.coei.in/copy-2-of-seed-fund>

<https://inc42.com/resources/top-20-startup-incubators-india/>

STARTUP FUNDING STAGES

1) Pre-seed Funding: The Bootstrapping Stage

In this stage startup owners invest from their own pocket and check out to grow themselves within the most resourceful manner.

2) Seed Funding: Development Stage

It allows a startup to fund costs of product launch, get early traction through marketing, initiate important hiring and further marketing research for developing product-market-fit.

3) Series A Funding: First round of VC

During this stage, it's significant to possess a thought that will generate long term profit. this can be the stage when an entrepreneur starts learning how fundraising works and begin making easily connections with angel investors and VC

4) Series B Funding: Second round of VC

During this stage, investors assist startups to expand their horizons by funding their market reach activities, increasing their market share, form operational teams like marketing, development and customer success. business

5) Series C Funding: Third round of VC

In this stage, investors happily fund successful • startups. they're hopeful to receive a profit that's over the cash that they invest.

6) Series D Funding: Special round of funding

Not many startups find a requirement to travel to the present stage. It allows funding for special situations. for example, a merger and also if it hasn't hit its growth goal. A startup may consider a series D fund if it hasn't gone public yet.

7) IPO

Exchange launch IPO stands for Initial Public Offering. it's the method of offering corporate shares to the final public for the primary time and listing the corporate available market. It helps in raising funds for the corporation.

CASE STUDY: 1MG

1mg was initially started as HealthKart Plus, a platform which aggregated medical information and sold alternative medicine to its users. The platform fixed quickly with the users and shortly the users began requesting delivery of medicines to be included furthermore. At a time when information and awareness about medicines and lab tests were either minimal or non-existent, 1mg aimed to vary it. The company's mission is to create healthcare accessible, understandable and affordable for one billion Indians through a comprehensive website and mobile app.

Company's Mission

The company's mission is to create health care accessible, understandable and affordable for one billion Indians through a comprehensive website and mobile app

Funding and Investors

1mg has raised a total of \$191.3M in funding over 15 rounds. 1mg is funded by 16 investors some of which are

- 1) Bill and Melinda Gates Foundation
- 2) Corisol Holding AG, International Finance Corporation.
- 3) Redwood Global Healthcare Fund
- 4) Innoven Capital
- 5) Maverick Ventures HBM Healthcare Investments AG
- 6) Sequoia Capital India

In a recent development Tata Digital is claimed to amass a majority stake in 1mg.

Acquisitions

1mg has acquired 2 organizations. They acquired MediAngels on 14th Dec, 2016 and Dawailelo on Sep 1st Sep, 2017.

Competitors

1mg's top competitors are Netmeds, Practo, and PharmEasy.

https://startuptalky.com/1mg-success-story/#1mg_1mg-FundingandInvestors

CHAPTER 5

WAYS TO APPROACH THE INVESTORS

Investors are one of the most fundamental and vital components of growing your business.

Pick the proper one, and you're placing yourself up for a great relationship. But pick out the wrong one, and you are in for a hell of a tumultuous journey.

Sometimes you want a couple of thousand bucks from your buddies and family, or a full-size sum from a venture capitalist.

But have you viewed the first-class option, the one most possibly to deliver you success in the future?

Discover Investment Candidates

In this post, you will find all the vital data on the sorts of investors, accompanied via the primary guidelines of how to get in touch with them.

What are the essential steps to assist you achieve your goal? Find out with step-by-step guidelines to assist you keep music on your funding journey.

1. DIFFERENT TYPES OF INVESTORS

Generally, there are more than one types of buyers that startups select from. It can be overwhelming when weighing your options. But take the time to analyze each probability from each and every perspective to determine what route is the most logical for your business.

- **ANGEL INVESTOR**

Angel investors usually have an earnings that exceeds \$200,000 with an internet worth of over \$1 million. They commonly rock in the post-seed stage.

Typically, they are rich entrepreneurs that assist startups struggling to find financing. There are also distinct kinds of angels.

Some purchase stock or take a loan, others provide recommendation or provide mentorship, and some search for a substantially high return on a high-risk investment.

You can additionally have a single angel investor, a crew from an investor pool or through crowdfunding.

Because they're investing their personal funds, they focus more heavily on factors like trustworthiness when in contrast to an assignment capitalist.

- **PERSONAL**

Your close network such as your friends, family, and shut enterprise connections are those that are in shape under a private network.

It's common for these types of traders to be a part early on in the investment process. Be cautious with this investment as you're inserting your friends and family's private funds at risk.

- **PEER-TO-PEER**

Peer-to-peer is made up of a crew that provides funds to fund small business owners. But it can also vary from one man or woman to many. It no longer uses reputable banks or monetary establishments as the center man and so the hazard related with this approach of funding it a lot higher.

Although it has the benefit of presenting lower activity rates as compared to banks.

- **BANK**

Banks provide business loans. Although, it is more common for already mounted or up and strolling groups to get hold of a business loan.

This is due to the fact you will want to furnish a revenue stream. It will be simpler when a relationship is already formed as a financial institution will comprehend if you're trusted.

If you go down this route you'll be confronted with the extraordinary sorts of loans that you can take. It will fluctuate from the U.S. to the country.

- **VENTURE CAPITAL (VC)**

Venture capital comes into play when a startup begins to show good sized symptoms of revenue.

They will invest giant sums of money into a startup, with the income stream frequently coming from management costs and carried interest.

Although some VC's make investments in early-stage startups, depending on the enterprise that the startup is present.

- **GOVERNMENT GRANTS**

It is a top idea to take a look at whether you are eligible to get hold of local or country wide grants that can support your enterprise from the start.

The grants supplied by means of your authorities are no longer regarded as something you need to pay back. Local governments in many countries are supportive of new businesses.

For example, in Denmark, small-to-medium sized companies are entitled to funding from the MarkedsModningsfonden (The Market Development Fund). In 2016, 56.4 million DKK (€7.5 million) was once allocated to groups from this fund to aid growth and employment.

Similar programs to this are run all during Europe. Contact your nearby authorities and find out how you can get entrepreneurial support.

• CROWDFUNDING

With crowdfunding, you have a way to acquire cash from a network of people. Any character can donate a sure amount of money in exchange for equity, or the product itself.

Using a digital platform to crowdsource cash will engage a lot greater people. The capital raised can be adequate to set up a startup or a small business.

There are plenty of websites where you are in a position to collect funds. Read our full article on this theme to get a true thinking of how precisely crowdfunding works.

2. UNDERSTAND YOUR COMPANY NEEDS

If you are searching for buyers you want to understand what your agency represents, the purpose of the product or carrier you furnish and what you would like to acquire after receiving the investment.

You will get bombarded with questions left, right, and center, so it is exceptional to apprehend precisely what you are searching for before you challenge down this path.

Ask yourself questions:

1. What do you want to achieve?
2. Why do you need investment?
3. What risks can you anticipate with investment?
4. Is this funding realistic?
5. Do you want a long, medium or brief term investment?
6. How will this investment tie in with investments you already have?
7. What is the price of buying, promoting or protecting the investment?
8. What amount do you want for your development?
9. How will you make cash for your investors?

3. PICK THE INVESTOR THAT BEST FITS YOUR NEEDS

Analyzing and finding the exceptional option is very demanding, and takes time. This is one of the most essential steps in your investment trip that unites the basis of your business.

Decide on the most applicable alternative for your project. Discovering what is possible to accomplish can later decide the success of the goal.

THE RIGHT STAGE

Search for the investor that fits your funding stage or round.

For example: If the employer is in an early stage of improvement or even the thinking stage, think first about personal, angel or governmental investment.

They are the closest probabilities and are a top notch chance for newly hooked up businesses to attain momentum.

Additionally, government offers are normally now not regarded to be repayable.

Moreover, an angel investor is in a position to make investments in your enterprise in exchange for equity. They are a proper alternative when you are searching for investment in the early levels of your organization's growth.

Crowdfunding, on the other hand, is a non-traditional and alternative ability of elevating funds. You can achieve the cash you need for your organization and construct a neighborhood in the process.

Oculus Rift is an example of an employer that started out as a facet task and observed their success on a Kickstarter campaign, one of the main crowdfunding platforms.

Oculus rift Kickstarter page

With an initial goal of \$240,000, they ended up surpassing their intention through 10 times the amount at \$2.4 million. Later, they had been received by Facebook for \$2 billion with a mixture of cash and stock.

DIVERSIFY YOUR PORTFOLIO

Just as you want a diverse investment portfolio, you additionally prefer to have a diverse set of investors who each have a large array of investments themselves. This way, you are making high quality that you have a higher attainment and have an impact on your merchants with amazing backgrounds.

THE VENTURE ROUND

It is now not common to accumulate challenge capital funding as an early stage company. While they are inclined to take delivery of risk with their portfolios, they are using a giant looking for huge returns.

Those who have long passed down this route are aware of the warfare of this choice as it is a particularly complex, prolonged and an hard manner that can now and once more take months to complete.

4. WHERE TO FIND AN INVESTOR

It can commonly show up as even though buyers are in all locations when you are no longer searching for them, alternatively nowhere to be located when you begin your search. The process is like a recreation of cat and mouse, and it turns irritating at times. But alas! There are always chances to meet them.

- **EVENTS**

There are masses of events in the startup investment community. Yes, tickets can be extraordinarily expensive, however it is a small rate to pay for the expertise that you can acquire and the networking opportunities.

- **PROFESSIONAL NETWORKING SITES**

Thanks to social media you can locate and foster higher relationships with manageable investors.

They can see how you are doing as a company online, and study the growth and any possible developments.

You can be a section of corporations on Facebook or LinkedIn, and find out contacts that will help you in the future.

There are a lot of expert websites which are a focal factor on connecting founders with investors.

There are differentiations when it comes to industry, specialization, and united states of America but Meetup and Funders Network are popular.

AngelList, Twitter, and LinkedIn are wonderful locations to locate investors. It is a suited location to acquire essential contacts which assist in carrying out manageable investors. Additionally, growing profiles on websites like AngelList assist you to attain a larger pool.

Alternatively, personal or corporation blogs will prolong your visibility on line and extend your reach amongst the startup neighborhood and beyond.

- **IN-PERSON NETWORKING**

Far extra high-quality than an email. So a complete lot so that around 75% of commercial corporation executives pick out in-person networking. If you're a robust networker take benefit of your industry network. Ask your contacts for their pointers and recommendations.

The enterprise that you're running in is truly the awesome area to begin looking for contacts. It's the location you'll discover the most applicable investors.

- **YOUR UNIVERSITY NETWORK**

Your university neighborhood of alumni, or that of different universities, is a super place to discover contacts who can put you in touch with funders, or merchants themselves.

The exquisite entrepreneurial organization faculties have a sturdy community of preceding alumni working in the funding world. Contact these corporations or your own alumni network.

- **STARTUP PLATFORMS**

Another gorgeous possibility to locate an investor is to connect with a startup platform, which affords an opportunity to contact investors.

It can lead to connection chiefly primarily based on mentoring and possibly even funding.

- **FRIENDS AND FAMILY**

The closest and theoretically fantastic form of funding. They already agree with your challenge and are able to aid you.

However, you choose to consider preserving it professional. They prefer to apprehend that there is an opportunity for them to drop their investment.

5. CONTACTING THE INVESTOR

When discovering the type of investment, discovering plausible traders is the first step before contacting them.

It is right to apprehend if the funder is interested in this type of organization you have and the product you are advertising or serving.

- **GETTING IN TOUCH WITH INVESTORS**

You'll rapidly examine that in order to get in contact with investors, you're going to have to be in the neighborhood and put yourself out of your comfort zone.

Emails will entirely take you so far. How much of an impact does an electronic mail without a doubt make?

But meeting people in person, that'll be constantly higher memorable and you will moreover get an experience for whether or not or no longer the relationship will truly work.

At the stop of the day, the most difficult segment of the entire manner will be the connection between you and a manageable investor. It's what matters most after all.

Below, some of the practices adopted through the capacity of startups for discovering the ideal investor have been mentioned.

- **FIND A MIDDLEMAN**

If you're new to the time period 'middleman', it's a frequent route taken through startups to assist with introductions to investors.

It's a choice way of getting in contact with funders, and they are often the character an investor will listen to. But who are these people?

They can both be:

Friends from your community who are linked to investors

Entrepreneurs who an investor has funded or is presently backing

Investors, who your desired funders have labored collectively with

Experts from your field, such as senior executives at big corporations or your advisors

Angel groups that you can apply to online (AngelList, Open Angel Forum, Gust, Angel Investment Network)

Lawyers or accountants

Getting an introduction through a middleman is a test your startup wishes to pass. If you can't persuade middlemen, how on earth can you convince an investor?

It's smarter and more beneficial for you to contact people, who recognize some funders, rather than having to begin from scratch.

Make sure the middlemen recognize the investor. After all, if the middlemen are not trustworthy, it will replicate badly on you. If you can't get a single introduction, head again to the board to determine how to get investors involved in your startup. It can be a long process, however no person stated it was going to be easy.

- **ONLINE**

As cited above, there are angel corporations that you can follow online, helping to extend your chances of being noticed by way of investors.

Of course, it is no replacement for correct ancient in-person networking. But, it's an excellent first step to start with research. By checking yourself on these platforms, you can discover plausible investors, and vice versa.

The most useful part of these tools is the ability to comb through thousands of heaps of startups in any given subject and discover their investors.

Through these on-line databases, you're capable of determining who might suit the bill earlier than even assembling an investor. Chances are, the investors in your location will potentially have a common connection. Go to LinkedIn to see if there are any contacts, who ought to set an introduction.

Once you have compiled a list of investors who you are fascinated in contacting or getting to know, you can contact them by way of email with an elevator pitch and your govt summary.

Find a unique way to snatch the attention of an investor. There are a variety of equipment out there that can assist you locate almost anyone's electronic mail address like FindThatLead or hunter.io.

6. MAKE A PRESENTATION, BUT DON'T OVERSELL YOURSELF!

Each and every investor has a special type of grant application. The way they will remember you and your demonstration will determine if they will invest in your ideas and projects.

You can test out our submission about how to make an exceptional pitch deck, which can help you to provide a satisfactory presentation and convince funders to make investments in your idea.

When you get your foot in the door, don't oversell your idea. As proper as your idea can also be, it'll be plenty more difficult to provoke buyers after securing funding if you aren't completely honest.

Be humble, and be authentic.

It's the execution of the notion that matters.

Pitch Deck

Pitch Deck is most important steps when it comes to funding for startups. In pitch deck entrepreneurs presents there vision mission plans future product ideas overall overview about the company or startups in front of investors such as Venture Capital or Angel Investors. Pitch Deck also known as startup deck its visual document that provides investors with essential information about your business plan like target markets financial goals.

Objectives

Pitch deck aims to generate interest and even excitement with Investors about a company that can lead to another meeting and the potential for investment discussion. A pitch deck can be a critical tool in raising money for a business.

The best Pitch Decks examples:

Airbnb Pitch Deck

Uber Pitch Deck

Facebook Pitch Deck, etc.

Tips for making Pitch deck

- Be Straightforward
- Prioritize story over the stats
- Make it a Standalone deck
- Keep It updated

10 Elements for Pitch deck

- *Introduction:*

The entrepreneur must present the presentation platform and explain the business in a simple and understandable manner.

- *Problem.*

The presentation platform must explain a problem that the company's target market is facing. This information focuses on the demand for your product or service in the marketplace.

- *Target Market.*

It is a group of people with common characteristics. Each service or product is aimed at a specific group, and yours should appear in your presentation. Add information about your company's competitive landscape and the market opportunities for success. Is the market for products and services large?

- *Solution*

The solution slide should show how the company solves the problems of its target market. The best way to get this information across is a narrative approach - provide identifiable stories of customers who use these products to improve their lives. Back up these statements with descriptions and pictures of the products or services themselves, including photos, screenshots, or even

- *Traction.*

This slide validates the company's business model by showing monthly growth from early sales and support. The aim is to reduce potential investors' fear of risk. Includes sales rates and profit margins.

- *Marketing and Sales Strategy.*

It is important to specify exactly how the product is being advertised and sold in your market. Investors will use this information to capitalize on a company's knowledge of the size of the market and how its approach to marketing differs from the competition.

- *Competition.*

Include information about the characteristics that distinguish your product or service from other companies or alternatives in your marketplace; Contact your Competitive Markets Team for this information.

- *Team*

The team slide highlights the experience and skills of a company's management team in marketing and selling a product. It lists the most important team members (and, if applicable, co-founders) and describes in detail how their knowledge and previous experience can contribute to the company's

- *Competitive Advantage.*

Finances. Investors typically want to see a company's financial health over a three to five year period, including an income statement, projected growth, and information about the business model itself. Infographics like pie charts or bar charts are more effective at presenting information than listing numbers. The information on the dragline can help confirm the projected numbers.

- *Investments and Financing.*

Sometimes entrepreneurs put together a presentation that is missing one important piece of information: the amount of money needed to fund the project. It is important to absorb this detail and note how the funds will be spent to help the company achieve its goals. The declaration will instill much-needed investor confidence.

<https://www.startupindia.gov.in/content/sih/en/reources/resource-partners/business-services/PitchDeck.html>

<https://slidebean.com/pitch-deck-design>

Term Sheet

Term sheet is first and formal but non binding written contract between investors and entrepreneur which includes terms and conditions and tenure of the investment

Its specifically includes crucial terms and conditions early stage sheets funding and if required investor can ask question about the same if they have any doubts

Good term sheet can grab interest of investor to invest in business and get funding as soon as possible.

7. FINDING THE RIGHT MATCH

As with any partnership, finding the right match is the key to any profitable commercial enterprise venture.

Finding the investor is only 1/2 the battle. Actually forming a proper relationship is the place it can get tricky.

It's always interesting getting attention for your business. But take a moment to step returned and replicate upon the character who is, in most cases, going to take fairness of your company.

They will be alongside you for the ups and downs of your business, and they'll also be there when you're making key decisions.

It is, of course, impossible to avoid a bad partnership, and from time to time you simply don't recognize until now if it is going to work out.

But, as soon as again, attempt to be aware from the opening of who you're getting into business with.

TIPS ON HOW TO RECOGNIZE IF YOU FOUND THE RIGHT INVESTOR:

1. The investor understands your business enterprise needs
2. They apprehend that progress is gradual in the beginning
3. They provide you instruction and emerge as a mentor
4. They create a nice atmosphere around your agency and projects
5. They have experience and contacts that can assist you with development
6. They have a diversified portfolio and have a proper music record
7. Trying to be a part of your business and no longer take over
8. They are financially sound

CONCLUSION

As you'll see, there are many, many potential "Source of Startup capital" and there is plenty of cash on the table out there. It is important for every founder to work out which sort of funding is best for his or her goals for his or her company. Take a more in depth observe each sort of Startup capital before you start the method day of trying to secure it.

Finding investors is a long and drawn out process. But with precise research, preparation, and analysis, the whole thing is possible.

Make sure that you fully understand your employer needs. That way, you will be able to pick out the investor that matches your needs.

Make yourself seen both online, offline and inside your professional and alumni network. And utilize the online tools reachable to you.

The search is 1/2 the battle. Actually discovering the right suit requires talent and rigorous lookup into the investor.

You can also ignore a few hiccups along the way, but it is all part of the process.

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