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Difference Between Debt and Equity

1. Debt is the responsibility of the organization to repay after a certain duration. The cash raised by the organization, which can be retained for lengthy periods by selling shares to the general public, is regarded as equity.

2. Debt involves borrowing cash while equity is regarded as cash that is owned.

3. The debt represents money owed to another individual or organization by a company. Equity, on the other hand, represents the company’s own money.

4. Debt can be kept for a specific amount of time and will be paid back after this duration has elapsed. Equity, nevertheless, may be retained for a long time.

5. Profit on debt is referred to as interest. Concerning equity returns, the payout is referred to as dividends.

6. Debt returns are fixed and regular, however, in the case of equity returns, it is quite the reverse.

7. Debt may or may not be secured, while equity has always been unsecured.

Source and more details: https://askanydifference.com/difference-between-debt-and-equity/