

Crowdfunding: The Modus Operandi

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Abstract

Financing a startup happens to be one of the most important questions before an entrepreneur. Crowdfunding is an innovative and emerging fundraising method in which an open call for finance is made before the public essentially through an internet platform. The platform provides the small businesses and startups an opportunity to increase their investment base, online community presence and most importantly the funding prospects. Crowdfunding can be defined as a process of connecting people who have money with people who need it through a web based platform. It can be viewed as an alternative fundraising method. This technique can be utilized for entrepreneurial ventures, social causes, higher studies, music or video albums, organization of mega entertainment events or innovative projects or app development. This research articles explore the concept of crowdfunding and its modus operandi. It uses extensive literature analysis to pinpoint what are its various models, parties involved in it, issues and challenges it presents before the Indian economy. The article proposes a model for parties to the crowdfunding and the analyses how the crowdfunding works. The innovative method of crowdfunding is growing fast in both developed and developing country. India, with its abundant resources, youths, numerous NGO's can make use of this innovative method. A properly guided, regulated, investor protected crowdfunding environment can help India to grow rapidly in the world economy.

(Key Words: Crowdfunding, Crowdfunding Models, Innovation, Online Communities, Start – Ups, SME's)

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1. Introduction

Financing of start – up seems to be one of the most crucial issues for an entrepreneur. There are various ways of financing start-ups. Lams (2009) categorized them into formal and informal. Raising funds from banks, business angels, venture capital etc. fall under the formal means of financing while raising funds from business founder, family, friends, and networks regarded as the informal ways of financing or it is the ‘love money’ (Riding 2008).

Start-ups usually depend upon short-term finance and the entrepreneur's personal savings. Majority of entrepreneurs are incapable to acquire funds from external sources (Harrison, Mason and Girling (2004)). Using the information from Global Entrepreneurship Monitor (2004) Lam says that informal financial funds cover 90% of new business ventures' capital whereas business founders provide more than 60% of the start-up finance. It means that even though there are diverse means of finance open for start-ups, majority of the entrepreneurs are depending mainly on the informal sources (personal savings, funds from friends and relatives - love money). Is it possible that an entrepreneur can finance his start – up by using an informal but from an external source? The answer is positive. A novel source of financing for new ventures that has gained popularity in recent years. It is termed as crowdfunding.

Aftermath the financial crisis of 2008, financial world failed to mobilize sufficient funds. For startups, it became more severe. It was in this backdrop, a new kind of financing, had been popularized. It indeed was against the conventional way of financing. Whatever it may be, the idea was well received and since then it has been regarded as one of the most exciting way of financing. Simply to put, crowdfunding is an innovative way of funding projects from large number of people through an internet based platform. It is a process of collecting small amounts from a large number of public to finance a project based on a web based platform.

Crowdfunding is directly related to the concepts like micro-finance and peer-to-peer lending but crowdsourcing is the term which is closer. (Poetz & Schreier, 2012). Crowd sourcing is the process of compiling various ideas, feedback as well as information to be used for the corporate. To be exact, crowd sourcing is the use of creativity and expertise of a large number of people, subcontracted to perform some tasks traditionally performed by an employee in a company (Howe, 2006). It is also a new concept that emerged in the 2000's through the development of the Internet and Web 2.0. Unparalleled growth of internet and the resultant proximity of the people around ensured a sustained growth of crowdfunding over a short period of time. Though crowdfunding is largely based on the concept of crowdsourcing, it differs in its very purpose; crowdfunding primarily concerned with collection of funds from individuals through social networks (Belleflamme, Lambert & Schwienbacher, 2014).

2. Crowdfunding – the Concept

Schwienbacher and Larralde (2010) define crowdfunding as an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes. Brem's (2013) defines crowd funding as: “The act of acquiring third-party financing from the general public via an intermediary, generally in the form of a web-based platform.”

Crowd funding can be viewed as an extension of the wider area of crowd sourcing (Howe, 2006; Kleemann et. al 2008). Belleflamme and Lambert define crowd funding as: “With crowd funding, an entrepreneur raises external financing from a large audience (the “crowd”), in which each individual provides a very small amount, instead of soliciting a small group of sophisticated investors” (Belleflamme, Lambert et al. 2013).

Crowdfunding is a recent phenomenon and a new way to finance a project or small business directly by a large group of individuals (the “crowd”) who provide small amounts instead of other external funding sources with large amounts (banks ,business angels, others investors). Specifically, there is no

intermediary between funders and funded because the transaction takes place through Internet platforms (Bellaflamme et al, 2011).

3. Review of Literature

Academicians primarily pointed out that crowdfunding is closely associated with many of modern innovations like micro credit, crowd sourcing etc. According to Howe (2006); Kleeman et al. (2008) and Schwienbacher & Larralde, (2010) Crowdfunding is a subset of crowd sourcing, a process of outsourcing internal business activities to the outside crowd. According to Mollick, (2014) Crowdfunding is a multi-disciplinary, evolving field, whereas, Bellaflamme, et al., (2010), Frydrych et al., (2014) describe the process of crowdfunding as “entrepreneurs tapping the crowd” and obtaining funds directly from amateurs and not from the professional investors.

The crowd receives some kind of promised reward, either monetary or non-monetary (Bellaflamme et al., 2014) for their monetary contributions whereby they bear a risk but expect a certain pay-off in return (Ordanini et al., 2011). Recently, many crowdfunding platforms started to function, more than 50 platforms were came into existence in US alone (Gerber et al., 2012). Crowdfunding has a long history. Kuppuswamy and Bayus (2013) expressed crowdfunding as “an activity that has a rich history” by stressing how Mozart and Beethoven financed concerts and new music compositions and how the statue of liberty was funded. Crowdsourcing.org 2015, in their websites cited that, there were 1,250 active crowdfunding platforms worldwide raising a combined total of \$16.2 billion in 2014. They consider North America as the largest market but rapid growth in Asia, particularly in peer to peer lending, has also been predicted.

Literature suggest different types and classifications of crowdfunding. Kuppuswamy and Bayus (2013) and Mollick (2014) identify 4 different models: equity-based (profit sharing), lending-based, reward-based (pre-ordered) and donation-based. For Bellaflamme et al., (2014) reward-based and equity-based are the two leading forms of crowdfunding. Schwienbacher and Larralde (2010) by drawing upon the framework created by Lambert and Schweinbacher (2010) grouped crowdfunding models according to the rewards given to the participating crowd. These are characterized as either being donations, passive investments by the crowd or active investments by the crowd, where investors take an active role in crowdfunding campaigns. Gerber's et al., (2012) shed lights into the motivations of participants. Five motivations of creators (entrepreneurs) were identified. Creators are motivated to raise funds in a democratic way, establishing relationships, expanding their capabilities, are also the motivation of crowdfunding. Lastly, authors describe how creators are motivated in using crowdfunding as it can expand awareness of their work.

S. Nagalakshmi & U. Gana Cecilia (2014) focused on the emerging trends in crowd funding in India and its theoretical aspects. Dr. Hetal Jhaveri and Prof. Anjali Choksi(2014), Dr. Mallika Srivastava, Kayalvizhi J.M.& M. Sagar (2014) have studied selected Indian online crowdfunding platforms (CFPs), their area of focus, fund raising strategies, and revenue models. According to them CFPs not only support business activities but also social causes, NGOs, creative ideas. Crowdfunding platforms in India were selected and compared with each other with different variables. Feasibility of the various platforms were also analyzed. A. V. Chirputkar, Saurabh Saxena and Juhi Tarkas (2015) analyzed the crowdfunding framework and its applicability for micro-enterprises. Through this paper, they proposed a model of crowdfunding along with its financial evaluation for micro Enterprises. From the above reviewed literature it was found that very few researchers have focused on the crowdfunding scenario in India. So there is a knowledge gap about the crowdfunding process especially in the Indian context. Therefore the researcher intended to explain how crowdfunding is working through this conceptual research paper.

4. Crowdfunding – the Initiative

Emergence of crowd funding activities could be traced way back from 17th centuries. Jonathan Swift had created Irish Loan Funds for low income families who had no credit facilities and little collateral. Thus, this fund was used by small businessman and farmers to push up their business. In 1976, Noble Prize winner, Dr. Mohammad Yunus, launched the well-known programme ‘micro credit’ which offered banking opportunity for low income residents in Bangladesh. Initial loan of \$27 to 42 women were given and in five years, program had 30,000 members. In 1983, the program was transformed to Grameen Bank. Bank had more than 8 million borrowers, with 97% of the money given to women operated business. Another major instance was that in 1997, U.S. tours of the British rock band Marillion was funded by their US fan base by raising \$60,000 themselves online.

In 2000, first documented crowdfunding site for music ‘aristShare’ was launched. From 2005 onwards, ‘Kiva’ presented an opportunity before the individuals to provide small loans to entrepreneurs in poor areas. In 2006, Prosper, the first peer to peer lending platform was launched.

Origin of the term crowd funding can be found in crowd sourcing. In 2006, a publication of Howe and Robinson in the “Wire” launched this marketing term *crowd sourcing* worldwide. Howe defined crowd sourcing as the power of the many that can be leveraged to realize feats that were once considered as the responsibility of a specialized few (Howe 2006). In 2006, Michael Sullivan, founder of ‘FundVlog’, coined the term ‘crowdfunding’.

5. Parties in Crowd Funding

In crowdfunding process, three primary positions can be distinguished: 1) initiators, who are the initiators of the project, 2) funders, who are the investors and 3) platforms, which can be seen as an online marketplace on which the creators and funders would interact and such an interaction must be on an online platform.

Voorbak (2011) suggested three main stakeholders in any given Crowdfunding environment:

1. The entrepreneur seeking funds who could be aspiring to launch a business, a social project, or an artistic endeavor.
2. Members of the online community referred to as “The Crowd” who are willing to pledge payments for the project. People in this crowd tend to offer different kinds of support ranging from financial contributions to delivering valuable feedback and ideas that typically lead to developing the initial idea of the entrepreneur.
3. The online platform and infrastructure that facilitates Crowdfunding.

For a successful Crowdfunding environment to be in place, technological infrastructure and internet accessibility needs to be established. It is significantly important in developing countries. The researcher proposes the following model for defining the parties to the crowdfunding. Along with the above mentioned three primary players, government issued legal or regulatory framework constitutes as the fourth and most important element in a crowdfunding environment.

4. Government’s legal or regulatory frameworks: It should be noted that all other entities can function only on the basis of the lines drawn by the government’s legal or regulatory frameworks of a particular domain, state or country. Regulatory or legal bodies stipulate what are the permissible activities under the crowdfunding regime. While engaging in crowdfunding activities, the creators, funders and most importantly the platforms must ensure that they are bound follow the existing rules and regulations of the concerned domain. Pictorial representation of the parties to crowdfunding is given below in the exhibit.

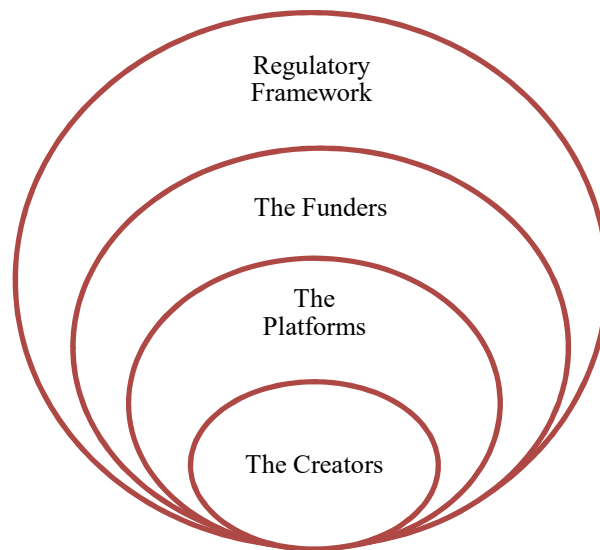


Figure 1: Parties to the Crowdfunding

6. CROWD FUNDING MODELS

Different sources define different types and categories of crowd funding. The Crowdfunding Industry Report (2013) prepared by Massolution recognizes four major models: donation, equity, lending and reward-based.

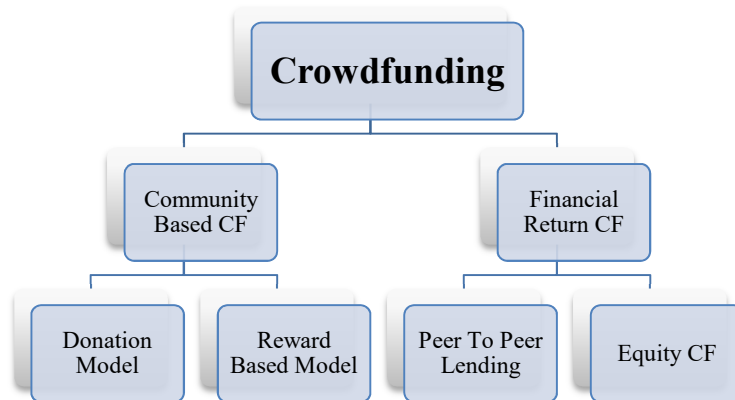


Figure 2: Crowdfunding Model

➤ ***Equity-based crowd funding***

In exchange for a pledge, a crowdfunder/investor receives actual shares of the company, and becoming its shareholder. Development of this crowd funding category is limited by security regulations (Dresner, 2014).

➤ ***Lending-based crowd funding***

It is the most popular type of crowdfunding model (Dresner, 2014). The company would repay all the investment it received from the crowdfunders within a predetermined schedule (after it becomes profitable). A predefined interest is also earned by the investors. Lending-based crowd funding is mainly related to commercial enterprises and especially popular among small and relatively secure businesses.

➤ ***Reward-based crowd funding***

This type of crowdfunding involves a certain non-financial reward for the investment made by an individual. It might be something tangible such as a sample of the product or service. It can also be something intangible, a mean marketing or PR, e.g. writing the name of the investor on the product. The reward often depends on the amount of the pledge. This model is actively used by artists, NGO's, entrepreneurs and businesses, and is characterized by media attention (Dresner, 2014).

➤ ***Donation-based crowd funding***

In this model crowdfunders do not expect any financial or non-financial return on their investment. Their main motivation is to support a cause.

6. CROWDFUNDING: HOW IT WORKS

Crowdfunding involves a number of steps commencing from the idea generation to the completion of the project. For the purpose of understanding, the researcher divided it into three stages according to its function.

1. Initial Stage
2. Campaign Stage
3. Funding Stage

These three stages are depicted in the following exhibit.



Figure 3: Crowdfunding : The Modus Operandi

❖ **Initial Stage**

Initial Stage in the crowdfunding process starts from the moment when the project creator or the entrepreneur has an idea. The initial Stage includes:

1. Getting to the idea

The process of crowdfunding starts when an entrepreneur or what we call them, the creator or initiator gets an idea or concept about a project which he or she thinks viable. At first, the concept may be vogue but the entrepreneur thinks that there is a scope for further development. Idea must be such that it is capable of wider acceptance of public and both financially as well as socially rewarding. It can be anything, which ranges from an innovative production to the charity or an entertainment programme. An elaborate research should be conducted for further procedure for finalizing the cost and platform related queries.

2. Presentation of the project

Communication success lies in how the meaning is conveyed between two entities. An effective communication simply means that the initiator or creator in a crowdfunding project should be able to convey what they are intended to do while going for the campaign. Very next step before the creator is that the effective presentation of the project or idea. In crowdfunding, this presentation is very important. The project or idea should be presented suitably with reasonable photos, videos, quotes, and comments etc. presentation should also include a crystal clear financial plan for the project citing its startup costs, working capital needs and other costs. Budget schedule can also be presented. A short description about the company, the project, the profile of the creator and his team, a link for further clarifications must be added in presentation.

3. Selection of the platforms

Once the presentation is done, creator can move on to the next stage confidently. Selection of the platforms completes the initial Stage in crowdfunding. Platform selection is not as simple as one think. Crowdfunding platforms may be many in number. The most important question arises here, out of which platform the creator is going to select for funding campaign.

It can be done by analyzing the existing crowdfunding platforms. Creator should analyze the following important points.

- a) **The platform related facts:** funding mechanism of the platform generally fall under two categories. “All or nothing” model or “Take it all” model. Both have its own merits and demerits. Which model creator wish to proceed is quiet important. Similarly the number of campaign that the platform has received till and how popular is the platform in social media, what are the services offered can also influence the decision maker (the creator)
- b) **Funding related facts:** the total amount of funds the platform collected so far and the percentage of success while going with the campaign should also be analyzed. Moreover the security of the payment method, safety of the personal data may also need to be considered.

❖ Campaign Stage

Campaign Stage starts when the project creator put his project to the crowdfunding platforms. It is the most important stage in the process of crowdfunding. It includes:

4. Getting to the platform screening

After finalizing the platform for the campaign, creator approaches the platform. The platform never allows the creators to start their campaign as and when they approach. But the projects will be taken to a screening process where the platform will analyze the viability of the project, its trustworthiness, company or creator profile etc. if it is found to be satisfactory then only the project can be placed in the platform. Many of the crowdfunding platforms appoint professionals for managing the individual campaigns for presenting the project to its promotion.

5. Getting to the online community

Once the screening is successfully completed, platform asks creator to promote the campaign by creating an online community first. It is through this online community the campaigning is done. The platform will give assistance to creators in creating a community and making updates and other promotions. A very important step in the formulation of such an online pool is that the selection of some known individuals who may be the key supporters of the project.

6. Promotion of the project

Promotion of the project should be done in order to get the target money within a stipulated time frame. Promotion can be done by getting a wider audience for the project through varied means of communication. It can be done through emails, direct contacts or through social media like Facebook and twitter. This larger pool of public can be individuals, business groups or organizations. Timely updates, videos, news etc. can be useful in promoting the campaign. Project promotion should be appealing and should have mass reach then only crowd or public will be inspired to remit their money. Frequent yet needful updates and right promotional mix can boost the success of a campaign.

❖ Funding Stage

7. Payment of the money

Crowdfunding platforms usually have tie ups with payment gateways through which crowdfunder can make their payment via credit or debit cards, e - bank transactions or any other means.

8. Service charges to the platform

After reaching the target amount and termination of campaign duration, the pledged money may be collected through the payment gateways from those who are backed the project. Service charges of the website are transferred to the platform’s concerned account. Service charges may vary platform to platform.

9. Transfer of money

Once funding target is attained or duration of the campaign is over, fund collected may be transferred to the creator’s account. In case of all or nothing model, if the target amount is not reached, money collected so far may be given back to the public. In the ‘take it all’ model, the collected fund may be given to the creators.

8. Benefits of Crowdfunding

It is primarily a modern and efficient innovative tool that allows entrepreneur to develop his idea, his market and his concept. This mechanism offers a number of advantages, primarily to the fundraiser, contributor and platforms but also to the economy. Crowdfunding offers a completely modern way for acquiring capital for entrepreneurs. It use the wisdom of the crowd for its advantage. Companies that raise funds from fifty or more investors are required to undertake a public offer, regulated under the Companies Act, 2013 as well as the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Using the Internet, an entrepreneur can sell an idea that is viable to literally millions of potential investors.

For any startups, acquiring capital from traditional means without any proven business track record is very tough. Crowdfunding is an option for such entrepreneurs in getting access to the capital. Unlike traditional forms of capital sourcing, crowdfunding is less time- consuming and cheaper. Similarly for an entrepreneur, crowdfunding is not merely a fund raising exercise. It can bring advantage for the fundraiser in terms cost reduction. Online communities in the crowdfunding process participate in the product design and improvement process. Therefore the companies can reduce the product development period as well as its costs. It is thus, added advantage for them as it bring better customer acceptance.

It is a most advanced technique and offers an opportunity for individuals to come up with ideas or concepts and find a market and give life to their idea. Some of the entrepreneurs who may not wish to transfer his control in his or her idea or concept by issuing equities or other traditional modes can simply opt for crowdfunding as it keeps the control of the firm or project solely on the fundraiser. Similarly through this crowdfunding, risks can be spread across the public and a brainstorming can be effectively done as online community is always with the fundraiser throughout the campaign.

Benefits for the Parties to the Crowdfunding	Benefits for the Economy
<ul style="list-style-type: none"> • Accesss to Capital • Cost Reduction • Better Customer Acceptence • Control • Risk Spreading • Brainstorming • Marketing Tool • Cross Promotion • Development and Testing of One's Idea or Concept or his Market. • No personal guarantees 	<ul style="list-style-type: none"> • Increase in GDP • Employment Oppurtunities • Better Standard of Living • Growth in Infrastructure • Solidarity for Social Causes • Encouragement for SME's

Figure 4: Crowdfunding: the Benefits

Crowdfunding essentially is boost to the economy through encouragement in the growth of SMEs. It has a solidarity or social cause perspective. Crowdfunding is primarily a tool to boost innovation and creativity, even if the amounts collected are relatively low; it remains a financial bonus and especially an advantage of communication. As a result of the increased opportunity it presents before entrepreneurs, SME's will get funds and it ultimately provides greater employment opportunities for youth. Simultaneously it brings

lot of infrastructure development in rural areas and all these, therefore pave way for the increased GDP, per capita income and better standard of living.

9. Crowdfunding in India: Key Issues

India is a developing country and it definitely has a wider scope in crowdfunding. Since the concept is of recent origin in the Indian context, crowdfunding poses some serious challenges before all the stakeholders. Some of them are listed below:

➤ **Regulatory issues**

Present regulatory system in India only allows donation based and reward based crowdfunding. Equity based crowdfunding is still not permitted. The present regulatory framework is incapable of accommodating crowdfunding in its complete sense. Lack of standardized security measures across platforms gives rise to issues relating to cybercrimes. Chances of fraud funding are more if there is no strict regulation.

➤ **Responsibility issue**

Fundraiser uploads his or her campaign in a web – platform. This platform is not responsible for any fraud or other unethical practices done by the fundraiser. The platform only has a limited liability in crowdfunding. When investing in a crowdfunded project, contributors are reliant solely upon the representations of fundraisers and do not undertake a due diligence on the company that they are investing into. Portals typically do not offer any certification as to the veracity of the claims of fundraising companies. Lack of a detailed review on the fundraising company opens up the possibility of fundraising companies to conceal information relevant to the future of the company, whether actively or passively.

➤ **Replication of projects**

One of the most important threats before the parties to the crowdfunding is that the idea or concept is put to a larger public, possibly millions. There may be an attempt of copying of ideas or concept. Since the platforms are not providing any intellectual property rights, there may be instances that the concept can be copied while posting it to a platform. Creators are reluctant to disclose details fully before the completion of the project.

➤ **Creativity**

Studies suggest that crowdfunding projects which are presented more imaginatively has higher success rate in reaching the funding goal. So the challenge before creators here is that they should convey their concept and drag the public attention towards them.

➤ **Updation**

Frequent updations are very essential for the campaign to be successful. Putting the campaign in a platform and waiting for the completion of the target period does yield nothing. People are not investing their money alone; they are investing their time and attention. It is essential to boost the potential investors with timely repeated updation. It can be a serious challenge before the Indian fundraiser.

➤ **Investor behavior**

Indian industry is not very investor friendly and it seems that people are still not ready for crowdfunding. Concept of e – commerce in India only got popularity when it incorporated cash on delivery. Similarly crowdfunding platforms must incorporate some offline basis to gather public and induce them to participate in crowdfunding. Indian investors are not very investment friendly. They are often reluctant to trust in advanced technologies. They are mostly influenced by the emotions and exhibit ‘herd mentality’. Risk tolerance levels of the investors are also very low.

10. A comparison of indian Crowdfunding platforms

Indian crowdfunding platforms have performed significantly over their limited period of activity. Platforms such as *rangde*, *milaap*, *ketto* and *wishberry* have performed considerable well over the years. *Wishberry* claims a 70% success rate on their projects. Following table compare the top indian crowdfunding platforms:

Table 1: Comparison of Selected Indian Crowdfunding Platforms

S.N	Platform	Funds raised so far	Funding duration	Key Services offered/ features	Pricing policy
1	Ketto www.keeto.org	+300 crore	Depends on projects	<ul style="list-style-type: none"> • Donation model • Personalized web app • 24/7 support • Fundraiser expert to guide • Additional social media support 	<ul style="list-style-type: none"> • 5-6% +3% payment gateway charges+ 18% GST
2	Wishberry www.wishberry.in	11.6 crore	Maximum of 100 days	<ul style="list-style-type: none"> • Reward model • Personalized consultation • Email marketing • Global payment and trouble shooting • Backer management tool • Social media PR efforts 	<ul style="list-style-type: none"> • Campaign consultation fee – 3500 • Social media marketing & PR – 11500 • Wishberry commission - 10% (inclusive of payment gateway charges)
3	Milaap www.milaap.org	+332 crore	NA	<ul style="list-style-type: none"> • Charity • Free sign up 	<ul style="list-style-type: none"> • 13.5%
4	Rang de www.rangde.com	+75.9 crore loans	-	<ul style="list-style-type: none"> • Peer to peer 	<ul style="list-style-type: none"> • No processing fee • 2% all the loan repaid for meeting internal expenses
5	Impactguru www.impactguru.com	+150 crore	Up to 365 days	<ul style="list-style-type: none"> • Donation based • Multiple donation • Mobile friendly app • Easy fund disbursal • Real time donation notification • Due diligence process • Additional 	<ul style="list-style-type: none"> • Self-driven – 5% • Collaborative -8% • Accelerate – 12% • 3% payment gateway charges • 18% GST on aggregate of transaction as well as platform fee

				marketing support	
6	Fueladream www.fueladream.com	NA	14 – 90 days	<ul style="list-style-type: none"> Both reward and donation 	<ul style="list-style-type: none"> Contract charge – 6% Payment gateway charge – 3% A one-time fixed, non-refundable processing charge of 3000 + service tax is charged from every fundraiser before the live pitching 18% GST
7	Dream wallet www.dreamwallets.com	NA	-	<ul style="list-style-type: none"> Reward based Flexible funding Allow pre-sales Partner with schools 	<ul style="list-style-type: none"> Listing fee – nil Flat charge – 5% Processing fee- 3.95% 5% if you reach the target and 9% if you do not
8	Catapoolt www.catapoolt.com	NA	Default 30 days; but there are no such deadlines	<ul style="list-style-type: none"> Reward based Has ‘trusted mentor’ panel to guide the investors 	<ul style="list-style-type: none"> Pricing charge – 10% plus 18% GST Upfront fee - 1499

Source: compiled by authors from various websites

From the websites of the various crowdfunding platforms and the limited literature, it is very clear that the platforms are entirely different. Ketto focuses upon the celebrity charity and NGO's, while Milaap and Rangde are engaged in rural projects and debt financing. Wishberry is reward based platform for creative projects. Catapoolt and Fueladream has prioritized startups financing while the later has given importance to student's projects and has partnership with various students' community. Impactguru deals with medical causes and NGO's. The duration of the campaign, again varies between the platforms. On an average the platforms has a funding period of 30 to 90 days. Most of the platforms offer a high secured, multiple layer payment options and are having excellent technical team to aid the stakeholders. Fully automated email notification, 24/7 services, perfect screening mechanism to select the projects are some of the standout services offered by these platforms. Platforms such as wishberry, catapoolt, and ketto etc are having separate project expert/mentor to guide and assist the project creators or the fundraiser to go on with the campaign. Moreover, the safety of the funder is ensured by employing a specialized team for screening of the project.

11. Conclusion

This is technological era. Those who take advantages of the advanced technology can only survive in this ultra-competitive, complex environment. Crowdfunding is essentially a new technological - innovative source of capital sourcing. It is one of the most vibrant and fastest growing options of fundraising with the help of online communities. Aftermath the financial crisis, entrepreneurs found it very difficult to raise funds, the behaviors of investors have changed and funding institutions were careful to lend loans to those entrepreneurs who form high-risk projects. In such a scenario, maybe crowdfunding can be a real alternative. It can serve as an alternative to the lack of funds to boost the economy. In a highly fluctuating, crisis prone economy, people are going back to the less globalized yet self-sufficient system. Here the financing of smaller scale projects or business ideas can be viewed as a public's attempt of reassuring themselves. Investing in such projects may be more reassuring than investing in a high profile company.

Crowdfunding brings this reassuring. In a country like India, with largest number of NGO's, larger public, rapidly growing internet users, the crowdfunding offers a viable alternative for the SME's to depend upon. Even though there are many risks and challenges to crowdfunding in the present market it offers a wider scope. If it can be regulated, mobilized and controlled properly by drawing strict regulatory frameworks for project creators, projects, platforms and all other stakeholders India can definitely move towards its glory at a faster pace.

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