

CROWDFUNDING- Online Platform For Fund Raising

Shivangi

Student,
DD Jain College of Education, Ludhiana.

Abstract: An optimist is a person who takes action, who moves out ahead of the crowd. Crowd funding is the practice of funding a project or venture by raising monetary contributions from a large number of people. Crowd funding is a form of crowd sourcing and of alternative finance. In 2015, it was estimated that worldwide over US\$34 billion was raised this way. Crowd funding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowd funding platforms—and leverages their networks for greater reach and exposure. There are different types of crowd funding- donation crowd funding, equity crowd funding ,real estate crowd funding, reward crowd funding, peer to peer crowd funding. There should be usage of well strategy for successful crowd funding campaign. There are different crowd funding sites are available that helps in development of small business by providing financial assistance.

Keywords: Crowd funding, real estate, equity, leverages, social media.

INTRODUCTION: Huge numbers of your fans, companions, and colleagues may just have the capacity to give little sums, yet in the event that you can get a sufficiently major horde of them to give, you can achieve your financing objective. The issue is making sense of how to contact enough individuals without spending a great deal of cash on exposure and publicizing. crowd funding sites take care of this issue by offering you a basic method to make alluring internet gathering pledges pages that you can pitch through your email records, Face book pages, web journals, or some other informal communities. You can likewise request that your companions promote your battle through their systems. The more individuals you can ask, the more probable it is you will achieve your objective. Crowd funding has been utilized to finance an extensive variety of for-benefit, entrepreneurial ventures, for example, aesthetic and inventive activities, medicinal costs, travel, or network situated social business ventures.

Literature Review: Crowd funding has become important in recent years. Following authors have different views regarding crowd funding.

According to Gerber et al. (2012) come to very similar conclusions. They performed semi structured interviews with market participants and identified five categories of motivation: financing, forming relationships and networks, self-affirmation, replication of success stories and increased awareness of the product.

According to Belleflamme et al. (2013) identify in their interviews with crowd funding-experienced entrepreneurs three main reasons for choosing crowd funding to finance their projects. The collection of funds was stated by all of the respondents as the main reason for using crowd funding. Other motives mentioned were the attainment of public attention and receiving feedback for their products or services.

According to Mollick (2014) analyzed archival data from the platform Kickstarter and found that the probability of a successful crowd funding transaction decreases with an increase in the funding amount and duration. The size of the capital seeker's social network, the presence of a product video and geographical proximity to capital providers increase the likelihood of successful funding.

RESEARCH OBJECTIVES–

1. To know the relevance of crowd funding in India.
2. To assess the Awareness of concept of crowd funding among the people in India.
3. To analyze the benefits of crowd funding.
4. To study the various online sites that provides financial assistance.
5. To identify the challenges associated with the implementation of the strategy that makes crowd funding campaign successful.
6. To examine the impact of the cashless policy on the reduction of inflation in India

RESEARCH METHODOLOGY- This paper is basically descriptive and analytical in nature. In this paper an attempt has been taken to analyze the significance of crowd funding which provides online platform for fund raising and its relevance in growth of Indian economy. The data used in it is purely from secondary sources according to the need of this study.

HOW CROWDFUNDING WORKS?

1. Do your research: before you even begin your effort, do your investigates. This doesn't mean investigating your item or thought (that should as of now have been done!): It implies exploring all that you have to think about crowd funding to dig for more achievement methodologies. In addition to the fact that you should know how to run a fruitful crusade, you ought to know about every one of the guidelines and directions encompassing this funding source.

2. Choose the correct stage: There are many crowd funding stages out there. While some are general, others are particular to specific businesses and specialties. Think about your task parameters and do your exploration to discover the stage most appropriate to what you're putting forth. Keep in mind that the correct stage will enable you to associate with your objective market and potential financial specialists.

3. Offer something beyond a thought: When you're prepared to begin your battle, have something beyond a thought close by. A few ventures don't include a physical item; if yours does, have a working model you can flaunt for instance to potential speculators. Indeed, even the well known Star Citizen Computer game, which broke group financing records regardless of not having even been coded yet, had more to appear than simply the guarantee of the world's most foreseen, bleeding edge computer game.

4. Know your target interest group: Before you make any promoting materials or post your battle live, do the investigates important to get comfortable with your intended interest group. Take a seat and work out what it is that that group of onlookers needs. You can't simply expect you realize what that is; you have to do genuine research and accumulate genuine information to enable you to end up more comfortable with those you are focusing on.

5. Make promoting materials: Once you know who your intended interest group is and what they need, make brilliant print and web advertising materials. You don't have to duplicate the recordings or fliers of another organization - you ought to customize materials to yourself and your message. In any case, maintain a strategic distance from cheap, gooey pieces except if they what really fit with your task.

6. Set objectives: When beginning a group financing effort, set objectives. In addition to the fact that you should choose in advance what your aggregate gathering pledges objective is, you ought to likewise determine course of events objectives, creation objectives and some other ones expected to keep your task pushing ahead.

7. Make the reward beneficial: While you're not required to compensate your speculators, offering something as an end-result of their help makes for a more fruitful battle. Ensure that any reward you offer is beneficial, also. A written by hand card to say thanks is pleasant, yet it won't almost certainly propel individuals to contribute.

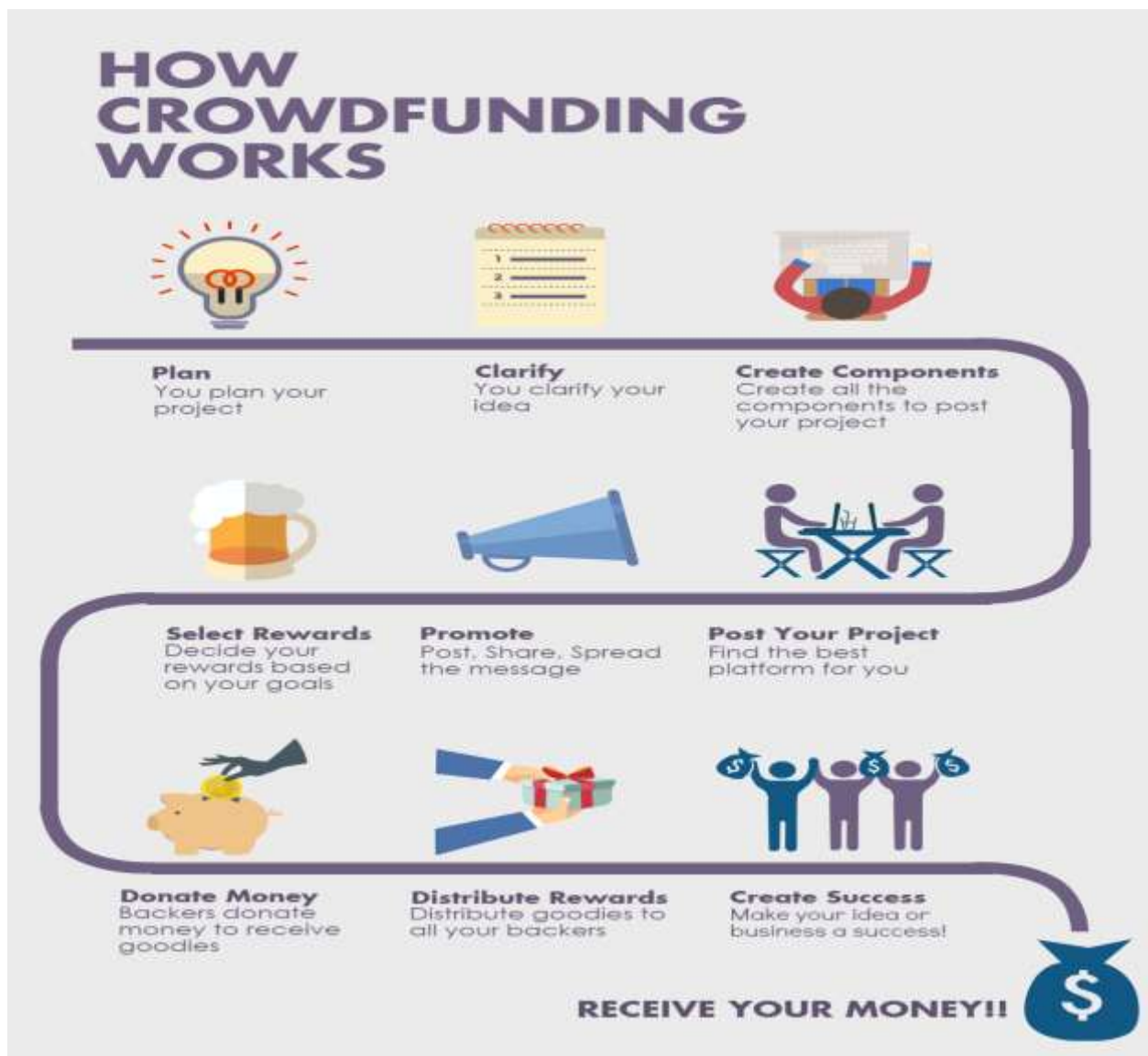
8. Get individual: Whether your task is close to home or is another business wander, get individual in your message to financial specialists. At the point when individuals feel that they know you, they'll feel greater with, and trust in, your objectives. Opening up about yourself and your circumstance is an awesome method to enable your crusade to see more achievement. Remember that it is conceivable to over share, however.

9. Spread the news: Once you've distributed your group subsidizing effort, begin getting the message out. Offer your battle via web-based networking media, with family and companions, on online journals and anyplace else where you can get it out there. The more extensive your achieve, the more potential you have for financial specialists to see it.

10. Impart transparently: Communicate with your speculators all through the whole procedure. This likewise constructs trust. While you don't have to reveal to them everything about, as open and straightforward as could be expected under the circumstances. Don't simply pitch them or endeavor to pitch to them, either; individuals know when they're hearing hot air.

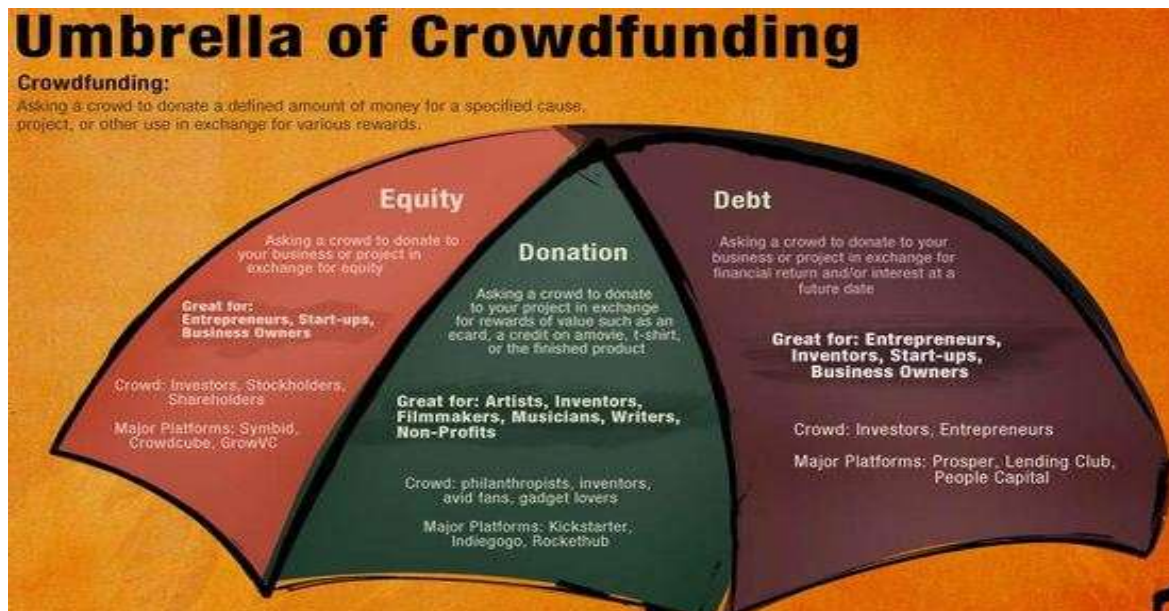
11. Acknowledge criticism: Feedback, albeit baffling now and again, is critical for you to gain ground - particularly in case you're chipping away at an item. The more criticism you get, the better you'll have the capacity to tell where your agony focuses are and make an arrangement to enhance the last item so it's prepared to go into generation.

12. Finish on your guarantees: Don't overlook any of the guarantees you've made amid your battle, regardless of whether they were to your whole financial specialist gathering or certain people. On the off chance that you finish on your guarantees, you'll not just form validity for any future activities; you'll additionally abstain from baffling your financial specialists.



TYPES OF CROWD FUNDING: There are different types of crowd funding are used for raising funds for different specific purposes. This are explained as below-

- **Rewards crowd funding:** Rewards swarm subsidizing is like gift based pack subsidizing by the way it depends on little gifts from countless. The distinction is that supporters are offered diverse motivators that shift by the sum their gift: A little commitment may result in no reward or an ostensible thank you, while bigger commitments could permit patrons rebates or livens for the particular objective they're backing. Of the prizes based group subsidizing stages, **Kickstarter and Indiegogo** are among the best known.
- **Equity crowd funding:** Some group subsidizing stages enable private ventures to get financing in return for value. With this model, benefactors can move toward becoming investors, picking up a level of the potential future return. **Crowdfunder and CircleUp** are two generally utilized stages for value contributing. To utilize Crowd funder, you pay a level month to month expense of \$450 to \$750, while CircleUp takes a level of the assets you raise. You'll likewise discover claim to fame stages for value swarm subsidizing.
- **Peer-to-peer crowd funding:** Unlike other group subsidizing models, shared (P2P) raising support can enlarge the gathering of people you reach with your gathering pledges endeavors. With P2P, singular patrons contact their own particular informal organizations to raise reserves. For a less open approach to ask for subsidizing help, you could apply for a private venture advance through a shared bank like **LendingClub or Bitbond**. These moneylenders utilize a comparative model in enabling people to subsidize entire or fractional advances to entrepreneurs.



TOP 10 CROWD FUNDING SITES FOR SMALL BUSINESSES:

1. **Kickstarter:** You've no doubt heard of this Brooklyn-based platform — in some circles, “Kickstarter” is to crowd funding what “Kleenex” is to tissue. Kickstarter is designed to fund creative projects. But don't worry if don't claim “artist” or “musician” on your tax forms. Remember that guy who accidentally raised more than \$50,000 to make a potato salad? That was on Kickstarter. It's an all-or-nothing platform — which means if you don't reach your fundraising goal, you won't get any of the money you raised. It also means that your backers won't have to pay for your project, which could make donating more attractive.

Pros

- Name recognition means you'll have more visibility.
- You get a bit of a fee break on smaller donations.

Cons

- Project must fit Kickstarter's categories and requirements.
- The platform limits the types of projects you can fund.
- Projects are limited to 30 and 60 days.

2. **GoFundMe:** More people have raised money on GoFundMe than on any other platform. It has a community of more than 25 million donors worldwide and supports just about any cause, including animal welfare, education, medical emergencies, charity, business and travel. GoFundMe is all about flexibility. Sign up for either a personal or charity campaign and continue collecting funds well after you've reached your goal.

Pros

- Widely recognized brand, which helps with fundraising.
- GoFundMe waives processing fees for charities.
- You don't have to establish a minimum fundraising goal.

Cons

- You won't get many donations from strangers.

3. **Indiegogo:** Indiegogo is the biggest crowd funding name that specializes in entrepreneurs. It's raised more than \$1 billion for design, technology and innovation projects since it began operations in 2008. It also provides assistance every step of the way, from concept to marketing.

Pros

- Focused on creative services, marketing and communications, prototyping, production, retail, licensing and distribution.
- Lower fees for charitable campaigns.

Cons

- Campaigns are limited to 60 days.
- You must provide rewards, even if you don't receive full funding.

4. **RocketHub:** This New York-based crowd funding platform has been helping a diverse group of entrepreneurs get financed since 2010. It's a go-to for philanthropists like Bill Clinton and Bill Gates — not to mention the US State Department. Unlike Kickstarter, RocketHub allows you to keep all of the funds raised regardless of whether you meet your goals — although you'll pay more in fees if you don't succeed. It's a popular way for businesses with a focus on arts and sciences to raise money for projects.

Pros

- Excellent customer service.
- Access to funds throughout the campaign.
- Discounted fees for successful campaigns.

Cons

- Less traffic than bigger-name sites.
- Projects have a shelf life of 30 to 75 days.
- Slightly higher fees than the competition.

5. **Crowdfunder:** Crowdfunder is an equity crowdfunding platform with a focus on connecting entrepreneurs and investors. With more than 12,000 angel investors and venture capitalists in its network, it's funded more than 100 unique projects at an average deal size of \$1.8 million. It contributes to startups at all stages and has fundraising coaches on hand to share industry knowledge and help optimize your pitch.

Pros

- Can benefit fundraising at all stages.
- Easy for investors to browse niche ventures.

Cons

- High monthly fee could deter new businesses.
- No access to smaller investors.

6. **Crowdrise:** Nonprofits might want to consider Crowdrise, which specializes in charitable fundraising. Organizations like the American Red Cross, UNICEF and the Clinton Global Initiative regularly turn to Crowdrise to raise money. It offers starter, premium and enterprise options that come with tiered levels of customer support and customization.

Pros

- Intuitive website is easy to navigate.
- Reward points are an incentive raise or donate money.

Cons

- You'll pay extra to customize your platform.
- Starter package may not attract high traffic.

7. **Crowd Supply:** CrowdSupply launched in 2012 with product designers in mind. Though it shares some of Kickstarter elements, this Portland-based platform is essentially a preorder store. Instead of donating to a campaign for a reward, supporters preorder a product that needs funding as a way of supporting its manufacturing.

Pros

- Expert guidance with campaign review and management.
- After your campaign ends, you can sell your product on the platform.

Cons

- Potential for high fees.
- Smaller backing community.

8. **Experiment:** Launched in 2012, Experiment is an online crowd funding platform that aims to discover, fund and share scientific research around biology, chemistry, physics, mathematics, engineering, earth science, computer science and medicine.

Pros

- Provides additional grants to projects under specific categories.
- You maintain complete ownership and intellectual property rights.

Cons

- No funding if your campaign doesn't reach its goals.
- Platform comes with high fees.

9. **Razoo:** Razoo has done more fundraising for charitable causes than the biggest crowdfunding names combined. It's because they offer special discount rates for registered nonprofits and charitable organizations. (But don't worry; you can use Razoo to also raise money for personal needs.)

Razoo encourages charitable donations through events like Giving Day, a daylong community-based competition where nonprofits sign up and try to get the most donations.

Pros

- Expert guidance from a fundraising coach.
- Donors can choose to cover processing and platform fees.

Cons

- Less visibility than bigger-name platforms.
- Users complain about a glitchy website.

10. **Fundly :** You can use Fundly to raise money for pretty much any project, but schools, nonprofits, charities and similar organizations are its cornerstone. It's endorsed by Habitat for Humanity and Teach for America, and it's willing to lend a hand to first-timers.

Pros

- Withdraw your funds whenever you need them.
- It's optimized for mobile users.
- Easy for first-time fundraisers.
- Pages are customizable.

Cons

- Platform comes with high fees.
- You aren't able to offer rewards for donors.

The Benefits of Crowd funding: From tapping into a wider investor pool to enjoying more flexible fundraising options, there are a number of benefits to crowd funding over traditional methods. Here are just a few of the many possible advantages, which we'll cover in greater detail later in this guide:

- **Reach** – By utilizing a group subsidizing stage like Fundable, you approach a great many licensed financial specialists who can see, associate with, and share your raising money crusade.
- **Presentation** – By making a group subsidizing effort, you experience the priceless procedure of taking a gander at your business from the best level—its history, footing, contributions, addressable market, incentive, and that's only the tip of the iceberg—and coming it down into a cleaned, effectively edible bundle.
- **PR and Marketing** – From dispatch to close, you can share and advance your battle through internet based life, email bulletins, and other web based showcasing strategies. As you and other media outlets cover the advancement of your raise money, you can twofold around guiding movement to your site and other organization assets.
- **Validation of Concept** – Presenting your idea or business to the majority manages a great chance to approve and refine your advertising. As potential financial authorities express intrigue and make inquiries, you'll rapidly check whether there's something missing that would make them more prone to purchase in.
- **Efficiency** – One of the best things about online group financing is its capacity to unify and streamline your raising money endeavors. By building a solitary, far reaching profile to which you can channel every one of your prospects and potential speculators, you dispose of the need to seek after every one of them separately. So as opposed to copying endeavors by printing archives, incorporating fasteners, and physically refreshing every one when there's a refresh, you can introduce everything on the

web in a substantially more open arrangement, abandoning you with more opportunity to maintain your business as opposed to raising support.

LIMITATIONS OF CROWD FUNDING: apart from lots of benefits of crowd funding, it also has number of limitations which are discussed as below-

- **It's a LOT of work:** Seriously. To do it right, you'll need to give yourself no less than 3 months of prep. You'll require some measure of starting interest in advertising resources. Additionally, require a 30-day free for all amid which you confer 15-20 hours out of each week for a group of 2-4 individuals. Contingent upon the amount you are hoping to raise, if the assets are your solitary objective, this may not be justified regardless of the exertion. The normal bring up in swarm subsidizing is \$5,000. That is a ton of exertion for \$5,000. On the off chance that you aren't going for somewhat bigger sum and you needn't bother with the extra advantages of group subsidizing, you might need to turn back at this point. Companions, family, obligation or a little advance may get you to your seed subsidizing objective all the more proficiently.
- **You pay out 8-12% of your raise:** Each stage has a somewhat unique charge structure, yet you will shave about 10% immediately. That is not to be trifled with; you truly need to spending plan for it.
- **Most battles come up short:** Keep as a top priority, that places us into the best 20% everything being equal, and it wasn't precisely a victory. There are ventures like Pebble and Ouya who blow it out, however they are particularly the special case and not the run the show.
- **Funds are apportioned with no place for development:** Because most group subsidizing efforts depend on rewards that are viably a prompt riser cost for your future item, every dollar carries with it an undeniable close term responsibility to create and convey something. This as a rule abandons you with simply enough finances to cover generation, yet insufficient to develop the business. In the event that you are arranging carefully, you'll need to make some measure of cushion to help prop you up and furthermore recognize what your second round of assets will look like in the event that you are in truth fruitful and choose to develop.

CONCLUSION: Hence it is concluded that Crowd funding is a form of crowd sourcing and of alternative finance. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowd funding platforms—and leverages their networks for greater reach and exposure. There are different types of crowd funding- donation crowd funding, equity crowd funding ,real estate crowd funding, reward crowd funding, peer to peer crowd funding. There should be usage of well strategy for successful crowd funding campaign. There are different crowd funding sites are available that helps in development of small business by providing financial assistance. Though crowd funding is the most trending method of fund raising but yet it has different limitations that can be tackled through adopting effective strategy.

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