

## Crowd Funding

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Crowdfunding is a method of raising money for a particular cause or project by asking a lot of people to make financial contributions, typically in modest sums over a short period of time, like a few months. Online fundraising is frequently done through social networks, which make it simple for supporters to spread the word about a project or cause to their networks.

### Types of Crowdfunding

**Donation-** Donation based crowdfunding is when people give money to a cause, business or individual with no expectation of receiving anything in return. Consider starting a crowdfunding campaign to buy new equipment for your business. The only reason anyone would give you money is to promote the expansion of your company.

**Reward-** This is what donors get in exchange for their contributions. The benefits are dependent on the gift amount, which encourages larger donations. Participants may receive a T-shirt, stickers, or other rewards depending on how much they donate to a campaign.

**Debt-** Debt donations are peer to peer lending, a type of crowdfunding, includes debt-based donations. The money pledged by backers in debt-based donations is a loan that needs to be repaid with interest by a specific date.

**Equity-** Equity based crowdfunding enables small businesses and startups to give away a share of their firm in exchange for cash, unlike some crowdfunding campaigns that exclude backers from owning a stake in the company they are supporting. Give that participants earn shares in the company according to the amount of money they provide, these donations represent a form of investment.

### How does it work?

- The small investors interested in funding start-ups and new ideas and entrepreneurs looking to raise money through crowdfunding must register on the official crowdfunding platforms. These websites serve as a conduit between investors and entrepreneurs.
- The concept and business projections must be posted on the crowdfunding websites so that potential investors can choose whether to invest or not.
- The entrepreneurs must specify the lowest amount an investor can invest together with the idea and estimates. The bare minimum can be as little as \$10.
- The potential investor must demonstrate an interest in doing so, as well as the minimal investment it can make, as well as the steps involved and other pertinent information.
- In the event of excessive applications, the extra funds will be returned to the investors.
- The cost is based on the percentage of fundraising, and the entrepreneur pays the crowdfunding websites fees once the funds have been raised and received. The profit made by the business must be distributed to the investors via return on investment.

### India's best crowdfunding site.

1. Ketto
2. Milaap
3. Indiegogo
4. Crowdcube
5. ImpactGuru
6. Wishberry
7. Start&Speak
8. StartEngine
9. Donat kart
10. RocketHub

Crowdfunding's role in the impact sector has grown in recent years thanks to its unique way of raising funds to support social organizations, enterprises, attracting retail investors and enables them to take part as funders of societal solutions. With rising demand from social start-ups seeking to secure financial resources and growing public interest in crowdfunding, the covid-19 epidemic is expected to hasten this expansion.

#### About Author

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Ms. Pooja Saini is a research scholar in department of management studies BPSMV Khanpur Kalan Sonipat Haryana. She believes in fast-learning abilities, commitments to succeed and relevant studies making her perfect for her goals. She has attended many National and International Conferences, Seminars, and workshops in the field of Management and Commerce during her academic and research career.