

# **Crowdfunding: Exploring its Role as an Alternative Financial Avenue in the Indian Context**

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## **Abstract**

This paper seeks to construct a theoretical framework to understand better crowdfunding, its applications, and its impact on the progression of start-ups and small and medium-sized enterprises (SMEs). Researchers have investigated the origins and consequences of financing through crowdfunding in start-ups and SMEs thus far. Lack of funding to launch, maintain, and expand firms is one of the most significant obstacles to small and medium enterprises' success. Higher rules and prudential standards by financial institutions, combined with the global financial crisis of 2007–2008, significantly reduced credit supply to start-ups and SMEs. Crowdfunding is a group effort that enables business owners to obtain cash from numerous individual sources via online platforms. This article explores the growth of crowdfunding within the Indian context, consolidating various scholarly studies focusing on advancements in funding for start-ups and Small and Medium Enterprises (SMEs). Furthermore, it delves into how much crowdfunding has provided financial assistance to these entities. The article aims to highlight to researchers and policymakers the necessity of enhancing the structure to achieve balanced development between conventional and alternative economic systems.

## **Keywords**

Crowdfunding, Equity-based crowdfunding, Start-ups, SMEs, SEBI, Investors

## **1. Introduction**

Recent years have seen a dramatic shift in how early-stage firms are financed due to two factors. First was the crisis of 2008 that destroyed confidence in investment operations managed and run by sizable financial institutions (banks, insurance firms, and trust organizations) that were situated in or related to major financial hubs. Another one is a proliferation of bottom-up initiatives powered by innovative, multifunctional, and multi-sided platforms built on new models of digital economic circulation, which was made possible by the internet's rapid development of technology (Salomon, 2018). These two trends catalyzed crowdfunding platforms' global expansion, bringing together entrepreneurs, investors, and established financial intermediaries. Similarly, SMEs could not raise funds to finance and support their projects. SMEs and start-ups suffer from the smallness and newness because of asymmetrical information and have difficulty getting outside funding (Giudici & Rossi-Lamastra, 2018). It provides financing services, helps to test the market, and gives the entrepreneurs feedback.

Crowdfunding has a lot of promising futures. The crowdfunding market had a global value of \$34.4 billion in 2015 (Massolution, 2015). In 2025, the crowdfunding industry in developing nations is expected to be worth \$93 billion, with China accounting for between \$46 billion and \$50 billion of that total, according to a report recently published by the World Bank (2014). One of the reasons for the rise in crowdfunding is that people with small investments from different places can be a part of crowdfunding. Reward-based and equity-based platforms help entrepreneurs finance start-ups and SMEs as they require fewer requirements than other financing sources. According to the crowdfunding platform Fundable, less than 1% of start-ups receive funding from angel investors; only 0.05% benefit from venture capital.

The paper's primary goal is to show the emerging trends and development of crowdfunding in India and its application to start-ups and SMEs. We have also included the growth of equity crowdfunding platforms in India. No studies focus on equity platforms in the Indian context. Most of the studies focus on the factors affecting crowdfunding projects' success. (Capital et al., 2016), It mainly focuses on whether crowdfunding is a complementary or a substitute for venture capital. As an alternative, business owners use crowdfunding as a type of seed capital to finance the launch of a company. Small and medium-sized businesses and entrepreneurs frequently use it as a source of financing since it plays an increasingly important role in society. This is especially true for people who might not otherwise have access to capital (Mollick, 2014). Some focused on the impact of symmetric information on fundraising. (Hakenes & Schlegel, 2014) Compared to debt finance, crowdfunding may ensure that more, better initiatives receive funding, enhancing social welfare.

Crowdfunding is considered an alternate finance method when other forms of finance are unavailable to start-ups and SMEs. It substitutes traditional VC for seed capital but complements VC activity for subsequent financing rounds. It shows how crowdfunding for businesses may create a valuable organizational resource base, mainly through purchasing finances and non-monetary resources like crowd capital construction and marketing tools (Paschen, 2017). Equity crowdfunding is still illegal in India. However, to promote start-ups and SMEs, the SEBI has issued a consultation paper on the legal framework of equity crowdfunding. The consultation document does, however, offer a narrow window of opportunity for the sector's growth. The government should make the platforms legal so investors can do so legitimately.

To alleviate the alleged financial crisis facing the start-ups & SME sector, the article attempts to draw the attention of researchers and policymakers to the need to improve the framework for a well-balanced growth of traditional and alternative sources of the financial system. Investors and backers will learn the scenarios and guidelines related to crowdfunding. It is an overview of equity-based platforms.

The remaining section of the paper is as follows: the first section gives the overview of the objectives and research methodology of the article, and Section 2 of this paper defines crowdfunding, provides an overview of its evolution their types, and outlines crowdfunding as an alternative way of finance; section 3 gives an overview of an equity-based crowdfunding platform, and the final section includes the conclusion and implications.

## 2. Objectives

The paper's primary objective is to evaluate crowdfunding's overall expansion and development and its use in India for start-up and SME finance. However, this article also places a focus on the following areas:

- a) To analyze the evolution and developing trend of crowdfunding in India.
- b) To analyze the extent of the application of crowdfunding in start-ups and small and medium enterprises.
- c) To depict the scenario of an equity crowdfunding platform in India

## 3. Literature Review

S. No	Author(s)	Year	Title	Main Findings
1.	Dr. Shreya Virani & Prof. Paramjeet Kaur	2016	Evaluating the role of Crowdfunding as an alternate finance opportunity: a fundraiser's perspective	Crowdfunding is favored over traditional financing methods due to its expression of satisfaction and positively associated encounters.
2.	Othmar M. Lehner & Theresia Harrer	2019	Crowdfunding Revisited: A neo-institutional field perspective	The discoveries highlight how crowdfunding represents an innovative and potentially disruptive alternative to the existing norms,

				especially for ventures. This is not solely due to its distinct mechanisms but also because of its fundamental value propositions rooted in societal values.
3.	Susana Bernardino and J. Freitas Santos	2020	Crowdfunding: An Exploratory Study on Knowledge, Benefits and Barriers Perceived by Young Potential Entrepreneurs	The findings indicate that young prospective entrepreneurs have a moderate understanding of crowdfunding. While they demonstrate a general grasp of crowdfunding's attributes, such as utilizing online platforms to secure project funds and the involvement of numerous supporters contributing small amounts of money, their overall knowledge remains moderate.
4.	Hasnan Baber	2019	Factors Underlying Attitude Formation Towards Crowdfunding in India	A positive inclination towards a product or service is shaped by previous encounters with similar services and the impact of peer groups or references.
5.	Mario D'Ambrosio and Gianfranco Gianfrate	2016	Crowdfunding and Venture Capital: Substitutes or Complements?	Crowdfunding is an alternative to traditional venture capital for initial seed funding, yet it supplements venture capital efforts for subsequent financing rounds.
6.	Regan M. Stevenson, Donald F. Kuratko & Jared Eutsler	2018	Unleashing main street entrepreneurship: Crowdfunding, venture capital, and the democratization of new venture investments	In certain areas, crowdfunding seems to act as a replacement for venture capital, while in different regions, it serves as a supplement or complement.
7.	Ferdinand Thies, Alexander Huber, Carolin Bock, Alexander Benlian, and Sascha Kraus	2018	Following the Crowd— Does Crowdfunding Affect Venture Capitalists' Selection of Entrepreneurial Ventures?	Venture capitalists consider crowdfunding signals as part of their funding decisions to assess the potential of entrepreneurial ventures.
8.	Jeannette Paschen	2017	Choose wisely: Crowdfunding through the stages of the startup life cycle	For startups, crowdfunding can create a valuable foundation for resources within the organization, predominantly by securing funds. Additionally, it brings non-monetary benefits such as knowledge acquisition, the establishment of crowd capital, and marketing support.
9.	Dr. Manoj Kumar Joshi	2018	Crowdfunding For Startups in India	The government should introduce appropriate legislation to regulate the crowdfunding method of raising funds. This action will foster an entrepreneurial spirit among the population.
10.	Dr. G V M Sharma, Dr. Anitha. S. Yadav and Prakruthi. N Udupa.	2019	Crowdfunding In India: An Empirical Study.	The level of awareness regarding crowdfunding in India remains significantly low.

The literature indicates a predominant emphasis on identifying factors contributing to the success of crowdfunding. Several studies delve into the interaction between venture capital and crowdfunding within the market. Notably absent are studies addressing how crowdfunding aids start-ups and SMEs in navigating financial constraints and its role in the stages of entrepreneurial growth. Our analysis also encompasses an examination of equity crowdfunding within the Indian context. Additionally, we undertake a comparative analysis of crowdfunding growth, drawing parallels with leading crowdfunding nations. This will be first study shows the equity crowdfunding platforms detail before they considered as unauthorised platform by SEBI of India. And most of the platform converted into alternative investment fund (AIF).

#### **4. Research Methodology**

This paper includes secondary data. All the information is gathered from the websites, news articles, and SEBI websites. This research design focuses on analyzing the trends and evolution of crowdfunding and includes the application of equity crowdfunding in start-ups and SMEs; for this purpose, data were gathered from the crowdfunding platform websites Statista and SEBI consultation paper. The research base is that start-ups and SMEs will not get financed by ventures, angel investors, and other financial institutions. Many legal requirements need to be fulfilled while getting finance from this source; still, they did not get the funds.

Moreover, in this era, India is the hub of start-ups. Here, we represent the comparison of India with the top four countries in crowdfunding for 2017 to 2022. We also provide the details of equity crowdfunding platforms available in India. Furthermore, rules and regulations related to equity crowdfunding platforms. The risk associated with equity crowdfunding and the details of the projects funded through the crowdfunding platforms.

#### **5. Analysis and Discussion**

##### **5.1 Concept of Crowdfunding**

Crowdfunding comprises two words: “crowd” and “funding.” It means funding projects through a crowd of people worldwide via the internet. The funding is through online mode only. People with less knowledge of technology have less access to crowdfunding platforms. So, this will be the limitation of crowdfunding. The advancement or evolution of Web 2.0 led to the growth of crowdfunding. The first crowdfunding website was the US company ArtistShare (2000/2001), followed later by such websites as Pledge (2006), Sellabrand (2006), IndieGoGo(2008), and Kickstarter(2009). Three parties are involved in crowdfunding: the project initiator or entrepreneur looking for money, the contributors interested in supporting the initiative, and the moderating organization that promotes communication between the two. Apart from financing, it also includes other benefits, such as product development feedback, encouragement, or publicity among potential early adopters (Golić, 2014).

Mollick provides one of the most thorough descriptions of crowdfunding (2014). According to this author, CF “refers to the efforts by entrepreneurial individuals and groups—cultural, social, and for-profit—to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries” (Mollick, 2014). Similarly, Lehner (2013) defines “CF as tapping a large dispersed audience (the crowd) for small sums of money to fund a project or a venture.” There are mainly two forms of crowdfunding: the first generates a financial return, which includes peer-to-peer lending and equity crowdfunding, and the second does not generate a financial return; they mainly focus on the social benefit, which includes reward-based and donation-based crowdfunding. Forms of crowdfunding are given below:

❖ **Reward-based crowdfunding:**

It occurs when people give money to a cause or company expecting some non-cash compensation, such as products or services (European Commission, 2016). It mainly includes platforms such as Kickstarter and Indiegogo. It includes art, publishing, technology, games, music, design, and theatre projects. In this era, the reward-based platform is more popular. Moreover, the most prominent is the Kickstarter platform.

❖ **Donation-based crowdfunding:**

It strives to support initiatives without expecting financial or non-financial rewards, such as philanthropy, research, creativity, and personal endeavors. The incentive is emotional, and the recipients owe their sponsors nothing (Kuti & Madarász, 2014). It mainly includes platforms such as Ketto, Wishberry, Fuel A Dream, BitGiving, and Crowdera.

❖ **Peer-to-peer lending:**

Here, individual lenders contribute a few funds, later dispersed as a loan to the borrower through an Internet platform. There is no need for collateral security. The lenders have to select the project from the portal of a peer-to-peer lending platform and decide to invest according to the amount, period, and lending rate. Platforms are Faircent, Rang De, Lendbox, and LenDenClub.

❖ Equity-based crowdfunding:

It entails the inexpensive issue of shares via the Internet, allowing investors to purchase stock in firms for a small quantity of investment and a claim on the company's future cash flow. Equity crowdfunding is the primary way to finance start-ups and small & medium enterprises. With the small investment, people became investors in the company. It is to be considered illegal in India. Since crowdfunding is growing, it helps raise funds for projects and other start-ups; therefore, SEBI issued the Crowdfunding Consultancy paper in 2014 regarding guidelines for the equity crowdfunding platform.

**5.2 The emergence of crowdfunding in India**

According to the World Bank’s Ease of Doing Business report, India ranks 63<sup>rd</sup> among 190 countries, improving by 14 ranks from its rank of 77 in 2019. Even the rank in “starting a business” is 136<sup>th</sup>, improved by from 136<sup>th</sup> rank, and if we compare it with 2016, it improves by 19. It will show that the number of new businesses has improved in the last 5 years. Moreover, the rank of “getting credit” also improves from 42<sup>nd</sup> rank to 25<sup>th</sup> rank. This development is due to changes in the tax relief measures, changes in the rule of trading, changes in the registration procedure, and crowdfunding as working as alternate finance. Crowdfunding is a young industry in India compared to global markets like the US, the UK, and other European nations. This section examines the development of crowdfunding to date.

The growth of crowdfunding is improving over the years. According to studies by Massolution (2015) and Cambridge Centre for Alternative Finance (2016), the crowdfunding market grew by 230 percent year over year in 2015. They also found that equity crowdfunding contributed 44 percent of the market. Interestingly, Dhirubhai Ambani, the creator of Reliance Industries, is credited for establishing crowdfunding in India many years before the term was even created. Gujarat, an Indian state, provided crowdfunding for his modest but expanding textile firm. Figure 1 represents the global comparison of the top four countries with India from 2017 to 2022. The USA is the leading country in crowdfunding, followed by the UK, France, Germany, and India. The primary reason was that they consider equity crowdfunding legal. Furthermore, they promote equity crowdfunding platforms to finance start-ups.

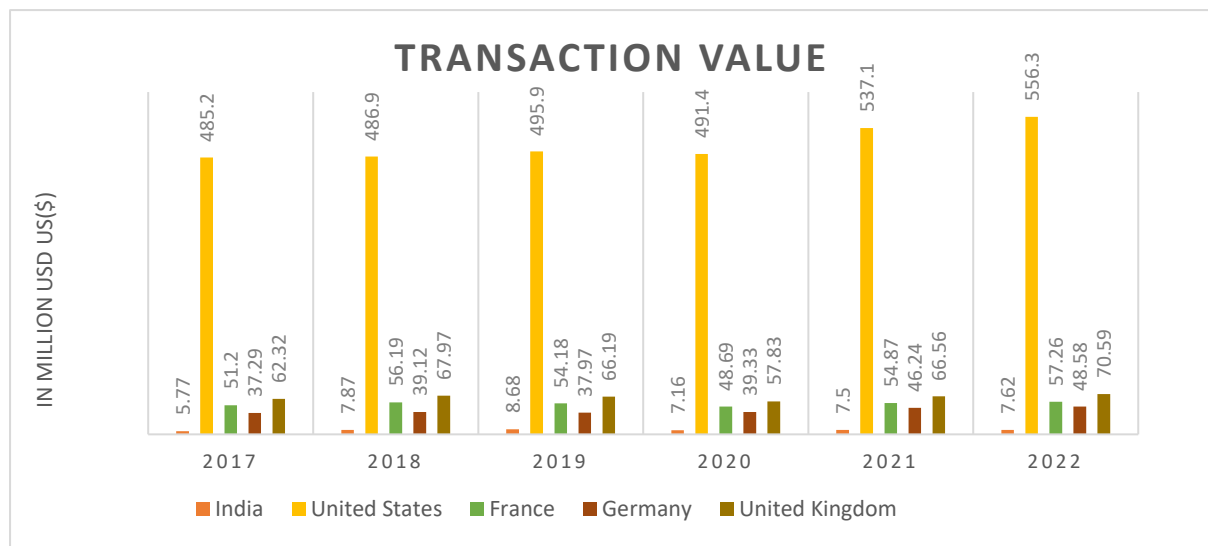


Figure 1: Global Comparison with top four Countries

Source: <https://www.statista.com/outlook/335/119/crowdfunding/india>

**5.3 Crowdfunding as an alternative form of finance**

Start-up entrepreneurs require outside financial resources to grow their enterprises from an early to a mature stage (Zachary & Mishra, 2013). Even though they are willing to seek funding, their lack of credibility and previous start-up failures work against them. It is challenging to attract money because more than 90% of firms fail, and just 30% achieve great success 5-7 years after their founding (Cusumano, 2013). For start-ups and

businesses, the availability of financing is often constrained. These businesses lack the substantial cash flow to access banks and other financial institutions. Making judgments about financing for start-ups is even more difficult because there is a lack of reliable data and a high risk associated with the financial stability of the founders and the business (Gartner et al., 2012). Even though they lack the management and financial resources, they have a high potential return on investment. They can only access conventional financing options, including owner's money, funds from family and friends, venture capital, angel investors, and the government. (Gartner et al., 2012). The development of alternate methods of financing these businesses coincided with a significant increase in the number of established start-ups.

Equity crowdfunding is the most prominent way of financing start-ups and SMEs, requiring fewer legal requirements than other finance sources. In the case of equity crowdfunding, investors receive company equity shares in exchange for their contribution. As of May 2019, about 15 similar platforms were active in India, with LetsVenture being the most well-known. The platform has more than 16821 investors and 900 plus investments. By 2016, more than INR 3.5 billion had been obtained using equity-based platforms to crowdfund 200 enterprises. While low working capital tickets often cost between INR 5 million and INR 60 million, average fundraising tickets typically cost between INR 30 and INR 40 million (Menon 2016). However, the legislative obstacles to equity crowdfunding have limited the sector's potential for expansion. According to Ziegler et al. 2018, between 2013 and 2017, these platforms raised over USD 60 million. Table 1 represents the list of equity crowdfunding platforms in India. The oldest equity platform is Ah! Ventures were started in 2009. In 2015, SEBI started the regulation of crowdfunding platforms. After that, significant equity crowdfunding platforms such as Angel List and Let's Venture registered themselves with SEBI as alternative Investment fund (AIF).

Business angels or angel investment is the ideal alternative for entrepreneurs looking for financing, especially starting. The first round of independent external investment is what is referred to as "angel investment." These investments typically occur when the founders of a start-up have used all of their assets and any friends and family's available capital. Angel investment typically occurs after or concurrently with the friends and family fundraising stage. However, the amount needed is too small to include the angle investments, and the procedure is too complex for entrepreneurs to deal with the process. Currently, crowdfunding is the best way to raise funds (Tomczak & Brem, 2013).

Table 1. List of equity crowdfunding platforms in India

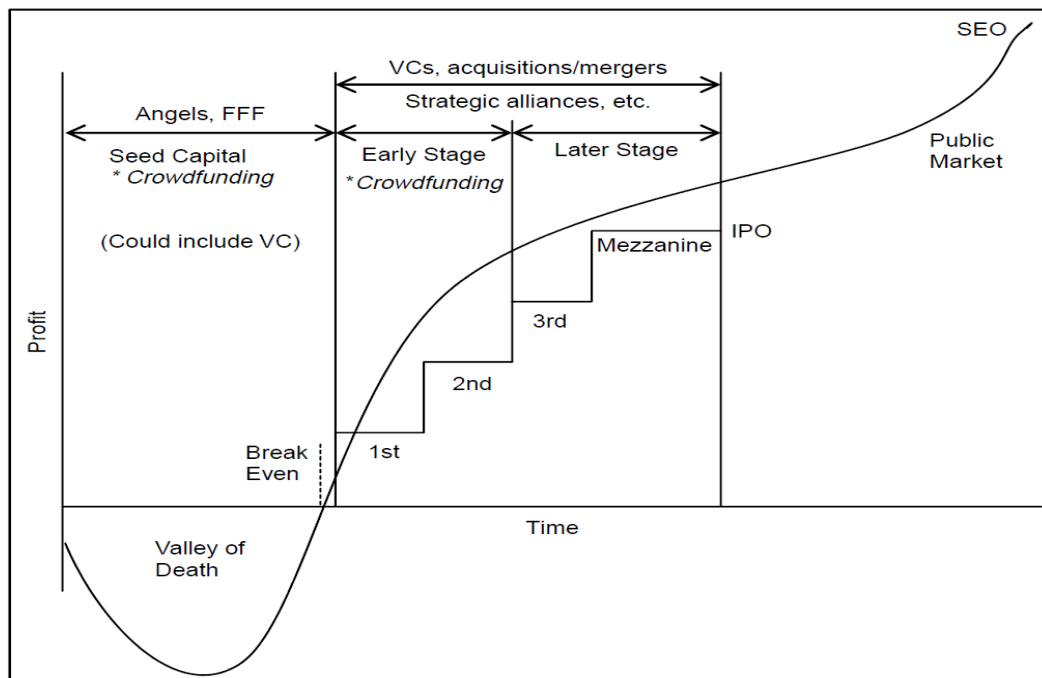
Platform	Website	Foundation
Ah! Ventures	<a href="http://ahventures.in">ahventures.in</a>	2009
SpicyFunds	<a href="http://spicyfund.com">spicyfund.com</a>	2011
LetsVenture	<a href="http://letsventure.com">letsventure.com</a>	2013
Enablers	<a href="http://enablersinvestment.com">enablersinvestment.com</a>	2014
GreX	<a href="http://grex.in">grex.in</a>	2014
1Crowd	<a href="http://1crowd.co">1crowd.co</a>	2015
ANGLEPaisha	<a href="http://anglepaisha.com">anglepaisha.com</a>	2015
Coseeding	<a href="http://coseeding.com">coseeding.com</a>	2016
ientra	<a href="http://ientra.com">ientra.com</a>	2016

Figure 2 demonstrates the stages of forming an entrepreneurial firm, with the addition of crowdfunding in its appropriate sections. Ventures are frequently not matured to the point where they can stand independently during the seed capital and early phases, as depicted above. They are typically unattractive to outside investors looking for venture capital funding. These businesses are in a position where they could succeed or fail. These stages offer plenty of potential to raise seed cash through crowdfunding to mitigate the risks of founders' security deposit for bank loans and when Family, friends, and personal resources have been depleted. The diagram shows that crowdfunding works as an alternate source of finance in seed capital and the early stages of businesses. In the seed and early stages, start-ups can start a project without funding. They are not able to raise funds from other sources of finance. As we observe declining angel investment and the "Series A Crunch," the potential of crowdfunding is becoming ever more apparent. Crowdfunding is not an alternate form of finance. It is considered complementary and as well a substitute for venture capital. It substitutes traditional venture capital for seed capital but complements venture capital activity for subsequent financing rounds.



The main benefits of crowdfunding are its straightforward process, lack of operating regulations, and ease of access to funds, all of which help SMEs and start-up initiatives grow, unlike banks, which must raise credit according to strict guidelines. Crowdfunding provides investors and businesses with capital without legal formalities, an upgrade over traditional sources. In the same way that it offers temporary parks for extra personal financial resources, it also temporarily covers the financial demands of SMEs and start-ups. However, the hazards associated with this investment are widely known.

Crowdfunding allows for direct communication between backers, investors, and customers by cutting out intermediaries. Numerous national projects were funded due to these interactions; nevertheless, only a small number were anticipated to succeed through crowdfunding (Table 2).



Source:

Figure 2. Stages of an entrepreneurial firm's growth  
 Cumming and Johan (2009).

Table 2 lists a few start-ups that invest in their projects via internet platforms. Indian-based CFPs typically support charitable, artistic, or cultural endeavors. Departing from the bustle of Bangalore and the clamor of Delhi, Kerala has unexpectedly risen as a prominent center for successful stories generated through crowdsourcing. In the previous year, three startups from Kerala effectively attained their targeted funding through diverse crowdfunding campaigns. Specifically, in March 2014, RHL Vision's FIN secured Rs 1.33 crore, followed by SectorQube's MAID, which raised Rs 81.3 lakh in December 2014, and MindHelix's product Rico, which gathered Rs 78.1 lakh in October 2014. Over the past 19 months, Kerala-based startups have accumulated a sum of Rs 6.29 crore solely through crowdsourcing endeavors. Notably, the reception of Exploride was so widespread that they exceeded their goal by an impressive 521% within a mere span of 40 days.

Swiggy is the start-up that the Economic Times of India recognized as the best of the year. Swiggy, an app funded through crowdfunding, is the best start-up in India. Like "Exploride," which gathered money through Indiegogo, this start-up campaign raised \$500K in just 40 days, making it Asia's most extensive crowdfunding campaign. Similarly, the "Frodo - The Most Intelligent Adventure Camera" project is a technology-based project started on the IndieGoGo platform. The chart suggests that while crowdfunding in India has targeted chiefly a small number of industries, it has the potential to grow at a rate comparable to wealthy nations.

The Companies Act of 2013 and the Securities Act, which includes the Securities Contracts (Regulation) Act of 1956 and the Depositories Act of 1996, are the current laws that apply to corporations raising capital (Sarda & Goel, 2014).

If the securities' post-issue face value 2 is more significant than 10 crore rupees, SMEs must list them on the SME platform. SEBI has created the "SMEs category" to give them more possibilities. (Sarda & Goel, 2014), It offers SMEs a few funding options but nothing to start-ups because they require less capital to launch their businesses.

Table 2: Successfully funded projects/Start-ups

Start-up/projects	Year of Commencement	State	Platform	Fundraised and Backers
Kerala Start-up Mission (Raksha SafeDrive)	2015	Kerala	Kickstarter	\$5048
Exploride	2015	Kerala	Indiegogo	\$526301
RHL Vision (FIN)	Mar 2014	Kerala	Indiegogo	1.33Cr
SectorQube's (MAID)	December 2014	Kerala	Kickstarter	81.31akh (\$123920) 303 backers
MindHelix's (product Rico)	October 2014	Kerala	Kickstarter	78.11akh (\$119120) 753 backers
Frodo - The Most Intelligent Adventure Camera	2016	Mumbai	Indiegogo	\$50k
Transcribeglass	2019	Delhi	Ketto	\$3719

**Source:** respective websites

Equity- and debt-based crowdfunding are included in security-based crowdfunding, which is regarded as a type that generates financial returns (Ashta, 2018). According to the consultation paper, SEBI has expressed interest in implementing equity and debt-based crowdfunding in India (Verma et al., 2016). Due to SEBI's lack of interest in crowdfunding, under current law, the Securities and Exchange Board of India Act, 1992 (the "SEBI Act") and the Companies Act 2013, the provisions of two statutes, namely the Securities and Exchange Board of India Act, 1992 (the "SEBI Act"), will govern crowdfunding projects.

The proposed Indian Framework restricts participation in crowdfunding to confident certified investors only:

- a) Qualified Institutional Buyers
- b) Companies incorporated under the Indian Companies Act with a net minimum value of Rs. 200 million
- c) High Net Worth Individuals (HNIs) who have a minimum net worth of Rs. 20 million
- d) Qualified Retail Investors who seek investment advice or are qualified for investment advice or avail themselves of the services of a portfolio manager.

SEBI has proposed that the entities that fall under any of the following classes shall be authorized to set up a crowdfunding platform: Security-based crowdfunding is viewed as a type of financial "Draft Indian Framework."

- a) Registered depositories with SEBI status and recognized stock exchanges with terminal presence across the country
- b) The Central or State Government supports Class Technology Business Incubators and, among other things, has a minimum net value of Rs. 100 million and at least a few years of experience (Ashta, 2018).

## 6. Conclusion

Innovation in financing to sectors, notably start-ups SMEs, is acceptable when traditional financial sources fail to accommodate the credit demands of start-ups & SMEs and entrepreneurial chances continue to emerge. Crowdfunding was developed to level the playing field and provide individual investors the chance to aggregate relatively small sums of money to meet the funding needs of start-ups or growing enterprises. India continued to lag behind its international competitors and contributed very little of the funds generated. It happens due to the legal framework governing equity crowdfunding is still unclear. Crowdfunding was made more restrictive by SEBI's strict regulations by placing it under the Companies Act 2013, which has harmed the industry. Despite SEBI's announcement in March 2017 that it was open to revisiting the sector's regulatory standards, it is unlikely that any expansion will materialize in the upcoming years.



As demonstrated in the USA JOBS Act 2012, the SEBI regulations should be more lenient to allow anyone to invest in crowdfunding. Additional investor protections, such as secondary market options and online platform regulation, should be included. However, the consultation document provides a small window of opportunity for the sector's expansion. The government should legalize the platforms so that investors can legally invest in their platforms. Crowdfunding is one of the best alternative avenues for financing start-ups and SMEs for their growth.

Several limitations in our findings provide opportunities for additional study. This study mainly focuses on the equity-based platform only. Researchers can also study peer-to-peer lending platforms and their impact on economic development. Moreover, it is limited to only India. We have included information on equity platforms and the projects connected to them. Further studies can be done on analyzing factors that lead to the success of equity-based platforms or the associated projects.

## **7. Implications**

A "financing escalator," crowdfunding strengthens start-ups and SMEs, improves sources of capital, and makes it easier for some segments to access financing. Through online platforms, crowdfunding enables business owners to obtain capital from various private sources. This study adds new knowledge about the dynamics influencing the success of companies funded by equity crowdfunding. This study is the one that focuses on equity-based platforms in India. It helps entrepreneurs know the alternate sources of finance and information regarding the equity platform available in India. Investors also came to know the investment opportunities. It gives an overview of the rules and regulations related to investors' safety and investment.

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