CROWDFUNDING – A DIFFERENT FINANCING TOOL

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ABSTRACT
Entrepreneurship as a research field is viewed as the lifeblood of economic development in which one of the most widely researched topics is entrepreneurial finance. Entrepreneurial finance has mostly focused on formal sources of finance where the question on why entrepreneurs choose between business angels, banks and venture capital has received significant attention. Studies on entrepreneurial motivation have focused on characteristics of entrepreneurs and which drivers mostly control their actions. Since 2008 crowdfunding has grown to become a relevant source of finance through platforms like Kickstarter and IndieGoGo. Crowdfunding is a mostly web-based form of financing that is relatively new and will on a global scale surpass $2 billion dollars in industry revenue by the end of 2012. Crowdfunding is a method, which includes not only debt and equity financing but also donation and reward based financing. Although crowdfunding is a controversial topic to some, it has proven itself as an effective fundraising method for creative projects and products. The effect crowdfunding has on startup fundraising will be determined over the coming 2-5 years.

KEYWORDS: Crowdfunding, Capital, Business, Entrepreneur.

REFERENCES


