Crowdfunding: Benefits & Business Scope in India

Dissertation

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HISTORY

- In the context of Crowdfunding history, first founded by Author Jonathan Swift in 1700 named as Irish Loan Fund as giving loans to the low-income families. Furthermore.
- In 1976 Modern Microfinancing concept came into the existence by Dr. Mohammad Yunus, via launching the program in Bangladesh to provide banking opportunities to low-income residents.
- By 1983, Yunu`s microfinancing programs turned into Grameen Bank.
- In 1997, The Inception of Modern-Day Crowd funding, British rock band funded, Artist Share became the first dedicated crowdfunding platform in 2000.
- Moving on to 2005, the microlending program started.
- In 2006, Prosper, a peer-to-peer lending marketplace in US.
- In 2008, Indiegogo and Peer backers came who enables people to donate funds.
- In 2009, Crowdfunding Emerges as a Major Funding Source, Kickstarter came, a funding platform for creative projects supported by family, friends and fans in return of rewards.
- In 2011, Crowdfunding Gains Washington's Support, Obama unveils the Start-up America Partnership initiative
- In 2012, Fundable Launches the First Business Crowdfunding Platform, the first equity crowdfunding platform to launch in conjunction with the jobs Act into law, signed by.
- However, 2000 crowdfunding came in India but 2012 was indeed the big year for Crowdfunding. Kickstarter was the first crowdfunding platform to support the cause and to help Indian population to make most out of crowdfunding platforms to bring exclusive content and projects. It launched on April 28, 2009, by Perry Chen, Yancey Strickler, and Charles Adler. The New York Times called Kickstarter "the people's NEA". Time named it one of the "Best Inventions of 2010" and "Best Websites of 2011".
- Milaap Founded in 2010 by a team of young and passionate entrepreneurs, Milaap has pioneered the development of person to person giving in India.
- The company was founded in December 2012 by Varun Sheth, Kunal Kapoor and Zaheer Adenwala. Ketto is the first donation-based peer-to-peer crowdfunding platform in India.
- In 2014, Impact Guru came in the limelight as a donation based crowdfunding platform that offers global crowdfunding solutions for NGOs, social enterprises, startups and individuals. It was launched by Maneka Gandhi, Union Cabinet Minister for Women & Child Development, Government of India in September 2015.

INTRODUCTION

A large percentage of Indian population scrambled due to OOP Expenditure on medical emergencies, except those who had health insurance coverage. The Medical condition of any other patient directly affects the family, finances due to which sometimes the family get buried in debt for years and years.

Crowdfunding is a practice or seems to be a concept of collecting funds from the donors via internet at their will to support the cause which may include hospital bills, starting up a new venture, supporting families for their livelihood, for a social cause associated with NGO`S & private entities.

Crowdfunding has been a traditional way for charity in history. As of now, crowdfunding is rapidly growing among the Indian population to seek help from such online platforms, Hence, taking financial relief from them in support of OOP Eexpenditure.

Medical fundraiser over online crowdfunding platform through patient`s background story, photos, medical bills and additional medical documents on to dilate the financial appeals via email, texts or social media channels. But the success of these campaigns largely depends on people’s perception and attitude towards donating at online platform for a social cause.

It is free to start a fundraiser campaign via crowdfunding website`s but campaign creators charged the money once they received the funds. So, instead of asking the money from campaigner, money gets deducted from the received funds as a platform fee and payment processing fee. Charging a platform fee is how crowdfunding websites like Impact Guru, Ketto and Milaap make money.

Crowdfunding Platforms	Category	Founded In	Total Funds Raised	In Brief	Revenue Model
give INDIA	Non Profit	2000	NA	Donation platform for nonprofits	Token commissions on donations
Milaap	For Profit	2010	INR 1000 Cr +	Crowdfunding for social causes	Up to 5% platform fee
Ketto	For Profit	2012	INR 1100 Cr +	Medical crowdfunding platform	Up to 5% for platform fee
Donatekart Delivering Happiness	For Profit	2018	INR 50 Cr +	Crowdfunding for NGO campaigns and goods	10%-15% commission on seller margin
IMPACTGURU	For Profit	2014	INR 1500 Cr +	Crowdfunding for medical and	Up to 8% platform fee

TYPES OF CROWDFUNDING

DONATION-BASED

DONORS

Money is used to support a charitable project or sponsor an individual.

REWARD-BASED

SUPPORTERS

Investors receive some kind of reward in return to the investment. The reward may be tangible or in-tangible.

DEBT-BASED

INVESTORS

Investors receive interest in return to the funding provided by them.

EQUITY-BASED

INVESTORS

Investors receive equity in the firm in return to the investment provided by them.

OBJECTIVES

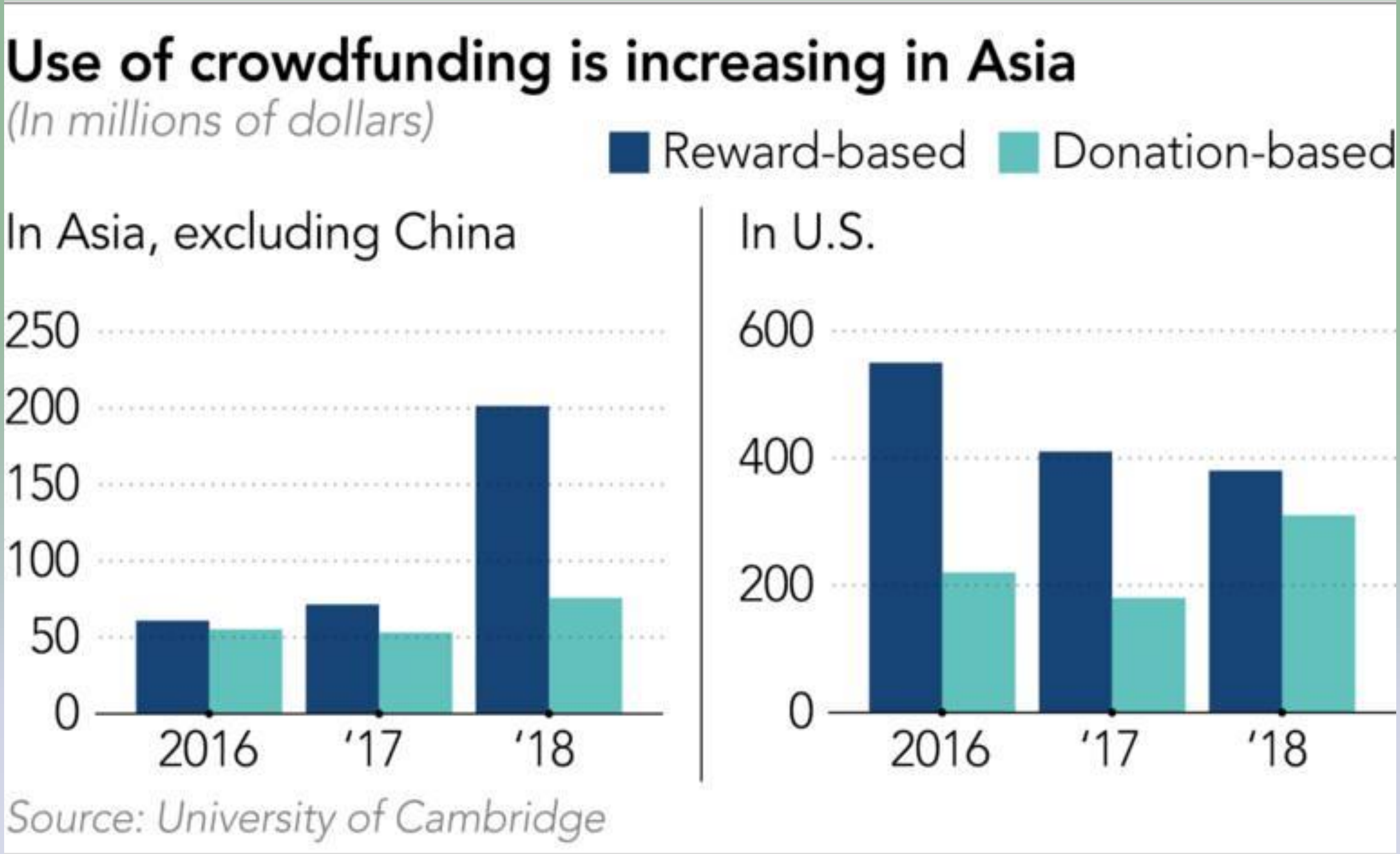
1. To find out the evidence-based results regarding benefits of the Crowdfunding (CF) with reference to Medical Fundraisers (FR) due to utilization of online platforms.
2. To find out the Business scope of Crowdfunding and Medical Fundraisers in India.

The methodology that has been used to conduct the Secondary Research by reviewing literature concerning the relevant topic to understand and grasp the deep knowledge of Crowdfunding, Medical fundraisers that may benefits the people`s life via funding for a medical expense, personal cause or a project to start a new venture. Moreover, to understand the scope of Crowdfunding in India for future perspectives. The inclination towards conducting the study started upon converging with the patients and doctors who has been working day and night to fight the pandemic and the implications of Covid-19 like Black fungus, Lung infection, Lung transplant and many more. The researcher came to know about the concept of Crowdfunding, utilitarian approach for fundraising to provide the assistance of health financing to patients who are being unable to afford their treatment cost or any other medical emergency. Formal permission was obtained from the mentor where this study was undertaken.

1. Setting – Impact Guru (https://www.impactguru.com/)
2. Duration of the Study – 3 Months.
3. Study Area: Hospital, Crowdfunding, Medical Fundraisers, Medical Crowdfunding
4. Study Population: Hospital, Medical Fundraisers.
5. Study Design: Descriptive study Design (An accurate and systematic approach to describe a phenomenon).
6. Data Collection Methods: Online Literature Review (Secondary Research).
7. Data Collection Tool: Research Papers, Existing Articles, Reports.

Results at a glance

- ✓ The results states that in India Crowdfunding is at an emerging phase which requires more publicity in India but nevertheless, there is still a huge scope of Crowdfunding in India due to lack of universal health coverage or health insurance. There are unmet needs of India population concerning their medical treatments, where Medical Crowdfunding became a pillar and proactively delivering the best via Online Crowdfunding platforms.
- ✓ There are influential factors like marketing of the campaign over crowdfunding websites and other social media platforms namely linked-in, Instgram, Twitter, Facebook, peer to peer link share via whats app significantly increases the potential of the campaign which may affects the success rate. To ensure positive response and trust from the crowd, they take support from some stars & social influencers.
- ✓ The majority of the market share is held by the top three CFPs, which is Impact Guru, Ketto and Milaap. These platforms provide the autonomy to the families and patients to get their treat done in private and public healthcare system without any failure. Hence, proven fact to opt for Medical Crowdfunding to pay the huge medical bills and might afford the future medical emergencies as well. However, the process still needs some acceleration to fulfil the gap of medical emergencies and unmet need to keep obscure the data of upcoming morbidity and mortality rate.
- ✓ After analysing the various factors of different crowdfunding platform in India, these crowdfunding platforms are really dedicated to Medical fundraising, social causes, NGO`s. In addition, as hospital services are expanding, crowdfunding for medical cause reaching a height in number of patients. Utilization of such platform are at boon but definitely needs an acceleration to hit the top. These platforms endow the services for transplant, cancer, cardiovascular disease, neurological disorder, nephrological disorder, thoracic emergencies, accidents, genetic disorders, rare disorders as SMA (Spinal Muscular Atrophy) and other medical ailments.


Use of crowdfunding is increasing in Asia
(In millions of dollars)
Reward-based
Donation-based
In Asia, excluding China
250
200
150
100
50
0
2016
'17
'18
In U.S.
600
400
200
0
2016
'17
'18
Source: University of Cambridge

AREAS OF MEDICAL CROWDFUNDING

Frequent medical conditions in crowdfunding campaigns

Rank	Health problem	Number (%)	Description of the funding need
1	Cancer	101 (26.58%)	Therapy (*n* = 42); living expenses (*n* = 26); treatment-related travel costs (*n* = 8); support for institutions involved in cancer care (*n* = 7); treatment-related accommodation (*n* = 5); cancer research (*n* = 4); patient education (*n* = 4). In five campaigns funding was requested for therapy abroad, while in 12 campaigns therapy for foreigners was listed.
2	Mental disorder	34 (8.94%)	Animal-assisted therapies (*n* = 11); living expenses (*n* = 11); various therapies not involving animals (*n* = 7); support for institutions involved in mental care (*n* = 2); treatment-related travel costs (*n* = 2), patient education (*n* = 2); holidays to improve mental health (*n* = 2). Treatment for foreigners (*n* = 2) and treatment abroad (*n* = 1) were less frequently requested.
3	Disability	26 (6.84%)	Medical equipment to facilitate mobility (*n* = 15); other medical equipment (e.g. bed for the disabled, therapeutic chair) (*n* = 3); therapy (*n* = 4); living expenses (*n* = 3); treatment-related travel costs (*n* = 2); support for institutions engaged in disabled care (*n* = 2).
4	Accident	23 (6.05%)	Therapy (*n* = 5); handicapped accessible car (*n* = 5); living expenses (*n* = 4); treatment-related travel costs (*n* = 3); treatment-related accommodation (*n* = 3); surgery (*n* = 2); dental treatment (*n* = 2); legal procedures (*n* = 2). In a few cases individuals requested funding for treatment abroad (*n* = 2), or to finance treatment for a non-resident (*n* = 4).
5	Lipoedema	22 (5.79%)	Surgery to remove fat tissues (*n* = 19); plastic surgery (*n* = 1); holidays (*n* = 1); patient education (*n* = 1); legal procedures (*n* = 1).
6	Genetic disorders and rare diseases	20 (5.26%)	Therapy (*n* = 12); living expenses (*n* = 7); medical equipment to facilitate mobility (*n* = 5); medical research (*n* = 4); medication (*n* = 3), treatment-related travel expenses (*n* = 2). Treatment for a foreigner was requested in three cases (*n* = 3), while treatment abroad only in one case (*n* = 1).
7	Elderly and dementia	19 (5.00%)	Support for an existing elderly care institution (*n* = 6); living expenses (*n* = 6); establishing a new elderly care institution (*n* = 3); medication (*n* = 3); dance and movement therapy to prevent dementia (*n* = 2); Alzheimer research (*n* = 1); transportation for the elderly (*n* = 1); studies in elderly care (*n* = 1). In a few cases donations were asked for a foreigner (*n* = 3).
8–9	Sclerosis	15 (3.95%)	Living expenses (*n* = 4); research (*n* = 4); medical equipment to facilitate mobility (*n* = 2); therapy (*n* = 2), medication (*n* = 2); support for an institution where patients with multiple sclerosis are treated (*n* = 1).
8–9	Oral health	15 (3.95%)	Dental treatment (*n* = 13); orthodontal treatment (*n* = 2).

Rank	Health problem	Number (%)	Description of the funding need
10–11	Epilepsy	14 (3.69%)	In several cases epilepsy was a comorbid condition in addition to another disease such as autism spectrum disorder (*n* = 3), genetic disorder (*n* = 3) or mental disorder (*n* = 2). In the majority but not all cases epilepsy was a disabling condition (8 out of 14 cases). Patients with epilepsy requested donations for various therapies such as Adeli, swimming or innovative therapy (*n* = 6). Epilepsy watch dogs were high on the wish list (*n* = 8). In some other cases funding was requested to increase mobility with the help of a special needs bike and a stair lift (*n* = 2); to support research in fields where epilepsy is a comorbid condition (*n* = 2); and patient education (*n* = 1). In comparison with other categories, although funding was less frequently requested for living expenses (*n* = 1) and treatment-related travel costs (*n* = 1), donations were more frequently asked to finance treatment abroad (*n* = 6).
10–11	Prosthesis & orthosis	14 (3.69%)	Individuals turned to crowdfunding with prosthesis or orthosis related problems mostly to cover sport prostheses and other very expensive prostheses (*n* = 5), or special therapy for children with orthosis (*n* = 2), none of them being covered by the insurance fund. In some other cases financing was requested to cover treatment-related travel (*n* = 3) and accommodation expenses (*n* = 2), living expenses (*n* = 2), or to install a stair lift facilitating the mobility of an individual with prostheses (*n* = 1). In three cases funding was requested to cover prosthesis-related expenses for patients outside Germany (*n* = 3), including a hospital in Tanzania to produce prostheses.
12	Eye, Blind	13 (3.42%)	In this category donations were requested as a result of various eye problems. From the donations, individuals aimed to cover the living expenses of a family with a blind member (*n* = 4) and the cost of eye surgery not financed by health insurance (*n* = 4). Funding was requested for therapy not covered by the insurance fund in three cases (*n* = 3): electro-acupuncture therapy (*n* = 1), dubious therapies for blind children (*n* = 1), reason unspecified (*n* = 1). One individual wished to go on holiday before becoming completely blind (*n* = 1). Treatment abroad was requested in two cases (*n* = 2), while eye surgery for a foreign child in one case (*n* = 1).
13	Transplants	12 (3.39%)	In this category individuals turned to crowdfunding, for example, to finance surgery (*n* = 3): kidney transplant for a foreigner (*n* = 1) or hair transplant not covered by the insurance fund (*n* = 2). Funding was requested for therapy as frequently as for surgery (*n* = 3): stem cell infusion therapy, micro-immune therapy, and doctor's visits. The desire to finance living expenses was also mentioned several times (*n* = 3). Covering the cost of transplants for relatives or acquaintances living outside Germany was more frequently mentioned in this category than in the others (*n* = 5; 41.67% of all transplant-related campaigns).
14	Plastic surgery	9 (2.37%)	Funding was requested from the crowd for a variety of aesthetic surgeries; breast augmentation (*n* = 3) and breast reduction (*n* = 2) were on top of the list. The remaining campaigns listed removal of excess skin from the abdomen (*n* = 1), rhinoplasty (*n* = 1) and skin reconstruction (*n* = 1). In one case funding was requested for reconstructive surgery for a relative outside Germany (*n* = 1).
15–17	Weight/Obesity	8 (2.11%)	Overweight individuals requested funding for surgery to remove excess fat (*n* = 1) and/or excess skin (*n* = 4), to install an intragastric balloon (*n* = 1), to buy weight loss products (*n* = 1) or a special needs bicycle for an overweight premature child (*n* = 1).
15–17	Autism spectrum disorder	8 (2.11%)	In the majority of cases, families with children suffering from autism spectrum disorder asked for financial support to ease their everyday lives. In particular, individuals requested funding for animal-assisted therapy (*n* = 4), treatment-related travel expenses (*n* = 2), living expenses (*n* = 2), therapy bicycle (*n* = 1), and legal process to support the mother of an autistic child (*n* = 1). Funding was requested for research in one campaign (*n* = 1). Treatment abroad was mentioned in two campaigns (*n* = 2).
15–17	Heart problems	8 (2.11%)	Patients with heart problems turned to crowdfunding to finance their heart surgery (*n* = 3); their therapy (*n* = 2) and their medication (*n* = 2). Some other motives included a special needs chair (*n* = 1), treatment-related travel costs (*n* = 1), living expenses (*n* = 1), holidays (*n* = 1), and financial support for a heart centre (*n* = 1).
18–19	Diabetes	7 (1.84%)	Individuals with diabetes asked for donations for a wide array of expenses: holidays (*n* = 3); living expenses (*n* = 2); surgery to reduce being overweight and to improve vision (*n* = 2); electric wheelchair (*n* = 1). Funding was requested for a non-resident in one case (*n* = 1).

Less frequently listed medical conditions in crowdfunding campaign

Rank	Health problem	Number (%)	Description of the funding need
20–23	In vitro fertility treatments	5 (1.32%)	Couples asked for financial support from the crowd for in vitro fertilization when the costs were not covered by the health insurance fund (low chance of successful fertilization, treatment available abroad only).
20–23	Paresis	5 (1.32%)	Paresis includes both hemiparesis (weakness of one entire side of the body) and tetra-paresis (complete paralysis of the body from the neck down). Individuals with paresis requested donations either for therapy (*n* = 3) or for equipment to facilitate their mobility (*n* = 2).
20–23	Stroke	5 (1.32%)	In addition to therapies (*n* = 2) and equipment to facilitate patients' mobility (*n* = 2), donations were requested to cover living expenses (*n* = 2).
20–23	Brain damage	5 (1.32%)	Funding was exclusively requested for therapy (*n* = 5), mostly for therapy abroad (3 out of 5 cases).
24–27	Gender change	4 (1.05%)	Changing gender from male to female (*n* = 3), from female to male (*n* = 1).
24–27	Inflammatory lung diseases	4 (1.05%)	Inflammatory lung disease includes, among others, chronic obstructive pulmonary disease and asthma.
24–27	Autoimmune diseases	4 (1.05%)	Autoimmune diseases affecting diverse organs.
24–27	Kidney problems	4 (1.05%)	Kidney transplant (*n* = 1); dialysis (*n* = 1), unspecified (*n* = 2).

BENEFITS

As per, 2011 Forbes report, Crowdfunding has endless benefits including provides access to capital, serves as a marketing tool for fundraising, gives the proof of medical condition that the patient had been going through, always allows crowdsourcing, introduce the prospective to loyal audience, easier than traditional ways of borrowing money and Medical fundraisers are free of costs in most of the cases, as the online crowdfunding firms always has the tie ups among leading chains of the hospitals, and if not, the average commission for the platforms is around 0- 8 % of total funds raised for non-accelerated cases.

Comparing both India & other countries, it has diverse areas to work upon and make the benefits out of it. The concept of Crowdfunding or modern way of charity is dedicated to provides continuous assistance concerning medical fundraiser, social cause, personal cause, setting up a new venture, entrepreneurship, so on and so forth.

Fundraisers may benefit the people`s life via funding for a medical expense, personal cause or a project to start a new venture. Moreover, to understand the scope of Crowdfunding in India for future perspectives.

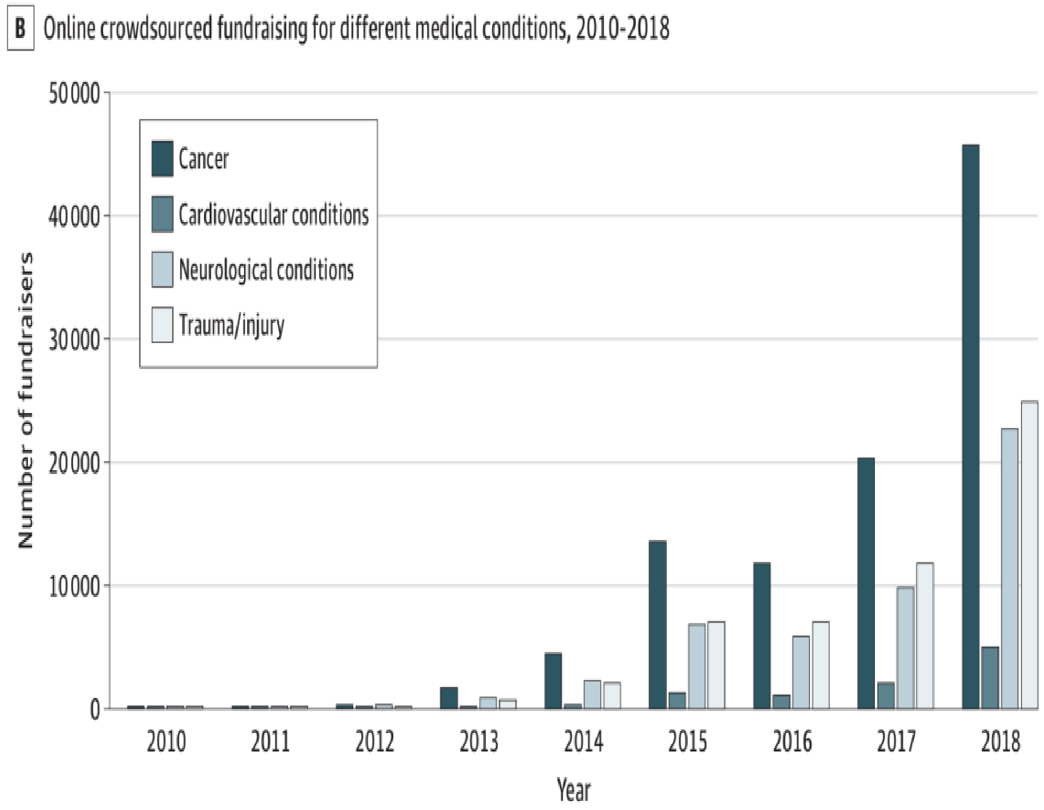
The PM Cares Fund, found out by the Prime Minister of India to channelize philanthropic contributions towards the fight against COVID-19, also used the crowdfunding mechanism. It also proves that such platforms, if utilized in the proper manner, has enormous benefits and can help innumerable people access aid.







BUSINESS SCOPE IN INDIA



- Findings related to CF in India is vast but exceptional in the case of Medical fundraisers due to research gap. In addition, if the benefits of crowdfunding serve as the substitute might work to accelerate the business scope of CF in India but on the other hand accelerated rate of insurance coverage might associate with a decrease in crowdfunding platform. Therefore, there must be an inevitable perspective to cultivate balanced crowdfunding approach in the market for preferential increment of platforms in India.
- CF platform could be a solution in future, But the success of these campaigns largely depends on people's perception and attitude towards donating at online platform for a social cause. It also proves that such platforms, if utilized in the proper manner, has enormous benefits and can help innumerable people access aid. Crowdfunding is gaining traction as people's knowledge regarding the same is increasing gradually. However, greater awareness is required for proper utilization of this funding mechanism, which might be responsible for accelerating the Business Scope in India.

CONCLUSION

- Study concludes that funding for social causes or creative based project helps crowdfunding platforms with their operations and plans.
- Overall, secondary data shows that there is financial gap exist in medical sector, higher trend in trust deficit against CFPs however, medical professionals have also shown faith in Crowdfunding platforms has ability to tackle financial assistance in the future.
- Medical Crowdfunding and Generating Medical Fundraising campaigns over online platforms is utilitarian approach for individual seeking care including young people, financially unstable, women, individual with low socio-economic status, low income, individual with secondary and tertiary level of education as well as individuals with loc socio-economic status might have supreme probability of reporting unmet medical needs.

- To summarize, the principle of crowdfunding, which will be incorporated into Indian law, is a complex one with both benefits and drawbacks. The internet is responsible for the majority of the risks associated with crowdfunding. If the internet becomes a safer place for business, crowdfunding will be able to achieve its full potential and might even succeed in emergency/pandemic.
- Crowdfunding platforms can use Artificial Intelligence and Block Chain to support causes and validate fake fundraising campaigns. Hence, can use AI-driven Chat box technology to assist campaigners with fund-raising appeals and helps in creating automated stories. It’s very important to identify the gaps, allocation of resources and further research is needed for prioritizing the crowdfunding platform aims and their objectives.

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THANKYOU

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