Crowdfunding in India

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SECONDARY RESEARCH

CONTENTS

Secondary Research Topic

Study on the Budding Concept of Crowdfunding in India and its Benefits during Covid-19 Pandemic

INTRODUCTION

- Crowdfunding is a revised internet model of an age-old concept of collective funding of a project by a group of people.
- The internet has made the entire process of floating an idea and raising funds for the same much easier and faster.
- It directly connects people with money to the people who need it.
- This may sound as a very simple process of collecting funds from people who support you, but crowds can be a boon or a bane depending on whether they are with you or against you.

CROWDFUNDING

TYPES OF CROWDFUNDING

Donation Based

- Solicitation of funds for disaster relief, non-profits, charities, and medical bills, not in exchange for anything of tangible value.

Reward Based

- Commonly denotes to solicitation of funds in exchange of a 'reward'.
- As there is no financial or equity return involved this type of crowdfunding is generally considered a subset of donation-based crowdfunding.

Debt Based

- Solicitation of funds where CFP matches investors with borrowers to provide unsecured loans.
- Investors make money from the interest on the loan and system operators earns by charging a loan servicing fee/taking a part of the loan.

Equity Based

- Solicitation of funds from investors in exchange of equity shares of the company.
- This allows the contributors to become part-owners of the company and receive financial return on their investment and also a share of profit in form of dividend.

HEALTHCARE CROWDFUNDING

- Healthcare crowdfunding increased exponentially after March 2020 due to increase in coronavirus-related emergencies.
- Charitable/donation-based crowdfunding was in demand as people were seeking help with medical bills, funeral expenses, lost wages, small business support, food assistance, and other needs.
- Additionally, to the direct Covid-19 impact, pandemic mitigation efforts like lockdown and social distancing caused widespread economic displacement and exacerbated economic vulnerabilities.
- So here we will examine all the benefits along with the current social anxieties and economic precarities related to CCFs.

OBJECTIVES

To study the current status of Crowdfunding in India

To study the issues and challenges of crowdfunding and risk involvement in the industry

To study the benefits of crowdfunding during Covid-19 and reflect upon the expected changes in the industry post Covid-19

METHODOLOGY

Collecting Literature

- Published journals, articles and literature were selected after extensive research on online databases to obtain data which provided knowledge about basics of crowdfunding and its current status in India, crowdfunding and financing in the healthcare & benefits of healthcare crowdfunding in times of Covid-19.

Inclusion Criteria

- All articles written in English language were included.
- All open access articles were included.
- Only published articles were included.
- All articles relevant to crowdfunding and Healthcare financing during Covid-19 were included.

Exclusion Criteria

- All articles that did not specify the inclusion criteria were excluded.
- Any article that was not included in full text category of articles was excluded.
- All unpublished and unfinished articles were excluded.

Data Extraction

- 11 articles that were related to the topic of research were used to extract information for this study.
- A narrative synthesis was done to determine the status of crowdfunding presently in India, its benefits during Covid-19 pandemic and also to find out about the risks involved in the same.

CROWDFUNDING IN INDIA

Trending Crowdfunding Platforms in India

	ImpactGuru	Milaap	Ketto	Crowdera
Established in:	2014	2010	2012	2014
Unique Features:	Leading CFP in India	Largest crowdfunding app for social causes	70% success rate (highest) in fundraising	First CFP to offer free crowdfunding
Impact of success:	10 Lacs+ Donors 10K+ Fundraisers 1500cr+ funds raised	41 Lacs+ Donors 2.5 Lacs+ Fundraisers 1000cr+ funds raised	55 Lacs+ Donors 2 Lacs+ Fundraisers 800cr+ funds raised	10 Lacs+ Donors 15k+ Fundraisers 500M+ funds raised

BENEFITS OF CFPs DURING COVID-19

All CFPs reduced their fee to zero percent and provided a free crowdfunding platform during Covid-19 pandemic.

CFPs have partnered with various hospitals, NGOs, brands and corporates to provide a widespread network to all those impacted during the pandemic.

CFPs helped patients to reach out to people worldwide for help when everybody around them were helpless and suffering along.

SWOT ANALYSIS

STRENGHTS

- Crowdfunding makes the process of raising funds much easier and faster.
- Provides possibility of arranging funds in very large sum.
- CFPs helps to reach bigger audiences.
- Complex and niche ideas can get funded.

WEAKNESSES

- Lack of awareness
- Lack of trust in digital payment methods
- Selective promotion of similar campaigns
- Lack of education and means to start a campaign
- Indian industry is not investor friendly.

THREATS

- CFPs are vulnerable to cyber-attacks.
- No regulatory framework setup by Indian government for CFPs
- Frauds imitating as CFPs

OPPURTUNITITES

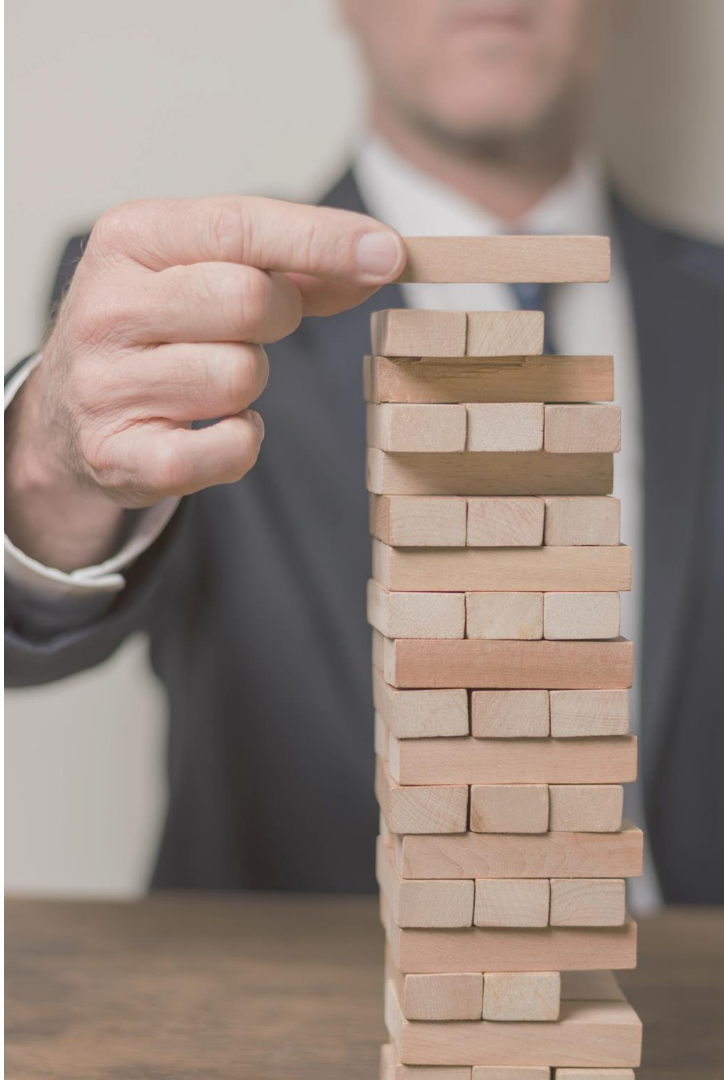
- Scope of growth for both CFPs and users.
- Ease of business, no minimum investment amount.
- Funds can be collected even in early stages to start-up.

RECOMMENDATIONS FOR SUSTAINABILITY

- CFPs as well as the government needs to work on spreading awareness about crowdfunding to public.
- Government should set-up a legal framework for crowdfunding to ensure trust in people.
- Also government could use media to spread awareness about crowdfunding
- Also CFPs needs to be as transparent about its raised funds and how it has been handled and they should provide mass reach to campaigns depending on its acute need in an unprecedented and unbiased manner.
- All digital payments should be made only through the official channel and not any sharable link.
- A special team must be appointed to protect the hard-earned money of people from cyber-attacks.
- People should be hired to educate the population not aware about the concept of crowdfunding.
- To make such technology more equitable, the first step must be more publicly accessible data about its users and impacts.
- Policymakers should ensure that suffering does not continue to provide a “growth industry”

CONCLUSION

- Crowdfunding is a rapidly growing industry in India and many other countries.
- Despite of all the limitations crowdfunding is attracting a lot of people. To make such technology more equitable, the first step must be more publicly accessible data about its users and impacts.
- Lastly, it can be concluded that crowdfunding is not influenced based on geography. The only differentiating factor is divergence in awareness and perception about crowdfunding amongst people.
- To bring this new industry to its full potential in India it needs to be nurtured well.



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THANK YOU!