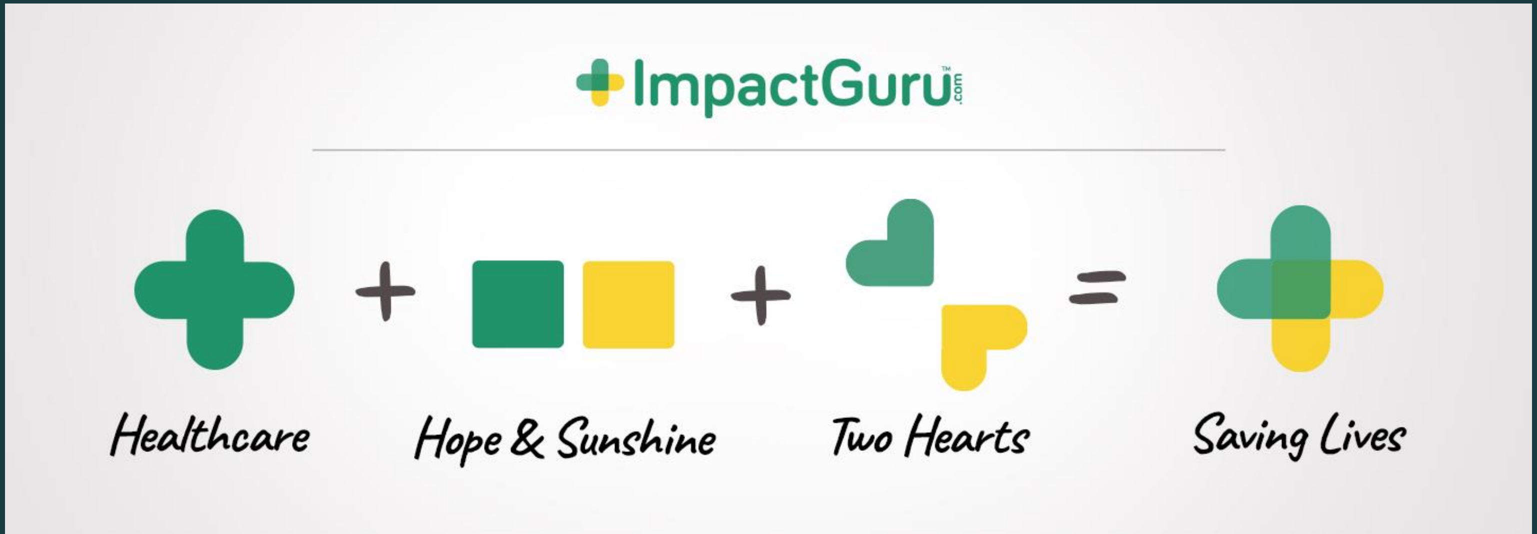
Internship with
Impact Guru



Exploratory Study on Crowdfunding in India.

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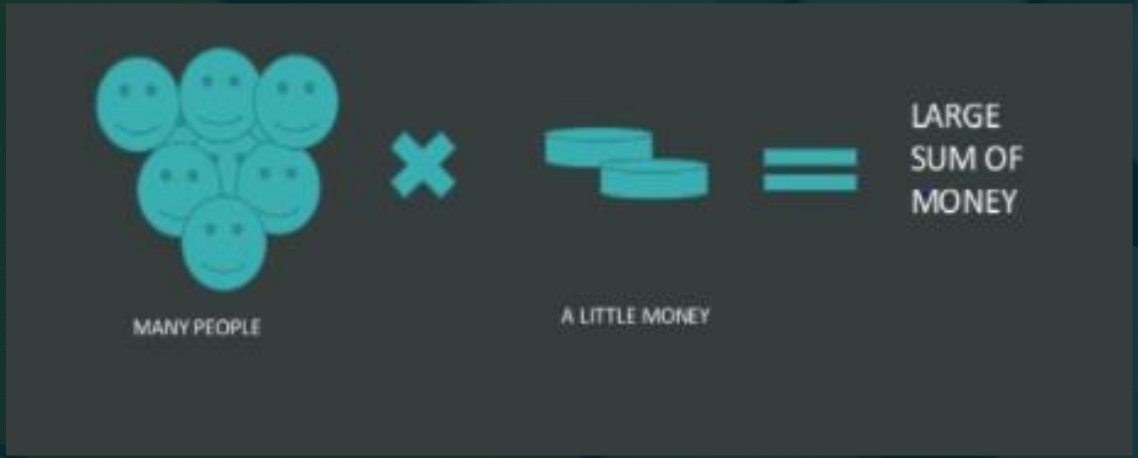
INTRODUCTION

Crowdfunding is a process of seeking funds from the general public to create project or support an idea or fund business.
It is an internet enabled way used by business or other organizations to raise money in the form of either donations or investments from various individuals.

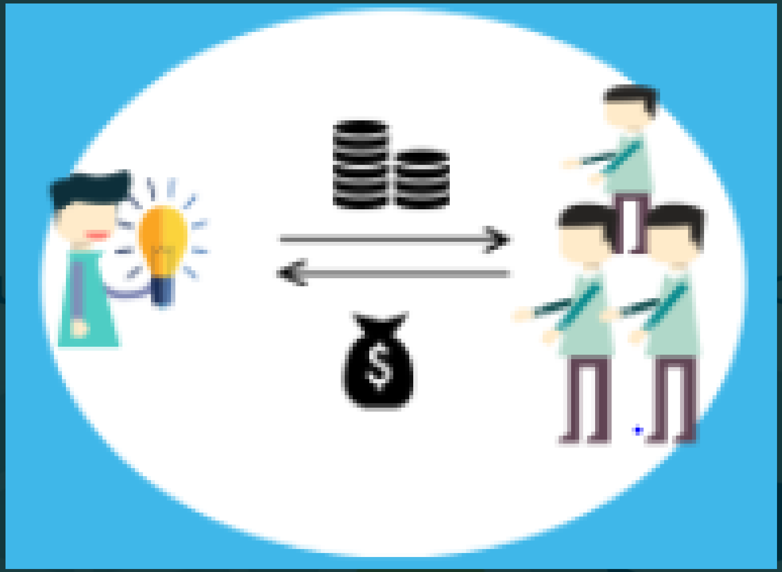


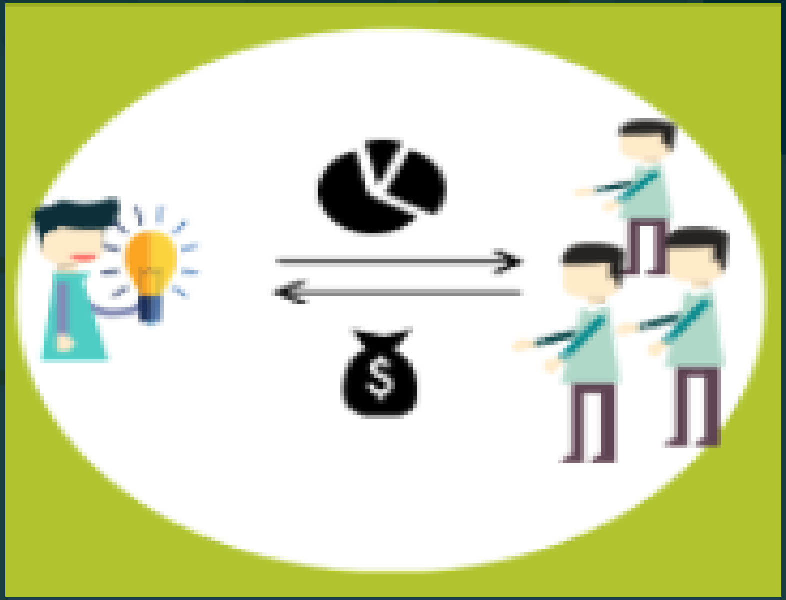
Over the recent years, Crowdfunding has become very prevailing, by allowing a large number of individuals to collectively fund a new business venture or start up through a technology platform. Eventually, a greater number of entrepreneurs are taking up crowdfunding to get their innovative idea on the way.

TYPES OF CROWDFUNDING

Lending/Debt Based Crowdfunding:

Investors are lending money under the premise that they will receive a return on investment over a certain time interval and at a interest rate.





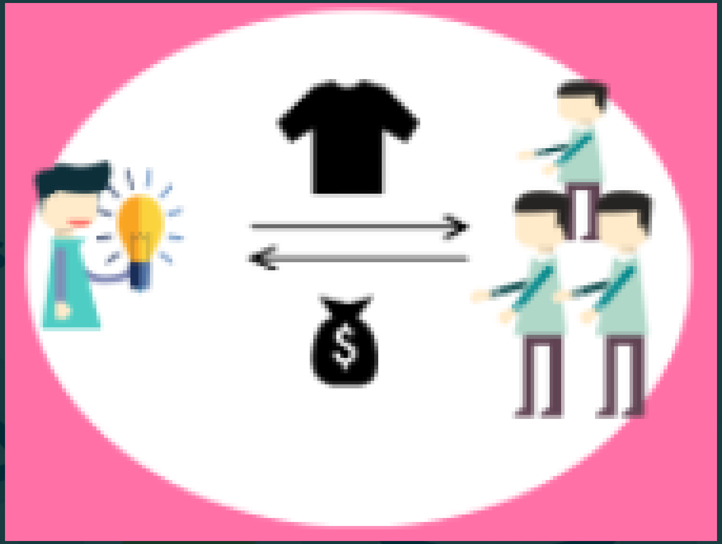
Equity Based Crowdfunding:

Investors receive a stake in the company.

It is similar to owing shares.

Types of Crowdfunding Cont.

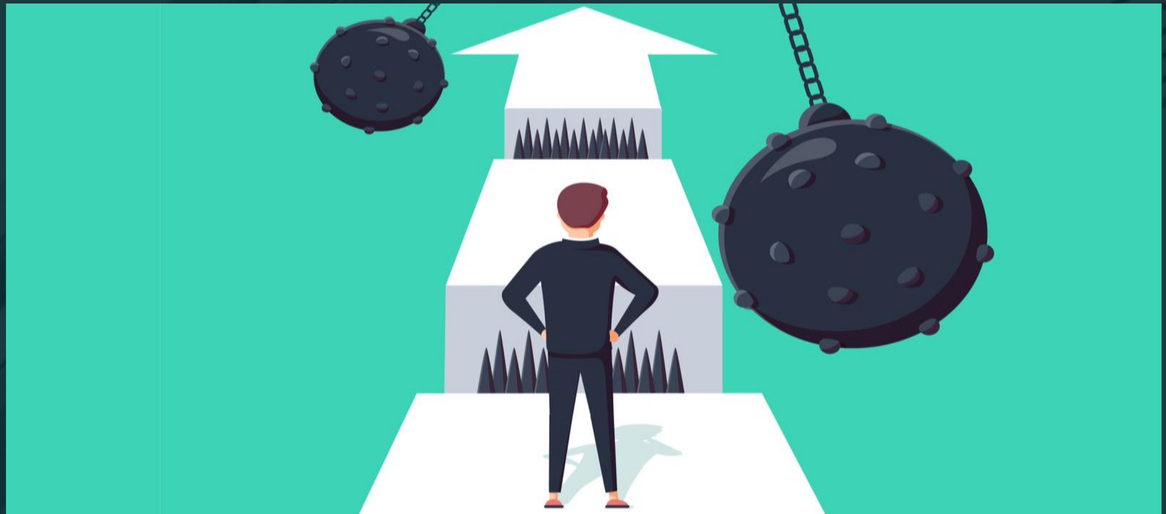
- **Reward Based Crowdfunding:** Investors receive a service in exchange for their funds. The reward is not in the form of monetary again.



- **Donation Based Crowdfunding:** Contributors simply goes towards a charitable cause with the only return being the positive vibes you get from doing a good deeds.

Challenges of Crowdfunding in India

- Low trust levels of doing the things online.
- The industry is not very investor friendly.
- The crowdfunding industry isn't popular with investors and thus there are only a few platforms available.
- Crowdfunding platforms work on online bases which don't help in inducing mass awareness and inspiring participation.
- Crowdfunding platforms don't help in making financial promises to the donors/ contributors.



Research Question:

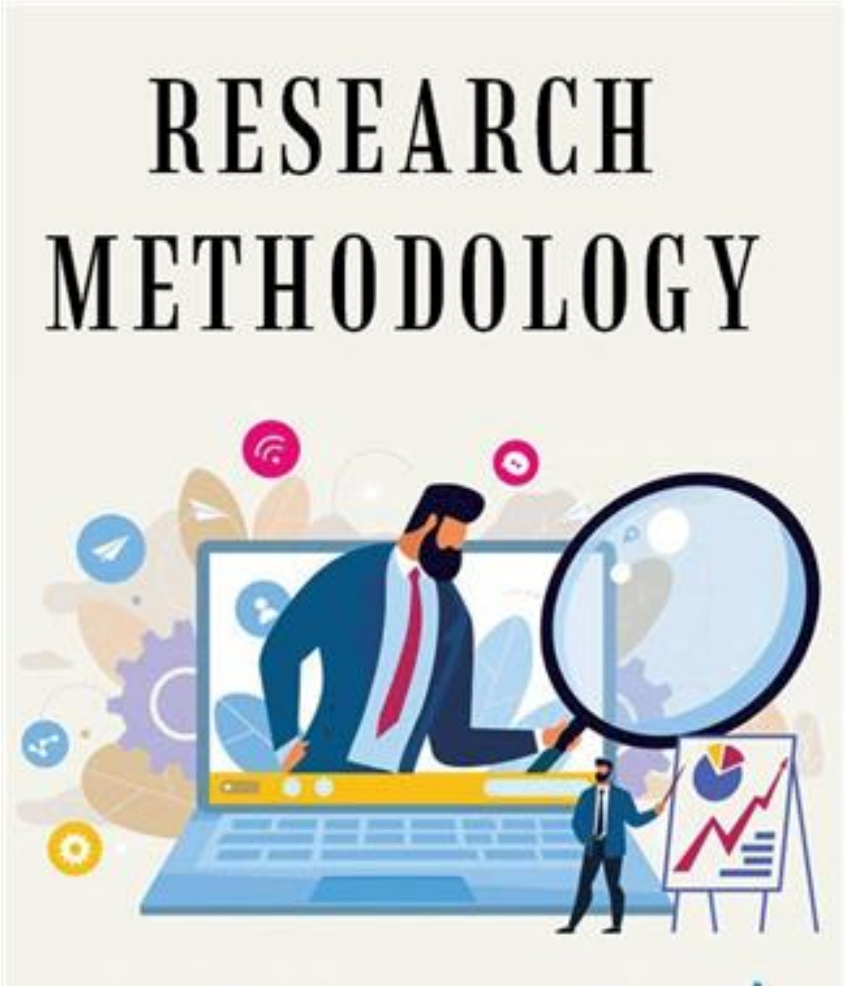
- How people should be aware of utilization of crowdfunding platforms?
- What is the importance of types of crowdfunding?

Objectives:

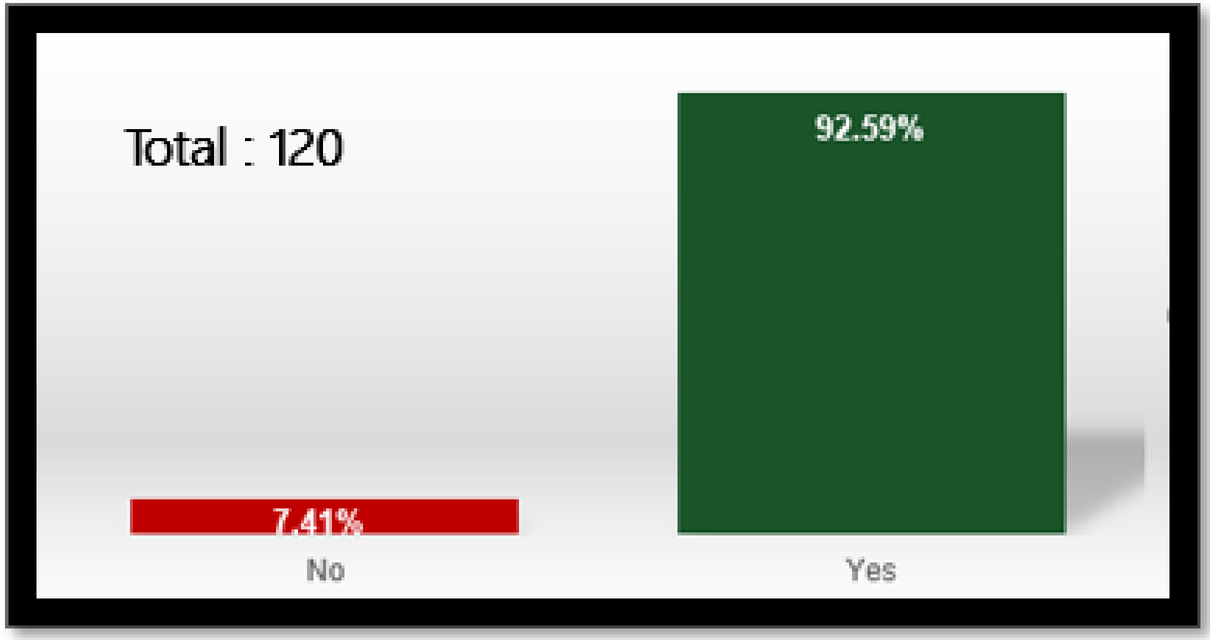
- To understand crowdfunding scenario in India.
- To understand the the preferred crowdfunding types in India and suggest recommendations to improve the engagement with possible donors.

RESEARCH METHODOLOGY

- A Descriptive cross sectional research design has been used to understand challenges faced by crowdfunding platform.
- The data was collected using primary research involving 120 respondents.
- The target respondents included students, employees, and lower middle class family from tier 3 cities.
- Data research was done with respect to specific objective, especially to address the main objectives as aforementioned. The data collection tool was an online questionnaire which was made using google form.
- Data analysing and interpretation is done by using MS-Excel.
- Duration of the study was conducted for the period of 8 weeks.

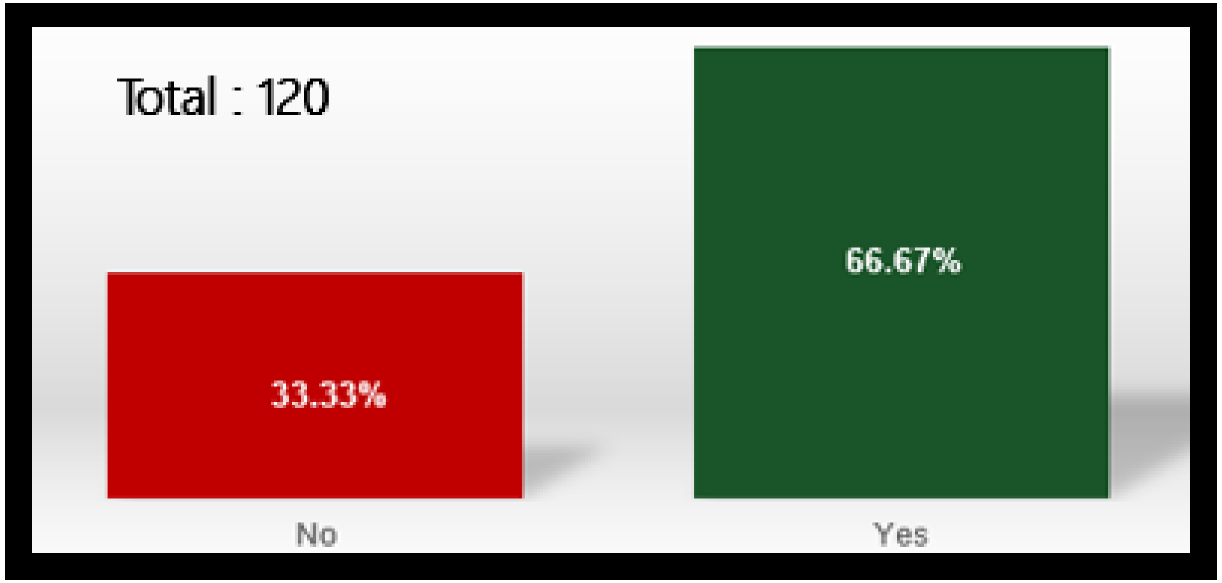


Data Analysis

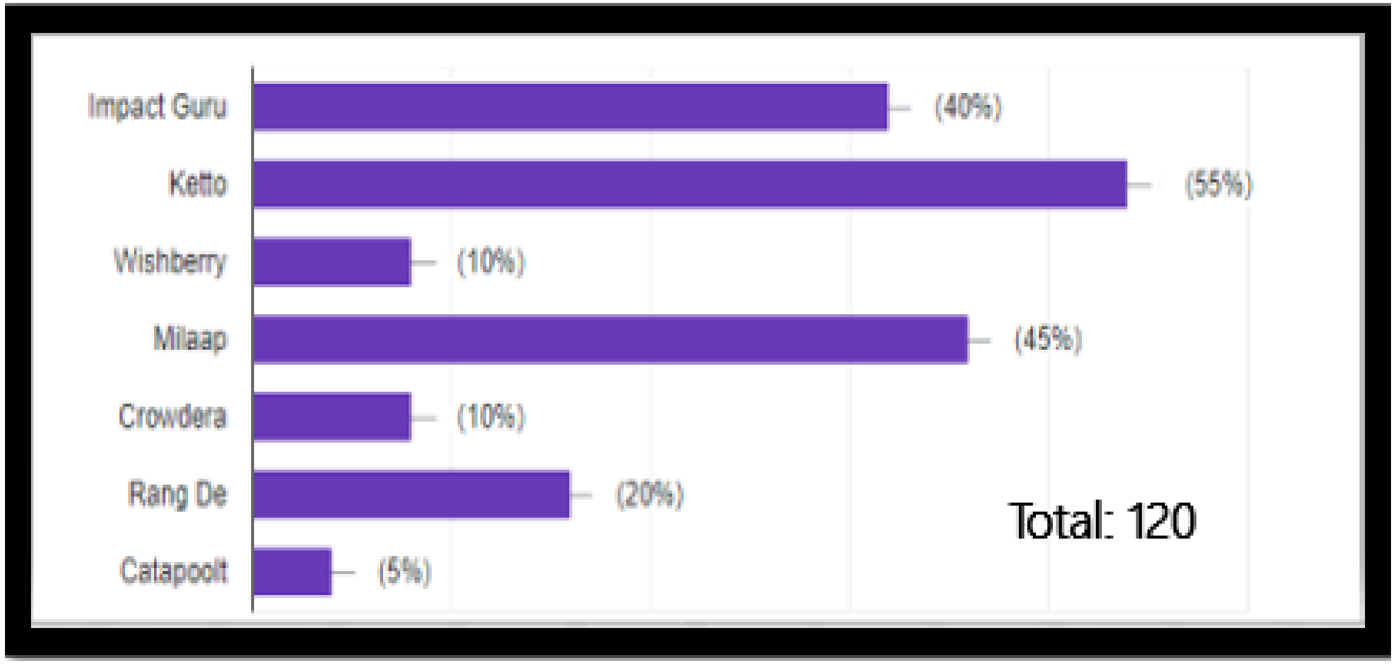


Awareness about crowd funding among individuals

Crowdfunding Platform awareness among people in India

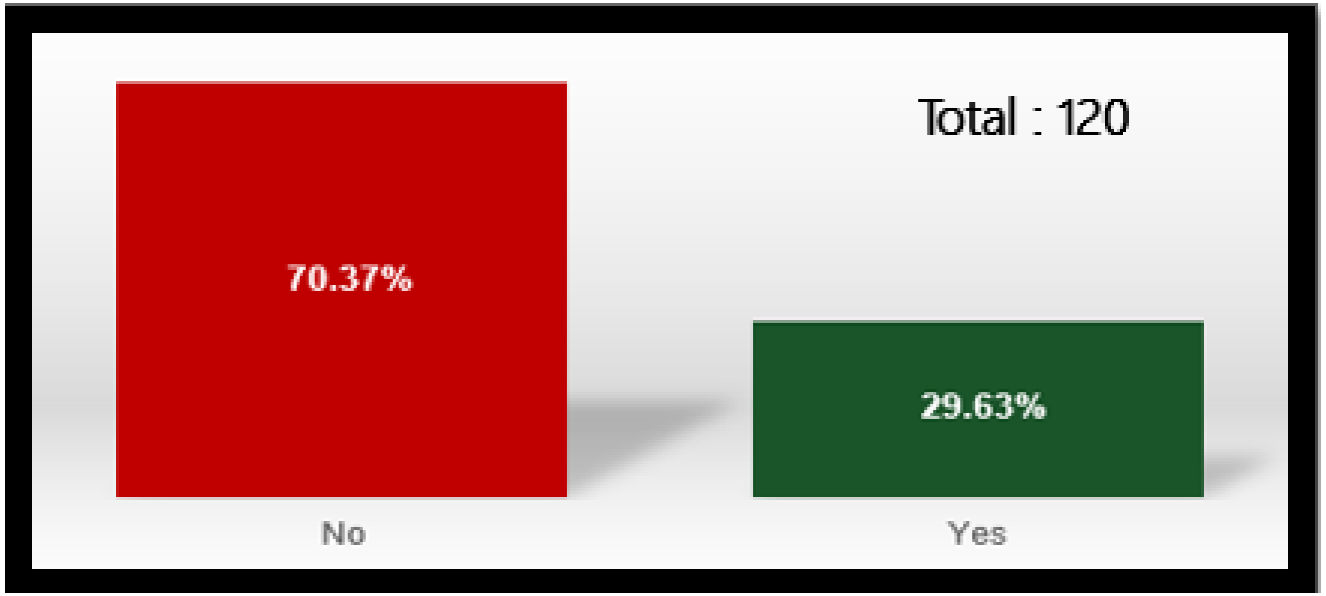


Data Analysis



Distribution of people by their awareness to various Crowdfunding Platforms

People who donated funds via online platform



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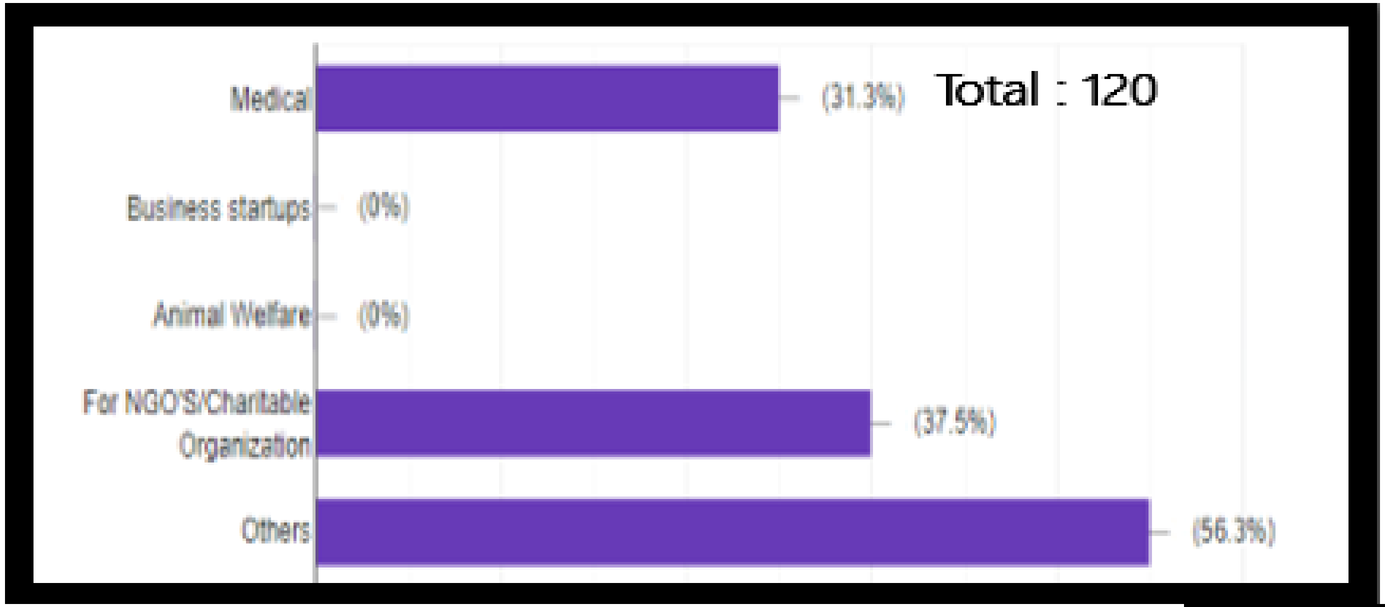
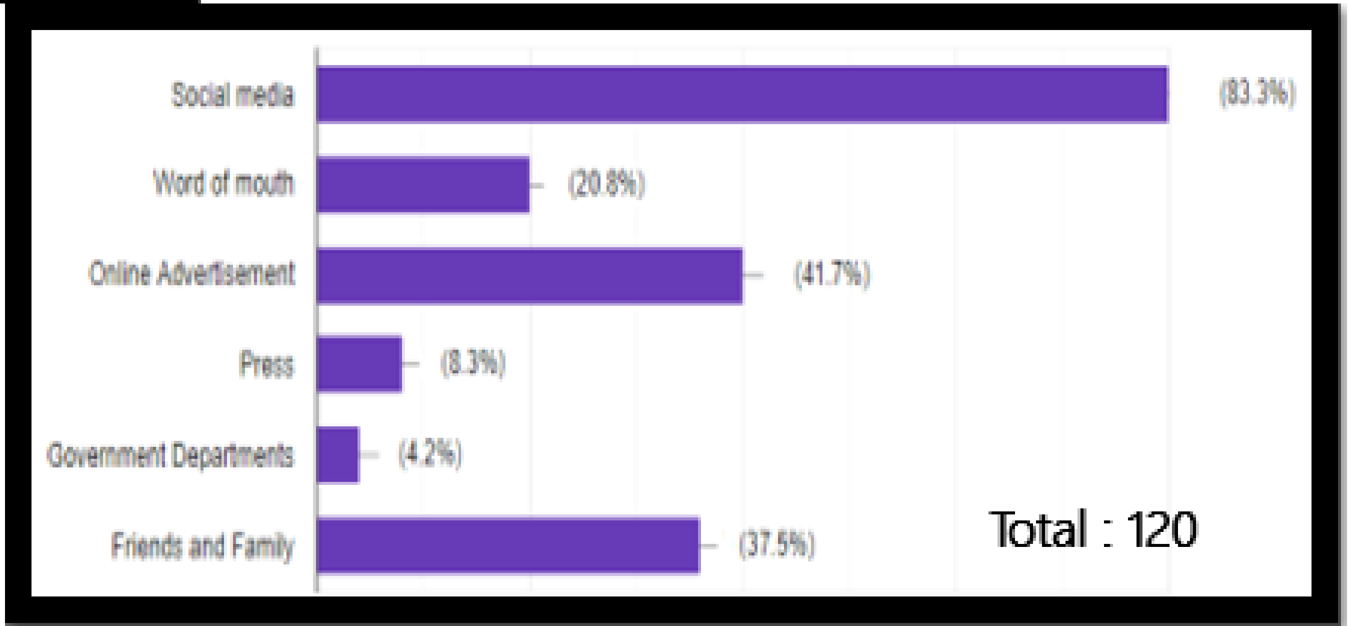
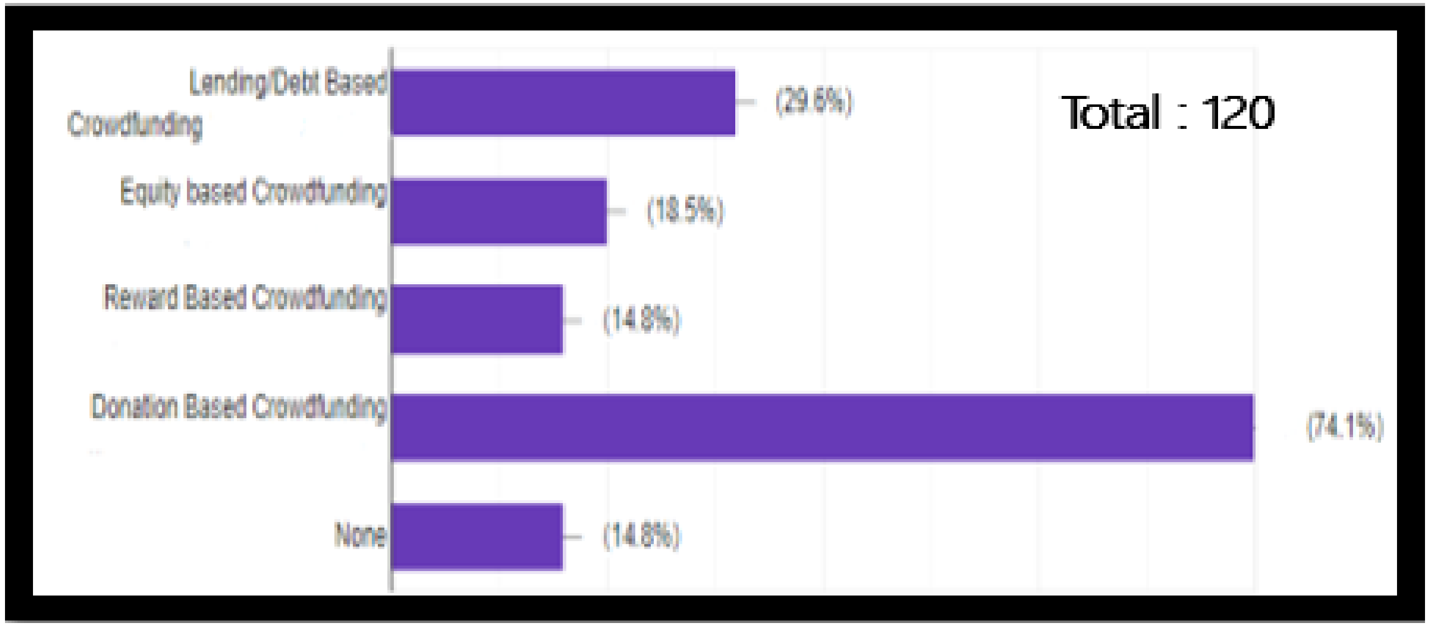


Purpose behind the crowdfunding campaign.

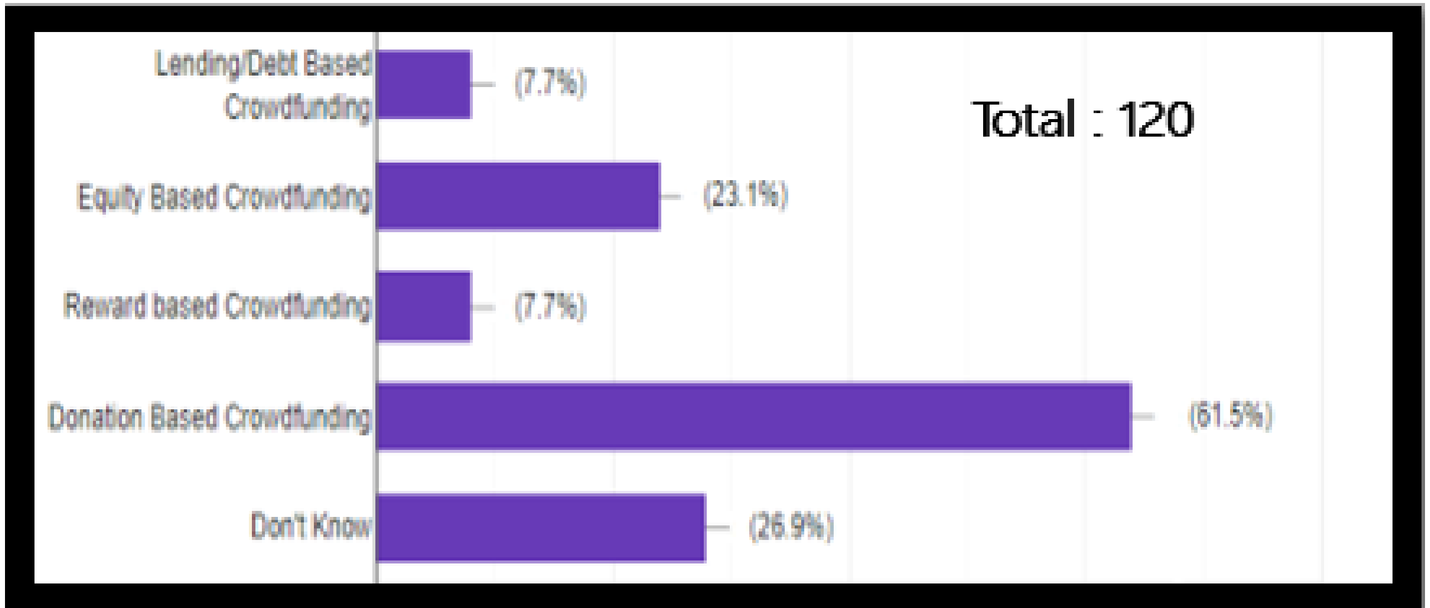


Sources of people awareness about crowdfunding platform

Data Analysis

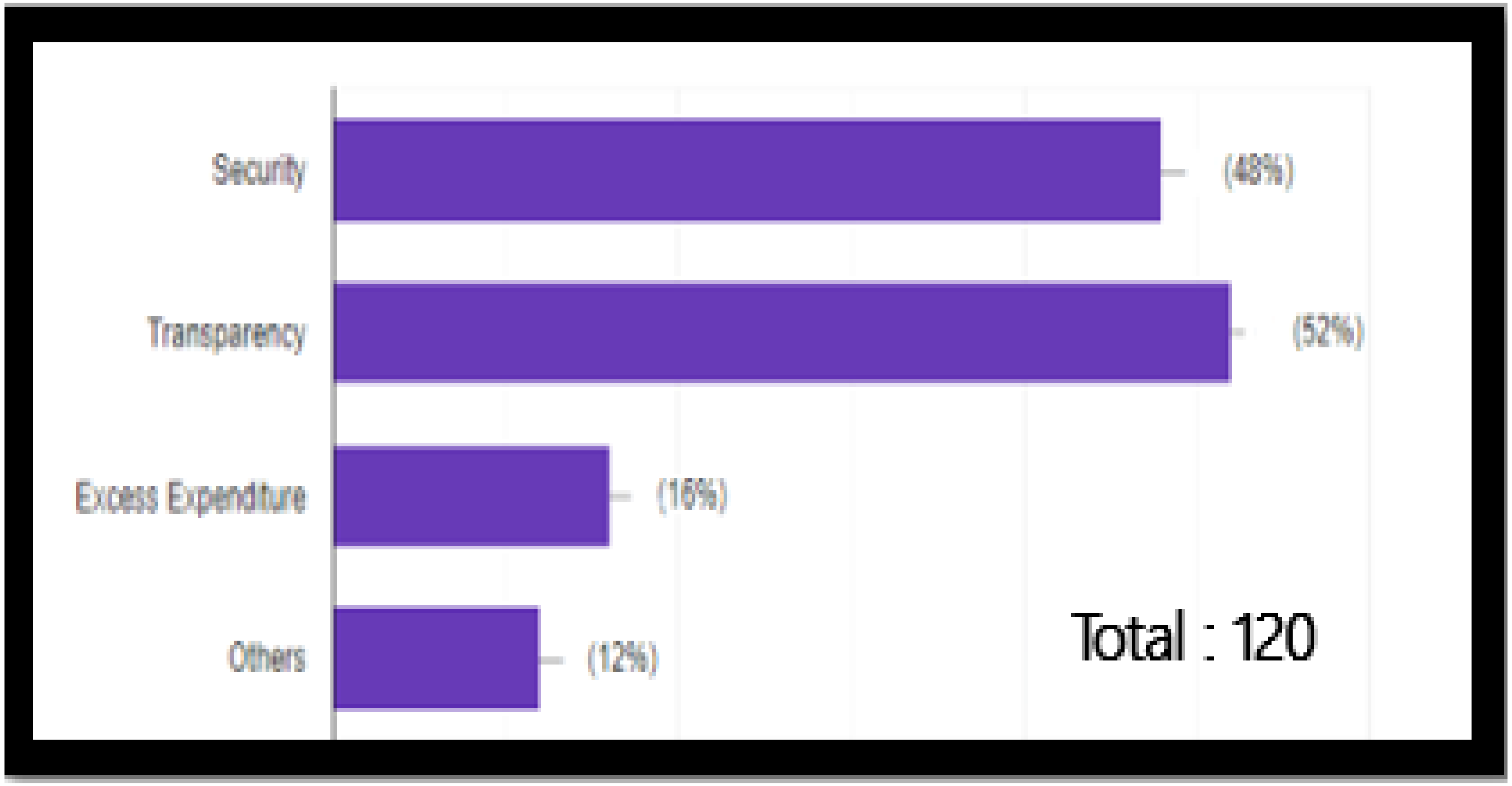


Awareness of different types of crowdfunding



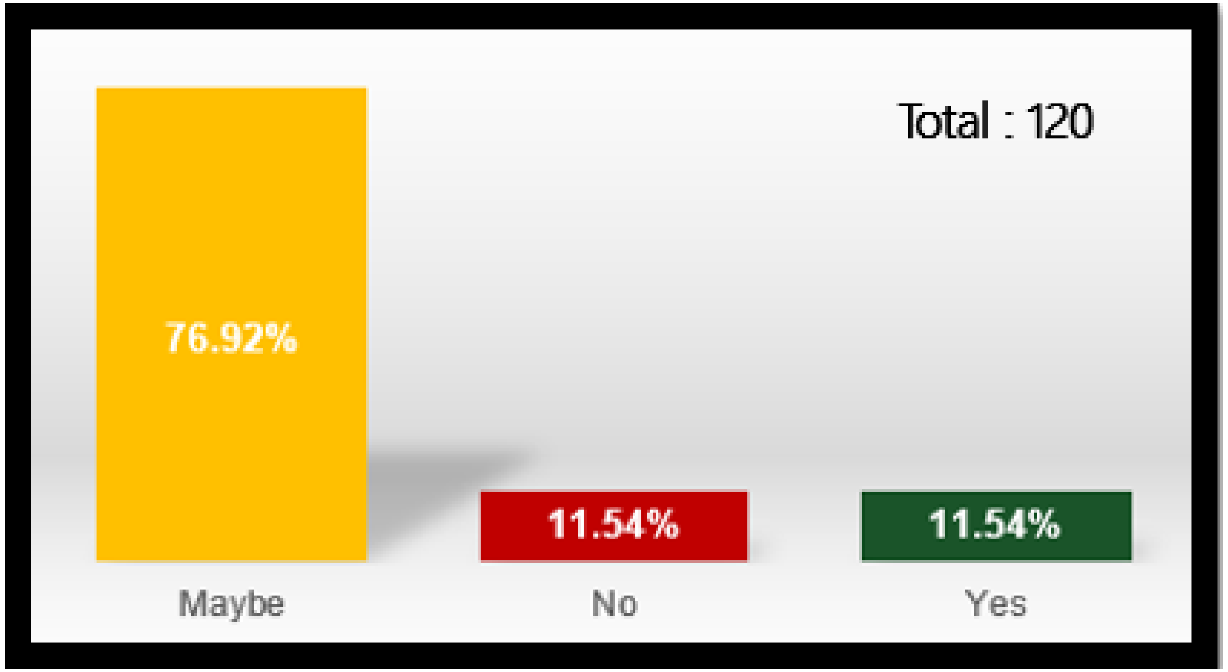
Preference for different types of crowdfunding

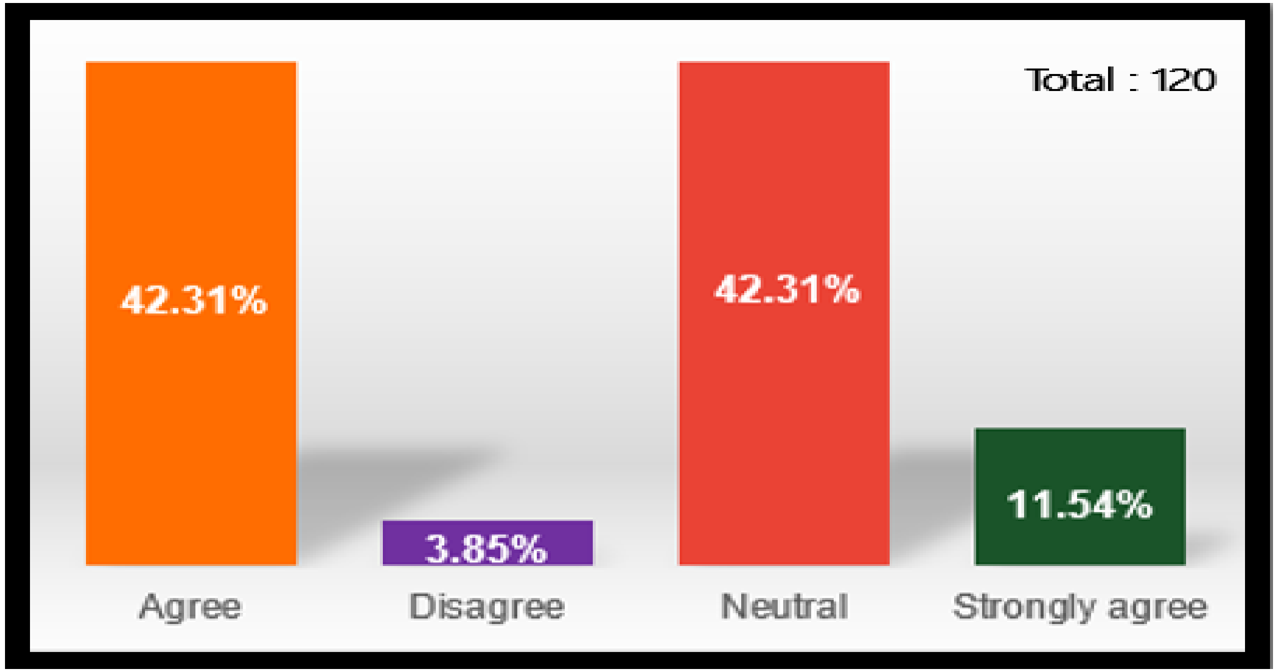
Data Analysis



Reason for reluctancy toward crowdfunding

Data Analysis





Respondents' opinion towards efficiency of crowdfunding platform in solving the purpose

People's perception about raising funds online in this pandemic (Covid-19)

Discussion

Nearly 76% of the respondents
are concerned if the online crowdfunding platform is not solving its purpose

Ketto, Milaap and Impact guru are the most used online crowdfunding platforms in India.

Trust issues, Security concerns Transparency in fund utilization and excess expenditure are important factors contributing towards reluctancy in using such platforms

User friendly Interface, less time to setup the fund raiser, less platform usage fee are the important reasons for popularity of Ketto, Milaap and Impact guru.

According to various sources, crowdfunding platforms in India raised Rs 100 crore in April 2020. And that number continues to grow exponentially

Discussion

Nearly 74% are aware of Donation based crowdfunding and few people know about Lending/Debt based crowdfunding whereas only a small proportion of people know Equity based and Reward based crowdfunding

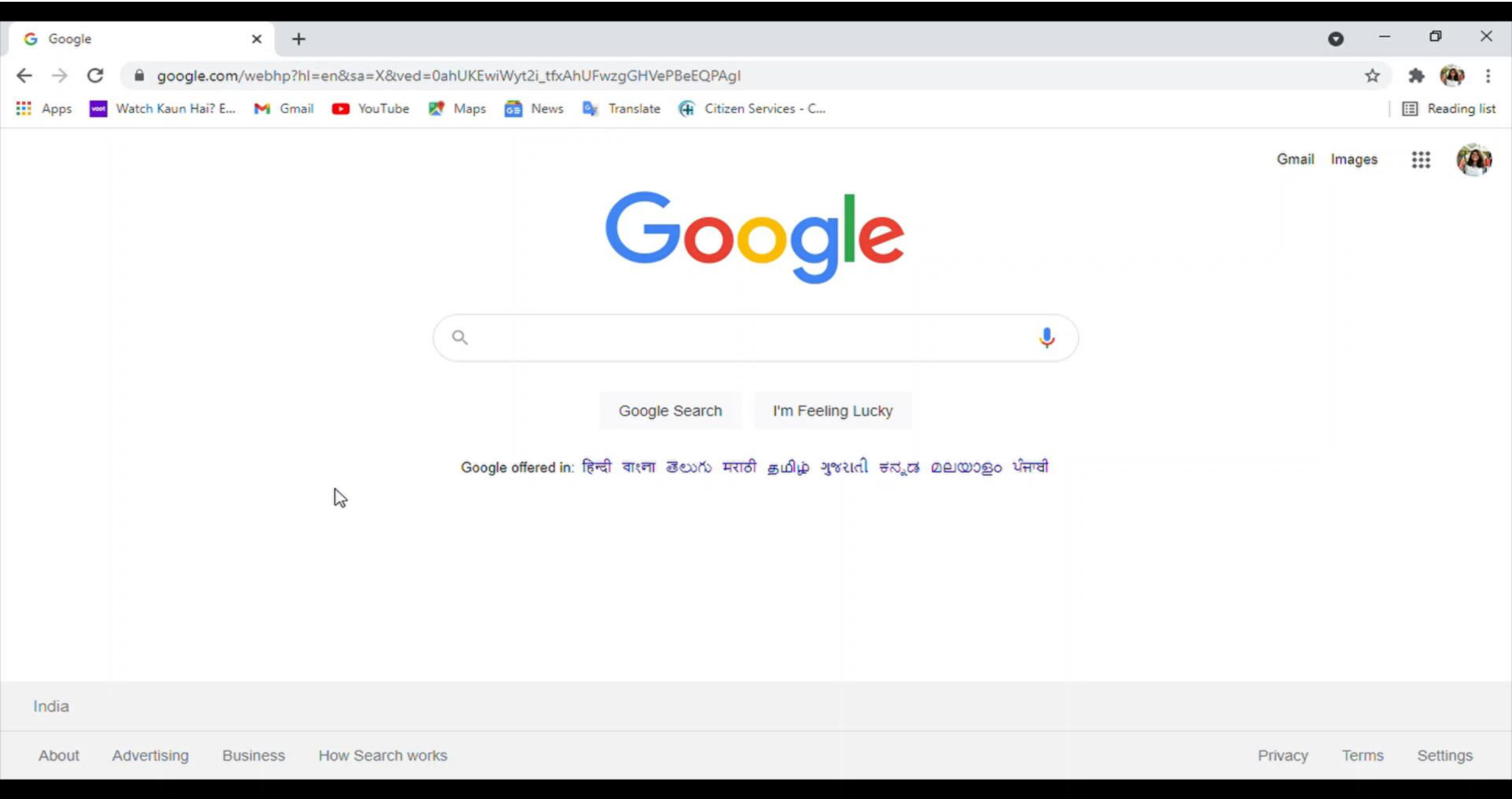
Major Proportion of respondents prefer Donation based crowdfunding whereas only few proportion of respondents prefer Equity based, Reward based and Lending based crowdfunding

During this pandemic, people are understanding the use of online crowdfunding platform as it is not possible to reach out to the donors.

Conclusion

- The study clearly suggests that the crowd funding is still at its nascent stage in India. There is a huge caveat in the awareness about crowd funding among people in India. Not only, people have little awareness, but also among the people who are aware about crowd funding, there is a significant proportion of people who are reluctant about using crowdfunding platform as a means to raise fund for charity, investment in business, or any reward.
- The survey conducted shows that only **30%** of the respondents have donated via crowdfunding platform. Moreover, nearly **76%** of the respondents are not sure if crowdfunding platforms are serving their purpose. Transparency is sighted as one of the major reasons about the reluctancy towards donation via online platforms. People are also sensitive about security risks posed in online medium of fund transfer especially due to increasing number of data thefts around the world. However, a clear shift in the consumer behavior is seen during the pandemic.
- Nearly **54%** respondents understand the utility of online crowd funding platform in India and only **4%** of the respondents are averse to this reality as reaching out to possible donors physically is increasingly becoming a luxury due to covid-19.

Video: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Translate
Citizen Services - C...
Reading list
Gmail
Images
Google
Google Search
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Google offered in: हिन्दी বাংলা తెలుగు मराठी தமிழ் ગુજરાતી ಕನ್ನಡ മലയാളം ਪੰਜਾਬੀ
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Recommendation

- If implemented and approved by the general public, the notion of crowdfunding has a great potential
- They should, in my opinion, define and prioritise the essential areas based on the company's goals and objectives. Further research could focus on ways to improve the success rate, such as developing better crowdfunding plans that allow individuals to accept the notion while still giving **tax benefits**
- Addressing the transparency concerns by **advertising the fund usages** such as acquiring medical supplies, conducting **rigorous background check** on people using the platform to raise the fund and making the details public will help to gain the trust and increase the number of possible donors.
- Mitigating the threats of cyber-crimes posed to online financial transactions will also help win trust among people.
- Also, as the number of internet users in the rural area and tier 3 cities are increasing at a faster rate than the urban area and, the percentage of people needing the crowd funding is higher in such area, providing options to use the platform in **regional languages** will help to boost the number of users. Publishing Annual report with required details will also win more trust among the people.

Thank You