

# A REVIEW ON CROWD FUNDING PLATFORM IN INDIA

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## INTERNSHIP ORGANIZATION

- Impact Guru is a donation based crowdfunding platform that offers global crowdfunding solutions for NGOs, social enterprises, startups and individual.
- It was launched by Maneka Gandhi, Union Cabinet Minister for Women & Child Development, Government of India in September 2015.

## JOB ROLE

- In the internship my job role was CONSULTANT – BUSINESS DEVELOPMENT.
- I had to make calls to schools & colleges everyday and tell them about our platform. Tamil Nadu was my allocated area.
- I learnt how to communicate with people in formal way in call.



PROJECT

# A REVIEW ON CROWD FUNDING PLATFORM IN INDIA



## OBJECTIVE

- To get an insight on the crowd funding platform.
- To ascertain the prevalence of crowd funding platform.

## METHODOLOGY

- The studies and the reviews on several studies which were conducted in the past 10 years' methods were used. For example, Qualitative Research, Observational Study.
- Search strategy was carried out using the combination of key words that covers all relevant terminologies for Crowd Funding.

## QUESTION

What are the advantages and disadvantages of Crowd Funding Platform?

## PROJECT DURATION

10<sup>th</sup> May - 2<sup>nd</sup> July, 2021.



## INTRODUCTION

- The practice of funding a project or venture by raising money from a large number of people who each contribute a relatively small amount, typically via the internet.
- The principle is simple: many people may generate enormous money to sponsor other persons and projects by making small individual donations without the inclusion of conventional financial entities.
- Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowdfunding platforms—and leverages their networks for greater reach and exposure.

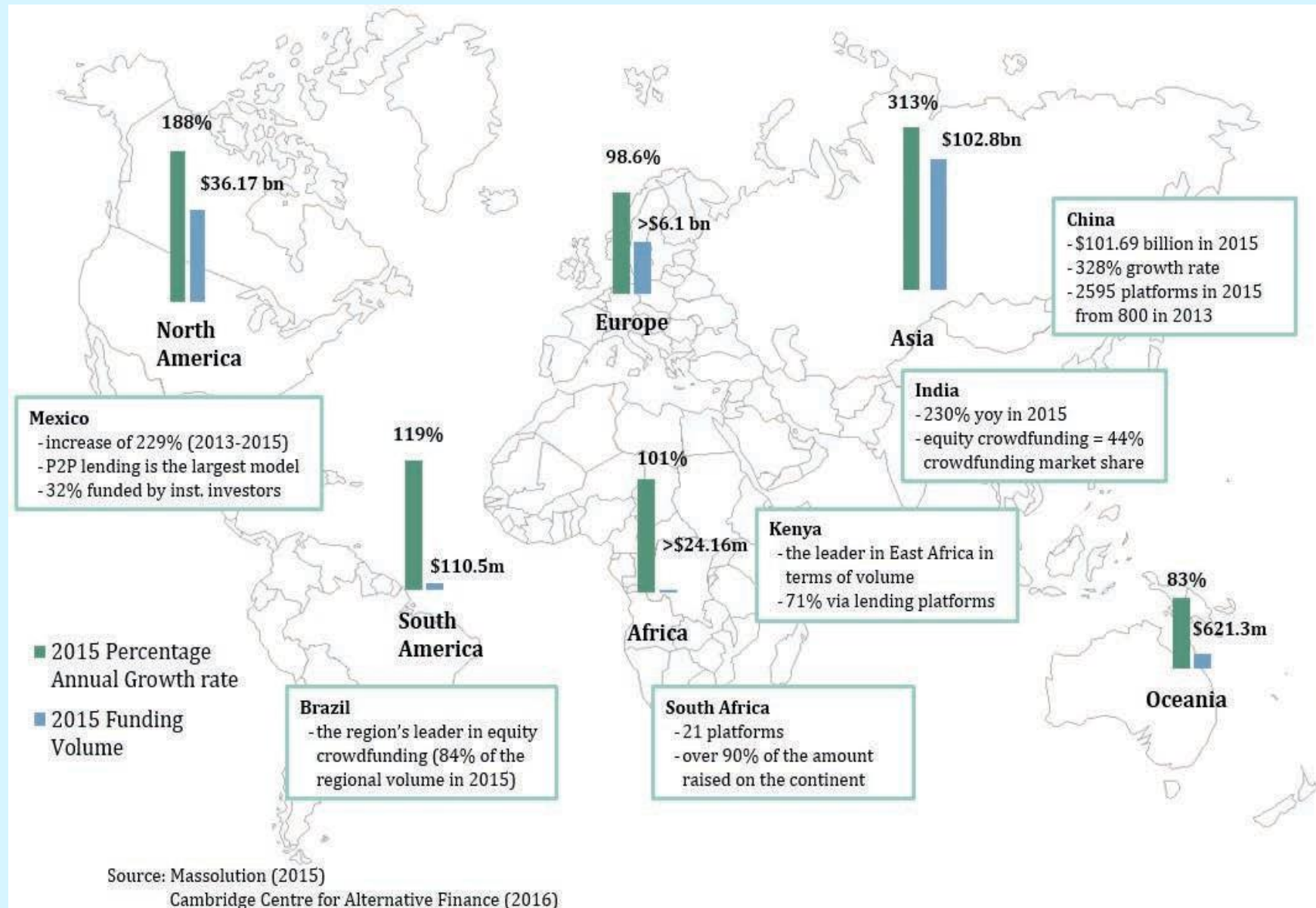
# FACTORS THAT FUEL THE FAST EXPANSION OF CROWD FUNDING

i) Technological Factor

ii) Macroeconomic Factor

iii) Regulatory Factor

# CROWD FUNDING AROUND THE WORLD



# CROWDFUNDING ECOSYSTEM

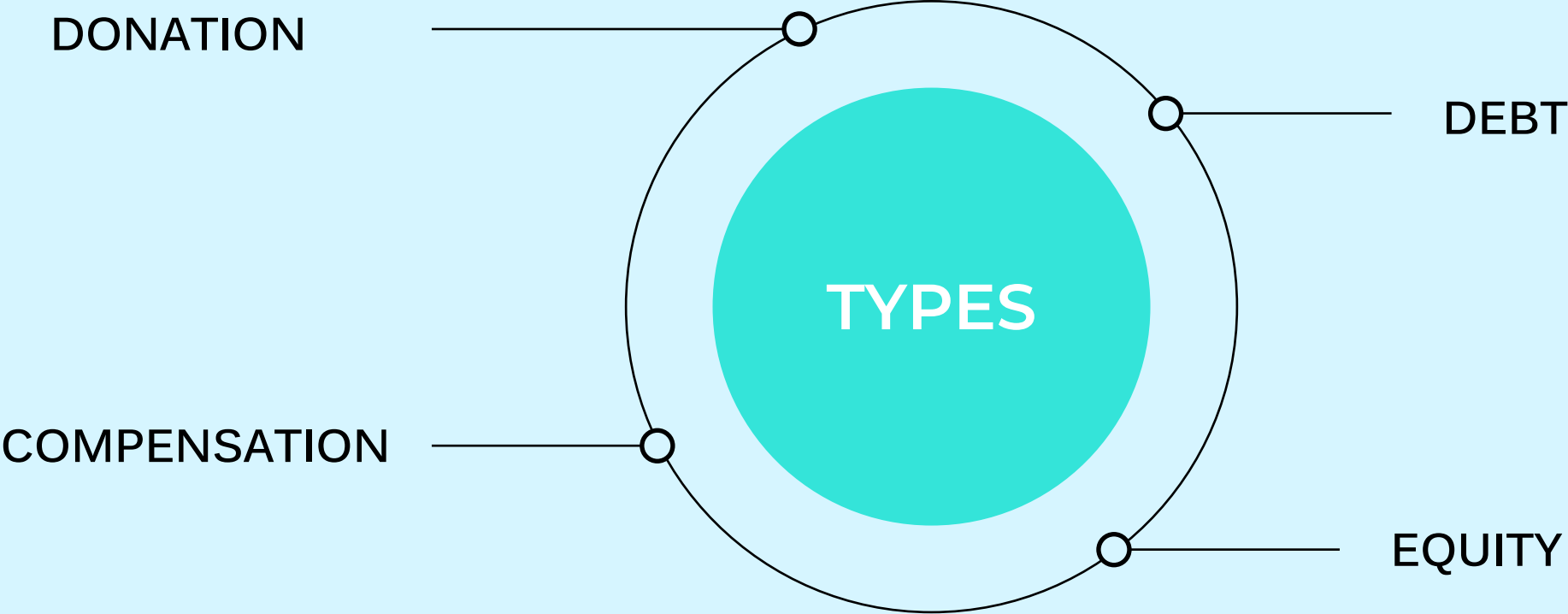
Seed Stage Crowdfunding Ecosystem

Growth Stage Crowdfunding Ecosystem

Mature Stage Crowdfunding Ecosystem



# TYPES OF CROWDFUNDING



# COMPENSATION CROWD FUNDING

## BENEFITS

- ✓ Pioneer Status
- ✓ Crowd Due Diligence
- ✓ Better Outreach
- ✓ Technological Innovations
- ✓ Customer Feedback

## RISK

- ✓ Incompetence
- ✓ Lack of Due Diligence
- ✓ Consolidated Intellectual Property Rights
- ✓ Crowding Professional Investors

# DEBT CROWD FUNDING

## ADVANTAGES

- ✓ Access to New Asset Class
- ✓ Higher Financial Return
- ✓ Capital at Lower Cost
- ✓ Fills Gap Left by Bank
- ✓ Provides Convenience

## RISKS

- ✓ Risk of Financial Loss
- ✓ Lack of Transparency
- ✓ Illiquidity
- ✓ Mis-selling and over indebtedness
- ✓ Costs
- ✓ Weak Protection

## REGULATION

- ✓ Exempted or Unregulated
- ✓ Prohibited
- ✓ Regulated as Intermediary
- ✓ Regulated as Banking

# EQUITY CROWD FUNDING

## BENEFITS FOR PEOPLE FUNDING

- ✓ Access to Investment Opportunities
- ✓ Unlimited Potential for Financial Gain
- ✓ Aligned Incentives Between Funders and Fundraisers.

## BENEFITS FOR FUND RAISERS

- ✓ Limited Liability
- ✓ Global Reach
- ✓ Improved Investment Attractiveness

## RISKS

- ✓ Equity Dilution
- ✓ High Risk of Failure
- ✓ Low Liquidity
- ✓ Risk of Fraud

# DONATION CROWD FUNDING

## ADVANTAGES

- ✓ Community Association
- ✓ Choosing Money
- ✓ Individual Support

## RISKS

- ✓ Poor Project Transparency
- ✓ Risk of Money Laundering
- ✓ High Transaction Fees

## REGULATION

- ✓ Civil Code
- ✓ Tax Law
- ✓ Law Regulating Charities
- ✓ Public Fundraising
- ✓ Consumer Protection Law
- ✓ Data Protection
- ✓ Criminal Law

# DONATION CROWD FUNDING

## EXAMPLE

- ✓ Rang De
- ✓ Faircent
- ✓ Ketto
- ✓ Wishberry
- ✓ Fuel A Dream
- ✓ Catapooolt
- ✓ Crowdera
- ✓ Milaap
- ✓ Impact Guru

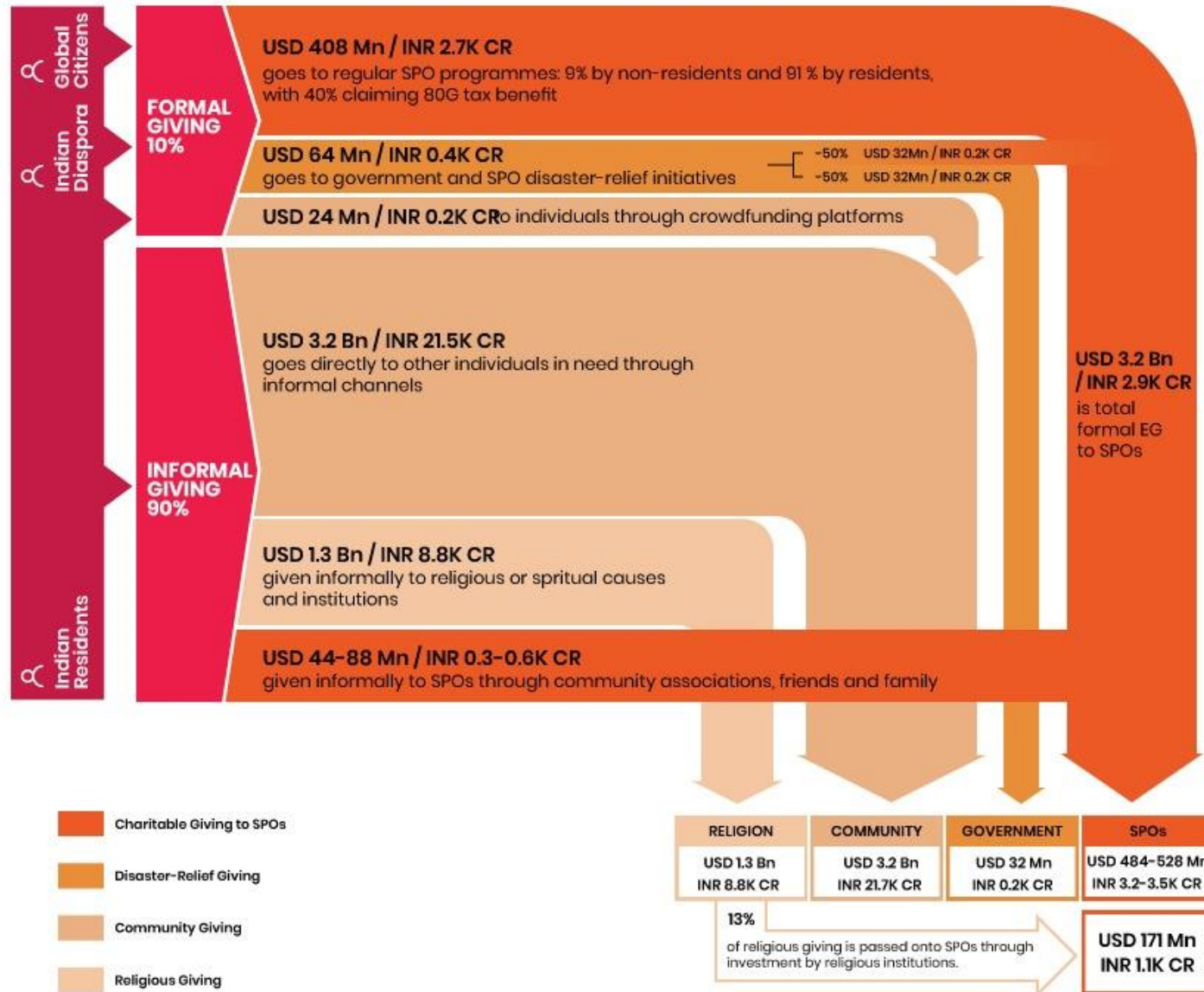
## LIMITATIONS

- ✓ Competition
- ✓ Lack of Verification
- ✓ Goal Achievement

## RECOMMENDATIONS/ SUGGESTIONS

- ✓ Produce A Great Video
- ✓ Don't Ask for Money Immediately
- ✓ Build Interest Before Concluding
- ✓ Frequent Communication

# The Flow Of Everyday Giving In India



# WORKING PROCESS

1

Step 1: Start your free fundraiser



2

Step 2: Share your fundraiser online



3

Step 3: Receive donations from around the world



4

Step 4: Transfer funds to the hospital directly



## LITERATURE REVIEW

- Due to the popularity of social media such as Facebook, Twitter, and WeChat, the use of social media as a means for Medical Crowdfunding has become a norm, and leads to a tremendous amount of funding from online donations.
- There have been several studies on donation behavior and successful funding on donation-based crowdfunding. Yet Medical Crowdfunding is distinct among all types of donation-based crowdfunding in that it raises funds to finance medical expenses to cure a disease or save lives.
- When Medical Crowdfunding is shared in social media, the community culture must play a significant role in the donation decision. Therefore, it is essential to fill this gap by making an exploratory analysis of the donation behavior in Medical Crowdfunding in social media.
- Donation-based crowdfunding or charitable crowdfunding can be framed as a type of philanthropy, namely giving monetary aid to the needy without any material reward.
- Donation-based crowdfunding is considered to be the smallest type compared with the other three types of crowdfunding in many regions. Thus, it is very necessary to study the donation-based crowdfunding to promote its success.

### Article Information:

Title : Explaining Donation Behavior in Medical Crowdfunding in Social Media.

Link : <https://journals.sagepub.com/doi/pdf/10.1177/21582440211014520>

## CONCLUSION

- Crowdfunding is an evolving phenomenon and is characterized by significant dynamics, as demonstrated by the presentation.
- This inventive and financial ecosystem has flourished via the global digitization process while its roots are in the analogue era when Beethoven or Mozart financed their performances with subscriptions from the public sphere.
- The growth in the number of initiatives of various types is aimed at raising money from the public in the Internet.
- Crowdfunding is currently popular in the news through a succession of outstanding news campaigns that raise a number of million dollars in the world.