Crowdfunding healthcare start-ups scenario in India

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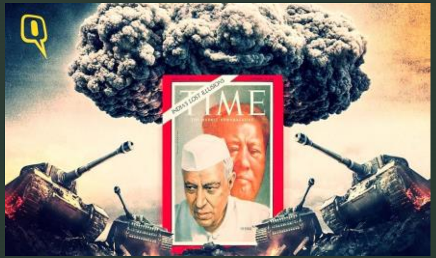
When did the term "crowdfunding" first appear?

- Crowdfunding was first introduced in 2001 by a website called Artist-share. With the introduction of kick starter in India in 2009, the notion gained popularity. Between 2011 and 2012, the concept acquired significant traction.

- ‘Chanda’ involves people collecting small sums of money from large crowds to finance religious, cultural, and other events like festival celebrations in the local community.



- Historic crowdfunding campaign happened in 1962, during the war with China. The then Indian Prime Minister, Jawaharlal Nehru, appealed to the citizens of the country to contribute to the defence fund.

- Definition - Crowdfunding is a process of soliciting funds from the general public to support an idea or create projects or fund businesses. It directly connects people with money to the people who need it. It is nothing else but the crowd’s collective pocketbook.
- Sectors like information technology, health care and fintech are the most growing.

WHAT ARE THE STEPS TO CROWDFUNDING?

Find the right platform

Fill form, provide detail as required by site

1. Proper pitch
2. Give complete information
3. Amount of funds needed

Parameters for setting up the project are

Project name, Description, Sum Amount

Emphasize on rewards

Pitch video preparation

Web portal keeps a check

What does owner promises in return?

Prepare a campaign page

Show your work progress to fund providers and keep them in the loop

TYPES OF CROWDFUNDING

1. Donation-Based Crowdfunding-

- Any crowdfunding campaign in which there is no financial return to the investors or contributors.
- Some initiatives include fundraising for disaster relief, charities and medical bills.

2. Rewards-based crowdfunding

- It involves individuals contributing to your business in exchange for a "reward," typically a form of the product or service your company offers.
- Subset of donation-based crowdfunding

3. Equity-Based Crowdfunding

- It allows contributors to become part-owners of your company by trading capital for equity shares.
- Receive a financial return on their investment

4. Peer-to-peer lending

- An online platform is used to match lenders with borrowers, so that investors can provide unsecured loans to the borrowers.
- The interest rate on such loan is fixed by the platform.

BENEFITS OF CROWDFUNDING

- Reach
- Presentation
- Public relation and marketing
- Validation of concept
- Efficiency
- Cost effectiveness
- Investment opportunity

RISKS OF CROWDFUNDING

- Risk of default
- Risk of Fraud
- Information risks
- Systematic risk
- Liquidity risk

INDIAN CROWDFUNDING PLATFORMS

BITGIVING

- It allows all kinds of creators.
- 6-10% platform fee on the amount funded, depending on whether or not the seekers are non-income people or working in corporate sector.

MILAAP

- Founded in 2011 based in Bengaluru.
- It began as a crowdfunding platform for micro-loans for people living in rural India, supporting low-income borrowers with initiatives consisting of schooling, health , water and sanitation and medical causes.

KETTO

- Founded in 2012, its headquarter is in Mumbai.
- Its focus area is

1. Community/social initiatives.
2. Creative arts
3. Private development (health/schooling/travel).

WISHBERRY

- It is a donations-for-rewards crowdfunding platform introduced in 2010 in Mumbai and is completely dedicated to investment for innovative tasks.
- Campaign coach for writing an effective pitch, a video and deal with the logistics of selecting, sourcing and distributing the rewards.

Rang De

- India's first peer 2 peer online micro lending CFP
- Founded in 2008 in Bengaluru.
- Focused on Rural entrepreneurs and social investments.
- An amazing issue is that above 93% of debtors have been girls.

FAIRCENT

- Headquarter in Gurugram
- A peer-to-peer lending platform and a digital market wherein borrowers and creditors can interact immediately, without the involvement of banks.

SOME TOP CROWDFUNDING PLATFORMS AND THEIR FUNDINGS

NAME OF PLATFORM	TYPE OF PLATFORM	LOAN RAISED	NUMBER OF INVESTORS
KETTO	Donation	US $ 5,990,400	100,000
RANG DE	Lending P2P	US $ 7 million	9,699
FAIRCENT	Lending P2P	US $ 973,000	6,000
Wishberry	Reward	US $ 1.3 million	11,000
Feuladream	Donation	N/A	N/A
Catapooolt	Reward	US $ 150,000	2000
Crowdera	Donation	US $ 537,000	N/A
Milaap	Donation & Lending	US $ 12.7 million	N/A
Impact Guru	Donation	US $ 12.7 million	N/A

- Milaap is the biggest player inside the marketplace, has raised the equivalent of over US$12.7m through donations and microloans, even though spread across close to 50,000 projects.

CROWDFUNDING IN THE HEALTH SECTOR

- Crowdfunding has proven to be a godsend for projects in the life sciences and other similar fields that need finance. It saves time by removing the need for time-consuming documentation and assists without expecting anything in return.

- Sometimes, it is difficult for these companies to raise capital for continued development. It is a great opportunity for new investors to invest in companies working on treatments/cure close to their hearts. Some families who have or know cancer patients, won’t hesitate to invest in a company working to find a cure for the disease.

Some Crowdfunding Success Stories in India for Start-ups, SMEs, and Medical Relief

Biosense Technologies

- Bionsense, a Mumbai-based medical technology company, disproved the theory that only film makers succeed in Crowdfunding.
- By March 2013, the company founded by a team of doctors, engineers, and product designers managed to raise $500,000 for its urine analysis application called uChek on Indiegogo.

Impact Guru

- It saw donations double per minute post COVID averaging 2.5 donations per minute now.
- Impact Guru, primarily a medical fundraising platform, raised about Rs 15 crore through its COVID related campaigns.
- KVN Foundation’s ‘FeedMyCity’

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THANK YOU