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An Exploratory Study of Awareness of Crowd Funding

(with reference to specific region of Gujarat – India)

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Abstract:

Crowd funding is basically modern platform developed now a time for acquiring funds for various purposes. It is a collective effort for collective intension, either for Business or for other traditional concept like charity, social benefits, or some other objective. In other countries like U.S and U.K. it is mainstream idea to raise funds. It is sourced out by many different channels like main stream sites devoted specifically for crowd funding, Facebook, WhatsApp, etc. In Indian scenario, It is really a new paradigm for Start-up youngsters pooling out money by some Innovative way. According to Statista market forecast. "In 2018 & 2019 worldwide capital was raised by Rs. 3,42,848.37 million and Rs. 4,46,260.46 million and In 2020 it may reach to Rs. 5,50,272.84 million and almost the same growth rate in India as in 2018 Rs. 108.33 million, in 2019 Rs. 112.38 and in 2020 Rs. 114.07 million". In this research paper by the way of questionnaire - data has been collected and as convenience sampling method collected data are analysed and concluded.

Key Words:

Crowd funding, Innovative Capital, Start-up funds, Crowd Investment.

INTRODUCTION:

In India, Crowd funding is a new paradigm for financing new start-up projects with various purpose as an option as alternate financing source. As since its inception it uses different methods for collecting finance from people as mass. Crowd Funding is a method of collecting capital from different/ large group of people via Internet or through any of other social platform like online media advertisement, Facebook, Twitter, Instagram, Linkedin, Timblr through its online dedicated platform like Ketto, Wishberry, Catapooolt, Milap, Crowdrise etc. Crowd funding allows a large number of people to invest/contribute in such projects. Investment in such business projects provides collective finance as same as traditional business financing in modern ways.

This concept is more popular in other countries like U.S. & U. K. In India it is just an emerging concept. It was 1st popularized in 1997 when one of the British Rock band group Marillion raised $60,000 from large group of fans for their North American tour. Then after, it was also popularized in other countries like U.S. where ArtistShare was another example. In India, now it is taking momentum as a source of alternative/ Innovative Capital. In India, we do have such crowd funding model in history but it is not based on internet.

In past, our temples or any worshiping places were built using public places and with public donations. But now this method has taken commercial turn in form of Capital to New Start-ups via Internet and some dedicated intermediary plays role of providing platform.

Crowd Funding sites provide a chance to exchange online direct entry to interfaces speculators, Independent Investors and Entrepreneurs worldwide without any Geographical barrier. Broadly speaking there are four different types of Crowd Funding patterns popular like Donation based, Reward based, Equity based and Debt based (peer to peer).

As per the World Bank report India has very few (10) Crowd funding platform in comparison to 344 in U.S. and 87 in U.K. Therefore, for new start-ups and for investors and entrepreneurs its progressive idea in long run to understand modern concept. Hence there is a vast chance to grow in this field. This study is conducted for the same purpose, to understand "Awareness regarding Crowd funding in Gujarat".

LITERATURE REVIEW:

Professor Ethan Mollick stated first in his research analysis "Dynamics of Crowd funding an Explorative Study". Professor attempted to identify his personal network and geography network to make successful Crowd funding. By using this source it is an attempt to study how Crowd funding impacts in Indian Context.

Schweinbacher and Larradle (2010) defined crowdfunding as an open call, essentially through the internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes.

Macht & Weatherson (2014) states Crowd funding is as new source of fund raising tools for new start-ups and also advantageous for fund seeking companies as no loss at all in control or in ownership. And it also encourage fund raising activities through internet and entrepreneurs network with publicity and contacts increase in fund raising activity.

Meyskens & Bird (2015) they examined the role of crowd funding in social projects funding, and provides insights into crowd funding types, social value creation and platforms.

METHOD:

Research Objectives

- To identify whether the people of Gujarat are aware of Crowd funding.
- To identify major source of Information for Crowd Funding.
- To identify males as investors are really aware or female.
- Which platforms of Crowd Funding are famous in India?
- Whether they requires further information of crowd funding or not, etc

Hypotheses

H0 = There is no significance between people's awareness (gender) and crowd funding.

H1 = There is significance between people's awareness (gender)and crowd funding.

H0 = There is no significance between people's awareness (age) and crowd funding.

H1 = There is significance between people's awareness (age) and crowd funding.

H0 = There is no significance between people's awareness (income) and crowd funding.

H1 = There is significance between people's awareness (income) and crowd funding.

H0 = There is no significance between people's awareness (literacy) and crowd funding.

H1 = There is significance between people's awareness (literacy) and crowd funding.

Research Question –

This survey clarifies how people understand, get awareness, and perceive knowledge of different models of crowd funding.

- ✓ **How many people have awareness of crowd funding as a source of capital?**
- ✓ **How many people have awareness of crowd funding platforms?**
- ✓ **How many people are ready to know crowd funding?**

Research Design

This study is Explorative survey and descriptive in nature hence description has been done in detail. Data has been collected by primary source. Secondary data source has been utilized in form of various websites and research journals etc. In primary data collection data is collected with the help of Questionnaire. And some of the famous/ well known platforms websites have been taken for secondary data tool.

- Catapooolt - *http://www.crowdfundinsider.com/*
- Ignite Intent – *http://www.igniteintent.com/*

- Ketto - *http://ketto.org/*
- Pick A Venture - *http://signup.pikaventure.com/*
- Start 51 - *http://www.start51.com/*
- Wishberry - *https://www.wishberry.in/*

Data collection method

In Data collection 1st primary data is collected and data is collected with the help of Questionnaire, observation, Administered tele - Interview . And some of the famous/ well known platforms websites have been taken for secondary data tool.

Sampling method

Convenience sampling technique has been adopted to collect data from respondents.

Sampling Unit

Sample units selected for study is selection of people of all over the Gujarat specifically from Saurashtra region.

Sampling Size

Sampling size used for survey is of 65.

ANALYSIS:

Data Analysis and Interpretation

The collected data was processed by editing, coding, tabulation, and classification. To analyze the same data statistical tool was used. It will be represented by statistical techniques like percentages, chart, diagram, Graphs. Hypothesis testing is done through relevant statistical tools like Chi square method.

FINDINGS :

H0 = There is no significance between people's awareness (gender) and crowd funding.

H1 = There is significance between people's awareness (gender)and crowd funding.

From table no.1 & 2 it is observed that out of total 65 respondents total 28 male respondents and total 37 female's respondents were found and the majority of respondents total 46 (70.77%) are unaware about the concept of Crowd funding and total 19 (29.23%) respondents are aware about the concept of crowd funding. This shows 70.76% of respondents were unaware about crowd funding and 29.23% respondents were aware. In which 09 male respondents (47.37%) and 10 females (52.63%) are aware about the concept of crowd funding. Here the critical tabular value of null hypothesis is more than the calculated value at 5% degree of freedom Hence null hypothesis is accepted gender wise.

H0 = There is no significance between people's awareness (age) and crowd funding.

H1 = There is significance between people's awareness (age) and crowd funding.

From table no.1 & 2 it is observed that out of total 65 respondents total 45 respondents were from the age group of 18years to 30years, total 18 respondents were from the age group of 31years to 50 years and total 2 respondents were from age of more than 50 years and the majority of respondents total 46 (70.76%) are unaware about the concept of Crowd funding and total 19 (29.23%) respondents are aware about the concept of crowd funding. This shows 70.76% of respondents were unaware about crowd funding and 29.23% respondents were aware. In which total 13 from age group of 13-50 years(68.42%), 05 respondents from 31 to 50 years (26.32%) and 01 respondent from 50 and above year (5.26%) are aware about the concept of crowd funding. Here the critical tabular value of null hypothesis is more than the calculated value at 5% degree of freedom Hence null hypothesis is accepted age wise.

H0 = There is no significance between people's awareness (income) and crowd funding.

H1 = There is significance between people's awareness (income) and crowd funding.

From table no.1 & 2 it is observed that out of total 65 respondents total 19 (29.23%)respondents are aware of crowd funding and 46 (70.77%)respondents are unaware. Ranging from 0 to 5000 total 5 respondents were aware, from 5001-10000 total 2 respondents (10.53%), from 10001 – 25000 total 2 respondents (10.53%), from 25001- 50000 total 5 respondents (26.32%) and from 50001 and above total 5 respondents (26.32%) respondents are aware about the concept of crowd funding. This shows 70.77% of respondents were unaware about crowd funding and 29.23% respondents were aware. Here the critical tabular value of null hypothesis is more than the calculated value at 5% degree of freedom Hence null hypothesis is accepted income wise.

H0 = There is no significance between people's awareness (literacy) and crowd funding.

H1 = There is significance between people's awareness (literacy) and crowd funding.

From table no.1 & 2 it is observed that out of total 65 respondents total 19 (29.23%)respondents are aware of crowd funding and 46 (70.77%)respondents are unaware. From which total 19 respondents, 08 respondent were literate up to graduation (42.11%), total 10 respondents up to post-graduation (52.63%), total 01 respondent as Researcher (5.26%) were aware of the concept of crowd funding and remaining were unaware of crowd funding. Here also the critical tabular value of null hypothesis is more than the calculated value at 5% degree of freedom Hence null hypothesis is accepted literacy wise.

From table no. 3 total 19 respondents are aware about concept of crowd funding from which total 05 respondents (26.32%) receives information from friends and family category 1, total 03 respondents (15.79%) receives information from press category 2, total 09 respondents(45.37%) receives information from social media category 3 and total 02 respondents(10.53%) receives information from words of mouth category 4.

Here it reflects that social media is the best source to reach people's mind and it is successful tool from clearing concept of crowd funding concept.

From table no.3 Total 3 platforms are mostly famous by the respondents in which total 09 respondents (47.37%) were aware about Ketto, 04 respondents (21.05%) were aware about Milap and 06 respondents (31.58%) were aware about Wishberry as the suitable and well known platform for crowd funding. The most respondents stated Ketto as well known and most suitable platform from the listed well known platforms.

From table no.4 Total 49 respondents (75.38%) were willing to take knowledge of crowd funding and remaining total 16 respondents (24.62%) were not willing to take knowledge of crowd funding. Hence from the same figures researcher can see emphasize that people are willing to acquire knowledge about concept.

Figures/ Tables/Charts:

Table 1 Demographic table

Socioeconomic profile	**Frequency**	**Percentage**
Gender		
Male	28	43.085
Female	37	56.92
Age		
18 – 30	45	69.23
30 – 50	18	27.69
50 above	02	3.08
Status		
Employed	44	67.69
Un employed	21	32.31
Income Group		
0 – 5000	21	32.31
5001 – 10000	09	13.85
10001 – 25000	13	20.00
25001 – 50000	14	21.54

50000 above	8	12.31
Educational Qualification		
HSC	03	4.62
Graduate	25	38.46
Post Graduate	30	46.15
Professional and researchers	07	10.77

Table 2 Tabulation of Awareness among people.

Socioeconomic profile	**Frequency**	**Percentage**
Gender		
Male	09	47.37
Female	10	52.63
Age		
18 – 30	13	68.42
30 – 50	05	26.32
50 above	01	5.26
Income Group		
0 – 5000	05	26.32
5001 – 10000	02	10.53
10001 – 25000	02	10.53
25001 – 50000	05	26.32
50000 above	05	26.32
Educational Qualification		
Upto Graduate	08	42.11
Post Graduate	10	52.63
Researchers	01	05.26
Professional	00	0

Table 3 Tabulation of Source of Peoples Awareness & Platform about crowd funding.

Source	No. of People	Percentage
Friends & Family members	**05**	**26.32**
Press	**03**	**15.79**
social media	**09**	**45.37**
words of mouth	**02**	**10.53**

Platform	No. of People	Percentage
Ketto	**09**	**47.37**
Milap	**04**	**21.05**
Wishberry	**06**	**31.58**

Table 4 Tabulation of Peoples Willingness to know about crowd funding.

Willing	No. of People	Percentage
Yes	**49**	**75.38**
No	**16**	**24.62**

CONCLUSION:

It is being observed in recent times that new methods of fund raising are gaining their importance and crowd funding is one of them. Funding for new ventures and new platforms are always demanded by our economy. In past surveys also it is revealed that people were not aware about this new concept of raising capital – Crowd funding. In this survey also respondents are not aware about the concept and there is no doubt regarding people's willingness to acquire further new knowledge about concept which prompt or support fund raising for new ventures or startups. In US and UK this concept is taking too much growth and that economies are seriously thinking to give a way out to crowd funding as a main stream of source of finance by amending their Laws but in India it no such fundamental amendments are made which can support this concept. As there will be amendment in Law people will also get knowledge as appropriate source of capital as crowd funding.

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