

CONTRIBUTION TOWARDS PERSONAL AND SOCIAL CAUSES USING DONATION-BASED CROWDFUNDING PLATFORMS WORKING IN INDIA.

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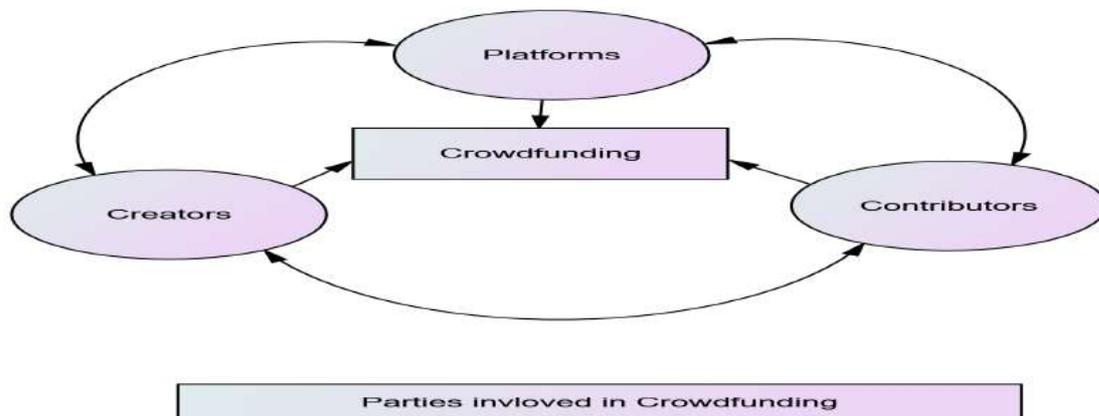
Abstract: *CSR activities and donation-based Crowdfunding is emerging trends and generates financial needs. In simple both are the same coin with different faces which generates financial funds to achieve the target at a specified time towards the social and economic welfare of the society through raising the funds through the Indian based platforms is more competitive and challenging. CSR will create a wide range of opportunities to generate funds through the large number across the country using crowdfunding as sources in another way, crowdfunding can be used to create a micro fund many personal and social causes and different activities with a company's CSR goals. The study aims at knowing the relationship among fundraisers through a donation-based model in crowdfunding using Indian based platforms that have the potential to become CSR activities. Lesser the minimum contribution more the success rate, so it is advisable to minimize the minimum contribution level so many contributors can contribute towards the campaigns. It can helps the needy people which as social and economic impact towards the Indian economy.*

Keywords: Contribution, Donation-Based Crowdfunding, Indian platforms, personal and social causes

Introduction

Finance is a one of the need for every individual to fulfil the basic necessities” every Individual who has financial instability for their basic needs will have question from where I get a fund. Majority of the peoples will fail during the fund raising, lack of knowledge, awareness of knowing the different financial alternatives which suits them and able to bear that risk.

In Simple way crowd funding is raising funds for the needy people from the large number of people who have fulfil their own needs and has excess earnings (savings) and who have willingness, intensions and motivations to share their financial resources to others who is not have financial aid. For different causes like personal or social using donation based model.



The person who contribute the financial aid to needy people are known as contributors. The persons who needs a financial help is known as creators. The platforms is an intermediates between the contributors and creators.

Crowd funding is mainly classified into 2 category:

Non- financial model: Donation and Reward based.

Financial model: Equity and Debt Based

➤ **Donation based Crowd funding**

It is where funds are raised for charitable causes. People donate without expecting any monetary compensation. It runs on philanthropic donations. It involves no risk for the person donating for the cause.

➤ **Reward based Crowd funding**

It is where a gift of appreciation or pre-purchase of the respective product or service is given in return for funding the particular campaign. The more the money invested, the greater the reward. It is on these model websites like Kick starter runs its business. It involves low risk for the person investing in the product or service.

➤ **Equity based Crowd funding**

It is where the investors receive equity instruments or profit sharing option in return for the amount invested in the company. This model has the advantage of having unlimited potential for financial gain, due which it is able to attract more number of investors.

➤ **Lending based Crowd funding**

It is where the investors receive a debt instrument which pays a fixed rate of interest and

returns principal on a specified schedule. The rate of return is pre-determined and investors have the preference of being paid out first in case of bankruptcy.

➤ **Royalty based Crowd funding**

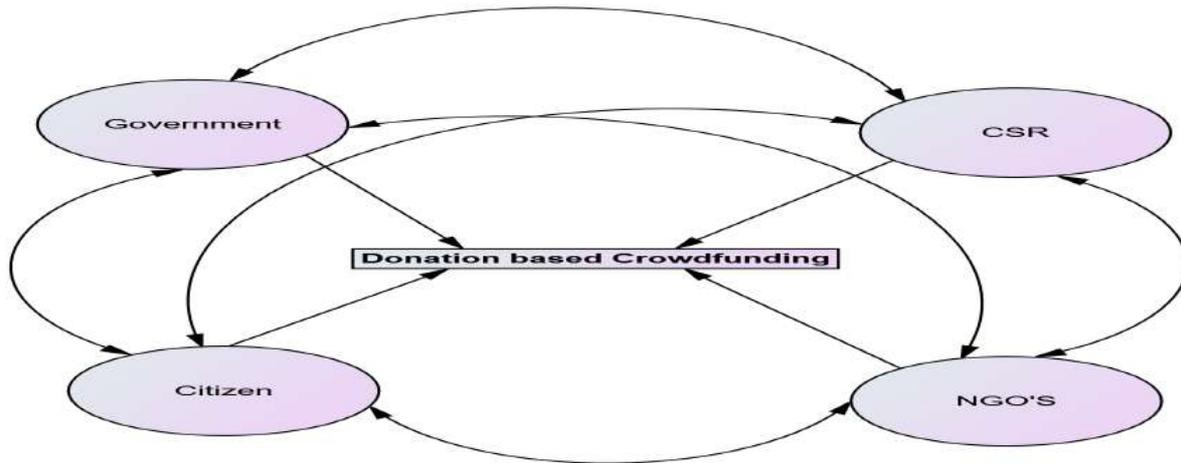
It is where investors receive a share in a unit trust, which acquires a royalty interest in the intellectual property of the company raising funds. Over a period of time a percentage of revenue is paid where the payout varies depending on the revenue of that particular period. This model has unlimited potential gain, but the rate of gain is predetermined by the interest rate. The investment presents less risk or return than an equity investment, but more than a debt instrument.

Usually crowd funding platforms provide time period of 30 to 40 days to campaigning or raising the fund for a project or venture or causes. It depends on different platforms. “The main problem is that the industry is very fragmented and a lot of investors and entrepreneurs are unsure of how to start using crowd funding. Therefore, there will be a major need to educate entrepreneurs, investors and other stakeholders in the industry to speed up the adoption process”

Corporate Social Responsibilities: As per the Companies Amendment Act 2013, the Indian companies have a compulsion to contribute certain percentages towards CSR activities. This compulsion has increased the funding towards CSR.

Indian based platforms: Presently 15 platforms are working in India based on different financial and Non- financial models. Donation based, reward based and debt based are functioning, when it comes to Equity based model still regulatory is not approved.

Social media is playing a significant role to engage the interested groups towards funding. Donation-based Crowdfunding is emerging trends and generates financial needs. In simple both are the same coin with different faces which generates financial funds to achieve the target at a specified time towards the social and economic welfare of the society through raising the funds through the Indian based platforms is more competitive and challenging. CSR will create a wide range of opportunities to generate funds through the large number across the country using crowdfunding as sources in another way, crowdfunding can be used to create a micro fund many personal and social causes and different activities with a company’s CSR goals.



The study aims at knowing the by using donation-based model in crowdfunding by using Indian based platforms how contributors are contributing towards personal and social activities through the campaigns are tested . Using the secondary data which is published in crowd funding websites is considered for the study.

Review of Literature

Crowdfunding is a concept that has been existent from 1700s. From then the concept has taken various forms and has evolved into one of today's prominent and upcoming alternative to raising funds. To understand the concept and its involvement, various articles were studied and reviewed. All the articles collected in order to provide relevant details on the concept of crowdfunding.

1. The study aims at CSR and disaster relief operations through raising the funds through crowd funding. Primary data is collected through structured questionnaire with a sample size of 232 responses by using the technique SEM and the study restricted CSR contribution in Indian context relating to Indian firms. The study concludes that unique contribution and CSR funds collected through donation based crowd funding regarding natural disaster which affects the social and financial aid.
2. The study aims at exploring information quality which moderates the relationship of CSR and donation based crowd funding towards disaster related activities. The sample size is of 200 responses among different industries are collected and Partial Least Square SEM is used for test hypothesis and found that it has a significance towards CSR activities and donation based crowd funding.

3. The study aims at understanding behavior of contributors towards application of disaster relief operations through crowd funding platforms. The sample size is of 321 responses and Civic Voluntary Model (CVM) has been applied. The study results a positive impact on the behavior of contributors which leads to higher participation in disaster relief operations through platforms.
4. The study aims at exploring the business value and CSR perspective towards CSR Crowd funding. The sample is collected by using Snowball sampling technique and by structure questionnaire and interview methods to the crowd funding experts. The study concluded that CSR Crowd funding have both positive and negative impacts on particular business value creation.

Objectives of the study

1. To understand the different types of Crowdfunding.
2. To understand the role of Donation based Crowd funding in India.
3. To understand the contribution of funding towards personal and social causes with reference to crowdfunding Platforms working in India.

Research Question

What is the role of Donation based Crowd funding on personal and social causes based on platforms working in India.

Types of Crowd Funding

Type	Donation Based	Reward Based	Debt Based	Equity Based
Motivated Factors which influences the Funders to Invest in Project or causes	Social Factors or Intrinsic value	Social factors Intrinsic and Extrinsic	Social or Financial Gain	Financial gain and owning the shares
Contributions	Donation	Pre order	Loan	Investment
Expected returns	Intangible Benefits like self-Satisfaction	Intangible and Tangible benefits	Return on Investment	Return on Investment
Complicity process	Very Low	Low	Medium	High
Main Focus on	Causes	Projects – Short term in nature	Short- Term borrowings	Projects for long term start ups
Benfinaries	Non-profit Entities and Individual or	Small starts up and	Individuals and Business	Starts Ups and

	group of persons	funders	Entities	Investors
Contract	Contract without Reward	Purchase Contract	Lending Contract	Shareholding Contract
Existences of type of fund in India	Available	Available	Available	Not Available

Advantages of Crowd Funding: As it is emerging concept in India. Many of them are unaware. By the observations some the advantageous which can be relating to Investors, Platforms and Donors are listed below.

1. Fund is very important even though people have innovative and talented idea lack of money becomes a hurdle. It helps to cross that hurdle and fulfil dreams into reality.
2. It is open to everyone who is having the potential, dedicated with a dream. Artists, musicians, painters, dancers, singers, photographers, writers, scientists, event managers, causes personal health anyone can benefit. One word it has multiple list of funding.
3. It helps collect funds for the project quickly and easily not only from India cutting the barriers relating to Investments. It's all over the world has many platforms got a contribution for different part of the world. Don't have to invest lifetime savings or wait for years to save money to make ones dream come true.
4. Crowd funding minimizes the tedious fundraising process like traditional method and its associated time and cost) so entrepreneurs spend more time where it counts, on the business. Scrappy entrepreneurs from humble means are no longer disadvantaged when trying to launch companies from scratch.
5. Anyone who is interested and has a little capital to spare can participate in financings. Ultimately, the industry shifts from "rich get richer" to "smart gets richer." Diversification of the investor base is good for management, who receives a wealth of points-of-view but is no longer beholden to a small number of parties.
6. Complex, difficult, and niche ideas get funded. Entrepreneurs not constrained to 5-7 year payback windows can pursue models with high creativity, democratized invention, and
7. Savings of people can be converted into Investment where large or huge amount is not involved from the single person there is no minimum contribution is there.
8. Mode of Investments is very easy as majority of people are using smart phone and though online apps transactions can be made easily.
9. Marketing the product or services with raising the funds.

10. Any improvement relating to product or services donors getting on spot suggestions on that.
11. One of the important feature is retaining the control of Management by them itself.
12. Cost Reduction is one of the main features where many companies go for crowd funding.

Crowd funding Platforms Working in India for personal and social causes:

From the 15 platforms working in India, only specialized platforms which is giving priority to personal and social causes based on donation based are selected for the study. From the below table over all summary can be known.

Crowdfunding Platform Name	Websites	Fundraisers	Raised Amount (INR)	Donations	Funds Can be raised for	Platform fee Charged
Milaap	https://milaap.org/	250,000+	Rs. 1000 Crores +	4.1 Million +	Medical, Education, memorials, emergencies, animals, children, sports, community, elderly, arts and media, women, technology, environment, human rights, social entrepreneurs, rural development	Zero
ImpactGuru	https://www.impactguru.com/	5,00,000+	980+ Crore	100 Crores+	NGO, personal causes, emergencies, medical, transplant, child health, cancer	Zero
Ketto	https://www.ketto.org/	2 Lakh+	1100 Crs+	55 Lakh+	Cancer, accident, animals, kidney failure, brain injury, lung diseases, rare diseases, memorial	Zero

Source: Crowdfunding websites of platforms mentioned above

Contribution of funding towards personal and social causes with reference to crowdfunding Platforms working in India:

Campaigns are selected from the platforms based on convenience sampling techniques, top 5 displayed in the platforms websites are selected for the study. Ongoing campaigns are taken for the study from the specified websites of crowd funding platforms.

Sample 1: Milaap

Causes –Personal/ Social	campaign Name	Minimum Contribution	Target Amount	Fund raised Rs.	Highest Contributors or Backers	Successful / Unsuccessful/ Pending	Tax Benefit	Left days	Supporters
Social	Rising Warriors	2500 or any other	80,000	41,546	10,000	ongoing	Yes	9	39
Personal	Please help me undergo knee replacement surgery	2500 or any other	45,00,000	41,58,427	1,000	ongoing	No	69	294
Personal	Support ShrikantRajemahadik Recover From Acute Myeloid Leukaemia	2500 or any other	50,00,000	18,84,382	5,000	ongoing	No	29	279
Personal	1 Year Old Haasinisri Needs Your Help To Recover From Wilms Tumour	2500 or any other	15,00,000	12,76,902	1000	ongoing	No	24	984
Personal	Help Family of Janak Raj (Farmer/ Cycle Mechanic)	2500 or any other	20,00,000	11,04,009	5,000	ongoing	No	3	1122

5 ongoing campaigns are selected from millap platforms, it's found 2,500 is the minimum contribution mentioned in the campaigns and majority of campaigns are raised funds towards the personal causes and both tax and non-tax benefited are consider.

Sample 2: Impact Guru

Model	Campaign Name	Minimum Contribution mentoned	Target Amount	Fund raised Rs.	Highest Contributors or Backers	Successful / Unsuccessful/ Pending	Tax Benefit	Left days	Supporters
Donation	Support Nomini To Win The Battle Against Leukemia!	1750or any other	40,00,000	2,95,092	3,000	Ongoing	No	Not Mentioned	150
Donation	Support My Only Son Before Covid-19 Can Devour Him!	1,750 or any other	12,00,000	3,28,264	7500	Ongoing	Yes	Not Mentioned	188
Donation	Support Buddy Who Is Beaten By His Owner!	1,750 or any other	1,00,000	53,950	3,000	Ongoing	yes	Not Mentioned	30
Donation	A Birthday Is A Luxury For My Son! Help Him Reach 2nd!	1,750 or any other	1,23,000	1,37,891	None	Ongoing	yes	Not Mentioned	20
Donation	Help Me To Raise Funds For My Daughter's Treatment	1,750 or any other	15,00,000	12,55,029	None	Ongoing	No	Not Mentioned	188

5 ongoing campaigns are selected from platforms, it's found 1,750 is the minimum contribution mentioned in the campaigns and majority of campaigns are raised funds towards the personal causes and both tax and non-tax benefited are consider and duration of remaining days is not given.

Sample – 3: Ketto

Model	Campaign Name	Minimum Contribution mentoned	Target Amount	Fund raised Rs.	Highest Contributors or Backers	Successful / Unsuccessful/ Pending	Tax Benefit	Left days	Supporters
Donation	Help Shravan Take Care Of 200+ Injured And Abandoned Animals	1,000 or any other	2,00,00,000	1,83,32,900	1,00,00	Ongoing	Yes	2	14530
Donation	My Little Boy's Cancer Has Relapsed Twice But I'm Helpless. Please Save Him	1,000 or any other	5,00,00,000	1,67,92,300	1,00,000	Ongoing	No	29	3480
Donation	Help Raise Funds For Mumbai's Community Kitchens & Feed The Underprivileged	1,000 or any other	50,00,000	51,37,430	5,00,00	Ongoing	Yes	12	1553
Donation	Offer A Helping Hand To Support Dr.Balaji Prasad's Treatment	1,000 or any other	1,00,00,000	49,60,420	1,50,000	Ongoing	No	70	1263
Donation	PromiseWalaDabba	1,000 or any other	50,00,000	5,01,033	3,30,000	Ongoing	No	18	86

5 ongoing campaigns are selected from platforms, it's found 1,000 is the minimum contribution mentioned in the campaigns and majority of campaigns are raised funds towards the personal causes and both tax and non-tax benefited are consider .

From the 3 Samples it found.

Lesser the minimum contribution more the success rate, so it is advisable to minimize the minimum contribution level so many contributors can contribute towards the campaigns. It found that Minimum contribution are expected by the contributors by the campaigns developers are given in the campaigns , but it found that less the minimum contribution are contributed towards the campaign and tax benefited campaigns are more successful compared to non-tax benefited campaigns, unique and information quality of the campaigns also have significant role for raising the targeted amount. Some campaigns are raised above the targeted before days and amount based on the need for the funds and adverting, social media also have the role in the success.

Findings and Suggestions

The study aimed at understanding concepts relating to donation based crowdfunding towards the personal and social causes in the context of India. From the previous reviews it found that contribution towards personal and social causes funding campaigns are having a positive

impact, when guidance through a donation-based platforms and reaching more people and which can pool more funds towards the targeted donation campaigns, can help the different campaigns which has created by individuals, NGO's etc. can achieve the social and financial helps for the victims of different purposes.

Conclusion

In the study it found that there is positive and significant impact of donation based crowd funding on individuals who is need of funds for their financial need. Many people can get more benefits out of the donation based crowdfunding model in India. It can help the needy people which as social and economic impact towards the Indian economy.

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