



## AWARENESS LEVEL OF CROWDFUNDING IN HYDERABAD

N. Vani\* Dr. A. Srihari Krishna\*\*

\*Research Scholar, Mewar University, Rajasthan.

\*\*Research Supervisor, Mewar University, Rajasthan.

### Abstract

The present paper highlights about the awareness level of crowd funding in the city of Hyderabad. Crowd-funding is the process of pooling the resources by a group of people for a common goal typically through the Internet. Crowd-funding is not new to India. The concept of raising the financial contribution for the ventures or projects from the general public is not new.

The idea of raising the finance for a project by a group of people is as old as time. The present day crowd funding is the altered, internet model of the same old concept. The internet has made the whole process of communicating an idea and raising funds for the same much easier and faster. There are many instances of organisations reaching out to common people for funding. However, the emergence of platforms that promote crowd-funding is fairly recent to India. Crowd-funding has been in India for quite a few years now however still the quantum of funds collected is very much low as compared to the crowd-funding platforms in other countries.

It is becoming an emerging and innovative online platform that provides small businesses and start-ups with opportunities to increase their social media presence, investment base, and funding prospects. This research paper emphasizes on the Awareness level of this Concept among the people in the Hyderabad.

### Introduction

Traditional methods of raising funds for the projects or ventures through issuing of shares to the public and debt finance are not easily available to small enterprises and start up entrepreneurs. Crowdfunding is the practice of funding a project or a venture by raising capital from a large number of people through internet. The idea behind crowdfunding is to communicate the creative ideas to individuals in order to get funds.

Banks and other financial institutions can be replaced with large number of common people as a source of finance for small, medium size and start up businesses.

With the support of the Government and the regulatory authorities, crowdfunding could become a useful source of funds to fledgling companies and start-ups in developing countries like India too.

Indian scenario

There has been attempts to gear up Crowdfunding Concept in India through the Campaigns like Teach for India, save our Tigers, to the latest initiatives by the Prime Minister like the “Manama Ganged Fund”, “Swatch Barth Fund”, and the (LPG) “Give it Up” Campaign, and also pioneer initiative by the Chief Minister of Andhra Pradesh Mr. Chandrababu Naidu in the form of “My Brick – My Amaravathi” campaign through which he is collecting resources from the public through exclusive website for the construction of the New capital city of Bifurcated Andhra Pradesh.

### Statement of the problem

The new and small entrepreneurs find it difficult to raise funds from the traditional financial sources such as Banks and other financial institutions. The reasons may be procedural formalities. Crowd funding is cost effective and does not involve much procedural formalities

### Objectives of the study

1. To study the Awareness level of Crowd funding amongst the people in Hyderabad.
2. To study the relationship between age and the level of awareness of crowd funding.
3. To suggest the strategies to enhance awareness level of Crowdfunding .

### Methodology of Research

Type of research :The study is Analytical and descriptive in nature

### Sources of Data Collection

Primary and secondary sources of data have been used.

Primary data were collected through questionnaires and secondary data was collected from journals, magazines, and Websites.

**Sampling Technique :** Convenient sampling technique has been used to collect the data.

**Sample size :** The opinion of 150 people has been considered .

**Scope of the study:** The scope of the study is restricted to Hyderabad city

#### Limitations

Research is purely based on the responses given by the respondents. Due to resource constrain and the time factor only a small sample size of 150 .Respondents has been considered

#### Tools of Analysis

Percentage analysis has been used to analyze the data

Analysis and Interpretation of data

**Table 1: Demographic Profile of the Respondents**

Particulars	Independent variables	Frequency	Percentage
Gender	Male	83	55 %
	Female	67	45
Age	Below 18	32	21
	18-25	51	34
	25-40	36	24
	40-60	18	12
	Above 60	13	9
Employment status	Unemployed	32	21
	Employed	58	39
	Business	60	40
	High school	12	8
	Higher secondary	26	17
Qualification	Graduation	71	47
	Post graduation	41	27
Course	Commerce and management	90	60
	Science	60	40
Marital status	Married	115	76
	Unmarried	35	24

Table 1 shows the demographical factors of the respondents and the percentages there of

**Table 2. Variables Measuring The Awareness Level of Crowd Funding**

S no	Variables	Yes	No
1	Do you have any idea about Crowdfunding concept?	90	60
2	Have you ever funded in Crowdfunding?	48	102
3	Do you think crowdfunding is a better way to pool capital?	70	80
4	Do you think crowdfunding is riskier when compared to all other sources of financing	60	90
5	Do you think crowdfunding should be promoted in India?	119	31
6	Will crowdfunding help in pooling huge capital?	76	74
7	Do you think crowdfunding affects Financial Institutions?	100	50
8	Should crowdfunding be given organizational structure?	77	73
9	If given a chance would you like to fund in a Crowd funding activity	110	40
10	Do you think a subject on crowdfunding should be introduced for Commerce and Management Graduates as a part of curriculum?	98	52
11	Do you think crowdfunding will create job opportunities?	74	76

**Objective 2 :** to study the relationship between age and the level of awareness of crowd funding .

**Null Hypothesis :** There is no relationship between age and the level of awareness of crowd funding .

**Alternative Hypothesis :** there is a significant relationship between age and the level of awareness of crowd funding .

**Table 3**

Age	Level of Awareness			Total
	Good	Averag	Low	
0-20	7	6	5	18
20-35	12	6	7	25
35-50	7	8	8	23
above 50	8	9	7	24
	34	29	27	90

Table 3 shows the age of the respondents and the level of awareness.

Calculated chisquare value = 0.893784.

Critical value at a significant level of .05 with a degree of freedom 6 is = 12.59.

Calculated value is less ( accept) the null hypothesis.

Conclusion : There is no relationship between age and the awareness level.

**Objective 3 :** to study the relationship between education and the level of awareness of crowd funding .

**Null Hypothesis :** There is no relationship between education and the level of awareness of crowd funding .

**Alternative Hypothesis :** there is a significant relationship between education and the level of awareness of crowd funding.

**Table 4**

education	Awareness Level			Total
	Good	Averag	Low	
higher secondary	7	5	6	18
graduation	22	11	7	40
post graduation	17	6	9	32
	46	22	22	90

Table 3 shows the qualification of the respondents and the level of awareness.

Calculated chisquare value = 0.064819.

Critical value at a significant level of .05 with a degree of freedom 4 is = 9.487.

Calculated value is less ( accept) the null hypothesis.

**Conclusion :** There is no relationship between qualification and the awareness level.

### Findings

1. There are 45% of Female respondents and 55% of Male respondents.
2. Majority 34% of respondents' belong to the Age category of 18 – 25 years and 24% between the age 25 to 40.
3. 40% of the respondents' are business people, 39% are employees and 21 % of the respondents are unemployed or the students.
4. Of the respondent's majority 47% are graduates, 28% of the respondents are post graduates, and 21% are under graduates.
5. Majority of 60% of the respondents are management graduates and remaining 40% of the respondents are non management or the science graduates.
6. 60% of the respondents are aware of the concept of the crowd funding where as 40% of them are not aware of the concept.
7. Only 32% of the respondents have funded at least once for the projects though 60% of the respondents are aware of the concept of crowd funding .
8. 46% of the respondents are of the opinion that crowd funding is a better way to pool capital.
9. 40% of the respondents are of the opinion that the crowd funding is less risky when compared to all other sources of financing.



10. (79%) Of the respondents suggest that crowdfunding concept should be promoted in India.
11. 50% of the respondents say that crowdfunding will help in pooling huge capital .
12. 66 % of the respondents are of the opinion that crowdfunding would affect the Financial Institutions.
13. Majority 51% of the respondents feel that crowdfunding should be given an Organizational Structure.
14. 52% of the respondents are ready to fund in a crowdfunding activity .
15. Majority 65% of the respondents say that crowdfunding should be introduced for Commerce and Management students as a part of their curriculum .
16. 50 % of the respondents say that crowdfunding will create job opportunities.

### Suggestions

After the due analysis of the data and based on the findings of the research, the following suggestions would be helpful to create a due awareness about crowd funding concept.

1. Number of crowd funding initiatives to be introduced in the immediate society.
2. Crowd funding concept should be introduced as a part of curriculum for commerce and management courses.
3. Crowd funding concept and such initiatives should go viral in the social media.
4. Crowd funding concept should be introduced as a part of discussion in seminars, conferences and management fests.

### Conclusion

The findings shows that though there is due awareness among the general public , still the importance of crowdfunding as a source of finance for business opportunities is not in tune when compared with the other sources of finance. It is the collective responsibility of the general public and the government to provide a spotlight on crowd funding concept and reduce the dependency of the start ups and the young entrepreneurs on the traditional instructions for the financial assistance.

### References

1. Crowdfunding at India- A study of Indian online crowdfunding platforms/ Dr. Hetal Jhaveri/ Prof. Anjali.
2. An insight into crowdfunding in India . Dr. Mallika Srivastava/ Ms. Kayalvizhi .
3. J.M.& Mr. Madhup Sagar/ International Journal of Management and Social Science Research Review, Vol.1, Issue.6, Dec - 2014. Page 56 to 62/ ISSN -2349-6738.
4. Karish Manchanda, Pushkala Muralidharan/ Crowdfunding: A paradigm in Start-up Financing/.
5. GCBF proceedings/ volume 9/ number 1/ 2014/ISSN 1941-9589.
6. Primary data collected through Questionnaire from the general public in the city of Hyderabad.
7. [www.wikipedia.org/crowdfunding](http://www.wikipedia.org/crowdfunding) concept/.
8. Crowdfunding platforms for start-ups: Little awareness & legal hurdles . Ecomic times of India.
9. Young, Thomas, 2013: The Everything Guide to Crowd funding, Aadams Media.
10. Agrawal, Ajay, et. al., The geography of crowd funding, NBER working paper series.
11. <http://www.douwenkoren.nl/en/how-does-crowdfunding-work/>.
12. Douglas Cumming, Sofia Johan, Demand Driven Securities Regulation: Evidence from Crowd funding.
13. [http://www.infodev.org/infodev-files/wb\\_crowdfundingreport-v12.pdf](http://www.infodev.org/infodev-files/wb_crowdfundingreport-v12.pdf).
14. <https://www.igniteintent.in>.
15. <https://www.kickstarter.com/help/stats>.
16. <http://www.mid-day.com/articles/indian-entrepreneurs-are-following-the-crowd-to-makemoney>.
17. <http://www.massolution.com>.
18. <http://ncfaindia.org/crowdfunding-in-india>.
19. <http://signup.pikaventure.com/>.
20. Mollick, Ethan, The dynamics of crowd funding: An exploratory study, Journal of Business Venturing.
21. Ordanini, Andrea, et. al., Crowd funding: transforming customers into investors through innovative service
22. <http://crowdfunding.org/>.
23. <http://www.crowdsourcing.org/document/crowdfunding-industry-report-abridged-versio-market-trendscompositionand-crowdfunding-platforms>.
24. <http://www.inc.com/magazine/201111/comparison-of-crowdfunding-websites.html>.
25. <http://tech.firstpost.com/news-analysis/meet-wishberry-a-made-for-india-kickstarter-like-crowdfundingplatform->
26. <http://www.start51.com/S>.