

AWARENESS LEVEL OF CROWDFUNDING CONCEPT AMONGST COMMERCE AND MANAGEMENT STUDENTS

Mr. Mithun Kumar. S

2nd year M.com

St. Joseph's Evening College (Autonomous)

Bengaluru

We make a living by what we GET... but we make a life by what we GIVE....!!!

Winston Churchill

Abstract

Crowdfunding is the practice of funding a project or venture by raising monetary contributions from a large number of people, typically through the Internet. It may also be defined as “the practice of soliciting financial contributions from a large number of people especially from the online Community”. A popular concept started in the USA and the UK, it is an emerging way of raising capital, entails in the use of internet or social networking sites such as Facebook or LinkedIn or Twitter or even some dedicated websites. It is becoming an emerging and innovative online platform that provides small businesses and startups 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 Post Graduation Students of Commerce and Management, who would be the Future Entrepreneurs in this Fiercely Competitive world.

Keywords: Crowdfunding, Awareness level, source of finance

Introduction

Traditional methods of raising funds through issuing of shares to the public and debt finance are not easily available to small enterprises and budding entrepreneurs. **Crowdfunding** is the practice of funding a project or a venture by raising capital from a large number of people. The concept behind crowdfunding is to communicate the idea to individuals who are open to it in order to seek funds. This is different from 'angel funds' where one person might hold a larger stake in the business. It is nothing else but the crowd's collective pocketbook. It allows large groups of people to replace banks and other institutions as a source of funds. The concept of collective funding of a project by a group of people is as old as time. The modern day crowdfunding is the modified, internet model of the same old concept. The Web has made the entire process of floating an idea and raising funds for the same much easier and faster. 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 the Country through the Campaigns like **Teach for India, save our Tigers**, to the latest initiatives by the Prime Minister like the "**Namaami Gange Fund**", "**Swachh Bhaarath 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. It is noteworthy that Crowdfunding is slowly becoming an alternative funding channel for the film industry. Film Director Mr. Pawan Kumar from Karnataka recently raised Rs 51 lakh using Facebook and other platforms for his movie titled "**Lucia**" and following the success of the initiative he is trying another similar project.

Statement of the problem

The new generation entrepreneurs find it difficult to raise funds from the traditional sources such as Banks and financial institutions. The reasons could be high cost of raising funds and procedural formalities. Crowdfunding is cost effective and does not involve much procedural formalities, **thus the justification of “Awareness level of crowdfunding concept among Commerce and management students”**

Objectives of the study

- To study the Awareness level of Crowdfunding amongst the Post Graduate students of Commerce and Management
- To suggest the strategies to enhance awareness level of Crowdfunding
- To study the Indian scenario of Crowdfunding Concept

Methodology of Research

- **Type of research**

The study is Analytical and descriptive in nature

- **Sources of Data Collection**

Both primary and secondary sources of data have been used. Primary data were collected through questionnaires and secondary data were relied upon journals, magazines, and Websites.

- **Sampling technique**

Convenient sampling technique has been used to collect the data

- **Sample size**

The opinion of 200 Commerce and Management students has been considered

Scope of the study

The scope of the study is restricted to Bangalore city and it is also restricted to Awareness level of Crowdfunding amongst Commerce and Management students

Limitations

- Is purely is based on the responses given by the respondents
- Due to time and resource constrain, only a small sample size of 200 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	64	32%
	Female	136	68%
Age	Below 25	188	94%
	Between25- 30	12	6%
	Above30	00	0%
Employment Status	Employed	16	8%
	Unemployed	184	92%
Qualification	M.com	140	70%
	MIB	36	18%
	MBA	24	12%

Table 2: Variables Measuring the Awareness level of Crowdfunding concept among Commerce and Management students:

Sl. No	Variables	Yes	No
1	Do you have any idea about Crowdfunding concept?	104 (52%)	96 (48%)
2	Have you ever funded in Crowdfunding?	16 (08%)	184 (92%)
3	Do you think crowdfunding is a better way to pool capital?	144 (72%)	56 (28%)
4	Do you think crowdfunding is riskier when compared to all other sources of financing?	104 (52%)	96 (48%)
5	Do you think crowdfunding should be promoted in India?	158 (79%)	42 (21%)
6	Will crowdfunding help in pooling huge capital?	144 (72%)	56 (28%)
7	Do you think crowdfunding affects Financial Institutions?	124 (62%)	76 (38%)
8	Should crowdfunding be given organizational structure?	124 (62%)	76 (38%)
9	If given a chance would you like to fund in a Crowdfunding activity?	140 (70%)	60 (30%)
10	Do you think a subject on crowdfunding should be introduced for Commerce and Management Graduates as a part of curriculum?	148 (74%)	52 (26%)
11	Do you think crowdfunding will create job opportunities?	146 (73%)	54 (27%)

Sl. No	Variable	Good	Better	Best	Average
12	Ranking of Crowdfunding compared to other sources of finance	54 (27%)	70 (35%)	16 (08%)	60 (30%)

Sl. No	Variable	Innovative Idea	Limited amount	Social concern
13	Major reason that would motivate to fund in Crowdfunding activity	84 (42%)	48 (24%)	68 (34%)

Findings

Findings relating to demographic profile

- There are 68% of Female respondents and 32% of Male respondents
- Majority 94% of respondents' belong to the Age category of Below 25 and 6% between the age 25 to 30
- Majority 92% of the respondents' are Unemployed
- 70% of the respondents' are pursuing M.com course

Findings relating to Awareness level

- 52% of the respondents are aware of the Concept
- Majority (92%) of the respondents have never funded in crowdfunding activity
- 72% of the respondents are of the opinion that crowdfunding is a better way to pool capital
- 52% of the respondents feel crowdfunding is riskier compared to other sources of financing
- Majority (79%) Of the respondents opine that crowdfunding concept should be promoted in India
- 72% of the respondents say that crowdfunding will help in pooling huge capital
- 62% of the respondents are of the opinion that crowdfunding would affect the Financial Institutions
- Majority(62%) of the respondents feel that crowdfunding should be given Organizational Structure
- 70% of the respondents are ready to fund in a crowdfunding activity
- Majority(74%) of the respondents say that crowdfunding should be introduced for Commerce and Management students as a part of their curriculum
- 73% of the respondents opine that crowdfunding will create job opportunities
- Majority 35% of the respondents rank crowdfunding as Better compared to other sources of funding
- Majority(42%) of the respondents vote **Innovative idea** as the Motivational factor to fund in crowdfunding

Other facts and findings

Majority 85% of the respondents feel that the concept could be well developed by adopting it as a discussion topic in Seminars and Conferences.

Majority 90% of the respondents are of the opinion that social media would be apt forum to develop the concept and also improvise such initiatives.

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 Crowdfunding Concept.

- Number of crowdfunding initiatives to be introduced in the immediate society
- Crowd funding concept should be introduced as a part of curriculum for Commerce and Management students
- Crowdfunding concept and such initiatives should go viral in the Social media
- Crowdfunding concept should be introduced as a part of discussion in Seminars and Conferences.
- Crowdfunding concept also could be introduced in Commerce and Management Fests.

Conclusion:

I would like to conclude the research paper by focusing upon the fact that, even though there is due awareness among the Commerce and Management students about the concept, yet the relevance of Crowdfunding as a source of finance for Business opportunities is not in tune with other Developed Economies of the world. It would be collective and judicious Responsibility of various stake holders of the Business sector and Economy as a whole to provide a spotlight on improvising upon Crowdfunding initiatives and reduce the hurdles of receiving financial assistance from traditional Institutions, and therefore encouraging number of start-ups and budding entrepreneurs.

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Primary data collected through Questionnaire from Commerce and Management students from numerous Universities & Colleges across the Bangalore city.
