

# STARTUPS IN INDIA

## 1. STARTUPS-

The aim of this topic is to get a descriptive overview and a relationship pattern of funding, growth and competitions of newly launched startups. Another important point to understand how funding changes with time is an important aspect because the reach and performance of the company also depend upon the fund of the company.

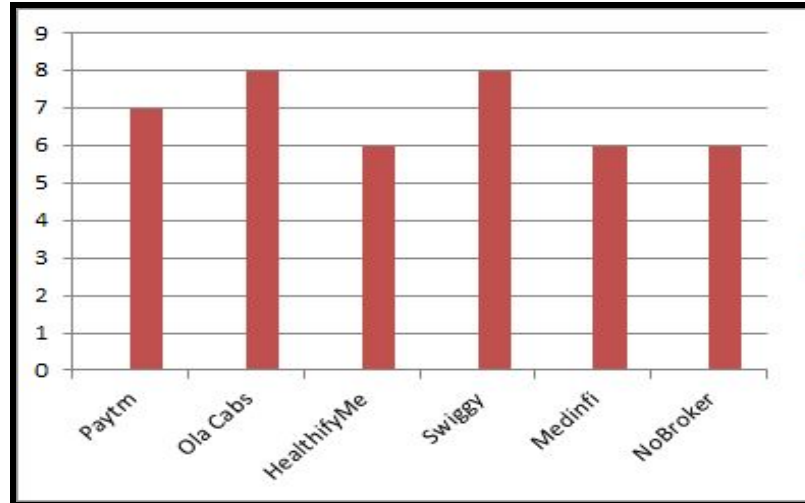
The important factors for funding are:

- Cities in which the company is located or started.
- The type of industry.
- The interest of Investors.

Data sets which I am using are from 2015 to 2020.

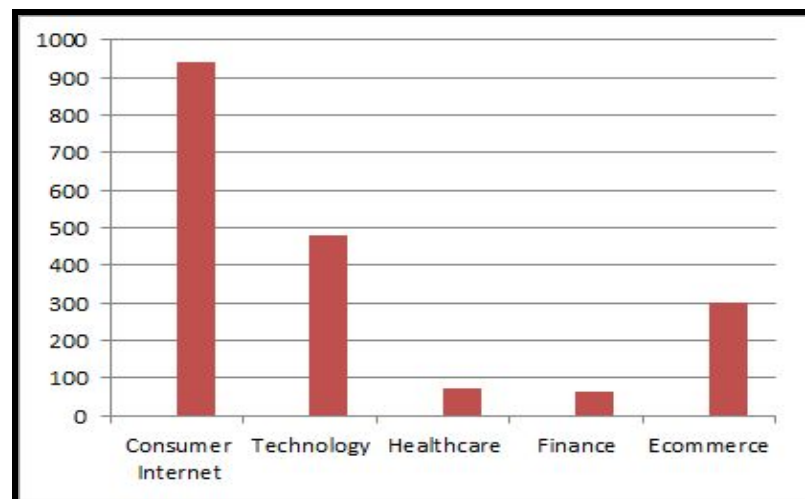
The top Startup names who was funded most of the times between 2015 to 2020 are -

1. **Ola Cabs** which consist of 0.26% of the total investment times. Has the largest market share in-cab industries.
2. **Swiggy** which consist of 0.26% of the total investment times.
3. **Paytm** which consist of 0.23% of the total investment times.
4. **Medinfi** which consist of 0.20% of the total investment times.
5. **NoBroker** which consists of 0.20% of the total investment times.
6. **HealthifyMe** which consist of 0.20% of the total investment times.



The top Industries who are funded the most are -

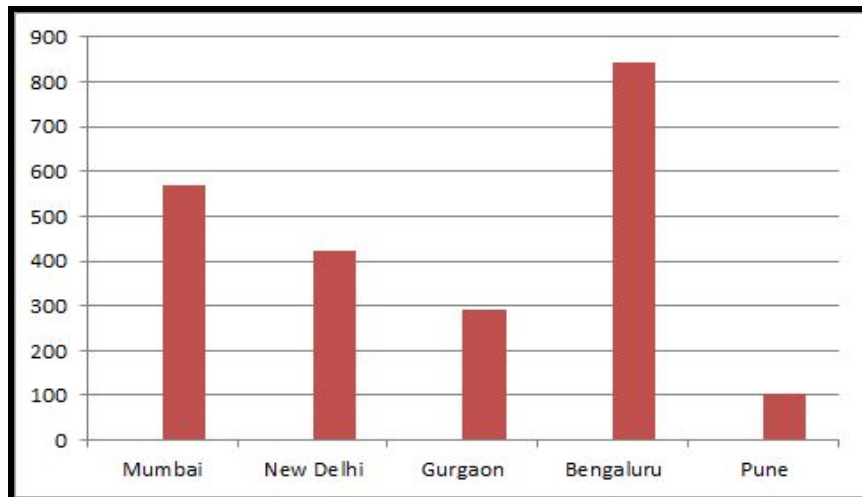
1. **Consumer Internet** which consists of 30.95% of the total. (Highest among all)
2. **Technology** which consists of 15.70% of the total.
3. **eCommerce** which consists of 9.82% of the total.
4. **Healthcare** consists of 2.33% of the total.
5. **Finance** which consists of 2.04% of the total.



Therefore investors are most interested in investing in Consumer internet industries like Google, Youtube, Foodpanda, Gaana app, Zomato, etc.

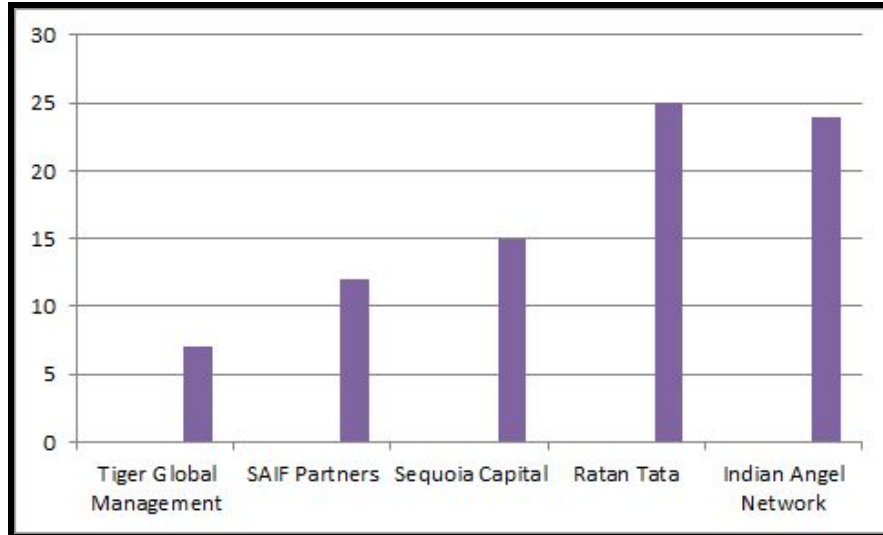
The Most preferable cities as per Investment on startups -

1. **Bangalore (Highest among all)** consists of 26.49% of the total.
2. **New Delhi** consists of 13.34% of the total.
3. **Mumbai** consists of 17.87% of the total.
4. **Gurgaon** which consists of 9.15% of the total.
5. **Pune** which consists of 3.30% of the total.



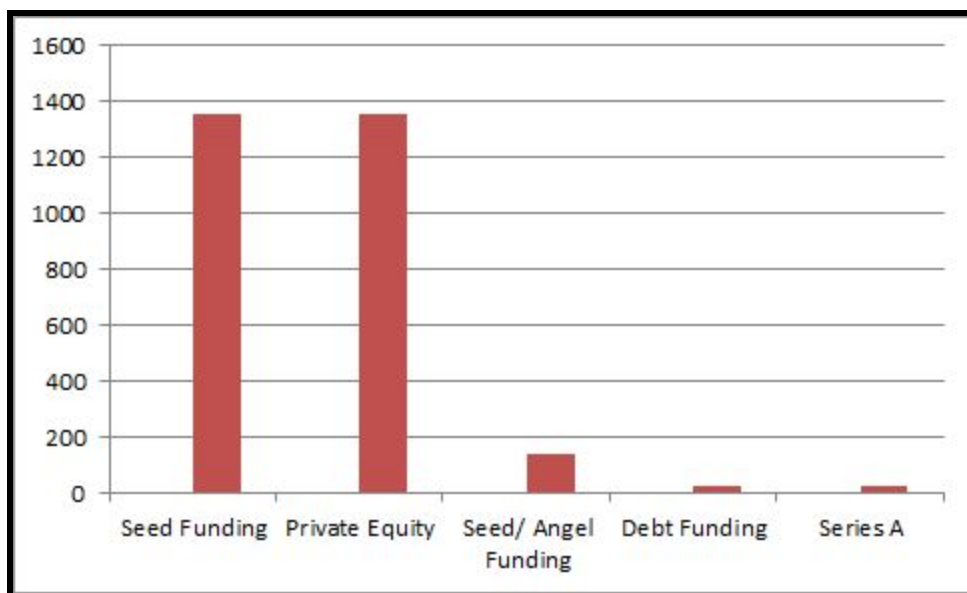
The list of the cities consists of major metros of India, which might be an indication that significant cities offer a better ecosystem and facilities for startups. Moreover, the figure also shows and proves the fact of Bangalore being the major startup hub of India.

The top investors among all investors are **Ratan Tata** and **Indian Angel Network**.

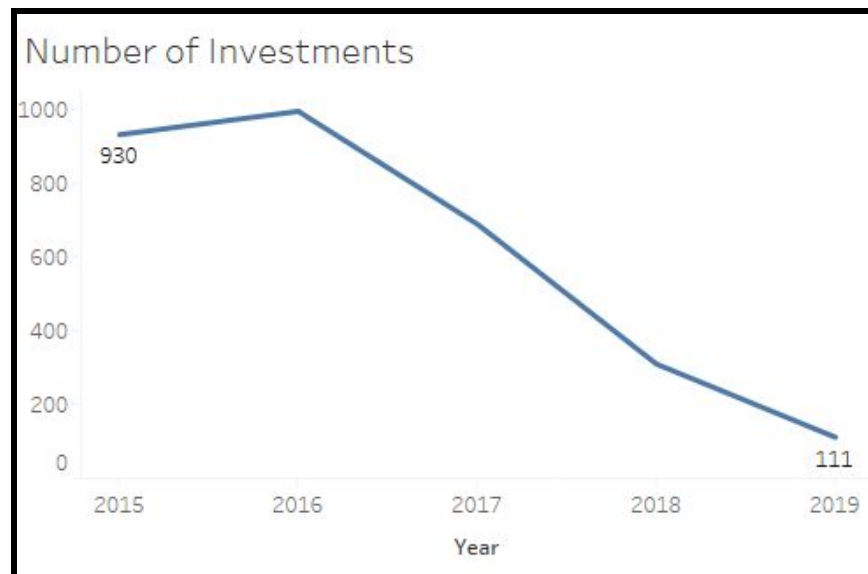


Top investment type used for investing are-

1. Seed Funding is 44.59% of the overall investment type. (Highest among all)
2. Private Equity is 44.59% of the overall investment type. (Highest among all)
3. Angel Funding is 4.64% of the overall investment type.
4. Debt Funding is 0.82% of the overall investment type.
5. Series A is 0.79% of the overall investment type.



India is considered to be the largest startup ecosystems in the world, expected to witness year over the year growth rate of 10-12%. With approx 20,000 startups in a year in India, around 16% of the total startup is technology-led startups 1,400 new tech startups were born in 2016 alone, implying there are 3-4 tech startups born every day (According to the data available on the internet).



As we can see in the graph that the number of investments has decreased drastically over the years. Whereas the amount of investment shows up and down behaviour. In 2019 the Indian market has experienced a drastic increase in the amount invested in USD.



The amount per investment has a step increase over the years except few exceptions, indicating that the investors are interested in supporting more for startups, which promises to show a better performance or has a good record.

NOTE: The number of investments is decreasing over the years but the amount invested is increasing which means fewer investors are raising their hand to invest but they are investing a huge amount.

The Above results were for **pre corona time**. Let's peep and know How these top Startup companies will get affected by the corona lockdown.

As in this pandemic time, most of the sectors are facing a financial crisis.

Let us see one by one for the top **THREE** startup funded companies-  
(ACCORDING TO DATA)

## 1. OLA CABS

OLA CAB is ranked 57790 in worldwide and 4282 in India but in the last two months during the lockdown, Ola is laying off 1,400 staff from rides, financial services and food business as revenues have declined by 95 per cent due to the coronavirus pandemic. Most importantly, this crisis has affected the livelihoods and lifestyle of millions of drivers and their families across India.

In the last two months, Ola Cab searches and ride decreased incredibly. Due to this COVID lockdown, every company in their sectors is trying to stay in control of its market cap. Due to this OLA CABS and UBER has again started a rigorous competition.

Recently, OLA CABS started giving their safe ride services to the doctors and nurses which increased it's ride per day and hence market share value. But the ride per day of this company before the lockdown was far better and greater than today and if this lockdown continues they are losing their customers and hence revenue will be less. When this COVID19 lockdown will get over then also, most people are not going to travel through this and they will prefer their own transport vehicle over OLA CABS because they will have a fear of getting infected.

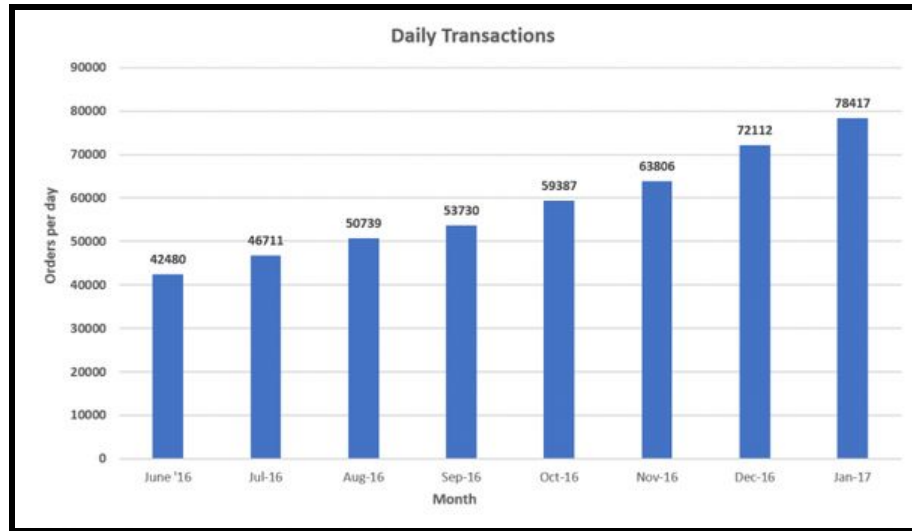
To decrease the uncertainty of their market, OLA CABS may collaborate with the government of India for transportation purposes. By doing this they may protect their drivers from experiencing a crisis and the government can reach a maximum number of people for help.

Ola Cabs are mostly funded by the Private Equity investment type. A private equity fund typically refers to a general partnership formed by PE firms which are utilized to invest in private companies. In May 2019 Rata Tata funded OLA with an undisclosed amount of money.

In this lockdown period 4, PM Modi has announced a Mega package for the firms which may prove to be a relaxation for the firms.

## **2. SWIGGY**

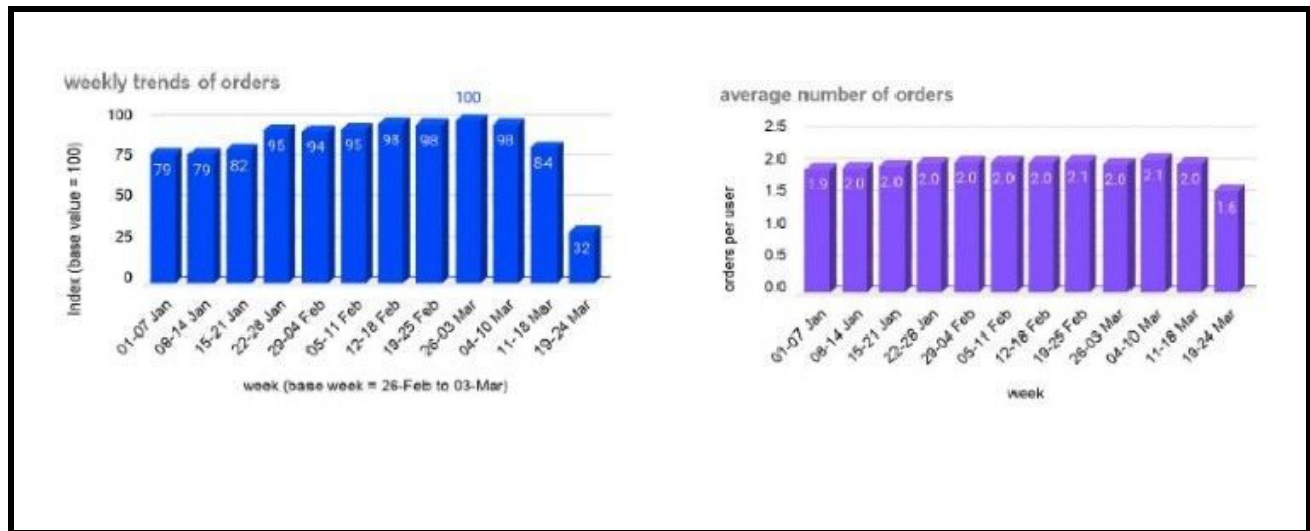
The pandemic affected the 'Buzz' (a term used in viral marketing) scores of these brands, which started declining when the lockdown started in India around early March.



The above graph is from June 16 to Jan 17 and you can see that the number of orders per day has increased incredibly during this time. In financial year 18, Swiggy experienced a boom in operating revenues with more than Rs 442 crore as compared to the financial year 2017 where it experienced Rs133 crore. They started expanding their facilities across the countries. Till Dec 19 it showed an increasing trend of a number of customers per day. After that from Jan 2020, the number of customers per day remained constant and then started decreasing.

This company is mostly funded by Naspers, Accel India, SAIF Partners, Bessemer Venture Partners, Harmony Partners, Norwest Venture Partners with investment types of private equity.





The main competitor of Swiggy is Zomato. They compete with each other rigorously through the time of delivery.

NOW

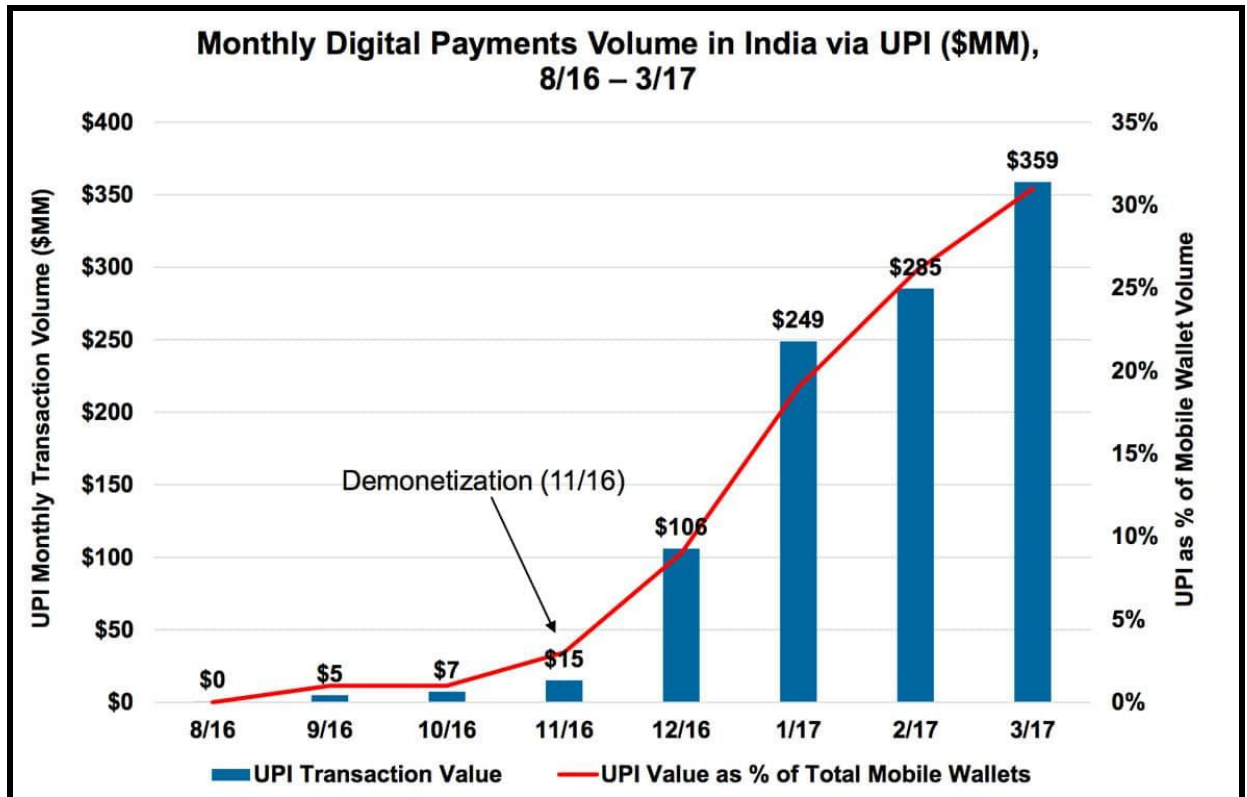
These days in the lockdown period both Swiggy and Zomato offered services like no-contact delivery, provided necessary safety materials to their staff, and later ventured into the delivery of grocery and essential items which leads to an increase in their buzz score. As most of the people are facing a crisis of grocery items so they are forced to trust these services. Many people do not want to go outside of the house because of the fear of getting infected by the virus. That's why they are taking the services of these companies.

If the lockdown period gets extended then may this company can get benefit from delivering groceries and essential items.

### 3. Paytm

Paytm was incorporated in 2010. This company provides telecom based value-added services to various operators like payment gateway, aggregator services, ticket services and many more. Initially, this company was not recognised by the people of India. People were more biased towards using cash rather than the online payment due to the fear of security. Slowly This company got its recognition when they ensured security over bank details. But

the main recognition took place when PM Modi announced demonetization in 2016. As you can see in the graph-



In the Lockdown period when everyone is concerned about social distancing then most of the people are moving towards digital payment because they do not want to use cash to avoid the hand-hand transaction. So, Paytm is experiencing a good market but then also Paytm was used more frequently than now because people were more interested in doing online shopping, ordering food or buying something meanwhile using Paytm for payment but Now people restrict themselves from online shopping or ordering food due to the lockdown and fear of getting infected.

You can see in the graph that month by month click on Paytm website is going down.



## GENERAL TREND OF DIFFERENT STARTUPS IN THIS LOCKDOWN

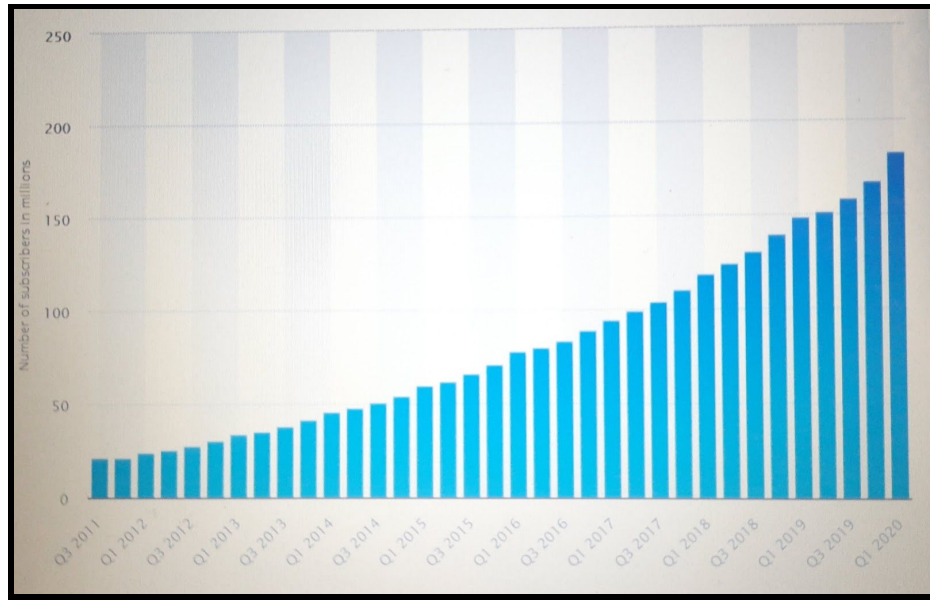
### PERIOD:

At this time when every startup is concerned about making their cost as low as possible, almost 31% of the startups chose layoff to reduce the cost which leads to the crisis among their workers. Many businesses are getting shut and it is very uncertain for a business to get back to the track if this COVID 19 situation doesn't improve. 37% of the CEOs of the startup said that they have left 6 to 12 months of cash balance in their bank (reserve). So, if this lockdown period doesn't get over soon then it may lead to LOSS of Number of Startups in INDIAN ECONOMY.

The only industry which is profitable at this time is Consumer internet industries. Most of the companies have accepted the idea of work from home or the colleges of India are also closed and most of them are using online mode for teaching purposes which increased the number of customers of video conferencing apps, Google etc. We are unable to entertain ourselves offline through shopping or by visiting places etc so we switched ourselves to use Youtube, Amazon Prime, Netflix etc which increased their customers and hence revenue.

Here we have the chart of

YEAR VS NUMBER OF SUBSCRIBER OF Netflix

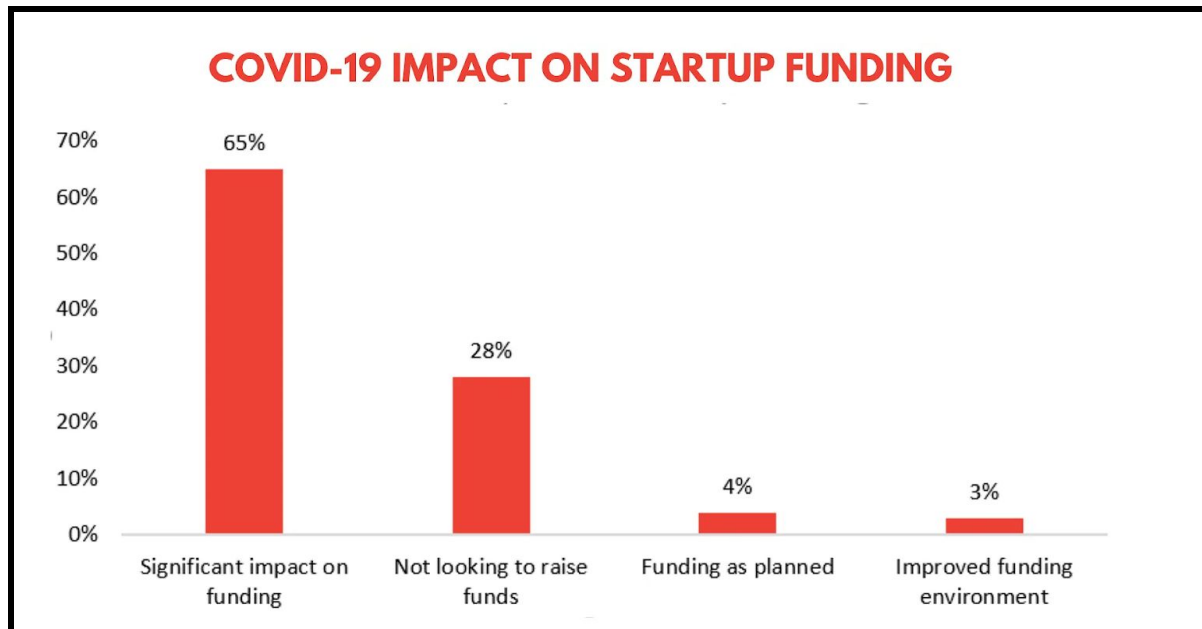


You can see that the increase in the number of subscribers in 2020(the last one) is greater than any other year although we are in the starting month of the year 2020. So, you can imagine how profitable these companies would be.

In a survey it is found that about 61 per cent of the startups are looking at scaling down, 7 per cent were looking at selling their businesses and 13 per cent said they are looking at a complete shutdown. In Fact, the recent survey came to the conclusion that 40 per cent of startups have either temporarily shut down their operations or are on the verge of shutting down. Early and midway startups have affected the most. Government is trying to give relaxation to these startups by funding but then also Due to corona it is very uncertain for these startups to stay in the economy.

B2C startups can face closure. Almost 40% of the startups are fighting to stay in the market but the rest of them are on the verge of closure.

Impact of COVID19 lockdown on revenue is worse, 92% of the total startups are facing a decline in their revenue. 65% of the total startups are facing a decline in funding (negative impact on funding).



As most of the funding industry is facing financial crises, very less of them are able to fund startups and thus startups are facing a crisis in funding.

The number of startups is decreasing day by day so competitions between startups are decreasing.

#### SOLUTIONS-

- If startups are able to produce masks, kits or anything which can help our doctors and nurses are considered to be the best way to maintain their significance in the market because all we need nowadays is to increase medical facilities to cure the current situation of COVID19. The startups related to manufacturing of clothes can easily engage themselves to produce mask. Other startups are advised to choose products according to their convenience. Also, the entire country in the world needs a better mask, kits etc. This is an opportunity for startups to increase their revenue.

Indian Government can collaborate with startups for producing masks and kits. This will be beneficial for both as the Government can decrease the shortage of masks and can export masks, it will also generate income to both the government and the startups.

For example:

There is a company which is led by the IIT Delhi alumni. Initially, they were producing nasal filters but when corona entered the world. They started

producing that mask which protects us from viruses in high amounts as compared to what they were producing before.

This startup has sold over five lakh packs of masks. In the past 30 days, it has generated a revenue of Rs 5 crore.

As you can see how they are getting benefits of producing masks. It is recommended that startups can start producing good quality masks and kits. It will not only help doctors to fight against corona but also help them to maintain their significance.

- The government can help startups in the form of favourable policies, ease of regulations, give partnership opportunities or by giving back fixed costs.

## SUMMARY

### STARTUPS-

The cities in which most of the investors are investing in major metros of India like Bangalore, Mumbai, New Delhi, etc, which might be an indication that significant cities offer a better ecosystem and facilities for startups. Moreover, the figure also shows and proves the fact of Bangalore being the major startup hub of India.

Investors are most interested in investing in Consumer internet industries like Google, Youtube, Foodpanda, Gaana app, Zomato, etc.

The number of investments has decreased drastically over the years. Whereas the amount of investment shows up and down behaviour. In 2019 the Indian market has experienced a drastic increase in the amount invested in USD.

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### IMPACT OF COVID19 LOCKDOWN IN FUNDING.

As everyone is running out of money. There are very few firms that have the capacity to lend money. Thus startups are facing a crisis in funding. 37% of the

CEOs of the startup said that they have left 6 to 12 months of cash balance in their bank (reserve).

It is found that about 61 per cent of the startups are looking at scaling down, 7 per cent were looking at selling their businesses and 13 per cent said they are looking at a complete shutdown. In Fact, the recent survey came to the conclusion that 40 per cent of startups have either temporarily shut down their operations or are on the verge of shutting down. Early and midway startups have affected the most. Government is trying to give relaxation to these startups by funding but then also Due to corona it is very uncertain for these startups to stay in the economy.

#### DEMAND AND SUPPLY DURING LOCKDOWN.

In this pandemic time of COVID19, We are facing a lack of demand and supply. Due to COVID19 workers are asked to stay at their home. 40% of the companies are shut down temporarily. Therefore we are facing a lack of supply. Also at this time, when everybody is concerned about keeping themselves quarantined to avoid infection. So, most of the people are not buying things from outside except for some essential stuff like groceries, vegetables etc which leads to decrease in demand.

Some services which are offered by OLA, UBER, ZOMATO, SWIGGY, LENSkart etc are taking precautionary measures told by WHO while providing their services.

#### IN GENERAL

The industry which is profitable at this time is Consumer internet industries. Most of the companies have accepted the idea of work from home or the colleges of India are also closed and most of them are using online mode for teaching purposes which increased the number of customers of video conferencing apps, Google etc. We are unable to entertain ourselves offline through shopping or by visiting places etc so we switched ourselves to use Youtube, Amazon Prime, Netflix etc which increased their customers and hence revenue.

#### Ultimate Solution-

If startups are able to produce masks, kits or anything which can help our doctors and nurses are considered to be the best way to maintain their significance in the market because all we need nowadays is to increase medical facilities to cure the current situation of COVID19 (the startups related to manufacturing of clothes can easily engage themselves to produce masks.



Other startups are advised to choose products according to their convenience). Also, the entire country in the world needs a better mask, kits etc. This is an opportunity for startups to increase their revenue.

Indian Government can collaborate with startups for producing masks and kits. This will be beneficial for both as the Government can decrease the shortage of masks and can export masks, it will also generate income to both the government and the startups

The government can help startups in the form of favourable policies, ease of regulations, give partnership opportunities or by giving back fixed costs.

Government of India has announced INR 20 lakh crore economic relief package on lockdown day 49 and some other relaxations for startups and for small businesses which can be proved to be a great strength for the entrepreneurs.

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Many companies across the globe are shifting their focus from what they used to do pre corona, to producing supplies to support Corona warriors and Frontline Soldiers by Manufacturing Masks, Sanitizers, PPE Kits and other health safety mechanisms in lockdown period. You can do your bit in working on the consequences of the same with your skillset and suggesting suitable mitigation techniques.

To be truthful, the best way to maintain a company's significance in the market is to produce masks, kits, sanitizers, UV sanitizers or anything which can help our citizens to fight against Corona. But “how to get labour”, “from where to get raw materials”, These are some questions which are unanswered. To indulge in producing something we need skilled labour for example if we are aiming at producing masks then the best company which will suit this is companies which manufacture clothes. Suppose if a company is not a cloth manufacturing company then they have to work hard to get raw materials, skilled labour, machine, etc. To overcome this they might collaborate with the government and ask for help in getting the raw material and labour. This will be beneficial for the company as well as the government to fight against corona.

Suppose if there is a company which do not have raw materials or skilled labour but in the same city, we have some other company which are making those stuff. I think if there is a second company which are making masks, Kits, Sanitizer or something then the first company can collaborate with the other or at least ask for a trainer who will train the first company workers. They can get information about the supply of raw materials from them.



If the companies are temporarily shifted to producing stuff to support Corona warriors then it will be their high strength because in this time if a company finds a way to exist in the market then that is very good for them as many startups are exiting from the market so for the companies which succeeded in maintaining their significance in the market will face less competition after the corona pandemic.

**SUBMITTED BY-  
JAHANVI AKANKSHA**