

Economics Research Project

Analysis of Startup Culture Among Indian Youth & Why Most Indian Startups Fail

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A startup is a newly established enterprise or an enterprise at the foundation stage, which focuses on monetizing an idea developed by individuals or a group of individuals. According to Dr. Gopaldas Pawan Kumar⁴⁰, “It is a young entrepreneurial, scalable business model built on technology and innovation wherein the founders develop a product or service for which they foresee demand through disruption of existing or by creating entirely new markets”.

India is the hub for more than 10,000 startups registered till 2019 and ranked worldwide 3rd for its startup ecosystem²¹. However, 90% of the Indian startups fail within five years of their inception. One of the main reasons behind this is the lack of innovation¹². Most ideas are being copied from the west to serve the local needs of the region.

To learn more about why most Indian startups fail, the group members have tried to find out the very root cause of this issue by analysing the mindset of the Indian youth who might wish to enter into entrepreneurship in later years. The team has surveyed 101 college students of India and tried to analyse their readiness for entrepreneurship. The conclusions coming out of the survey are further verified by considering the survey analysis of two regional startups in Chandigarh.

According to NASSCOM report 2019 edition¹⁹, 8900-9300 startups incepted during the years 2014-2019 in India with an overall base growing at 12-15% year-on-year. This trend has resulted in creation of 60,000 new jobs directly and 1.3 to 1.8 lakh jobs indirectly¹⁹.

As per Hurun India Unicorn Index 2020²⁰, India currently has 61 unicorns out of which 21 are based in India and 40 are based outside the country. India thus ranks fourth in terms of largest number of unicorns after USA, China and UK²⁰.

Despite India being the third largest startup hub²¹ in the world, the reports from IBM Institute for Business Value and Oxford Economics 2016⁰ say that 9 out of 10 startups in India fail within 5 year of inception.

According to cbinsights¹² 2019, the most common reason why indian startups fail is the lack of the exact needed innovation. Cbinsights found that many of the failed startups that it surveyed were not able to fulfill the market need and the problem that they were resolving in the market was not big enough which could be worked upon with a scalable solution.

Choudhury Varnana(2015)²² also finds through her work that another major reason for failure of Indian startups is the tendency to copy silicon valley models directly into the Indian market.

Skok David(2016)²³ says that most startups live in an illusion that their product/service can easily attract customers. He says that this might happen for the first few customers but later it becomes difficult to attract the customers. Often, the cost of attracting customers becomes higher than the lifetime value of the customers which eventually leads to a negative cash flow.

Positioning product/service in an expanded market is considered as one of the trickiest parts which many entrepreneurs fail to recognise, according to Picken Joseph(2017)²⁴.

Cantamessa Marco(2018)²⁵ considers disharmony among the team members combined with poor communication between the co-founders and the team as a critical factor leading to the failure of a startup.

Bednar Richard's(2017)²⁶ research work points out that the success of a startup is dependent largely on the financial support that it gets especially at the time when the startup has not yet started generating revenue.

According to the report of Grant Thornton India 2016²⁷, the primary challenge for an Indian startup is to raise funds in the initial phase when there is no credit history or track record of the company.

The same report²⁷ points out that Indian startups find it difficult to attract and hire the right talent and skilled workers at the right time because this talent usually gets diverted towards the blooming

private sector in the country with a plethora of multinationals hiring skilled workers at a high pay.

As a solution, IBM institute and Oxford Economics's Report 2016¹ suggests that more proactive engagement between startups and established organizations can help startups harden their business model. This also would enable these established firms to share in the entrepreneurial spirit of innovation and agility. Thus, it will be a win-win situation for both.

Paladan Neresa(2015)²⁸ in her research work emphasises on the need for proper management skills in an entrepreneur in order to ensure success of a company. Thus, entrepreneurship which is considered to be a risky field can be well handled if one has the right management and leadership skills.

Chandiok Suniti (2016)²⁹ in her research work quoted that IITs have been ranked the fourth largest producer of billion-dollar startups. IIT alumni account for 12 billion dollar startups including Flipkart, Ola, zomato etc.

Thus, largely the leading startups of India are found and started by young and inspired minds of colleges who wish to use their technical skills to solve real life problems.

As most of the startups die at a very early age in India⁰, an analysis of the Indian college students in terms of their preparedness for entrepreneurship can help us know the deep root reasons for the failure of startups in the country.

The analysis of the reasons for the failure of startups in India has been done extensively.

Some of these researches analyze surveys on Indian executives, entrepreneurs, and venture capitalists. For example, IBM and Oxford Economics's report on Entrepreneurial Index was conducted in the year 2016⁰.

While research like that of CB insights(2019)¹² analyses the reasons for the failure of startups by conducting surveys of entrepreneurs whose startup saw a failure in the end.

The group members' research tries to analyze the deep reasons why most startups fail by judging the college students' mindset in terms of their preparedness for entrepreneurship even before they have entered into the startup world.

While there are reports like the Amway India Entrepreneurship Report 2017³, where college students were surveyed to know their interest in entrepreneurship, the group members survey not just to know the college students' interest but also test their readiness for entrepreneurship.

References from various secondary sources have further strengthened the conclusion drawn from our survey of Indian youth. We have also validated these conclusions by studying a few regional startups in our reach and ensured whether these points fit these startups' journey.

Thus, our approach helps us consider the same problem from a different perspective and take out conclusions from it that might be useful for those young minds who wish to enter into entrepreneurship.

Startup culture in India has seen a dramatic upheaval due to the current favorable demography, open economic environment and culture of entrepreneurialism ¹. While India is being seen as a startup platform of great potential it still lags on many key fronts. The total number of patent applications filed (One of the indicators of Innovation) in India in 2018 was only 50,055 while that of Japan was 313,567, China being at the top with 1,542,002 patent applications ². Out of these 50,055 patent applications many were from non-resident applicants.

Thus it can be said that though India is the third largest startup hub ^x it must be facing some deep rooted problems. To learn about the startup culture in India from the perspective of Indian youth and to understand the deep rooted problems for the failure of most startups in India the group members conducted a survey on 101 college students and some regional startups (in Chandigarh).

The survey has most of its focus on the youth who have not joined entrepreneurship yet. The research aims at knowing flaws at the earliest stage where entrepreneurship has not even begun. This is to understand student's basic business skills and their misconceptions about entrepreneurship, if any.

The study has been done on Primary data. The group surveyed 101 college students and 2 regional startups (in Chandigarh). The data has been collected through online distribution of google forms by 1) posting on whatsapp groups 2) personally messaging the form to students.

The regional startups have been surveyed by contacting Senior Heads of the startups through LinkedIn.

The sample population include students from Punjab Engineering College, Punjab University, IIT Bhubaneshwar, Thapar Institute of Engineering & Technology, ITS Engineering College, Deen Dayal Upadhyaya Gorakhpur University, IGNOU, Vellore Institute of Technology, NIT Silchar, Rayat Law College, IIT BHU, RV College of Engineering.

The group used both Convenience sampling and Voluntary response sampling techniques.

Data Analysis

- Survey based analysis of Indian Youth's interest & readiness for entrepreneurship
- Priority distribution on five parameters
- A testing question to check if students can judge Impractical ideas
- Padhakku and FoodClub: Regional startups
 1. Survey based analysis of Padhakku
 2. Survey based analysis of FoodClub

Survey Based Analysis of Indian Youth's Interest & Readiness for Entrepreneurship

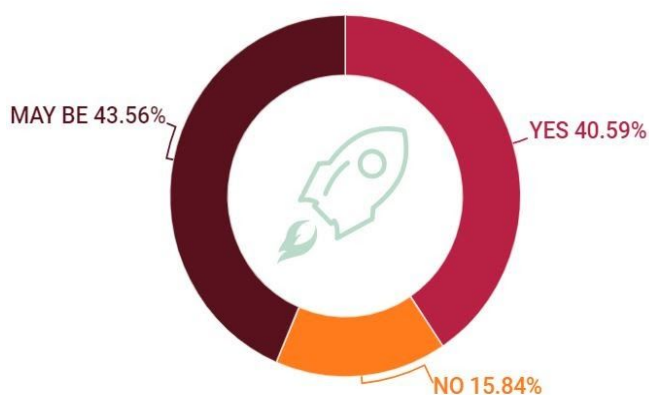


Figure 1 Source: Group's survey

40.59 percent of college students want to enter entrepreneurship while 43.56 percent are uncertain on this decision (see fig 1). So there is a huge enthusiasm among the youth about entrepreneurship. Indeed, as much as 60 percent of students in India see entrepreneurship as a good option for earning livelihood³ (as per AIER 2017).

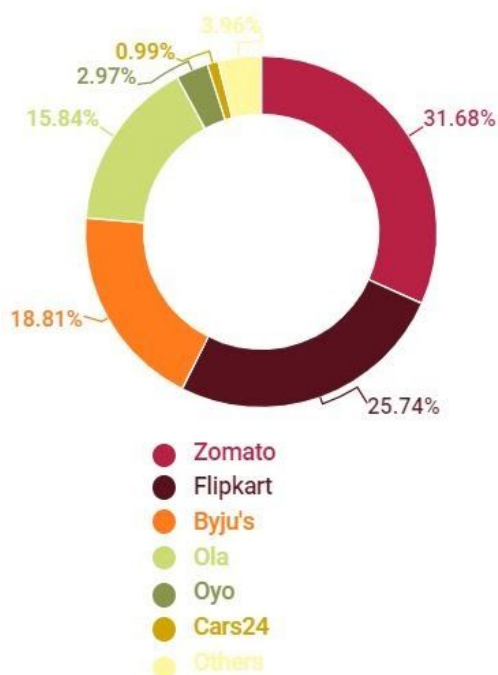


Figure 2 Favourite Indian Startup
Source: Group's Survey

There have been many successful Indian startups in the past few years like Zomato, Swiggy, Lenskart, Oyo, Byju's, etc. The success of these startups encourage and inspire youth to step into this field. 31.68 percent of students choose Zomato as their favourite Indian startup (see fig 2) while 25.74 percent choose Flipkart. Byju's coming third in the list with 18.81 percent choosing it as favourite.

The survey also revealed the interest of students in various fields for startups (see fig 3). Many students choose Media & Entertainment as a sector for their startup(41.6%).The next sector being Travel & Hospitality with 30.7 percent student's choosing it. Least being Agritech with 12.9 percent. The interest of college students in Media & Entertainment can be understood because of the growing popularity of platforms like Netflix , etc.

While few startups like Zomato, Flipkart, etc have emerged as successful businesses (which are only 4 percent of 2016 global unicorns ⁴) there are many other startups that have failed. Some of the Indian startups that have shut their operation in 2018 are Shotang, Just Buy Live, PortDesk, BabyBerry, Mr Needs, ZebPay India, Tazzo Technologies, etc⁵.

As many as 77 percent venture capitalists see Indian startups lacking pioneering innovation and unique business models as a major reason for startup failure in a survey conducted by IBM Institute and Oxford Economics ⁶. Thus, many Indian startups tend to copy already successful businesses. Examples include: Ola against Uber, Flipkart against Amazon, Oyo against Airbnb, Gaana against Spotify, etc.

Another problem is that there are too many startups for the same concept. Considering online grocery delivery platforms India has startups like: Big Basket, Zopnow, Nature's basket, Green Cart, Local Banya, Grofers, Eemli, Reliance Fresh Direct, etc⁷. **Thus, Indian entrepreneurs get inspired to go**

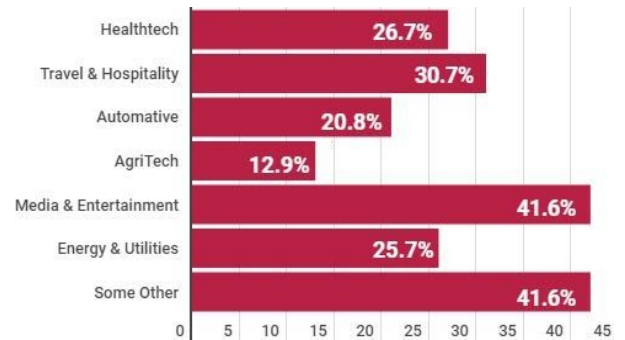
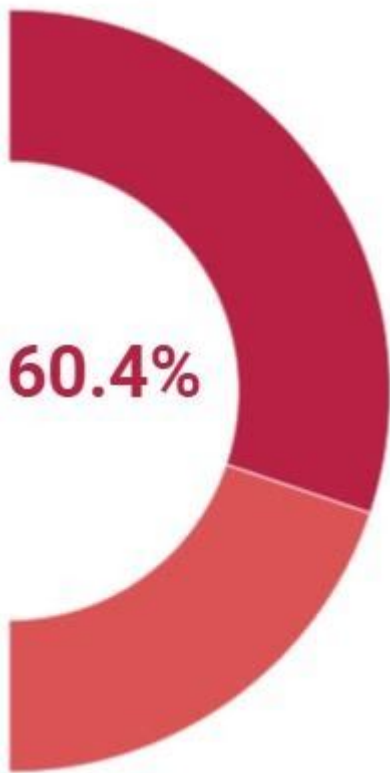


Figure 3: Source Group's Survey

A service idea vs a product which requires R&D
 Service idea- 60.4%
 figure 4 Source: Group's survey



with the latest concepts that are earning profits for some already existing company. This trend is also seen in the youth surveyed by the group. Media & Entertainment and HealthTech are sectors seeing recent profits and many students reported that they will choose these sectors for their startup (see fig 3).

Moreover, India does not have a culture of R&D investment and lags behind in terms of contribution towards quality research, as per a report of FICCI⁸. This is also evident from the fact that most of the startups in India are not based on some quality research. 60.4 percent college students prefer 'An idea based on providing services(like : Online delivery platforms,etc)' over 'A product whose development requires extensive research and great knowledge(Like : Operating System of your own,etc)' as their startup concept(see fig 4). This points out that Indian youth are not willing to start their entrepreneurship on something which requires extensive Research & Development.

A prominent problem in Indian startups is their inability to scale up globally. Expansion is much more difficult than what Indian companies precalculate⁹. A startup may be performing well in a local region but may lack scalability.

Moreover, profits earned by selling a product outweigh that by selling a service¹⁰. As Indian youth prefers choosing a service-based model (see fig 4) which gives less profits initially. A service-based model combined with improper scalability may lead to a startup failure.

Even if some unique idea is introduced it faces other severe problems. Many startups may come up with some new unique features in an already existing concept and gain regional customer support but later on get outcompeted because established businesses in that field bring up the same features with better discounts (easily affordable by these established businesses). A prominent example is that of Doodhwala, a grocery and milk subscription-based platform in Bangalore which got shut down in 2019¹¹. Doodhwala was doing well locally in Bangalore as it had some unique distribution features but later bigger competitors like BigBasket, SuprDaily and Milkbasket increased their customer base in Bangalore to throw off Doodhwala. These big players had more resources to give better discounts and user experience.

19 percent of the failed startups surveyed by cb insights ended because of getting outcompeted¹². A possibility of competition from other businesses is often ignored. Even the college students surveyed see 'Prevent Getting Outcompeted' as the least significant priority(see fig 5). **This shows that Indian youth is not focusing much on competition from established businesses as an important criteria for their startup.**

Another factor is the inability of Indian startups to create entry barriers to prevent getting outcompeted. This includes both strategic barriers and legal barriers. Only 47 percent of the Indian tech startups(both service and product based) that consider patents highly important actually file patent¹³, as per CUTS Institute for Regulation and Competition 2019 report. The major reason being the process is considered a time-taking, lengthy and costly process¹⁴. Thus, many startups do not pre-plan for creating entry barriers which results in an increase in competition in later stages of a startup.

Priority Distribution on Five Parameters

Priorities in startup as reported by Indian youth

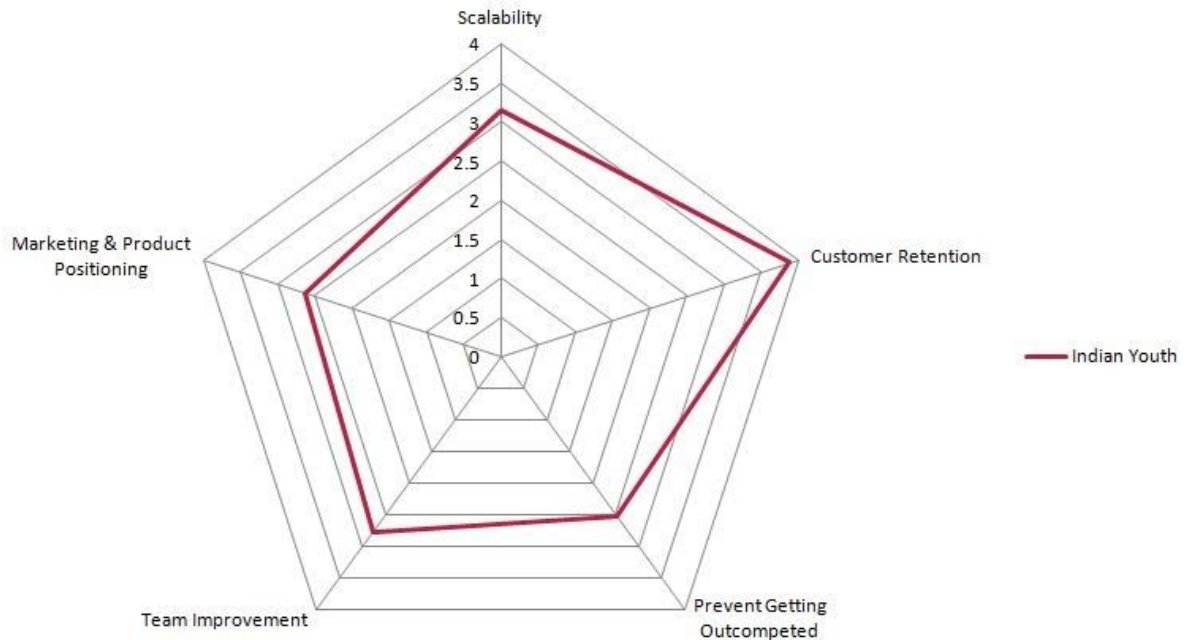


Figure 5 Source: Group's Survey

The range of a parameter in the above chart is from 5 to 1, with 1 being the least possible value of any parameter. The result obtained for each parameter is a mean of the responses of the college students surveyed.

Question:

What should a startup focus on after 1 year of its launch?(Set priorities)
No two parameters can have the same priority.

Scoring Method:

First priority is given 5 , Second priority is given 4, and so on.

Customer retention is seen as the most important priority of a startup by college students with a score of 3.89 . Scalability is seen as the second most important priority with a score of 3.15 .Followed by Team Improvement and Marketing & Product Positioning with scores of 2.79 and 2.62 respectively. Prevent Getting Outcompeted is considered as the last priority having a score of 2.54.

Customer retention is considered the most important priority even above scalability. Indeed, it is important to retain previous customers while scaling up. A successful business model is able to make customers regular while expanding, as customer retention helps in maintaining a recurring income. Thus, the Indian youth understands the importance of recurring income and regular customers in a startup.

The time mentioned in the question is one year from the inception of the startup. One year is mostly not the correct time to scale up as the startup is still finding its product-market fit. So, it is easily visible that college students are unaware about the right time to expand a startup.

Another trend which is seen among Indian youth is their excessive trust in Loss Leader Pricing Strategy for market acquisition. As much as 80.2 percent of students consider selling a product at a lower price to kill competition while compromising with the profit margin as a good strategy for a startup(see fig 6). But as per Corporate Finance Institute, It is important to carefully examine and execute loss leader pricing strategy as, if not executed well it can cause more damage than benefit ¹⁵. So, loss leader pricing strategy is considered appropriate by most of the Indian youth but the risks associated with it requires proper execution and extensive planning often missing in newborn startups.

Product is not the first in the market then do you think selling them at lower price to kill competition while having a lower profit margin is a good strategy- YES 80.2%

Figure 6 Source: Group's Survey



A testing question to check if students can judge Impractical ideas

Options:

A)Online platform to connect Senior Citizens together with each other

B)Online Art Galleries & Exhibition platform

C)Cycle rental service in Delhi for better fitness of people

D)Some service in which Tattoo artist comes at home(called through app) in city like Chandigarh

E)None of the Above

Students were given a multiple choice question stating 'Which of the following ideas can be a success?'. The most appropriate answer to this question is None of the Above. As none of the ideas is practically implementable(explained below).

39.6 percent of students choose Cycle rental service. 17.82 percent students consider Senior Citizen's online connecting platform as a potentially successful idea. Both Home Tattoo Service and Online Art Exhibition have received the same percentage i.e. 6.93 percent.(see fig 7)

Only 28.71 percent consider that none of the ideas mentioned is practical.

Some of the options mentioned in the question sound fair but all of them have some practical problems which make them either impossible or extremely difficult to implement as a startup.

Online platform to connect senior citizens with each other won't work as most of the Indian senior citizens are not comfortable with tech.

A service to call tattoo artists at home in Chandigarh may come up as a good startup initially but can easily be outcompeted by companies like Urbanclap. As Urbanclap can easily include this feature with better discounts. (see pg 12 para 1 for more details).

Online Art Gallery & Exhibition platform for buying art pieces may not work or can be really difficult to implement as Art exhibitions do not

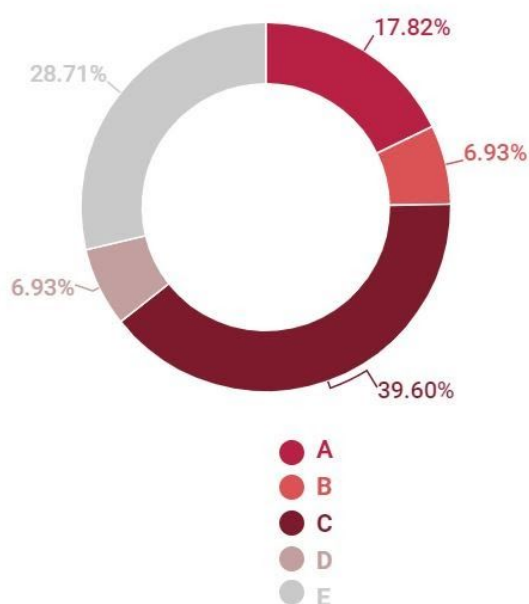


Figure 7 Source: Group Survey

operate like that. This was a failed idea implemented by Paul Graham, cofounder of Y combinator ¹⁶.

Cycle rental service in a city like Delhi (something similar to that in China) is impossible as of now. The major reasons being road design, pollution and traffic of Delhi does not support cyclists ¹⁷. Many areas lack separate cycling routes. Another significant problem is road accidents of cyclists, about 25435 cyclists died of road accidents (2011-2015) in Delhi as per a report by transport research wing Delhi ¹⁸. Though similar startups like Yulu are doing good in Bangalore but repeating the same in a city like Delhi is extremely tough.

Thus, 'None of the Above' is the most appropriate option. Only 28.71 percent considered this as the right answer. An idea may seem to work theoretically but fail to fulfill the exact need of the customer in the real market. No market need is considered as the major reason for startups failure as per cbinsight report¹². So, **majority of Indian youth lack in being able to identify the right practical idea that can really solve a problem.**

Thus, proper planning before the inception of a startup is extremely important. An external guidance from established businesses or some formal training before beginning a startup can prove to be fruitful for Indian entrepreneurs and Indian startup ecosystem as a whole. **76.2 percent of the college students surveyed agreed that there is a need for formal training before beginning a startup.**



One Lakh of Seed Fund received by Padhakku from EIC

Padhakku is a startup of co-founder Jatin Batra (PEC Graduate, 2020 Batch). Padhakku is an online book rental service. As of now, the startup provides books on rent to students in Engineering Colleges in Chandigarh.



60% increase in Customer Base expected by Padhakku coming year

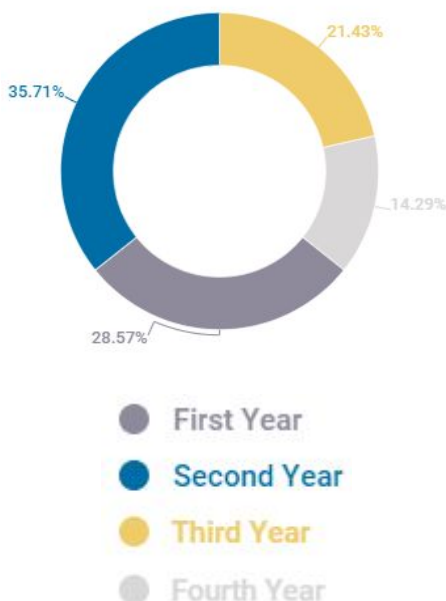
The startup was incubated at EIC, PEC with a seed fund of 1 lakh rupees. The business model is based on partnering with retail book stores and making books available for rent to engineering students at considerably low price.



64 students till now have rented books from Padhakku

Padhakku is further extending its branches by providing study material, placement preparation guides and even previous year papers on its recently launched mobile application.

The startup has turned 11 months old now and is expecting an increase in its customer base at a growth rate of about 60% in the coming year, according to the survey conducted by the group members.



64 students have rented books from Padhakku in less than a year. 35.71% of them being Second Yearites and 28.57% being First yearites (Fig 8).

The startup does not have any delivery boys at this stage and the books are delivered by the Padhakku team only. The services are available to Punjab Engineering College(PEC), Chandigarh College of Engineering and Technology(CCET) and University Institute of Engineering and Technology (UIET).

Year wise distribution of customer base
Figure 8 Source: Group's survey

FoodClub

FoodClub is a food discovery and food delivery platform based in Chandigarh. It was founded by Abhinav Singla (PEC Graduate) who is currently the CEO of FoodClub.(Source: EIC Newsletter⁴¹).

80% increase in Customer Base expected by FoodClub coming year



Unlike other food delivery services, FoodClub helps its customers to order food from multiple restaurants in a single order. FoodClub believes that with this service they are able to simplify the whole process of ordering food for its customers where they do not need to search for restaurants rather search for only the food (Source: EIC Newsletter⁴¹).



700+ customers have used services of food club

The startup started its journey in June 2019. Later FoodClub came up with the concept of virtual food court in December 2019⁴¹. In the survey conducted by the group, FoodClub is expecting an 80% rise in its customer base in the coming year.

More than 700 customers have used the services of FoodClub till now (Source: Group's survey). FoodClub currently provides its services in the tricity.

FoodClub is aiming to extend its services to a few more cities this year(Source: EIC Newsletter⁴¹). FoodClub wishes to become the biggest food delivery service in the country⁴¹ and it aims to achieve this goal by 2025(Source: Group's Survey).

Analysis of the two startups:

We will be analysing the two startups on the basis of the following criteria:

1. Identity of the startup and parallel marketing
2. Scalability: Plans and preparedness for expansion
3. Companies in Competition

Analysis of Padhakku

Identity of Padhakku and parallel marketing:

Padhakku identifies itself as the Newest, Problem Solver, Cheapest and the Most Reliable (source: Group's Survey).

According to the website of Padhakku³⁰, it's target customers are College students.

Padhakku promises to deliver books at door-step within 2 days in Chandigarh and provides varied choices to the students in terms of time period of keeping the books on rent (Source: Instagram³¹).

According to the group's survey, Padhakku has 42.11% usage of Social Media platforms for its marketing and 15.79% usage of posters (fig 9).

This shows that Padhakku is able to attract its local customer base (PEC students) through posters that are displayed at various places inside the campus. And it maintains accounts on social media platforms like instagram, facebook etc to further extend its reach to other Engineering Colleges in Chandigarh.

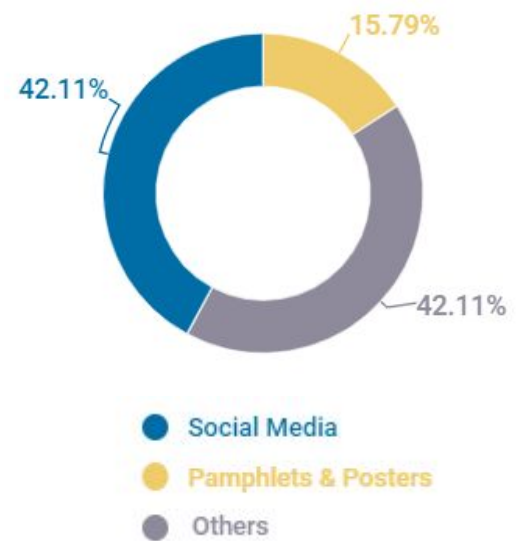


Figure 9 Source: Group's survey

Point derived from Padhakku's Analysis

*Clarity of identity from early days of a startup leads to proper marketing strategies laid out for the target customers

According to Arielle Jackson (firstround.com³²), the positioning and identity of a startup must be clear from the very beginning, eventually all of its messaging, website copy, branding, and even product features spring from its positioning.

Overall the marketing of Padhakku seems to be parallel to its identity. Its clarity in its identity helps it in laying out proper expansion strategies (pg 20 of this research paper).

Expansion Strategies:

According to the group's survey, Padhakku wants to expand its reach to the whole nation.

It aims to achieve this goal by 2030 (source: group's survey).

Padhakku maintains its website which was used earlier to place orders by the college students. Recently, Padhakku has launched its mobile application(Source: Group's Survey). Padhakku considers this step as a major milestone in its expansion strategies(Source: Group's Survey).

According to the information shared by Padhakku with the group members(us), Padhakku has included study materials, company preparation material and even previous year papers in its newly launched application.

The application has hit 150 subscribers till now. 175 students as of now are using the study material available in the app. 2500+ per month

reads are recorded by Padhakku on Company Preparation material(Source: Group's Survey).



150 subscribers
of Padhakku app



175 students using study material of the app



2500+/month reads on Company preparation material

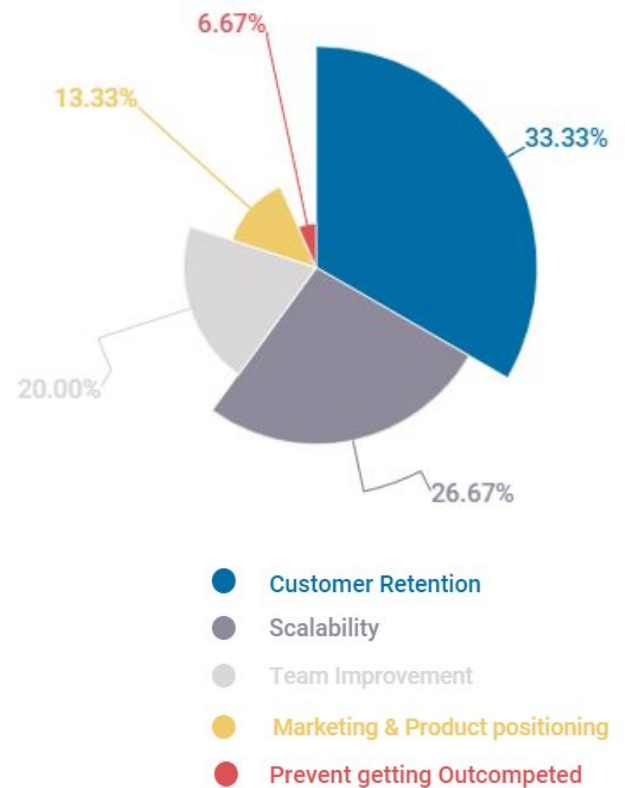
Padhakku's expansion strategy seems to be well planned. This can be seen from the fact that the app launched by Padhakku has hit impressive numbers.

Most marketing theories are on the art of attracting new customers rather than on retaining existing ones (Source: researchgate³³). But it should be understood that Customer profitability tends to increase over the life of a retained customer because they buy more as their trust increases (Source: researchgate³⁴). Thus, Customer retention is the most important factor to keep in mind while expanding business.

Though the earning from the app for Padhakku is less than 5000 rupees as of now (Source: Group's Survey) and has come only from renting books, the app has certainly strengthened its hold on its local

Point derived from Padhakku's Analysis

*Initial Expansion strategies of a startup must run parallel with building a strong hold over its local customer base



Priority distribution of Padhakku
Figure 10 Source: Group's survey

Point derived from Padhakku's analysis

*Marketing of a startup must be highlighting those features which make it different from its competitors

Customer base. This shows that Padhakku gives priority to Customer Retention. This is further proved from the group's survey, where Padhakku placed Customer retention as its top priority (fig 10).

Competition faced by Padhakku:

In the group's survey, Padhakku admitted that it has competition with companies like kopykitab, glossaread etc which are ebook providing services(source³⁵,source³⁶).

Padhakku seems to be clear with its target customer (which are those students who wish to read from a real book, instead of an ebook, at an affordable price) and it accordingly markets itself to distinguish it from its competitors.
(consider source: Instagram³⁷).

Analysis of FoodClub

Identity of FoodClub and parallel marketing:

FoodClub identifies itself as a Problem Solver, Most Convenient and Maximum Featured(Source: Group's Survey).

FoodClub markets itself as the Most convenient, as it is based on the concept of "Multiple Brands single order"(Source: EIC Newsletter⁴¹).

According to the EIC newsletter, FoodClub admits that most of its customers are unaware of the concept of FoodClub and they even have problems in ordering food from multiple outlets at the same time.

Food Club is organising Social media campaigns to gain a stronger customer base⁴¹. This can also be seen from the fact that FoodClub has 40% usage of social media platforms and 30% usage of pamphlet distribution for marketing(fig 11).

FoodClub also realises that delivery boys represent its brand and it prefers to keep good delivery boys to provide premium service to its customers⁴¹. This is further supported by the fact that FoodClub kept Good Delivery boys at first priority in the survey conducted by the group(fig 12).

Expansion strategy:

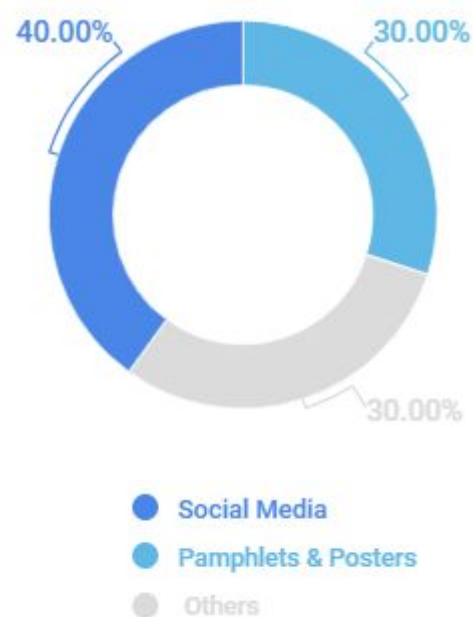
According to the survey of the group, FoodClub compromised with its profit margin at the start of its journey. So it started out with a loss leading strategy.

FoodClub is working on empowering its merchant pool so as to expand itself in further cities⁴¹. FoodClub says that it used covid-19 as an opportunity to develop its merchant pool and it is now aiming to focus on its customer base⁴¹.

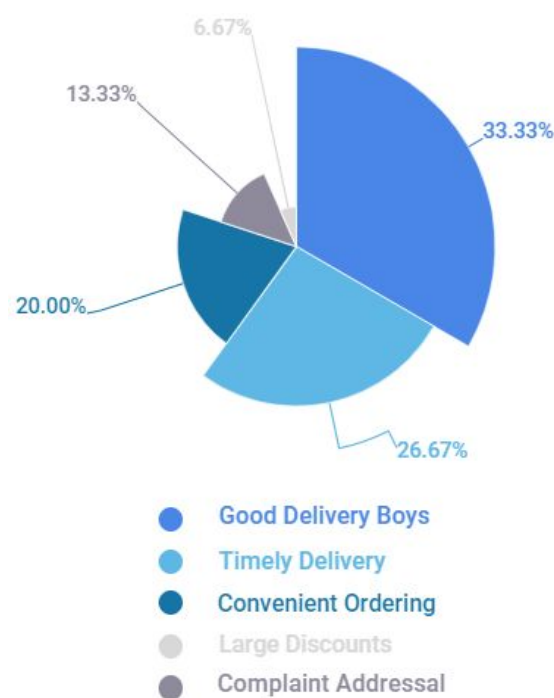
Competition faced by FoodClub:

FoodClub has competition with food delivery giants like swiggy and zomato which are playing well in Chandigarh.

According to the survey done by the group, FoodClub feels that it is better than its competitors in terms of its excellent customer service and it rates itself 7/10 in this field.



Marketing platforms used by FoodClub
Figure 11 Source: Group's Survey



Priority distribution for FoodClub
Figure 12 Source: Group's Survey

Point derived from FoodClub's analysis

*A business model might work well in a local area but it has to be efficient and scalable to withstand competition and ensure expansion

According to zomato's data scientist Naresh Mehta (Source: Quora³⁸), the feature of Multiple restaurants in a single order has downsides in terms of system complexity and logistic issues and he feels that there is not a very high need/necessity for this feature to be added in zomato's services.

Manav Gupta, cluster manager operations at Swiggy, says that this feature would impact the delivery time leading to bad customer experience as the food needs to be delivered hot(Source: Quora³⁸).

Overall zomato and swiggy have a highly efficient algorithmic approach to food delivery³⁹ and both of these companies are not interested in including the feature of FoodClub into their systems as it would badly affect their performance and their capacity to deliver food on time.

Hence, it is very challenging for FoodClub to be able to scale up its services across the whole nation with this feature, in parallel competition with the nation's Food delivery giants.

Key findings from survey of Indian college students:

- Indian youth considers adding a new element in an already existing business model as a more attractive alternative over performing research and development to launch a new product/service.
- It was also observed that Indian youth prefers a service based business model (developing a website or an app) which is less likely to generate large revenue at early stages. Further, most of the Indian startups do not have proper planning to scale up their business. Thus, a less revenue generating business model combined with inability to scale up can lead to shutting down of a startup.
- Indian youth also gives least priority to prevent getting outcompeted. Thus, most of the Indian startups do not work upon creating an entry barrier for their competitors and face fierce competition at later stages.
- Loss leader strategy is very famous among Indian youth. They feel that launching a product/service by compromising with the profit margin initially is a good idea to attract customers. But loss leader strategy is considered to be very risky and can lead to sinking of a business unless achieved with proper expansion strategy.
- Indian youth however, realise the importance of recurring income and customer retention and rate it more important than scalability which is a positive indicator.
- Most of the Indian youth surveyed are unaware of the right time to scale up a business.
- Indian youth also lack the clarity of which business model can work in Indian scenario. As per the testing question asked in the survey, Indian youth are unable to identify an impractical or unimplementable idea that might seem attractive but which cannot be implemented profitably in the Indian market.

Validation of points derived from Indian Youth's survey through Padhakku's analysis:

- According to point 4 of findings from Indian youth's survey (page 25), if a startup starts with a compromising profit margin, it should be prepared for deep pockets and should know clearly when and how this margin will be covered. Though Padhakku started its journey by compromising with its profit margin (Source: Group's Survey), it has proper expansion strategies which are scalable. The app launched by Padhakku not only extends its reach by providing study material, placement preparation guides etc. but also helps strengthen its local customer base. Thus, adopting a loss leading strategy in the very beginning can be a success only when there is a proper planning for covering these margins in the future.

Validation of points derived from Indian Youth's survey through FoodClub's analysis:

- According to point 3 of findings from Indian youth's survey (page 25), Indian youth does not consider preventing getting outcompeted from competitors as a vital part for sustenance of a business. FoodClub is working well at regional level with its features but it is challenging for FoodClub to extend its business as it has to compete with efficient delivery services of Zomato and Swiggy. There is no clear barrier that has been created by FoodClub and the system that it is working upon is not scalable enough against its competitors. Thus, creating an entry barrier for one's competitors is the most important factor to implement to have an advantageous position over one's competitors and make a business sustainable..

Recommendations:

To enter and make a successful way into the start-up world youth has to take proper precaution or better off if they have a right plan for it, analysing current and past conditions and trends of the market in the particular sector in which they are planning to make their business. A right plan also has to be a bit flexible to tackle sudden market risks. Another very important and in a way necessary recommendation would be for them to have proper training with the help of which they will have an idea of what they are getting into, the proper way to make plans and what mistakes they should necessarily avoid.

If the new start-ups manage to collaborate with established firms in their particular sector, it can work as a point of advantage for them as they will be surrounded by influential people and will be under a supervision and it will be sort of a security for them in the market.

The model and plan that is to be executed for the start-up has to be scalable as it will help in the future for the expansion of the business, engaging to the potential customers is very important for a start-up.

One of the most important things for a start-up is about the idea, about it being innovative or unique. A lot of Indian start-ups have been observed to be inspired by western culture or western start-ups or western established companies. The culture in India, the distribution of Economic classes in India, the problems in India are very different than that of western countries, so Indian entrepreneurs have to come with an idea that has unique perspectives for Indian situation and that is centred towards addressing severe Indian problems and it is not just about copying from western countries.

Usually in a start-up one of the objectives is to make profit in running years of the firm but nowadays, in recent start-ups, the thought of making profit is so high in the preference list that it usually affects a firm's productivity and its basic objective that is supposed to be solving problems of the society. An entrepreneur has to understand that start-ups are not just about making profit, they have to be productivity centred and their sole focus should be on problem solving.

Our study's significant findings are limited to regionally active startups of a city like Chandigarh, which is not a good ecosystem for startups. So, this research can be done to many metropolitan cities like Delhi, Bangalore, Kochi for more practical results. Moreover, only 3 out of 20 college students were from outside Punjab Engineering College. So, any bias common in the college can reflect in the results of the survey.

Respondents of primary research may perform different actions when they face a real-life situation compared to Hypothetical situations given to them in the survey.

The study did not consider students in management and marketing courses.

The group couldn't access Journals and Research papers from PEC Library due to the pandemic. For Primary Research, we could not go outside and interview different students physically due to COVID-19 which affected the overall sampling number of the research.



● PEC ● Others

Sample had relatively only 3 out of 20 college students from other colleges

India has grown up into a big market with demography, internet connectivity and supporting economic situations like never before. India stands amid a possibility of growing into a dynamic economy supported significantly by the startup ecosystem. Becoming this possibility requires a little more focus on the core reasons of the currently immature entrepreneurial culture.

India has a plethora of human resources excited to enter entrepreneurship. The Indian youth seems to be less prepared but extremely enthusiastic for launching startups. Most of the time the entrepreneurs in India are just pass-outs from colleges who have the required technical skills but lack basic business skills. They prefer startups in those fields which are trending or on those ideas which have proved to be successful in some other country. However, an idea unique to Indian scenario and solving some problems unique to India is very rare.

The youth is not able to identify the right practical idea and mostly end up developing startups which doesn't solve any real problem. Moreover, there are too many startups solving the same problems. This distributes the customers for everyone's disadvantage. On the other hand, it also points out that Indian startups are unable to plan properly for their competitors.

There are many misconceptions among youth about business strategies. One being that they usually consider low pricing as the most appropriate strategy. Indian startups are facing challenges like immature expansion, competition, improper business models, wrong marketing and product position, etc.

Entrepreneurship requires preplanning and proper decision making. A proper guidance to Indian youth by established businesses or some formal training of Indian youth in entrepreneurship before entering into

this field can be really fruitful. Cooperation among new startups and established businesses can come up as a great mutual business relationship. Startups can provide the strength of innovation to the businesses and in return gain guidance for running their startup model smoothly.

Thus, India has a great potential in the startup world. Correct guidance to the Indian youth can open up new dimensions in the Indian economic system.

Fluctuation in the economy, because of the various norms affecting it, is a continuous process and it affects every aspect with which an economy is related to, start-ups being one of the leading among them, it is instinctive that the change in the trends and favours in start-ups are fluctuating too, so the research can not be said to be terminated, there still a lot would be left to explore, observe and discover with the changing trends of economy.

This research was carried out for two start-up companies operating in the various sectors and the help and opinion of a certain number of people that were close to hand, was taken.

In the research, the sampling method that has been followed is convenience sampling as in a non-probability sampling that involves the sample being drawn from that part of the population that is close to hand, which is not considered ideal. As our country is divided in various economic classes, for a research like this, consideration and opinion of every class has to be included, so for an extended research, continuation of the research with considering this as a base research or for future reference, to research in this broad and inquisitive idea, a sampling that is close to ideal like random sampling must be preferred. The sector perspective was not considered and it was carried out for all the sectors. Accuracy of the research can be increased even more if it is carried out in start-ups of a particular sector like education, agriculture, or automobile. It will help in reaching and analysing every aspect of every corner and resolving the challenges of a particular specific sector.

Looking up into start-ups through research also opens a gateway for various future researches that can be used to draw an instinctive conclusion. They can be used to make a future trend, prediction and taking precautions.

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