**THE IMPACT OF COVID-19 ON INDIA’S STARTUP ECOSYSTEM**

The startup ecosystem in the nation:

As of 2018, India has around fifty thousand startups and ventures within the nation; an estimated 18% of these are technologically-led startups. With the birth of 1300 new startup ventures in the year of 2019 alone, it can be inferred that there are two to three startups being incepted in the country every day. This puts India squarely as the third largest startup ecosystem in the world.

Several indicators point towards India being an excellent incubator for new ventures and business ideas to be implemented in. The rate of growth in the startup ecosystem of the country increased by 15% year-on-year in 2018, while the number of incubators and accelerators for ventures has grown to 11%. The number of women entrepreneurs had risen to 14% - a significant rise from the previous years’ standing of 11%. Over the year, startups had been responsible for the creation of forty thousand new jobs approximately. As a result, the total jobs created in the startup sector rose to a significant ~165 thousand.

Bangalore being listed within the top twenty leading startup cities by Startup Genome Project 2019, is a proud moment for both the city and the nation. It has also been ranked as one of the world’s five fastest-growing startup cities, and the nation should incline itself to make the city a role model for other successful startup ecosystem contributions to follow.

What moves India’s startup ecosystem?:

The main drivers of India’s startups and ventures are the funding, and the support they can garner.

Funding Indian startups has become a global phenomenon as of 2020, with the various companies going on to raise sizeable tickets from various funds, both national and international. The top fifteen deals closed accounted for forty percent of the total deal value, showcasing that funds are valuing the quality of the deal more than the quantity it projects. Private equity deal volumes in the country rose two years in a row, with the total deal value being USD 26.3 billion, the second-highest for the decade. The total number of deals that closed in on USD 50 million or higher increased from the previous year’s numbers as well.

The other factor that moves India’s startups are two-fold: corporate connect, and government support.

With the increasing partnering with and investing in startups by corporates, it can be inferred that enterprises are realizing the disruptive potential of the sector, and the effect can be seen in the deals they close with budding unicorn ventures. For example, Facebook partnered up with Startup India to disburse cash grants in bundles of fifty thousand USD to the top five startups selected to receive them. The 10000 Women program by Goldman Sachs aims to provide women entrepreneurs around the world with a business and management education, along with an extensive network of contacts, mentorship, and access to capital. Finally, Microsoft’s Ventures Accelerator Program has recently picked up sixteen startups from the nation, in order to help them increase their rate of growth exponentially.

While private venture capitalists are out there picking the next breakthrough in any field by helping accelerate startups, the Government of India is understanding the value of working with disruptive innovators across the value chain, and understanding how to use their innovations to improve public service delivery. Exempli gratia: the Department of Animal Husbandry and Dairying held a challenging contest in association with Startup India to award the top five capable startups with grants of a hundred thousand INR each; Small Industries Development Bank of India has launched schemes to provide assistance to existing Small and Medium Businesses that are in need of capital for their growth and development.

With over 26 states in the country (out of a total 29) having implemented some sort of policy to help out the growth of startups in the country, the rate at which the startup system is progressing in increasing as time passes by.

The impact of COVID-19:

At a time when economic activity around the world has slumped – with lockdowns and social distancing hampering business practices – all institutions are experiencing the impact of the pandemic, irrespective of how well-established and firm their presence is. With every hindrance they face, companies are revisiting their management and operational plans of their business model, including their working business plans – the global economy has slowed down, and financial setbacks are now causing people to put evasive mitigation measures in place.

In this bleak scenario, it is normal to assume that if corporate behemoths are suffering, then newly-established startups are, too. Counter-intuitively, the non-establishment of business practices of various startups has led to their versatile and flexible management of the scenario, setting an example for well-established companies in how to fight such situations, and the results can be seen in their rapid growth spree. While many startups continue to prioritize growth over profitability, this pandemic might change the strategy; many organizations are apprehended by the aftermath of this scenario, which may affect their overall sales for the better part of the fiscal year of 2020-2021.

With an accelerated increase in the number of startups this year, entrepreneurs and venture capitalists are working in tandem to develop the technology-driven startup scene at paces unseen in the history of Indian startups. Prioritizing supporting people and bolstering the country’s monitoring system with technologically-enabled innovations, various Indian startups are working together with authorities at the central, state, and district levels of the government to ensure that every issue being dealt with receives a solution.

Navigating the impact of COVID-19:

With the nation putting up a valiant fight against the coronavirus pandemic, India’s startup sector seems to be at a crossroads. With innovative solutions and private support for some and stuck-up funding and zero service demand for the others, the pandemic seems to have brought us all to situations unforeseeable, with the economic slowdown situation worsening across the world.

With the most important task for the country being fighting the pandemic while expanding its medical infrastructure, the situation has led to the creation of the Innovation Challenge, an ideation program partnered by T-Hub and Qcity, in order to urge student entrepreneurs to research and develop solutions, ideas, and applications to help curb COVID-19. With such programs like these across the nation, the pace at which India is fighting the virus is growing. NASSCOM is trying to negotiate a slew of measures to help startups cope with this unprecedented crisis by reducing the mounting stress; key measures being demanded by the startup sector include rental subsidy for workspaces, overdraft facilities, one-time PF opt out option, and interest-free funding. These measures, alongwith blanket suspension of deadlines, are awaiting the approval of the Union government.

More than six hundred Indian startups have joined forces to think of and implement solutions to help people survive and cope with COVID-19 and its impact on their everyday lives. Health-tech startups have found this to be the best time to expand and scale up their infrastructure, creating solutions for millions of people in the surrounding locality. Examples of such implementations include self-assessment help, quarantine application development, body heat map that indicates symptoms on a timely basis, and so forth.

With the ensuing lockdown, people have turned to the Internet for help, helping e-commerce solutions boom in their growth. While travel-tech startups have been suspended temporarily and are facing huge losses for the time being, online stores and work-from-home solutions are helping people stock up food and other essentials – this has led to e-commerce giants getting back in action after a temporary gap, with support being poured in from various agencies, governmental and private.

While some practices during this pandemic may have been temporary, some of them are permanent and here to stay – and it is those shifts that are expected to shape the future of the startup economy in the country.