



WHY DO START-UPS FAIL IN INDIA: A STUDY

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ABSTRACT

The aim of this study is to why the initiative and scope of start-ups fails by various factors influences and contribute for the startups in India have failed. The majority of people in our nation choose services over businesses. Unfortunately, the value of entrepreneurship is not emphasised by our educational system. IITs, which are technical institutions, have stepped up their efforts to support entrepreneurs and the idea of self-employment. Many IIT graduates are leaving well-paying employment to launch their own businesses. However, given the nature of the education and training offered, it might not be sufficient to equip new entrepreneurs. The Indian learning process is not suited for the development of entrepreneurship. Talented individuals are available to work in the government, in the private market, or in white collar employment. There are several causes for the gloomy state of entrepreneurship in India.

KEYWORDS: Start-up, Failure, Entrepreneurship, Review, Entrepreneurship Failure and growth

INTRODUCTION

India suffers from the caste, class, creed, and religion systems among other things, such as the joint family structure and social pressure. Traditional cultural standards and mentalities frequently produce barriers in the way of entrepreneurship growth. The inability of entrepreneurship to advance quickly can be attributed to the absence of key infrastructure facilities, including raw materials, the capital market, logistics, and technostructure (shortage of skilled managers, specialists, and labour force).

However, among all other factors, the confined and conventional mindset of Indians, particularly parents and young people, is the main deterrent for many to engage in entrepreneurial activity. The main factors preventing the growth of business are an inadequate level of family support and social pressure. Parents always prefer that their offspring work conventional 10–6 jobs. The actions of the job-holics that our people like are the only obsession with having a good job, doing jobs only, gaining better jobs in the top firms, the anticipation to work in multinational corporations, doing government work, and being born, raised, and dying with jobs. Our folks only see, think about, and fantasise doing jobs because they are job addicts. The jobs are not a problem for me. After all, it provides my family and I with food. However, it can be painful when we get so preoccupied with seeking work that if we don't, we believe it would be better to stay at home and do nothing. The parents share equal blame for instilling a workaholic mentality in their kids.

REVIEW OF LITERATURE

TRUPTI PAIKARAY (2022) Startups are the untapped reservoir of experience that pave the road for entrepreneurs to gain priceless lessons and open doors to success. The development contributes to significant subsidizing, innovation

progression, and market support, and the current wave of it aids in boosting the Indian economy. The increase in Startup activity is the result of the existing system, which developed from post-liberalization economic activities. The resources appear positive as startup investments exceed US \$10 billion. The realization that there was increased rivalry led to the development of skilled professionals who were always available as a service bank to foreign corporations. Startups are the young businesses with many concurrent tasks moving at such a rapid pace that people will develop a background in multitasking. being both inside and externally. India, behind the UK, the US, and Israel, is the fourth place for biologically stimulating startups. The idea and implementation of the organization are internal variables, whereas the Indian government is an external one. As it grows gradually, the government also focuses on enhancing processes and bringing about improvements to increase the convenience of doing business. [1]

BHAVOOK CHITKARA (2019) Startups are the young businesses with many concurrent tasks moving at such a rapid pace has people will develop a background in multitasking. being both inside and externally. India, behind the UK, the US, and Israel, is the fourth place for biologically stimulating startups. The idea and implementation of the organization are internal variables, whereas the Indian government is an external one. As it grows gradually, the government also focuses on enhancing processes and bringing about changes to improve the accessibility of doing business. The longevity of startups depends on a lot of support networks, including incubators, science and technology parks, corporate development centers, etc. When these support mechanisms are absent, the risk of failure rises.[2]



Dr. SYED MOHD JAMAL (2019) If businesspeople are the planets in the planetary system, then the government is the sun, the single largest facilitator. Government policies are progressively and slowly improving, despite the fact that India continues to rank incredibly poorly in the World Bank research on the ease of doing business. India has more rules and regulations than the majority of other countries around the globe, which makes it more challenging for company directors to conduct operations there. Whenever they do, it gets far worse. Due to a contempt for market constraints, startups fail. Due to the novelty of the product, the environment for a startup is typically more demanding than for an established company. For a new product, the issue is more complex because of firm must create everything from scratch. [3]

Dr ROSHAN S PATEL (2016) Personal growth is extremely crucial. You must practice self-discipline if you want to succeed as an entrepreneur. You must understand the fundamentals of business in order to succeed as an entrepreneur. You must continually educate yourself if you want to experience personal improvement. Entrepreneurs psychologically get ready for difficulties. Entrepreneurship is always characterized by two possibilities: a good scenario and a terrible situation. Personally, I think visualization is crucial since it helps you remain faithful and never give up. You may determine your entrepreneurial journey with just one attitude. [4]

ANAND PARAMJIT(2016) Nine out of ten new businesses fail. Entrepreneurs have always needed to be aware of the crucial elements required in starting a successful business. Every entrepreneur hopes that his or her hypothesis will come true and help create a profitable business. They want to develop a product that their customers adore while also ensuring that the business continues to gain adequate traction. The introduction of new technologies is one of the technological elements. Environmental considerations include things like weather, climate change, and environmental laws that have an impact on industries. Legal factors include things like legal challenges and consumer and employment rules that these firms must abide by. [5]

ALDRICH ILYAS (2022) The Covid-19 virus continues to represent a clear threat to nations all over the world. The WHO reports that there are more and more new cases of COVID-19. 11,500,302 cases will have been reported by July 7, 2020, in 216 different countries. The US, Brazil, India, Russia, and Peru have the most cases per capita. 3,309 deaths, 30,785 recoveries, and 66,226 confirmed cases were reported for Indonesia. Despite an increase in recoveries, Covid-19's spread is also leading to a rise in new cases, which has an impact on Indonesia's economy. According to the Statistic Indonesia (BPS) report, Indonesia's GDP only increased by 2.97% in the 2020 Quarter, slowing down from 5.07% in the same quarter in 2019. [6]

AMIR HAMZAH (2022) The Government of India's flagship project, Startup India, aims to create a strong ecosystem that is

supportive of the development of new firms, to promote sustainable economic growth, and to create significant job opportunity. The government hopes that this effort would enable startups to develop via creativity and innovation. Additionally, a Startup India webpage was developed to help with different related tasks. Incubators, venture and angel funds, mentors, information access, and many other things are among them. [7]

Dr MADHUR GUPTA (2021) India came in third globally in terms of startup ecosystem, according to a NASSCOM survey (2015). On the organization's official website (startupindia.gov.in), the Department of Industrial Policy and Promotion defines startup (DIPP). A startup, as described in that definition, is "an entity, incorporated or registered in India, not prior to seven years, however, for Biotechnology Startups, not prior to ten years. With annual turnover not exceeding Rs 25 crore in any previous financial year, and Working toward innovation, development or improvement of products, methods, or services, or if it is a scalable business strategy with a high potential for employment generation or wealth creation." All startups in India must be approved by the Ministry of Corporate Affairs. [8]

WHY DO START-UPS FAILS IN INDIA?

A profound ignorance of market demand:

Every state in India has its own distinct tastes, cultures, eating habits, languages, and clothing. Therefore, what is selling like hotcakes in Maharashtra might not be noticed in Tamil Nadu. Before diving into the dangerous startup waters, it is crucial to have a full understanding of regional needs and conduct a complete market analysis. Thus, location is crucial to the success. People don't know what they desire until you show them, thus it's preferable not to follow Steve Jobs' advice in this particular situation and not ask the customers. It's important to keep in mind that not every startup creates something as groundbreaking as the iPod. Similarly, marketing strategy falls under this heading.

Internal factors affecting the failure of start-ups:

By taking into consideration the essential parts of the startups' value chain, it is possible to identify the fundamental factors that influence their enterprises. By examining startups, internal elements can be studied. The main variables that impact the value stream and capabilities of startups are the timing of manifestation, the team, the marketing plan, the product fit, etc.

Talent

Due to businesses growing to a particular size and then shrinking to improve efficiencies, employment at startups is unpredictable. This issue is minor in comparison to locating qualified talent and keeping that talent. Since they have experienced widespread layoffs and downsizing in the past, skilled individuals is reluctant to join startups. Additionally, early-stage or pre-series startups get paid less than their corporate counterparts. Most startups hire

insufficient talent without processes in an effort to grow, and they ultimately lose out.

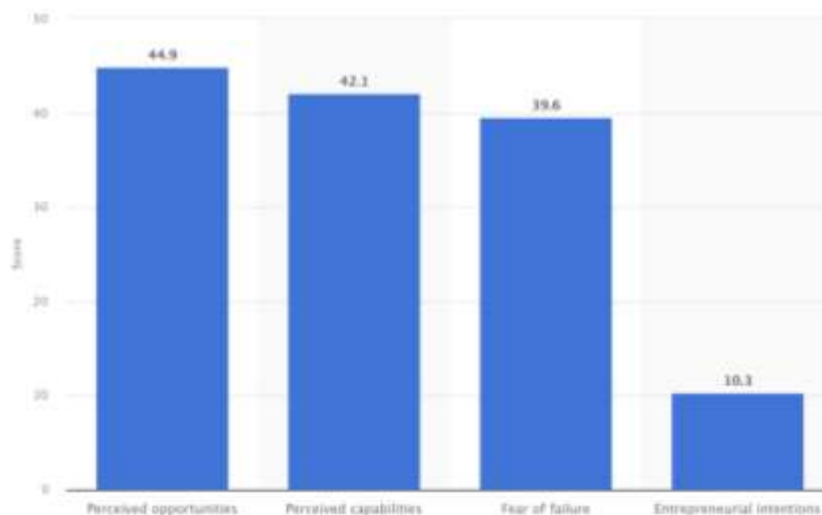
Funding

For start-ups, raising finance has been a prolonged problem. It is simpler to acquire angel and seed funding because the sums are smaller, but it is much harder to participate in later stage rounds because businesses burn through money too quickly and don't consider unit economics.

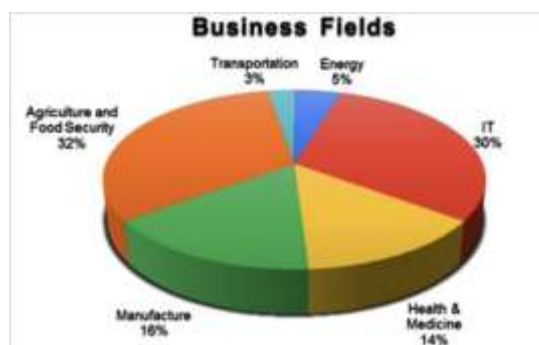
It should be celebrated when an entrepreneur arrives at the starting line of the race rather than when they raise money. Larger cheques, which are a very rare source of finance, are available in India. In our environment (India), we patronize the entrepreneur rather than the company, and the founder occasionally gets pulled into the glamour of funding. Entrepreneurs should establish goals for the next 5 years and avoid being obsessed on any one thing.

Country	Start-ups (Total)	Non-tech-based start-ups	Tech based start-ups	Bank Lending rates in %	Corporate tax rate	Setting up of new company in days
USA	83000	34500	48500	3.3	39	4
China	10000	6600	3400	5.6	25	30
India	10000	5700	4300	10.3	34	45
Israel	4750	750	4000	3.9	26	12
Singapore	---	---	---	5.38	17	2
Japan	---	---	---	1.2	31	9

Table showing the Indian startups are compared to those in other regions.



Graph showing self-perceptions of Entrepreneurs in India (Source: Statista)



Graph showing the percentage of start-ups in different fields

The main complaint from users is "Lack of knowledge in their field." It's accurate because the majority of young businesspeople launch startups despite having little expertise in their industry. The second most common causes

of startup failure are poor management and misguided marketing.



Team

Members of the ideal co-founders team should have the necessary abilities, ambition, and employment history to work in ventures. For startups, a team with different backgrounds is appropriate, and the partnerships between the

founding team members are essential to how effectively businesses-run. According to research on business failure post mortems, During the startup's early phases, the founding team should be able to spread the risk across numerous initial members.



Graph showing what are the major factors contributes for entrepreneurship failure

CONCLUSION

The top 10 reasons why start-ups failures are similar in number. This study paper discusses the causes of startup failure and offers tips for averting such a situation. Startup founders need to be aware of this information. In this study, we talked about the crucial requirement for start-ups to structure their business models appropriately in order to avoid such problems. The start-up scene in India is brimming with innovative concepts and tremendous talent. Therefore, entrepreneurship needs to be promoted, the public needs to recognize its importance, and young people need to be encouraged to pursue it as a different career path. Many unemployed young people can get jobs because to one entrepreneur. Our Indian teens shouldn't ever be subjected to pressure, just like American teens aren't forced to choose a particular style or job route. In America, people are aware of how unique they all are and have created systems to accommodate this. They can so freely select their job courses. They work part-time jobs to cover their expenses, and they don't value people according to the type of work they do. In our nation, parents choose whether their children should major in engineering or medicine. As a result of the research, it is concluded that both internal and external factors have a significant impact on a startup's ability to succeed. The inability to discern a market need for a product as well as a lack of innovation and technology are the most common triggers of startup failure.

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