Why are many startups failing in India?

Description

Reasons :-

- Many startups are giving <u>unrealistic discounts</u> to attract customers. This leads to more investment with low profits. Such kind of startups will more likely to run into losses, which results in shutting down.
- Many entrepreneurs are <u>imitating successful startups</u>. For example, many startups replicated Amazon and Flipkart, but couldn't succeed. A me-too startup will less likely to succeed.
- Most of the failed startups <u>lack sustainable business model</u>. Some startups have no clear vision. They postpone profits to next year. Such kind of business model is not viable in the long run.
- Some sectors are <u>overcrowded</u>. For example, food delivery startups are way too many to survive. That is why most of the food delivery startups in India like 'EatFresh' went into losses.
- Implementing <u>western models</u> in Indian market may not work all the time. Indian market is different. Misinterpreting market needs is forcing some startups to shut down.
- Unlike startups in other countries, Indian startups are attracting a lot of investments through Venture Capital. Sometimes too much investment is also a problem just like a lack of investment. <u>With excessive funds, productivity may decrease</u>.
- <u>Some startups are unable to attract investments</u> and failed.
- Some startups are failed due to implementing their operations on a large scale, <u>without testing it on small scale first</u>.
- <u>Venture Capital firms tend to pressurize startups to maximize profits</u>. This is leading to unnecessary stress and leading to shutting down of startups.
- Most of the failed startups are started by <u>youngsters with lack of expertise in the field</u> they are in.
- <u>Timing</u> is another important factor. Some ideas may succeed in future but not now.
- Some startups are <u>failed at marketing</u>.
- <u>Lack of innovation</u>.

- <u>Underestimating competitor's potential</u> is very risky. For example, 'AUTOonCAB' and some other taxi and auto aggregates underestimated their competitor 'Uber'.

Conclusion :-

With the startup boom, everyone wants to utilize the opportunity, but only a few are succeeding. At the starting stage of startup boom, there was a dearth of experienced mentors and trainers. With the growing expertise on startups, and with the increasing government support, success rate of startups is more likely to increase in India.

Your Turn…

Do you know any other reason for failing of startups? Express your thoughts in the comment section below. And subscribe to our blog to read answers to trending GD topics.