

Over 90% start-ups in India fail within 5 years: IBM study

Lack of skilled workforce and insufficient funding cause of high rate of failure

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India is booming with young entrepreneurs and start-ups but more than 90 per cent of start-ups in the country fail, according to a new study by IBM.

As per the study done by IBM Institute for Business Value (IBV) in collaboration with Oxford Economics, to understand the rapidly evolving India start-up ecosystem and its effects on the wider economy, lack of innovation, non-availability of skilled workforce and insufficient funding are the main reasons for the high rate of failure.

"About 77 per cent of venture capitalists surveyed believe that many Indian start-ups lack pioneering innova-

tion based on new technologies or unique business models. Indian start-ups are prone to emulate already successful global ideas," IBM said in a statement.

Biggest challenge

About 70 per cent of the venture capitalists believe that talent acquisition is one of the biggest challenges faced by Indian start-ups, and limited availability of necessary skills impedes growth.

The results reveal that start-ups can exploit a range of attributes and advantages unique to India. More than 76 per cent of executives pointed to India's economic openness as a major business advantage, while 60 per cent identified skilled

workforce and 57 per cent of the executives said that India's large domestic market provides significant advantages.

The IBM study, "Entrepreneurial India", is based on interviews with more than 1,300 Indian executives, including 600 start-up entrepreneurs, 100 venture capitalists, 100 government leaders, 500 leaders of established companies and 22 educational institution leaders.

"The Indian start-up community; ranked third globally in terms of number of start-ups has been creating new job opportunities and attracting capital investment. We believe that start-ups need to focus on societal problems like healthcare, sanitation, education, transportation, alternate energy management and others, which would help deal with the issues that India and the world face. These require investments in deep technology and products which are built to scale globally," said Nipun Mehrotra, Chief Digital Officer, IBM India/South Asia.

