

—‘Indian investors must — fund technology startups’

Infosys Co-Founder Speaks At EDII

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Ahmedabad: Emphasizing the need for seed funding of Indian startups, Infosys co-founder, Kris Gopalakrishnan, said that investors here must invest in Indian technology startups.

Most startups in India are dependent on seed and venture capital funding and those investing in these startups are mostly foreign investors.

He was speaking at a two-day startup summit, Empresario, inaugurated at Entrepreneurship Development Institute of India (EDII) in Ahmedabad on Saturday.

Sharing his views, Gopalakrishnan said, “Indian technology startups are doing exceptionally well. Some of them in financial technology space are, in fact, rated among the best in the world.”

“However, these star-



Kris Gopalakrishnan

tups don't often get funded by Indian investors at a seed funding level. About 90% of the seed and venture capital funds come from outside India and with the influx of foreign investors, startups often shift base out of India,” he said.

Gopalakrishnan also said that the angel investor community is not growing in India and poses a major challenge for startup funding. “Angel investors typically come from acquaintances, be it family or friend circle. However, with lack of growing angel investor community, several

startups struggle for initial funding. Despite a good knowledge base in startups, they don't get funded and as a result, they cannot grow,” he said.

Talking further about challenges that startups face, Gopalakrishnan also said, “Creating a sustainable business model is crucial for the growth of startups. However, most startups do not have it and as a result, tend to fail.”

Gopalakrishnan added, “In fact, 70% of the startups fail in India, and the reasons are many which also includes lack of funding in several cases.”

“Entrepreneurship is about succeeding against all odds and taking advantages of opportunities. The pace of technology transition happening today will force the existing businesses to change; while it will also offer lots of opportunities for new businesses to be created,” Gopalakrishnan said, adding, “The benefit that current generation of startups have is that they already have an established market – domestic and international – where demand is abundant.”