
June 2020
Total number of start-ups responded to the survey: 250
Key Findings
Sectoral analysis of 250 respondents
Gender Analysis

84%

16%
Impact of Covid-19 pandemic on the Indian Startups

- Negative impact on business: 70%
- Growth in business: 16%
- No impact on business: 14%

How has Covid-19 Impacted the Indian Start-ups
IMPACT OF LOCKDOWN ON START-UP OPERATIONS

- 60% Operating with some disruption
- 28% Operating with full capacity
- 12% Not Operating
Sector wise status of operations post Covid lockdown

- **Agriculture**
  - Yes, with some disruption: 68%
  - No: 25%
  - Operating with full capacity: 7%

- **Deep Tech**
  - Yes, with some disruption: 66%
  - No: 17%
  - Operating with full capacity: 17%

- **E-commerce**
  - Yes, with some disruption: 50%
  - No: 30%
  - Operating with full capacity: 20%

- **Education**
  - Yes, with some disruption: 72%
  - No: 16%
  - Operating with full capacity: 12%

- **Fintech**
  - Yes, with some disruption: 29%
  - No: 29%
  - Operating with full capacity: 42%

- **Healthcare**
  - Yes, with some disruption: 60%
  - No: 31%
  - Operating with full capacity: 9%

- **Information Technology**
  - Yes, with some disruption: 75%
  - No: 14%
  - Operating with full capacity: 11%

- **Manufacturing**
  - Yes, with some disruption: 46%
  - No: 46%
  - Operating with full capacity: 8%

- **Others**
  - Yes, with some disruption: 47%
  - No: 39%
  - Operating with full capacity: 14%

- **Water and Sanitation**
  - Yes, with some disruption: 78%
  - No: 22%
Liquidity status and cost-reduction measures taken by start-ups
Cash reserves available to bear organization’s fixed cost post lockdown (24th March 2020)
Cost reduction measures by Start-ups during Covid-19 pandemic

- 68% Reducing Administrative and Operational Costs
- 18% Layoffs
- 14% No reduction post Covid-19
Impact of Covid-19 on start-up workforce

- No layoffs but salary cut offs for employees: 43%
- No Impact: 28%
- Likely to terminate few employees if lockdown continues till end of May 2020: 29%
Range of salary cuts across start-ups

- Salary Cut in the Range of 05-20%: 27%
- Salary Cut in the Range of 21-40%: 39%
- Salary Cut in the Range of 41-60%: 23%
- Salary Cut in the Range of 61-80%: 11%
Impact of Covid-19 on Start-up Investments
What has been the investor response to the pitch you made pre lockdown

- 33% Investor has put the decision on hold
- 32% No response by Investors
- 17% Signed the agreement yet to receive the funds
- 10% Deal Cancelled
- 8% Signed the agreement received the funds
Impact on Startups Due to Reduced Funding from Investors

- Hold on Business Development Activities: 35%
- Hold on Expansion of Organization/Manufacturing: 33%
- Loss of Sales Opportunities (Projected Orders): 23%
- Increase in Total Cost of Organization/Production: 9%
Support sought by start-ups

- Monetary assistance for working capital
- Tax reliefs & swifter tax refunds
- Statutory relief to investors to boost investments in start-ups
- Government procurement
- Approval on pending applications with government
RELIEF SOUGHT BY THE START-UPS

- 25% Purchase order from the government with payment cycle of 30 days
- 24% Incentives to investors to boost investments in start-ups
- 20% Tax refunds, if any to be credited at the earliest
- 16% Relaxation by Statutory bodies for payment to the government
- 15% Payment of all due bills by government (State/Central) to the start-ups
FINANCIAL SUPPORT REQUIRED BY START-UPS

36% Immediate fiscal support like Grants to preserve company liquidity

24% Soft Loans

26% Exclusive funding support to protect employees, like payroll grants

14% Approvals on all pending eligible applications lying at ministries/departments for Funding
INCUBATOR SURVEY

Number of Incubator Respondents: 34
Impact of Covid-19 on Incubator operations

<table>
<thead>
<tr>
<th>Decrease in day to day operations</th>
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</thead>
<tbody>
<tr>
<td>0-25%</td>
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<tr>
<td>26-50%</td>
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<tr>
<td>51-75%</td>
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<tr>
<td>76-100%</td>
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</table>
41% - Majority but not all
24% - Limited but not all
26% - Yes
9% - No

Are the incubators able to maintain regular interaction with their incubatees?
ARE INCUBATORS ABLE TO PROVIDE FUNDRAISING OPPORTUNITIES TO INCUBATEES DURING COVID-19 PANDEMIC?

- 41% Moderate
- 32% Low
- 24% Very Low
- 3% High
<table>
<thead>
<tr>
<th>Support Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Other Support</td>
<td>5%</td>
</tr>
<tr>
<td>GEM Portal / E-Tendering</td>
<td>8%</td>
</tr>
<tr>
<td>Government Connects</td>
<td>19%</td>
</tr>
<tr>
<td>Investor Interactions</td>
<td>21%</td>
</tr>
<tr>
<td>Industry Interactions</td>
<td>23%</td>
</tr>
<tr>
<td>Mentor Interactions</td>
<td>24%</td>
</tr>
</tbody>
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In how many months do you expect incubator operations to resume normal operations

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>3 Months</td>
<td>14%</td>
</tr>
<tr>
<td>6 Months</td>
<td>38%</td>
</tr>
<tr>
<td>9 Months</td>
<td>12%</td>
</tr>
<tr>
<td>12 Months</td>
<td>18%</td>
</tr>
<tr>
<td>Over 12 Months</td>
<td>18%</td>
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CHALLENGES FACED BY INCUBATORS DURING COVID-19

- **64%** Challenges in Operation Management
- **12%** Lack of Cash flow
- **12%** Low engagement with stakeholders
- **6%** Lack of Investor network exposure
- **3%** Non Availability of seed support
- **3%** Resource mobilisation
INVESTOR SURVEY
Number of Survey Respondents: 27

LOCATION OF INVESTORS

- Bengaluru: 41%
- Mumbai: 25%
- Hyderabad: 11%
- Delhi: 7%
- Jaipur: 4%
- Gurgaon: 4%
- Ahmedabad: 4%
- Guwahati: 4%
Impact of Covid-19 on Investments in Start-ups

- Severe Impact: 40%
- Moderate Impact: 56%
- No Impact: 4%
Top 5 Priority Sectors for Investors Pre & Post during Covid-19

- Health: Pre 20% Post 35%
- AI & Deep Tech: Pre 15% Post 17%
- Fintech: Pre 15% Post 38%
- Ed Tech: Pre 15% Post 21%
- Agri: Pre 12% Post 12%
Will the Start-up Investments continue to be impacted over the next six months?

92% Yes
8% No
GOING FORWARD, WHAT WOULD BE INVESTOR PREFERENCE

41% NEW DEALS

59% PREFER WORKING WITH EXISTING PORTFOLIO COMPANIES TILL SITUATION IMPROVES

IS THERE A CHANGE IN INVESTOR STRATEGY Owing TO COVID-19

26% SIGNIFICANT

63% MODERATE

11% NO CHANGE
Expected capital deployment rate by Investors in 2020

Expected capital deployment rate for 2020:

- 30%: 0-20%
- 33%: 21-40%
- 23%: 41-60%
- 7%: 61-80%
- 7%: Over 80%
As an investor what would be the immediate advice to your portfolio companies?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Downsize while ensuring competitiveness and market presence</td>
<td>22%</td>
</tr>
<tr>
<td>Building digital capabilities (AI, IOT, SaaS)</td>
<td>19%</td>
</tr>
<tr>
<td>Re-strategizing and investing in Marketing/Sales</td>
<td>33%</td>
</tr>
<tr>
<td>Merger/collaboration/acquisition</td>
<td>11%</td>
</tr>
<tr>
<td>Diversification</td>
<td>15%</td>
</tr>
</tbody>
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Priority Focus Areas for Start-ups as per Investors

- Financial planning and budgeting: 16%
- Forecasting: 10%
- Target setting /Resetting: 13%
- Compensation and benefits (ESOPs): 4%
- Capital Management: 21%
- Value Management: 13%
- Risk Planning: 23%
Policy Support Sought by Investors

- Tax Benefits: 27%
- Liquidity Support through Fund of Funds: 20%
- Funding Support: 16%
- Simplify Compliance: 13%
- Business Opportunities in Public Sector: 10%
- Incentive for Investors: 9%
- Swift Approvals: 5%