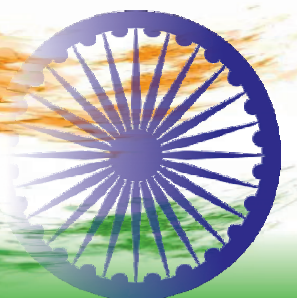


# Celebrating India



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## Starting up for a longer haul

Start-ups hold promise and are turning into potential avenues for creative minds to explore new paradigms and markets



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The last few years have seen a lot of activity in the information technology led start-up space in India. The Government of India (GoI) has recently released an action plan for its flagship initiative, Startup India, which intends to build a strong start-up ecosystem in the hope of driving sustainable economic growth and generating large-scale employment opportunities. This follows attempts by various States, such as Karnataka, Kerala and Telangana, which have come out with policies and are creating infrastructure to foster the growth of start-ups.

The Indian start-up ecosystem is emerging as one of the most promising ones in the world. According to the 2015 Global Start-up Ecosystem Ranking report brought out by Compass, Bengaluru has moved up four places and is now ranked 15th in the world on an index comprising performance, funding, talent, market reach and start-up experience. Though there is still a wide gap between Indian start-up hotspots such as Bengaluru, Delhi and

Mumbai and Silicon Valley and other clusters in the US and Europe, who lead Compass's ranking list, the report is optimistic in terms of our ability to catch up. Venture capital has been more forthcoming and exit volumes have improved - both get high visibility in the media and contribute to the build-up of the positivity that engulfs the start-up space in India.

Start-ups are an important constituent of any economy - with relatively smaller sizes and informal organisational processes, they are expected to be nimble enough to spot and cater to untapped market spaces which often go unnoticed by their larger and more established counterparts. New firms have always been strong competitors to older firms due to this reason. GoI's start-up action plan defines start-ups as entities established in the last five years with an annual turnover of less than Rs 25 crores, 'working towards innovation, development, deployment or commercialisation of new products, processes or services, driven by technology or intellectual property'. Many large IT firms in India also started

small, with initial set of characteristics not very different from what the action plan notes.

The thrill and excitement of creating something new with a relative independence from rigid organisational routines has been a key motivator for entrepreneurs to take risks associated with starting new ventures. With the maturity of the (traditional) Indian IT industry in providing offshoring services, a lot of standardisation has set in, which often introduces constraints in meaningfully engaging with professionals having new and out-of-the-box ideas. This set of IT professionals, whose creative urges were earlier satisfied in a rapidly changing industry landscape, is now on their way out. They find support in a technology environment which imposes lower barriers to entry, especially in terms of capital and human resources needed to develop and test an application before scaling up.

Unavailability of productive employment opportunities in rural areas, largely due to a stagnant agriculture, is forcing many people to migrate to urban areas. While a high

economic growth witnessed over the past couple of decades has led to rise in per-capita income, most of this growth has come from higher-productive segments in the services sector, which are relatively exclusive and employ persons with higher education degrees. These are contributing to urban agglomerations which are not only seeing an increase in households with higher disposable incomes but also an abundance of lesser-educated labour pool, often forced into migration due to an increasing disillusionment with employment opportunities in rural areas.

The current set of tech start-ups seems to be getting it right in understanding this urban transformation underway in large Indian cities. Most of their products and services are targeted at making life convenient for the growing urban middle-class - by making it easier to buy grocery, order food, taxi or home-based healthcare services, book flight tickets or hotel rooms. In doing so, the supply system incorporates within its fold those displaced from their livelihoods in rural areas by providing them employment as delivery boys, taxi drivers, carpenters, plumbers, nursing attendants etc.

Producing for a domestic market provides these start-ups with advantages in terms of proximity to customers and suppliers, something which is not available to many large Indian IT companies who cater to external demand. If a greater proportion of them are to sustain for a longer haul and transform into industry-shaping organisations of tomorrow, they will need strong capabilities to design technology solutions which incorporate local contextual realities and sensibilities.

GoI's start-up policy is ambitious - it wants start-ups to make a positive difference in diverse sectors including agriculture, manufacturing, health-care, education etc. This will require efforts at not only making it easier for them to conduct business as the policy says but also in encouraging an education ecosystem which equips the budding professionals with interdisciplinary training through innovative course designs needed to ensure their products and revenue models remain relevant in emerging and fast-changing market segments.

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Where does 'Brand India' stand in the global arena today?

India is the flavour of the year for sure. Brand India, led by its most charismatic brand ambassador, Prime Minister Narendra Modi, is the favourite country-flavour in the global arena today. As most of the BRIC countries have crumbled, with Brazil even forecasting a one percent de-growth in GDP terms, India leads both in terms of imagery and investment-pas-

sion. A host of market-facing reforms-in-promise make Brand India stand out from the rest. India incidentally boasts of the second-largest numbers of bellies that need satiation. That makes us a big market, and a market that promises a growth of 7.50 percent in GDP terms as opposed to China's projection of 6.80 percent.

Since we opened up our markets, has the image of India as an economic power strengthened?

Absolutely. The catharsis of Brand India started with P V Narasimha Rao and the early tinkle of reforms. Successive regimes followed it up with vigour and we see the current BJP regime going hammer and tongs at it.

How relevant is brand image for India to draw more global majors to invest here?

The world wants to see India on the front foot. An India that performs is good for the world at large. The brand image of India is important on this count. India needs to not only perform, but needs to tell the whole world that it is performing. India has been a promise for a while. It's time to fulfil and redeem this promise.

The brand image of a nation is vital to stoke and keep the investment tempo in the country alive. A vibrant, solid and active brand image of India is an imperative today. India needs a brand campaign that weaves for the world the imagery of India as an inclusive and performing giant. Brand campaigns have the ability to showcase business culture, sentiment and vigour of a country. India is exhibiting a brute force in the space of the start-up ecosystem. It's time to accompany this movement on the ground with an air cover of brand imagery that tells the world of investors abroad what India is really about.

Global majors who have invested in India today are in many ways still toe-hold investors testing the waters of India. A firm policy regime that shows consistency of

## 'India is a story you just can't stop..'

Over the decades, India has turned into a global investment and business centre. With globalisation and an active marketing campaign on to draw more global corporates to set shop here, the image projected of the nation as a potential investment destination is crucial.

Harish Bijoor, brand expert, outlines the changing perception of India in the world



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economic thought, a bureaucracy that showcases itself as a facilitator and an enabler of good business practice, is the need of the day. As all this falls into place, we need a brand campaign that tells the entire story seamlessly.

Do you find a change in the way corporates and investors in the West view India as a potential market, over the last couple of decades?

Absolutely. I see investor sentiment turning. In the old days, the standard thought was a negative one. Not anymore. Today, we are a 'Happening India', and that is a big turn in the India imagery. In the beginning, they saw us with tinted glasses, and then they saw us for what we were. Today, they are looking at us as what we will be in the near future. It is that promise that investors are putting their money behind today.

India is still a promise to the overseas investor, but today, we are a more mature promise than ever before.

We talk of our Gen Next as the prospective harbingers of change with innovative ideas and entrepreneurial skills. What sort of image has young India built?

Young India is talk of the town for sure. Our young population and the very apparent fire in its belly is being watched with awe by some and with shock by others. The entire movement of start-up India is showcasing the potential and ability of the 63 percent of India's population that is below the age of 35.

While getting excited about this movement, it is equally important not to build up unrealistic expectations from it all. Unrealistic expectation and brand-hype has the reverse ability to hit negatively when the chips are down. The start-up movement of India must base itself solidly on the fundamentals and must prove to the world that young India is capable of not only dreaming, but delivering as well.

Let's remember, in three years' time, for every 10 start-ups we have today we may have nine shut-downs. As we dream of building Unicorns, we need to be aware that fundamental business ideas are the ones that will survive, thrive and deliver value. We need to ensure that the young and nascent start-up movement focuses not only on the services sector of the economy, but also on the manufacturing and agriculture segments. Solidity rests there.

What is your outlook on India as an economic powerhouse in the region?

I am a total optimist on this. India is a story you just cannot stop.

## 'We offer spaces on par with the best in the world..'

State-of-the-art workspace infrastructure and living spaces on par with global standards in terms of amenities and lifestyle quality offered are basic necessities to draw MNCs and investors. Irfan Razack, Chairman, Confederation of Real Estate Developers' Associations of India (CREDAI), shares some thoughts on what India has to offer

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What does it take today to draw global corporate houses to look at a city as a regional base?

An MNC considers many factors while deciding on setting up a base in a city. They include an educated and employable population, physical infrastructure, social infrastructure, favourable weather, efficient connectivity in terms of airport, rail etc, a cosmopolitan culture, and most importantly, the availability of Grade-A office space at a very reasonable rent that typically hovers around 50-90 cents (Rs 35-90) per sqft per month.

A stable and progressive State government, favourable tax norms and transparency in doing business are also contributing factors that play a role in an organisation's decision-making.

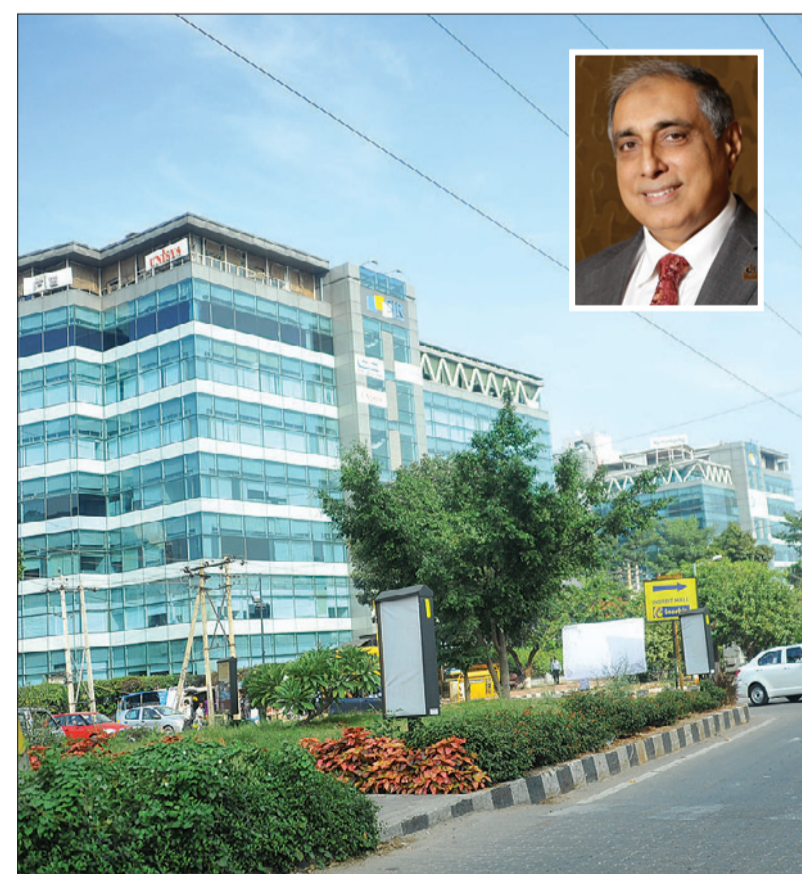
What does India have to offer global investors in terms of workspace infrastructure?

Most of our Metro cities have, over the last two decades, developed good Grade-A workspaces. The absorption last year was 50 million sqft with Bengaluru leading the pack at 14 million sqft. The other cities offering good Grade-A spaces are Mumbai, Delhi NCR, Hyderabad, Pune and Chennai. There are many Tier II cities trying hard to get into this space.

Today, India matches the Western countries in providing world-class workspace infrastructure to discerning corporates while reducing their real estate costs substantially. The Smart City initiative by the government will ensure ample investment opportunities for global investors and growth opportunities for corporates.

How do the tech parks, social infrastructure and hospitality here compare with those in the commercial centres in the West in terms of quality and efficiency?

Over the years, with the growing demand from MNCs, many builders here have had to adapt to and adopt many of the standards of these MNCs, including constructing eco-friendly buildings, and adhering to environment, health and safety standards. I would say, many of the new developments across the country are on par with, and sometimes even beat, the spaces that are available anywhere in the world, both in terms of quality and efficiency. With the expanding job creation and demand for office space, a parallel demand for housing, schools, shopping centers, hospitals and hospitality has grown exponentially. Many a



Joe Louis D'anto

time, the physical infrastructure of the cities is caught unawares of the rapid growth and is always playing the catch-up game.

The tech parks in India have evolved over the years. Some of our tech parks are on par with or even better than many of the developments in the West, in terms of advanced facilities, state-of-the-art infrastructure, and energy-efficient

sustainable features.

Real estate is a basic necessity for any business venture - especially manufacturing. Can the industrial hubs in the country offer global players the sort of infrastructure they want, to push the 'Make in India' initiative?

If the Government and private de-

velopers can work in sync on infrastructure projects - on a public-private participation (PPP) model - to create manufacturing hubs, the 'Make in India' agenda can certainly be fulfilled.

Presently, the infrastructure is not fully geared up to push significantly higher growth in the manufacturing industry. However, with initiatives such as the smart cities and others we expect global players to set up their manufacturing units here and take advantage of our competitiveness.

Integrated developments and ultra-luxury apartments are a relatively new phenomenon in India. What is your outlook on these new-age developments?

The walk-to-work concept, large townships and integrated developments that have sprung up in many large cities is a new phenomenon. The living spaces come with many frills such as huge clubhouses that have facilities such as a party hall, library, gymnasium, badminton, squash, swimming pool, tennis courts and the likes, and of course, large landscaped gardens and space for children to play.

Today, most of these facilities in a residential development are taken for granted by homebuyers, and developers who don't provide these facilities stand at a disadvantage. The expectations of a homebuyer have changed dramatically. Today's buyer is very well-informed, and always looks for a lifestyle property at a reasonable and affordable cost. The entire benchmarking for property development keeps rising and only those developers that strive for excellence can succeed in this highly competitive market.