

INDIAN STARTUPS: SHINING UNICORNS**S. Patil and V. Wadajkar**Dr. D. Y. Patil Institute of Management and Research, Pune, India
sommath59@gmail.com**ABSTRACT**

Unicorns are startups valued more than a billion dollars. Till date, India has over 50 unicorns with most of them born during the last three-four years. It is expected that the unicorns will hit 100 mark by 2025. The 2021 activity so far has been very exciting. As compared to 12 unicorns born during 2020, there are already 10 unicorns born in 2021 so far. Unicorns are characterized by strong executive leadership, cutting edge technology, and their consumer-centric orientation. They continue to benefit from the world's third largest startup ecosystem. The opportunities for these startup entrepreneurs are considerable and they are most likely to tap them successfully.

Keywords: Unicorns, startups, valuation, technology, leadership

Introduction

Unicorns are startups whose valuation is more than a billion dollars. The rise in the greater number of unicorns benefits all stake-owners as well as for generate employment. 21st century startups are backed by high technology with a strong belief in the vision, product, and people. This has created tremendous value for startup-founders, their employees, its investors and the overall economy.

The Indian startup ecosystem is a kind of revolution with \$106 bn worth of value creation by forty-four unicorns. It has created 1.4 mn direct & indirect jobs. It is however not surprising that 86% of unicorn founders are IIT graduates (Chawla, 2021).

Indian Unicorns

Below is the list of unicorns over the last decade. There is a sharp rise in unicorns over the last three-four years (Singh, 2021).

2011: InMobi
 2012: Flipkart
 2013: Mu Sigma
 2014: Snapdeal
 2015: Ola, Paytm, Quikr
 2016: Hike, Indus Towers
 2017: Nil
 2018: Byju's, Freshworks, JioSaavan, Policybazaar, Swiggy, Udaan, Zomato
 2019: BillDesk, BlackBuck, Delhivery, Dream11, Lenskart, Ola Electric, OYO, Rivigo, Zoho, BigBasket
 2020: Cars24, DailyHunt, FirstCry, Glance, HighRadius, Nextra Data, Nykaa, Pine Labs,

Postman, Razorpay, Shop101, Unacademy, Zenoti, Zerodha

2021: Digit Insurance, Infra Market, Innovaccer, Meesho, PharmEasy, Gupshup, ShareChat, Groww, CRED, Five Star Business Finance

Literature Review

There is considerable research available on the topics of startups and unicorns. Below are a few abstracts from the recent literature. Bala Subrahmanya (2017), has posited that, of late, technology entrepreneurship and ecosystem for technology-based start-ups are drawing in the attention of policy makers and empirical researchers alike, across the world. In India, Bangalore has been getting growing worldwide recognition as a tech start-up center; as of now, Bangalore is viewed as the home for the biggest number of tech start-ups in the nation and third biggest in the world. A significant factor that added to this "status and recognition" of Bangalore is the development of a unique entrepreneurial ecosystem, which upholds and advances tech start-ups. Given this, it is important to understand how an ideal entrepreneurial ecosystem for tech start-ups arose in Bangalore. What are its major components? Which role do these parts play in various phases of the lifecycle of tech start-ups in Bangalore? How full grown is the ecosystem of Bangalore to help the development of tech start-ups? What are the key lessons that can be inferred out of the Bangalore tech center insight? This article is an endeavor to reveal insight into these issues.

According to Sakthivel (2021), this paper examined the Indian unicorn (startups or private organizations which are worth over a billion US dollars) ecosystem of the last decade and the potential effects that business incubators situated in the nation may have in the nurturing and development of such startups. This paper gives a quantitative analysis dependent on the 36 unicorn startups emerging from India in the decade somewhere in the range of 2011 and 2020 to help its discoveries on the noticeable effects of business incubators on unicorns, and regardless of whether these incubators really assume a significant part in the growth cycles of the said unicorn startups in India.

Kaur and Sharma (2019), have argued that, as of late, India has seen exponential growth and expansion in its number of startups. The startup ecosystem in India has taken off, bringing about a startup revolution. To promote and foster this revolution, the Indian government has additionally attempted a few changes and plans to make the business environment conducive to the growth of new startups. Startups foster economic development in any economy, give the youthful population freedom to independent work, generate employment and use technology to fix issues looked by consumers. Accordingly, understanding the significance of startups for an economy like India that has a high level of joblessness, this paper explores and surveys one of the principal challenges of attraction and retention of talented personnel faced by startups. This paper utilizes literature-based analysis to research and analyze the innovative total reward practices that are utilized by the top startups and unicorns in India. Hence, the paper goes about as a manual for reward practitioners and startup founders in outlining total reward methodologies that will help them in retaining and motivating their employees.

David et al. (2020), have opined that, India has an estimated 26,000 startups, making it the third-largest startup ecosystem in the world, recording consolidated inflows of over \$36 billion in the previous 3 years with 26 "unicorns" – startups valued over \$1 billion. The Indian startup ecosystem has expanded quite quickly principally through private investments including seed, angel, venture

capital, and private equity funds, with technical support from incubators, accelerators, and the government. The government, is creating an enabling environment through its flagship Startup India initiative, which came into force in 2016. With India pushing towards a knowledge-based and digital economy, the government is attempting to deploy ICT infrastructure and provide strategy support for enhanced e governance, investments, and technology innovation through research and higher education to support entrepreneurship and spike economic growth. Data suggests that the expansion in the startup ecosystem has largely been clustered in the large (Tier 1) cities and states with financial depth, and especially in IT enabled sectors including ecommerce, transport, and finance.

According to Anwar and Das (2016), the Indian Internet space is developing at a very quick rate. Companies are drawing in high investment and fetching even higher valuation from the investors. Numerous companies have attained the supposed Unicorn status of valuation over USD 1 Billion in a very brief time frame. This paper examines these unicorns focused on the consumer space from a valuation model perspective. Traditional valuation methods are ineffective in case of these companies as they neglect to capture high future growth potential, high uncertainty and heavy losses in spite of developing revenues, some ordinary characteristics of such companies. This paper focuses on doing a comparative analysis across Indian unicorns trying to discover a relationship to explain the high valuation with respect to their customers and other growth drivers, which depend on the space the business operates in.

Moreover, Patel (2020) and Abidi (2021) have dealt with various aspects of unicorns.

The sharp rise of Unicorns in 2021

Six Indian start-ups raised \$1.55 bn to join the unicorn club during April 5-9, 2021, which is a record-setting week. In comparison, just 12 unicorns were born in all of 2020, which itself was the highest ever in a year in India. However, 2021 has already seen birth of 10 unicorns (Mittal, 2021).

The 6 deals announced in April included PharmEasy (healthcare), Meesho (social

commerce), Groww and Cred (fintech) and Gupshup and ShareChat (social and content platforms). The other four unicorns born in 2021 are – Digit (insurance), Innovaccer (software), Infra Market (infrastructure) and Five Star (banking). The valuation of these unicorns ranges from \$1 bn to \$2.2 bn.

New York based Tiger Global has emerged as one of the most aggressive investors with investments in 4 of the 6 new unicorns in April, 2021.

While the typical time taken by various companies to turn into unicorns is around seven years, it has been recently reducing as founders with prior start-up experience enter the game. It is estimated that Indian unicorns will hit 100 by 2025.

Unicorns can be differentiated in a large crowd of startups not just by their rich valuations but also as disrupters. The key to success is maintaining the first mover advantage and exploiting every opportunity that comes their way. At the core of such unicorns is the executive leadership which makes or breaks the company. Another significant aspect of unicorns is that they are more consumer-focused as compared to other enterprise start-ups.

Conclusion

Unicorns are startups with valuation of more than a billion dollars. Till date, India has over 50 unicorns with most of them born during the last three-four years. 21st century unicorns are backed by high technology with a strong belief in the vision, product, and people. They have created tremendous value for startup-founders, their employees, its investors and the overall economy. While the typical time taken by various companies to turn into unicorns is around seven years, it has been recently reducing. It is estimated that Indian unicorns will hit 100 by 2025. Year 2021, so far has been very good for the unicorns. As compared to 12 unicorns born in 2020, there are already 10 unicorns born during 2021. The valuation of these unicorns ranges from \$1 bn to \$2.2 bn. Unicorns are different from other startups not just in terms of valuations but they are disrupters using technology. They capitalize on the first mover advantage and exploit every opportunity. A core feature of these unicorns is their strong executive leadership and one of the other key aspect is that they are consumer focused. Indian unicorns are benefitting from the world's third largest startup ecosystem. The opportunities for these startup entrepreneurs are large and they are most likely to tap them successfully.

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