

Recent Challenges Faced By Startups in Indian IT Sector.

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Abstract:

Information Technology global ranking (IT/ITES Performance Index) of India has moved to 7th position that is declared by World Bank with the score of 4.42. This indicates that the government is more concerned about the infrastructure. Implementing of GST and Make in India will change the nations entire logistics and IT structure to global standard. The value of Indian IT industry is of about \$8130 billion. India spends 8.2% of its GDP only for transportation. In recent days e-commerce is playing a vital role in Indian economy. E-commerce giants were investing more than ever in Indian history. Many start-ups like Maalgaadi, Delhivery were claiming the industry at the rapid rate. The challenges faced by IT start-ups are capital investment, training the teams in rapidly changing IT Trends, unorganized sector, strategic location of warehouse, research & developments, frequent technical upgradation, 3PL, taxation policy, COD (Cash On Delivery), documentation process, customer service, fleet management etc.

Key words: Advertising, Start-ups, e-commerce, Consumer Sentiment

1 INTRODUCTION

The newly proposed GST (Good & Service Tax) and e-commerce will change the supply chain management, warehousing and 3PL business. Comparing to other countries the Indian logistics industry is in substandard state. Infrastructural bottlenecks across modes have stifled the sector's growth. The road sector is in downtrend with very low highway availability, thereby reducing the trucks' size and impacting economies of operation. India has the least warehousing capacity with modern facilities, and given the industry state (large share with unorganised players), investment in IT infrastructure is mostly absent at required scale [3].

2. THE CHALLENGES FACED BY IT STARTUPS

- Disintegrated and Concealed
- Ineffective R&D
- Raising Funds
- Skimpy Infra Structure
- Dynamic work force
- Fluctuating tax rates in India
- Payment options

2.1 Disintegrated and Concealed

Though India spends 11 per cent of its GDP on IT this industry has been disintegrated and concealed [2].

Incapable private telecom operator system adds up the industry's dependence on public network leading to its 57 per cent of freight movement on public carriers. Adding on to the trouble lack of effective planning, state -to- state issues, tedious documentation has increased strain in the network [4].

In the upcoming years India's E commerce is likely to face challenges such as:

- Finding Slot
- Reliable Logistics and Supply Chain

2.2 Ineffective R&D

The field of research in this sector is highly under penetrated. Prioritizing research and development can provide various tech driven solutions.

Considering the fact that our country is in the attention of capital investors towards logistics startups optimizing the technology with genuine research can help us to achieve the global standards [3].

2.3 Raising Funds

For an Industry to adapt Logistics Solution it is a capital intensive process which requires a huge amount of funds to implement sources such as:

- A new branch set up
- Required Work force deployment.
- Necessary equipment purchase- Loading & transport, tracking & immobilizers
- Bagging in customers and investors.
- Maintaining a healthy working capital.
- Hidden costs such as Toll tax , Traffic fines and Fuel charges
- Insurance & licensing

2.4 Skimpy Infra Structure:

With meager infra structure the emerging E commerce and supply chain operative firms would find it a lot difficult to cope up with the challenges in demand of service.

Infrastructure is the key component required for any such logistics start ups. India being a huge market the challenges are relevantly dynamic and has to be met with an integrated approach [3].

2.5 Dynamic work force:

Employees who get involved in delivery are volatile. They generally deliver anything more than 50 and more orders per day at a meagre salary of 10 to 15 thousand per month. In such situations even a small hike of rupees 500 on their pay is a huge lure for employees at delivery [2].

They easily run into another job offering a little higher package or incentive. The most difficult challenge for the logistics firm is to retaining the workforce [2].

2.6 Fluctuating tax rates in India

Taxes thus vary at different levels of operations for this industry. Though GST could create a platform of ease for the logistics firms, many players still choose counted and selected regions for delivering the consignments.

Flickering tax rates from region to region can slow down the operation levels [3].

3 FINDING SLOT

Considering the Indian market and the already existing marketers and leading firms. For startups in E commerce finding a niche would be a great challenge.

To fit in the already intact market and to find solutions to various failed strategies must be the forecasting part of the plan for the new steppers [3].

4 CUSTOMER ACQUISITIONS

To attract heavy purchasing customer is not an easy task. Getting a person to make an average purchase of 500 to 1000 is vital. It can vary from customer to customer, but the medium and the start ups have to stick on to the margin.

Growth Ranking Country	Percentage(%)
India	68
China	23
US	12
Global Average	16

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