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Specimen Booklet

# UPSC

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2. Economic slowdown in US & Europe is expected to hit growth of Startups in India. Comment.

Indian startups "may of lifeline" in 2021 out of pandemic will more than 70 unicorns. But, today's slowdown in the west is about to hit dependant sectors.

## Impact of Slowdown on Indian Startups

Survey was carried to identify the impact of economic slowdown in west. The Results are complimentary India.

### 1. Velocity of investment

NO problem in case of Earlystage venture capitalists

Late Stage - Venture Capitalists - are suffering with more than 6-7 months for investment closing.

### 2. Valuation of price

Both Early & Late stage VC saw decrease in pricing. 15-20% for Early stage VC & 30% for Late stage VC

3. Competition for better deals - ~~is~~ will stay till 2023 thus slow pace of investment is about to continue.

## Implications on Slower Investments

1. Early stage v-c are well placed, with

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portfolio and investment programs in India is increasing  
cash - 8-14 months

But long term perspective on slow down affects  
decision making.

## India's performance

7.1% in FY 2022-23 and 6.1% in FY 2023-2024 projected

by Deloitte (Economic growth)

## Sector Specific

Domestic consumption - will continue to do better,

Same is the case with Early stage V-C → Edtech, Fintech.

Later stage V-C with 'growth in all aspects'

is affected by the slow down, (over valued companies)

## Silver Lining

Early stage V-C - willing to back companies

focussing on short term, 'mindful growth' & delimiting profitability

Reckless capital spending companies - 'growth is all cost' - is not in vogue today.

Today's philosophy is trio success i.e. meeting solving problem of masses, social units, resilient holder.

These will enhance the resilience and agility of the investor. Thus there is a leeway, by which Indian startups can ensure resilience, isolating from global slowdown.