LISTING, FINANCING, SECURITIZATION & LEGALITIES OF STARTUPS

Param Goel, University School of Law and Legal Studies, Guru Gobind Singh Indraprastha University& Aaryan Sehgal, Bachelor of Computer Science at Swinburne University of Technology

ABSTRACT

Startups are small but brilliant companies. They are the result of groundbreaking ideas through which entrepreneurs want to change the world. Hence, it becomes important for these startups to emerge and cut through all forces to come to the business core arena. Since these entities are grown up by brainstormed idols, it is usually pretty cumbersome for these young intellect buds to list, finance and securitize their prospect.

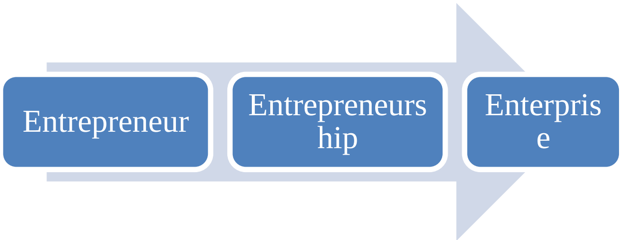
The purpose of this paper is to analyze the scope, needs and efforts to ease listing, financing and securitization of startups with a focus on concerns, laws and regulations regarding feasibility and viability.

From the analysis, we conclude that startups are the future of corporate arena and India can compete with other dominating countries by helping in shaping and upliftment of startups, but find certain shortcomings in the certainty in investments scenario of developing nations.

Keywords: startups, venture, capital, seeding, finance, patents, entrepreneur

AN OVERVIEW: STARTUPS

A startup or start-up is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable economic model. While entrepreneurship refers to all new businesses, including self-employment and businesses that never intend to become registered, start-ups refer to new businesses that intend to grow large beyond the solo founder. Entrepreneurs are innovators, who use the process of entrepreneurship to shatter the status quo of the existing products and services, to set new products, new services.



Startups can be characterized as newly born, dainty babies. These are struggling companies, who face competition from day one and want to make sense to woo investors. It commences with a vision but has no establishment, no physical assets and means, what it has are big plans and a risky prospect. It's goal is to make a fortune out of an idea, prove its validity.

According to the Ministry of Commerce and Industry, an entity shall be considered as a Startup:

i. Up to 7 years from the date of incorporation/registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India. In the case of Startups in the biotechnology sector, the period shall be up to 10 years from the date of its incorporation/ registration.

ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded Rs. 25 crores.

iii. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

WHAT IS LISTING, SECURITIZATION & FINANCING

Securitization is a process by which a company clubs its different financial assets/debts to form a consolidated financial instrument which is then issued to investors in the form of securities. Securitization is the procedure where an issuer designs a marketable financial instrument by merging or pooling various financial assets into one group. The issuer then sells this group of repackaged assets to investors. Securitization offers opportunities for investors and frees up capital for originators, which is used as Capex and source of income to run and expand the company, both of which promote liquidity in the marketplace opening the enterprise to new funds, influence, and leadership.[1]

Hence, securitization of startups means raising funds for the financing of a startup and gaining monetary control over the assets of the newly made startup entity. Securitization of startups is widely prevalent in the world as of today. In India, The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), which took effect on June 21, 2002, established a legal framework for securitization. Securitization provisions have been combined with asset reconstruction and security interest enforcement provisions in this Act. The guidelines and directions cover various aspects of securitization and asset reconstruction, including registration, owned funds, permissible business, operational structure for carrying out securitization and asset reconstruction business, surplus fund deployment, internal control systems, prudential norms, and disclosure requirements, among other things for the smooth formation and functioning of securitization and reconstruction companies. In addition to the necessary rules and directions, the RBI also published advisory guidance notes on topics such as asset purchase, security receipt issuance, and other topics. In a notification dated March 7, 2003, it published the structure of the application form for the issuance of a Certificate of Registration.[2]

The securitization of startups is globally prevalent for a very long time. Below is a table of the Global Venture Capital Investing Index 2020 of the top 20 countries.[3]

Global Venture Capital Investing Index 2020

[1] James Chen, Reviewed by Gordon Scott, *Securitization*, (Nov.7, 2020) https://www.investopedia.com/terms/s/securitization.asp/.

[2] *Securitization Markets: Indian and Global Scenario*, (Jun.21, 2004) https://www.theglobaltreasurer.com/2004/06/21/securitization-markets-indian-and-global-scenario/.

[3] Chris Oddy, *These are the best countries in the world for enture capitalists to invest in business*, https://www.ko2.co.uk/global-vc-investment-index/.

Rank	Countries	Start-ups	Skills	Entrepreneurship	Tech Readiness	Economic Growth	Stability	Investment Env.	Total Score
1	Sweden	644	83.7	70.8	87.8	-6.79	18.2	79.19	33
2	Singapore	769	78.8	64.2	87.1	-3.47	26.3	87.71	32
3	Switzerland	701	86.7	64.4	78.6	-5.97	17.1	78.71	32
4	Finland	443	85.7	64.1	80.4	-6.03	14.6	80.54	32
5	Denmark	354	85.7	68.2	83.3	-6.5	17.2	81.14	32
6	Germany	2107	84.2	66.7	70	-7.8	23.2	78.37	31
7	Australia	1608	80.6	61.7	73.6	-4.5	19.7	80.27	31
8	Netherlands	908	84.6	70.3	76.3	-7.7	22.9	78.92	31
9	Japan	560	73.3	56.9	86.2	-5.8	32.3	78.31	31
10	Norway	272	83.8	62.1	83.1	-6.27	16.2	83.29	31
11	USA	65559	82.5	74.4	74.3	-8	38.3	80.4	30
12	Canada	2703	81.1	62.6	70.3	-8.4	18.7	78.7	30
13	China	576	64.1	57	78.5	1	69.9	63.26	30

14	Belgium	556	79.3	58.5	67	-6.92	27.1	73.44	30
15	South Korea	318	74	52.1	92.8	-2.1	32	76.82	30
16	New Zealand	225	82.1	65.7	77.7	-7.21	17.9	82.45	30
17	Luxembo urg	66	79.3	63.1	78.1	-4.9	18.8	76.69	30
18	UK	5356	81.9	64.9	73	-10.2	38.3	82.07	29
19	Israel	878	79.6	76	67.6	-6.29	75.1	78.32	29
20	UAE	435	70.6	67.4	91.9	-3.49	38.1	71.94	29

Sweden topped the list, which scored high across all factors examined, meaning the country is a location venture capitalists should be keeping a keen eye on for investment-worthy businesses.

Listing is the process through which a company becomes available to be traded publicly on a stock exchange so that people can acquire a stake in the company by paying the equivalent financial amount.

To gain a presence in the market, funding is essential for upgrading technology, recruiting the right people, and establishing a thorough marketing campaign. However, obtaining sufficient funds to launch a new business might be challenging. One of the first things a company needs to do is raise funds. Most people refer to this type of funding as "startup capital." Entrepreneurs utilize startup capital to cover some or all of the costs associated with starting a new firm and expanding it further.

Different ways to receive funding:

- Bank Loans
- Credit Cards
- Own Savings and Incomes Self-Funding
- Crowdfunding
- Venture Capitalists

SETTING UP THE ENTERPRISE

Startups go through various stages of development, and the funding options available will vary at every level. There are also times of uncertainties between periods of rapid development, where the entrepreneurs struggle to grow. Securing financing is no easy task, since an investor who is ready to risk his capital can only barge, and might not be able to realize his returns before 5-10 years until the enterprise is established.

To be forearmed, however, is to be forewarned. You will be able to confront the prospective difficulties once you are aware of them. To guarantee that you are ready to make that pitch when the time arises, make sure your solution is scalable, you have a strong network, it is a solution to a genuine problem, and you are aware of how financing works. Other than financing, investments can be made in terms of providing guidance, community, experience, research equipment's (by universities or labs), data and surveys, industry connections and ready-made consumer networks.

- *Pre-Seed*

Pre-seed is funding designed to help a startup of its initial operations. Technically speaking, this money is not regarded as a formal round in the funding cycle because it is intended to help the firm get off the ground. Pre-seed capital for businesses is typically provided by the entrepreneur, their close friends, and their family. It's the stage where the entity is incepted and requires the first financial dosage to sustain.

Pre-seed funding average is low due to the nascent stage, since the fund is used to just formulate the plan and generate a model out of plans, only the amount needed to set up basic infrastructure is pumped in at this stage. The timing and the manner of raising pre-seed funding are crucial to the success of the startup since basic resources provided on time prevents losses.

One of the biggest challenges is convincing investors to put money in startups that have no real traction, or track record. The only offer in return to the investment at this stage is the amazing business model and the vision of entrepreneurs, one advantage to investors at this stage is getting ownership in the business at very cheap valuations. Limited funding therefore no scope of expansion, risk of washing hands from family's resources hence, plans can't be ambitious and only safe bets or low margin business is considered by the entrepreneur, this is the time of indecisiveness as there is no backing and guidance.

● *Seed Funding*

At this stage, the infant grows into a toddler, does not kneel down in times of difficulties and jumps hurdles without external support. The startup already is a real business with a product, a team, and possibly a sales channel. Signs of professional management is seen, the goal at this phase is to utilize the next influx of investments usually attracted by the means of past growth data, here risk-taking appetite increases, as the new money which flows in is usually aimed at expansion. This expansion should include product development and marketing, and other efforts to help the enterprise scale.

● *Accelerators and Incubators*

Accelerators and incubators provide a way for early-stage firms to expand their companies. An incubation phase often lasts for more than six months. An accelerator takes established businesses—with an established team and an established concept—and speeds them up by optimising every area of their operations to put them in the best possible position to grow more quickly. An accelerator's role is to assist a business in growing quickly to the point where it can be funded by offering a strong network, contacts within the industry, advice, community, expertise, research equipment (provided by universities or laboratories), data, and surveys. Startups may swiftly develop an MVP with the aid of incubators and accelerators, which can subsequently be tested in the market by gaining access to the accelerator's consumer chains.

While both incubators and accelerators give a space for cooperation and mentoring, the amount of funding they offer varies. Incubators are often supported by universities or business development agencies rather than offering young companies financing. Additionally, they often do not own stock in the businesses they promote. In exchange for a set proportion of stock, accelerators do make a specified financial investment in firms. The accelerators have a bigger stake in the startup's success because of this investment. The accelerator themselves usually help with funds up to $150K, if not associated with any VC firm.

‘StartX (Stanford University)’ is not a VC fund, but a program, which includes mentorship from top experts, a no-equity accelerator providing a significant number of free resources and other services.

- *Angel Funding*

Angel investors are individuals who are monetarily considerable, are usually experienced investors, and are seeking a higher rate of return than traditional investment instruments. They are, usually entrepreneurs or executives who have lately resigned from the empires they have founded. They look to invest in sectors in which they may not be able to run a business themselves, but predict are poised to grow. Between close friends and family and more formal venture capital funds, an angel investor serves as a link. Some people invest only to make money. Others want to invest in businesses and issues that they are passionate about in order to have an effect with their money.

Investments can range up to $1M. This is the dream stage to reach for businesses because they struggle for finance to set up the core business ends here, the business has presence, backing and establishment. The child grows to a conqueror ready to take over with the help of funding and ample guidance and recommendations from the institutional investors who possess immense experience. The institutional investors not only provide new inflows of cash but also nurtures the child into a conqueror by providing ample guidance and suggestions throughout with the aid of immense experience they possess.

- *Crowdfund*

Raising of a small amount of money from a large number of investors is crowdfunding. The platform offered is immense, anyone with an idea can seek investment and the risk is lower as it is spread among large number of people. Enthusiasts or believers of the idea on the platform are filtered down and then invest hence creating an amazing community.

Investors find it easy to ask for money since they don’t have to approach anyone in person but this too has a drawback, sharing the technical aspect and model of the business on a public platform can lead to cheating. The purpose to crowdfund can be mixed interests or financial benefits or for the sole purpose of supporting the entrepreneur, without seeking anything in return. Some distinct features of crowdfunding are that it provides instant feedback mechanism through on-ground level user response. Second, people tend to get involved as they are invested into the prospect resulting in free marketing. Crowdfunding, compels the entrepreneur to be on his toes even more since he has the responsibility of plethora of investors and his reputation in future depends on how he grows the business through this funding, leading to benefits of both parties. The maximum amount raised in the past has gone up till the $5M mark.

- *Venture Capital*

Once you have advanced past the seed fundraising stage, the majority of entrepreneurs believe that an infusion of finance is the only thing preventing you from taking the next step. You can accomplish those goals with the aid of one or more rounds of venture capital.

Venture funding is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. For small businesses or up-and-coming businesses in emerging industries, venture funding is generally provided by venture capital firms.[4] The VC funds include investments from high-net-worth individuals (HNWIs) – also often known as ‘angel investors, pension funds, financial firms, insurance companies, university endowments and sovereign funds. "Unicorn" is a term used in the venture capital industry to describe a privately held startup company with a value of over $1 billion.[5]

Venture funding describes Series A, Series B, and later rounds. A breakdown of the rounds is listed below:

<u>Series A</u>

In a Series A round, VCs seek out firms with an established business plan who will utilise the funding to boost sales. At this level, investments generally range from $2 million to $15 million. New Enterprise Associates, Andreessen Horowitz, Accel Partners, and Sequoia Capital are a few of the biggest Series A VC investors.

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4 Adam Heyes, Reviewed by Gordon Scott, *Venture Capital*, (May 15, 2021) https://www.investopedia.com/terms/v/venturecapital.asp/.

5 James Chen, reviewed by Gordon Scott, *Unicorn*, (Mar.30, 2021) https://www.investopedia.com/terms/u/unicorn.asp/.

More than half of firms fail during this fundraising round. Less than half, or 48%, of tech businesses were successful in securing a second round of investment, according to CB Insights.

Series B

The startup has been active in the market for some time at this point. The team requires the following round of investment to expand to 1,000 times more customers, increase market share, or add new items to their platform. Given that the company has already demonstrated its viability, VCs will be prepared to invest more money because there is less risk involved.

Series B fundraising round candidates are well-established businesses. Their values often reflect this; the average Series B company is valued at $58 million, with valuations typically falling between $30 million and $60 million.

Some of the top Series B investors include Google Ventures, Kleiner Perkins Caufield & Byers and Khosla Ventures.

Series C

The third capital infusion is known as Series C. At this point, startups are regarded as "young mature." A company frequently uses series C capital to pursue aggressive product development goals, acquire smaller businesses, or increase its market share. Most planned and widely promoted products are distinctive, stand-out, and trademarks.

At this point, additional organisations like hedge funds, investment banks, and private equity companies frequently come on board as investors since investing in the company is becoming even less hazardous. The typical Series C fundraising in the US in 2020 is $59 MM. Series C funding typically ranges between $30MM and $100MM.

While some businesses will continue with subsequent rounds, it is relatively typical for a company to reach a Series C before moving on to an IPO or an acquisition bid.

- *IPOs stage*

After the above investments are pumped into the business, it’s time for the company to go public through the process of listing and then bailing out the IPO, the current promoters offer the company shares at a premium and liquidate the shares in the public domain. Hence providing a scope for a very huge investor base and also providing the public a chance at valuing the company considering other competitors. The company usually uses the new funds to enter into new products or expand previous products, acquire other businesses, or generate more revenue if the company is loss-making. The company usually earns enough profit to use it as a cash flow to expand existing businesses.

Consider SoftBank. SoftBank has mostly been under the spotlight in India since its withdrawal from Flipkart in 2018. This year, though, things have changed. In 2021, it claims to have invested $2 billion in Indian companies, resulting in the creation of four unicorns in just a few months. SoftBank has evolved; it now invests from its own funds and is no longer limited to market leaders. The Indian ecosystem has progressed. Many other organizations are capable of and ready to write checks as large as SoftBank's, leaving entrepreneurs with a plethora of options.[6]

Take the example of Hindustan Petroleum. With the onset of an electric automobile sector taking to the streets of India, the traditional business like the oil and gas brand is expected to face certain monetary discrepancies. Private investment banking companies like SoftBank look for longevity in business models, which showcases the entry and exit of fund investors as per the dynamic business environment.[7]

ROLE OF PATENTS

A patent is the granting of a property right by a sovereign authority to an inventor. This grant provides the inventor exclusive rights to the patented process, design, or invention for a designated period in exchange for a comprehensive disclosure of the invention. They are a form of incorporeal right.[8] As start-ups file patent applications, the chances of obtaining virtual capital financing increase.

The Controller General of Patents, Designs and Trade Marks appointed under sub-section (1) of 174 [Section 3 of the Trade Marks Act, 1999 (47 of 1999)] shall be the Controller of Patents to acquire Patents in India. Subject to the provisions of this Act, the term of every patent granted, after the commencement of the Patents (Amendment) Act, 2002, and the term of every

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[6] Ranjani Raghavan, Ravindra N. Sonavane, *Softbank Group eyes part exit as Oyo files for ₹8,430 crore IPO*, LIVE MINT, Oct. 1, 2021.

[7] RELIANCE SECURITIES, Report on Institutional Equity Research of *Castrol India*, (Oct. 21, 2020) https://www.reliancesmartmoney.com/docs/default-source/research-reports/oil-gas/castrol---initiation---211020.pdf/.

[8] Will Kenton, *Patent*, (Apr. 12, 2021) https://www.investopedia.com/terms/p/patent.asp/.

patent which has not expired and has not ceased to have the effect, on the date of such commencement, under this Act, in case of international applications filed under the Patent Cooperation Treaty designating India shall be twenty years from the international filing date accorded under the Patent Cooperation Treaty.[9]

Investors evaluate the isolated value of a patent to assess the potential return from a venture investment. The higher the anticipated quality of a start-up's patent application, the more likely the start-up is to receive virtual capital financing. The role of patenting is rather complex – the patenting process itself generates information that is helpful to investors, but it is not simply the patent grant itself which is recognized by angel investors.

Competitors may take advantage of your idea if you do not patent it. If the product is a success, many other companies will be enticed to create a similar product utilizing your idea without having to ask your permission. That's not all, though. If you don't protect your innovation, your ability to lease, sell or transfer technology will be severely limited; without intellectual property (patent) rights, technological transfers will be difficult, if not impossible.

Rather than prohibiting entrance, patent protection restricts it. When a process is innovated, it compels a potential entrant to differentiate his manufacturing technique sufficiently. We look into whether a patent holder who is facing entry can smartly renew a patent. Patent renewal is sufficient to discourage entrance in low-demand situations, but high-demand situations attract competitors, even if the patent is still valid. When the patent holder is aware, however, the renewal decision might convey information to an uninformed entrant. This might be a deterrent to entry. As a result, in the presence of asymmetric knowledge, a patent gets renewed more frequently.[10]

There are a lot of malpractices which established businesses perform to humiliate and disrupt the business of smaller companies. The government has taken a number of steps so that smaller companies can emerge in front of bigger enterprises and get a fair chance to improve themselves. This provides a level-playing field for the smaller biz to carry their operations. The present day scenario is far better than the past. One example of this is Deccan Airlines. The challenge for patent offices is to think about how patent information can be provided faster and

[9] The Patent Act, 1970.

[10] Corinne Langinier, *Are patents strategic barriers to entry?*, JOURNAL OF ECONOMICS AND BUSINESS, Volume 56, Issue 5, 349-361, ISSN 0148-6195, (2004) https://doi.org/10.1016/j.jeconbus.2004.02.002.

in a clearer form such as to enable firms with high-quality and unique technologies to receive financing faster.[11]

- *Scope*

Although securitization of startups mainly to angel investors could be a very viable option for a wider scope of expansion wholly, it takes a lot of concerns to turn a startup into a unicorn. Say for example, when you hire outside startup investors, your goal of starting your own business comes to an end. You now have partners. People with a claim to ownership, shares, and a say in critical decisions are present. You are no longer in charge of your objectives, strategy, milestones, or speed alone. Also, cost-cutting and increasing profit margins have to be considered at all times. Investors don't make money until there's a liquidity event. Until that, they bear a huge risk. Finally, if it's not defendable, it'll be difficult at best. Patents, trade secrets, outlook, approach, distinctiveness in operating protocols plus a good intellectual property, defence budget, makes investors interested.[12]

CASE STUDY: ISRAEL

Many Israelis think there are good opportunities to start a firm where they live, compared to people from other nations of the same age group. There are several dimensions to answering that why is that so, many of which involve changes that took place in the past years. It is easy for upstarts to compete with big, established firms in Israel. Too many overlapping or conflicting causes can be found in the history of the nation's prosperity. It's not difficult to understand why Israel has developed into a startup hub thanks to Israeli government programmes that encourage innovation and the breadth of STEM expertise in Israel. The nation has established an ecosystem that keeps expanding, fostering synergy and opening up fresh business prospects. Israel has the greatest rate of new business creation in the world, one new business for every 1800 residents. The consulting firm Deloitte estimates that nearly 1000 start-ups are established in the nation each year. Launched in the nation are startup incubators and accelerator programmes from Microsoft, Google, and IBM. The logic behind Israel's fortune is stated below.

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[11] Carolin Haeussler, Dietmar Harhoff, and Elisabeth Mueller, *ZEW - Centre for European Economic Research Discussion Paper, To Be Financed or Not… – The Role of Patents for Venture Capital Financing*, Volume 9, Number 003, 01-38, (2009).

[12] Tim Berry, *10 Good Reasons Not to Seek Investors For Your Startup*, (Sept. 15, 2021) https://timberry.bplans.com/10-good-reasons-not-to-seek-investors-for-your-startup/.

- *Reasons*

i. Entrepreneurship

Israel has a very small local market. This has been an advantage to companies in Israel. Since their founding, all Israeli businesses have been geared toward bigger foreign markets in Europe, the US, and East Asia. As a result, there is a continuing need to innovate to satisfy those markets. Without it, businesses cannot thrive by only tapping into local markets. Israeli businesses must build technology that are appropriate for many types of markets from the start, maybe more so than businesses from larger nations. Government plays a vital role in launching the products to enormous markets by providing aids to the business at required times.

ii. Determination

It is an advantage when you have the laser-like focus of determination in getting your start-up off the ground. This is evident not only in their businesses but also in the way college students interact with their professors, workers question their managers, sergeants interrogate their generals, and clerks question government ministers. It is truly amazing how rank is almost totally ignored in Israeli society when ideas are competing against each other.

iii. Role of the Israeli Government

The Israeli Government will award research grants to companies covering up to NINETY PERCENT (90%) of R&D costs. Israel spent 3.9% of its GDP on R&D in 2012, which is much more than any other nation in the world, according to the World Bank. Only two other nations invested more than 3%, Finland and Sweden.

The Yozma programme was established by the Israeli government in 1993 to kick-start the nation's venture capital sector. The initiative established its own venture capital funds and provided risk assurances to private funds that made investments in start-ups. Israel now has a higher amount of venture capital as a proportion of GDP than the majority of other areas, according to the OECD, making it simpler for entrepreneurs there to raise money. The amount of venture capital accessible in the nation in 2011 was 0.5% of GDP, significantly more than that of the United States, which came in second with 0.2% of GDP. Businesses raised $867 million in total in Israel during that year, compared to $706.2 million in Germany.

A tangible result of this is that after Silicon Valley, more Venture Capital goes to Israel than any other place in the world (including Boston). And after the U.K., there are more Israeli companies listed on NASDAQ, the market where most start-ups list, than any other country in the world.

iv. Adaptation

There are not many who would choose the middle of a dessert, and change it into gardens, or to make the seawater drinkable.

That is why Israelis have found success as independent merchants, lawyers, financiers, etc. Taking risks in a start-up is nothing compared to the historical baggage they have brought with them! The risk-taking craving is huge, also with the motive of people to take to resolve problems of the world through themselves by the means of startups.

v. General Awareness and know-how

People build networks that aid them in their future employment during the three years of required military duty (two for women), and they receive familiarity with cutting-edge technology. Additionally, they are exposed to sophisticated high-tech systems since both men and women learn how to use these systems as early as their late teens. This also improves the knowledge in sectors of science, world politics, law, general awareness and logistics. This exposure triggers interest and directs people with the alike passion and path in the right direction.

vi. Education

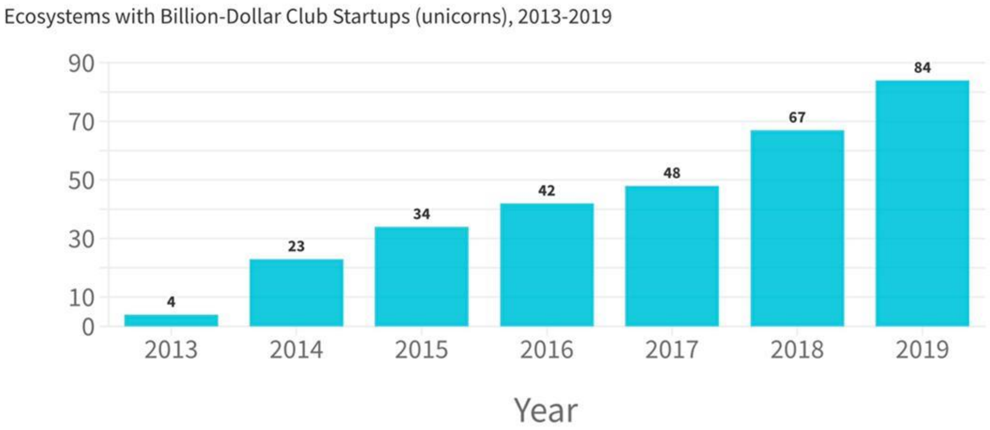
According to the Webometrics ranking, six of Israel's universities place in the top 100 schools of Asia. This is with a population of about 8 million people.

Just to take one university, for example, Hebrew University has 8 Nobel Laureates, and one Fields medal winner, within its faculty. This gives an idea of the quality of education and facilities provided. Yissum, the company formed to transfer the technology of Hebrew University to the private sector, has registered over 8,900 patents covering 2,500 inventions, and has licensed out 800 technologies and has spun off 90 companies.

vii. Trust

With a population of eight million people, Israel has over 6,000 startups and attracts more venture capital per person than any other country in the world. The trust is built by the hard work, grit and determination of the entrepreneurs, as they have proven themselves by creating prosperous and fruitful enterprises. Corruption and other unfair practices occurrence are low and strict laws are defined too, against the same.

CONCLUSION



The Indian start-up industry is expected to grow exponentially. With total funding reaching $63 billion between 2014 and the first half of 2020, India has seen 34 start-ups join the unicorn club, with a combined valuation of $115.5 billion.[13] The global startup economy remains large, creating nearly $3 trillion in value, a figure on par with the GDP of a G7 economy and 2019 saw close to $300 billion in venture capital investments around the world.[14] Currently, there lacks a consolidated set of listing, financing and securitization to adhere to whose solutions have been discussed above.

Despite the hindrances, start-up companies and angel investing have grown steadily in India and globally. The patents, venture investing etc. must facilitate start-ups to operate within the ecosystem. It is assumed as the global economy is experiencing tremendous changes, the need for the business community will also evolve.

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[13] Sandeep Singh, *Presenting The State Of Indian Startup Ecosystem Report 2020*, (Aug. 18, 2020) https://inc42.com/datalab/presenting-the-state-of-indian-startup-ecosystem-report-2020/.
[14] *THE GLOBAL STARTUP ECOSYSTEM REPORT 2020 (GSER 2020) — State of the Global Startup Economy*, https://startupgenome.com/article/state-of-the-global-startup-economy/.