

Monthly Newsletter

March 2024



Dear Reader,

It gives us great pleasure to share with you our March 2024 Newsletter with its **focus on the startup and energy sectors.**

This Newsletter contains:

- R M Consulting's analysis of how the issue of governance coming to the fore is the best thing to happen for India's startup arena in FY24,
- R M Consulting's view on the need for startups with billion-dollar valuations to also come up in the East, and
- R M Consulting's perspective on Blackrock Chairman & CEO Larry Fink's 2024 Annual Chairman's Letter to Investors.

We encourage you to share this Newsletter with other stakeholders who may benefit from it.

Thank you for your continued support.

Team R M Consulting

Governance coming to the fore biggest gain for India's valuations-obsessed startup ecosystem in FY24



Synopsis

The financial year 2023-24 has laid the foundation for the long-term sustainability and continued vibrancy of the Indian startup sector by proving to be the best wake-up call for startup founders and the investor fraternity that a cavalier approach does not work when it comes to matters of governance and oversight.

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The temptation may be strong to describe FY24 as an “annus horribilis” for the Indian startup arena given the troubles faced by two of the biggest poster boys of the new-age business arena – Byju’s and Paytm – and, also, with not too many big-ticket fundraises being announced in the fiscal year.

But, in its own way, the financial year 2023-24 may have laid the foundation for the long-term sustainability and continued vibrancy of the Indian startup sector which is already one of the biggest in the world in terms of the number of startups. By proving to be the best wake-up call for startup founders and the investor fraternity that a cavalier approach does not work when it comes to matters of governance and oversight and that there could be a heavy price to pay for adopting an apparently nonchalant approach on these issues.

“Governance” emerging as the buzzword in the Indian startup arena – with it even finding a prominent mention in a recently-released CII report that has

done much to lift the sagging morale of those connected with the domestic startup ecosystem – is the best thing to happen for a sector, where, until now, nothing had seemingly mattered except “fundraising” and, more importantly, “valuations”. Increasing recognition that an ecosystem is only sustainable when it has sturdy systems and processes, and effective oversight mechanisms as its foundational pillars can spell good news for new-age businesses, going forward.

So far, the desire of startups to become unicorns and/or decacorns in double-quick time – often egged on in this pursuit by a large cheering brigade – had been so great that the focus on building robust governance structures – a prerequisite for institution-building –



was often considered a lesser priority than how fast a startup could hit pay dirt. The likely feeling being that spending more time on governance issues would leave startups with that much less time to devote to doing what is needed to be done for shoring up valuations to provide hefty exits to investors and/or even the startup founders themselves, at the earliest.

Here, it may be relevant to mention that although they may have come under the spotlight for the wrong reasons, it is not that only Byju’s and Paytm have governance problems. Governance has always been a weak link in the startup ecosystem, but the matter had been glossed over till the troubles at Byju’s and Paytm assumed proportions large enough to start taking some shine off the startup arena with more probing questions getting asked about the business practices of startups.

In December 2021, itself, for instance, the Education Ministry had come up with an unprecedented [advisory](#) urging citizens to exercise caution while dealing with edtech entities. This action on the part of the ministry prompted some of the leading names of the edtech sphere – including Byju’s – to hastily come together to form the India Edtech Consortium (IEC) as a sort of self-regulatory body for this arena. However, nothing much has been heard from the IEC since the recent dispute between a group of investors and the Byju’s founder.

Looking ahead

In FY25, one would, thus, hope that there would be no going back to the old ways in the Indian startup sector once the dust has settled somewhat on the Byju's issue especially. The investor community would have to take the lead in this connection as the actions they take on bolstering governance mechanisms at their investee entities would have the biggest impact in ensuring that startups have strong core foundations.

Without a doubt, India's startups hold the potential to play a catalytic role in advancing the *Viksit Bharat* (developed India) agenda. It would be unfortunate for India's over 1.4 billion citizens who make up almost 18 percent of the global population if local startups are unable to do justice to the faith that people have reposed in their ability to make a difference because of weak governance structures.



Unicorn sun must also rise in the East



Synopsis

Innovative startups commanding billion-dollar valuations coming up in West Bengal, Orissa, Bihar, and Jharkhand can ensure that the economic gap that exists between the eastern region and other parts of the country does not widen further and may also help in the realization of several national objectives.

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Amidst all the discussions surrounding a recent industry body [report](#) which has forecast that the startup and venture economy can likely contribute \$1 trillion and add 50 million jobs to India's economy by FY30, it is worth deliberating on what it would take to ensure that the East finds a more prominent place in the country's startup success story.

More so at a time when elections in India – including the impending Lok Sabha polls – are being fought on the developmental plank, with political parties trying to outdo each other in wooing the electorate on how they are the best bet when it comes to promoting rapid and more inclusive growth.

As per [data](#) provided by the Department for Promotion of Industry and Internal Trade (DPIIT) of the Ministry of Commerce and Industry, the eastern region made up of West Bengal, Bihar, Orissa, and Jharkhand accounted for only 7

percent of the total number of recognized startups in India as of 2023. By contrast, the North had 32 percent, the South 28 percent, and the West 26 percent of the total number of India's 100,000 plus recognized startups.

But it's not just the political connotations – significant as they are – that alone make it important to discuss why the East continues to lack multiple, large, successful startups, and no unicorn to boast of till date.

The eastern region – about which the [Interim Budget](#) for FY25 had mentioned would be enabled to become “a powerful driver of India's growth” – already ticks several boxes regarding the prerequisites for spawning large, successful startups.

Some of India's most respected higher educational institutions are based there and the region, consequently, has no dearth of bright, young, highly qualified people with entrepreneurial ambitions. Moreover, by itself, the East offers a sizeable market where startup



founders can try out their innovative ideas. As per the [National Educational Ranking Framework \(NIRF\) 2023](#), two of the top 10 engineering colleges of India are in the eastern region (IIT, Kharagpur and Jadavpur University). In the management discipline, the East has two of the nation's top 10 management education providers in the form of IIM, Calcutta and XLRI-Xavier School of Management, Jamshedpur. The Indian Institute of Technology, Kharagpur, also figures among the country's top 10 research institutions.

Despite the enormous flight of capital it has witnessed since the 1960s, West Bengal is still India's 6th biggest economy. The state continues to be the headquarters of enterprises like ITC, the RP-Sanjiv Goenka Group, among others. Though a smaller economy than West Bengal, Orissa has already made a name for itself as one of the most business-friendly of states. Jharkhand has always been known for its mineral wealth and one of its cities

Jamshedpur is synonymous with Tata Steel. Bihar, too, is taking great strides to attract investments.

In their own ways, the governments of the eastern states, too, have signalled their keen interest in doing whatever it needs to be done to have more startups come up in their respective areas.

Need for solutions

So, what is it that is holding back the eastern region from making a bigger splash in the startup space? Is a historical perception about the East the chief problem here? Is inertia on the part of the drivers of the startup ecosystem – the venture capitalists (VCs), private equity (PE) firms, etc. – to not look beyond certain geographies also a contributing factor, even though bright ideas cannot just come from a few chosen places? Or is it a combination of these two and/or something completely different?

Whatever be the causes for the present scenario, it is time key stakeholders – governments at the Centre and of the eastern states, business leaders, startup founders, and the investor fraternity – start identifying these and find solutions for the problem areas. A yawning gap building up between the East and other regions on the startup front can neither be good from the *Sabka Vikas* (development for all) perspective nor from the *Viksit Bharat* (developed India) standpoint.

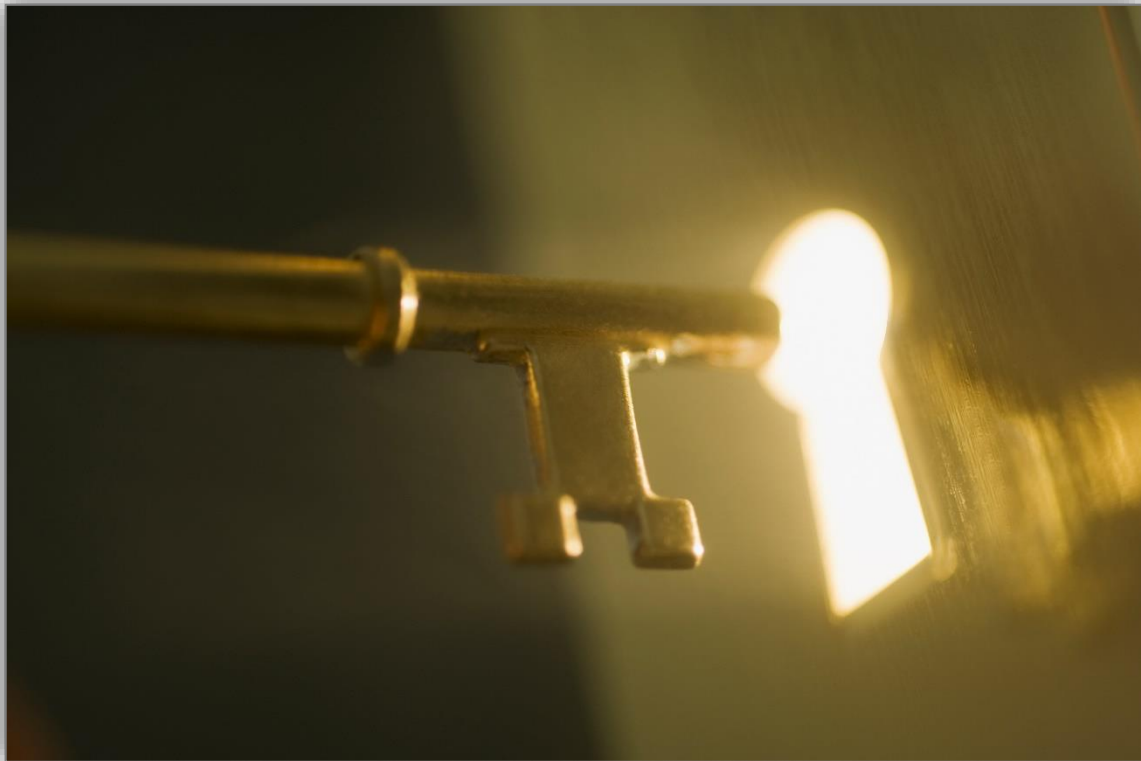
After all, innovative unicorn startups coming up in West Bengal, Orissa, Bihar, and Jharkhand can add further vibrancy to India's startup arena that is currently heavily fixated on the fintech, edtech, e-commerce, D2C brands, SaaS (software as a service) domains etc. Such startups can also create more local jobs and thereby reduce the need for young people in the East to migrate elsewhere for employment opportunities. By extension, a booming startup ecosystem in the eastern region can speed up and, also, make India's growth and development process more inclusive.

Summing up

For many decades now, the East has been perceived as more important politically than economically. It is high time that the region's economic importance started matching its political one, and there could possibly be no better beginning for such an endeavour than the East no longer being a mere side show in India's startup story.

The unicorn sun must also rise in the East.

On the energy front, pragmatism holds the key & Blackrock's Larry Fink endorses it



Synopsis

Larry Fink's views on the energy arena as stated in his 2024 Annual Chairman's Letter to Investors clearly indicate that both renewables and fossil fuels need to operate in parallel at least for quite some time in the foreseeable future. It is also a message to hold off from starting to write the obituary of fossil fuels just yet as they are not going anywhere anytime soon. .

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A scenario where a choice must be made between either renewables or fossil fuels is neither desirable nor feasible. And now, we have Blackrock's Larry Fink also indicating that through his advocacy of the need to be pragmatic when it comes to dealing with ticklish issues as decarbonization and energy security.

Elucidating the benefits of energy pragmatism, Fink, in his [2024 Annual Chairman's Letter to Investors](#), citing examples of Germany and Texas, pointed out how striking a fine balance between renewables and fossil fuels had enabled these two places to achieve energy security and simultaneously promote a fair energy transition. Further highlighting that the "energy market isn't divided the way some people think, with a hard split between oil & gas

producers on one side and new clean power and climate tech firms on the other".

Coming just three months after COP28 where a historic agreement was reached between countries to transition away from fossil fuels, Fink's views on

the energy arena clearly indicate that while renewables may be the future, they are nowhere quite ready to completely replace fossil fuels even in the developed world. And that both



renewables and fossil fuels need to operate in parallel at least for quite some time in the foreseeable future.

Fink's perspective on energy pragmatism is also a message to hold off from starting to write the obituary of fossil fuels just yet as they are not going anywhere anytime soon.

Amidst all the grandstanding that sometimes accompanies renewables, what is often overlooked is that renewables, too, have a dependence on fossil fuels. In a [December 7, 2023 post on the social media platform X](#), OPEC had pointed out how various items used in making wind turbines are petroleum-derived products, and, also how the mass production of even solar panels cannot be achieved without petroleum products.

Sight must also not be lost of the money challenge regarding renewables that still needs addressing. Something about which hopefully we may see some concrete progress at the COP29 to be held in Azerbaijan. The [G20NewDelhi Leaders' Declaration](#) had noted the world's requirement of \$4 trillion per year for clean energy technologies by 2030 "to reach net zero emissions by 2050".

R M Consulting Advisor in the Media

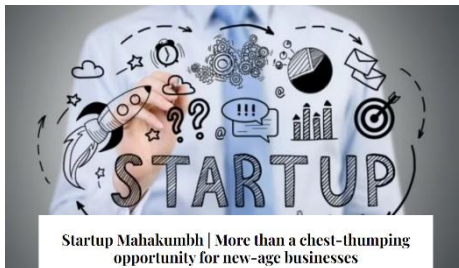
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[India needs to rally behind its edtech startups, beginning with Byju's](#)

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[Startup Mahakumbh | More than a chest-thumping opportunity for new-age businesses](#)

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[Urgent Call To Scale Clean & Climate-tech Startups, As India Works For A Sustainable Future](#)



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Our Service Offerings

Stakeholder Engagement

- **Stakeholder identification & mapping:** Identifying all relevant stakeholders and understand their interests, concerns, and potential influence.
- **Stakeholder engagement strategy development:** Co-creating a tailored engagement strategy aligned with client goals and stakeholder dynamics.
- **Communication and facilitation:** Designing & delivering effective communication channels and platforms to foster open dialogue and information sharing.
- **Conflict resolution and negotiation:** Equipping client with tools and techniques to navigate complex stakeholder relationships and address potential conflicts constructively.
- **Monitoring and evaluation:** Tracking effectiveness of client engagement efforts and provide insights for continuous improvement.

External & Internal Communications

- Strategic public relations & media relations campaigns.
- Compelling content marketing & social media management.
- Crisis communication & issue management plans.
- Marketing communications aligned with branding & campaigns.
- Data-driven reporting & measurement.
- Employee engagement & advocacy strategies.
- Change management communication plans.
- Internal branding & storytelling initiatives.
- Channel development (intranet, newsletters, recognition programs).
- Internal training & workshops

Media Relations

- **Media strategy development:** Crafting tailored media plans aligned with client organization goals & target audiences.
- **Media outreach and relationship building:** Cultivating strong relationships with relevant journalists & influencers.
- **Pitch development and press release creation:** Crafting compelling pitches & press releases that capture media attention.
- **Media training and interview preparation:** Equipping client organization spokespeople with the skills and confidence to excel in media interviews.
- **Media monitoring and analysis:** Tracking media coverage & providing valuable insights to inform future strategies.
- **Crisis communication and reputation management:** Helping client navigate negative press & protecting brand image of client.