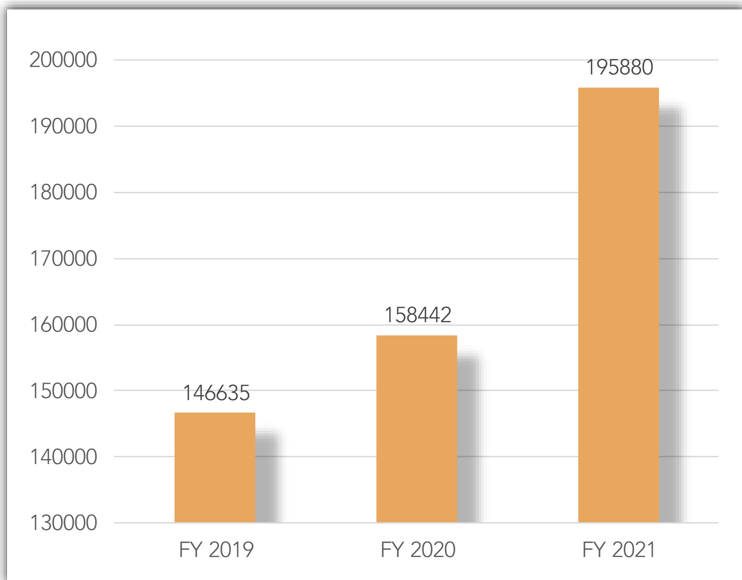
Dun & Bradstreet India Data Updates

New Corporate businesses getting registered in FY 2021 (Apr'20 – Mar'21)

India saw the highest number of new corporate business registrations in fiscal year 2020-21. Dun & Bradstreet has received inquiries on 181K business out of ~500K newly incorporated businesses in the last 3 years. These inquiries help Dun & Bradstreet customers take informed decisions about buyers, prospects, suppliers and other business partners.



IN THE LAST 3 YEARS

- A high number of new businesses were registered, especially during 2021 pandemic period
- 8000 companies increased their paid-up capital post registration in following years
- 801 newly registered companies have already gone inactive / Out of Business
- 162 companies have registered with a paid-up capital above INR 100 cr.
- Maharashtra tops the list followed by Delhi
- The service industry has seen the highest number of registrations; however, the manufacturing sector saw higher growth during FY 2021
- There was an increase in the number of LLPs, NGOs and one person companies

Business services tops the list of new registrations, followed by food manufacturing, agriculture, social services and chemical industries.

	Business Services	Wholesale Trade - Non Durable Goods	Miscellaneous Services	Real Estate	Food And Kindred Products (Manufacturing)	Agricultural Production - Crops	Building Construction - General Contractors And Operative Builders	Social Services	Construction - Trade Contractors	Chemicals And Allied Products - Manufacturing
FY 2021	24%	7%	4%	4%	5%	5%	3%	4%	3%	4%
FY 2020	27%	6%	4%	4%	3%	3%	3%	3%	3%	3%
FY 2019	37%	4%	7%	4%	3%	2%	3%	2%	3%	1%

Trends in New Business Registrations

By Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet

Birth rate of new businesses (number of new businesses registered as a percentage of active firms) showed a healthy pace of increase from 10.2% in FY20 to 11.6% in FY21, despite the pandemic and subsequent waves of lockdown. A total of 195,880 businesses were registered in FY21 compared to 158,442 businesses in FY20, growing at 24%. Looking at new business registration through the lens of a growth-share matrix yields the following four categories of subsectors:

Star sectors – Sectors which not only had a high share of new registrations in FY20 but also witnessed high growth in new registrations in FY21 fall in this quadrant. This includes sectors such as agriculture production (crops), food and kindred products manufacturing, wholesale of non-durable goods, chemicals manufacturing, social services, educational services, computer related services etc. Higher registrations in agriculture and food manufacturing seems reasonable given that consumers restrict their expenditure to necessities and cut down on non-discretionary spending during economic downturns. Good monsoon season could have provided further impetus. Higher registrations in chemicals manufacturing and social service (hospitals, nursing homes, trusts, etc.) are justified as these sectors are experiencing a pandemic induced spike in demand. Individuals also tend to reskill themselves to improve their future job prospects during recessions. This could have arguably resulted in higher business registrations in the educational services category. The pandemic has also accelerated the rate of digital adoption as more people now than ever are working and learning remotely. Hence the strong growth incomputer related services is unsurprising.

Rising sectors – Sectors which had a low share of new registrations in FY20 but high growth in new registrations in FY21 fall in this quadrant. This includes sectors such as retail stores including food retailers, agriculture services including livestock production, management consulting services, testing laboratories, biological research services, etc. Reasons fueling business interest in these sectors are again all pandemic driven.

Struggling sectors – Sectors which had a low share of new registrations in FY20 and also low growth in new registrations in FY21 fall in this quadrant. This includes sectors such as wholesale trade of durable goods, transportation services, repair services, restaurants, bars, etc. Social distancing measures have led to a contraction in business registrations in the aforementioned sectors.

The pandemic has significantly altered the way in which businesses conduct commerce. This presented itself as an opportunity and many entrepreneurs capitalized on the evolving trends, leading to an increase in business registrations. Much of the new registrations were concentrated in sectors that witnessed a pandemic induced spike in demand. 96% of the newly registered businesses had a paid up capital of up to 1 million. However, historical survival rates of businesses that fall in this category are low. Hence, businesses that partner with these newly registered businesses need to continuously monitor their portfolio and establish red flag alerts to protect their capital.