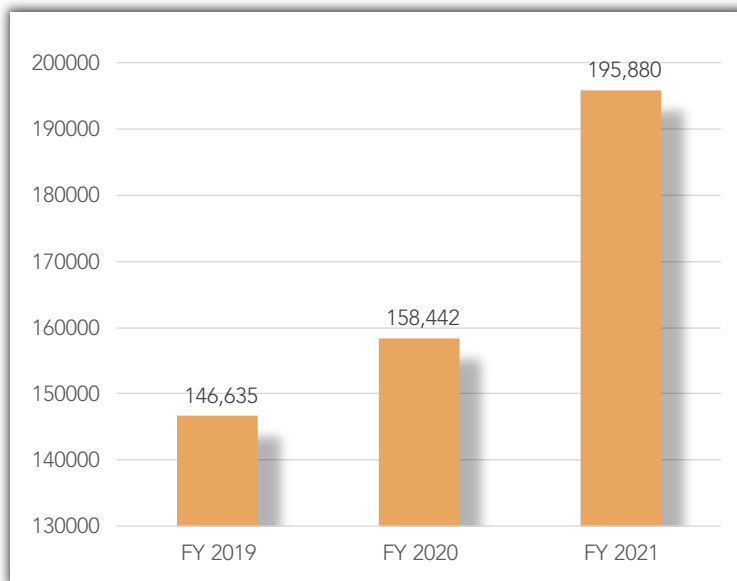


Dun & Bradstreet India Data Updates

New Business Registrations in India from FY 2019 - FY 2021

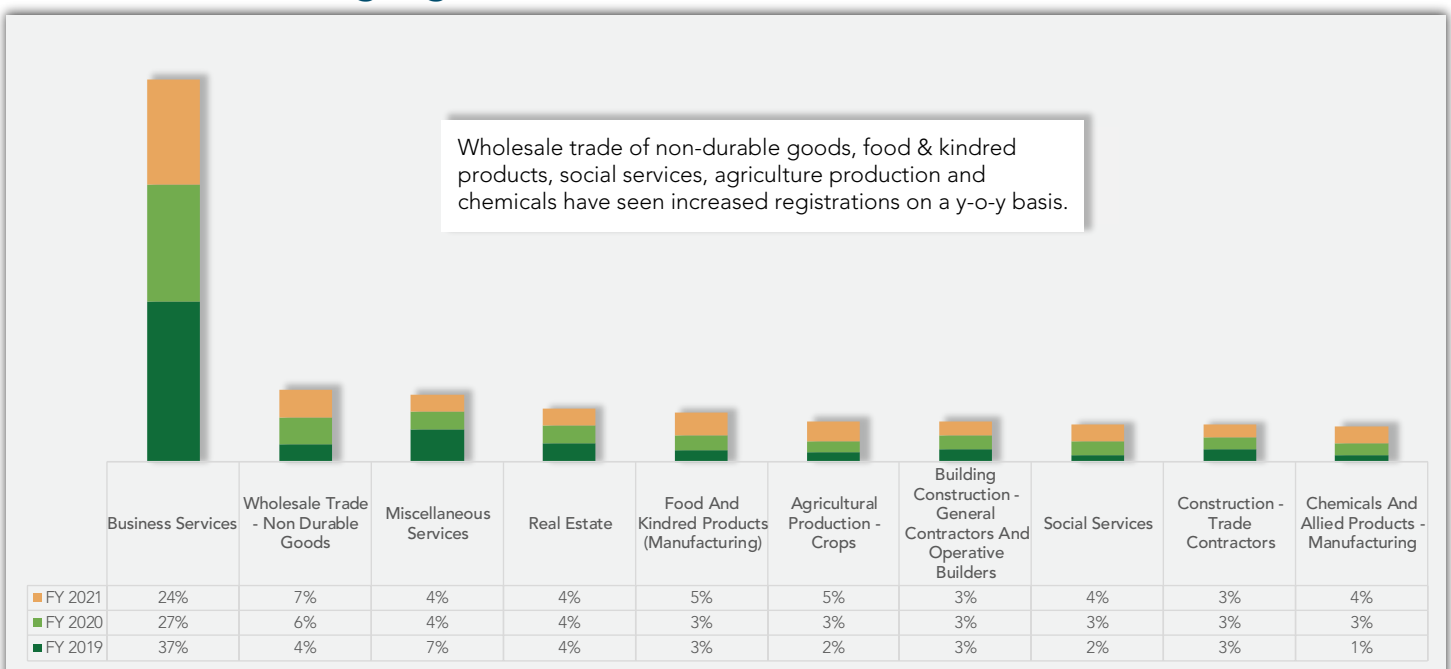
India witnessed the highest number of new corporate business registrations in fiscal year 2020-21. Dun & Bradstreet has received 181K inquiries on the ~500K newly incorporated businesses in the last 3 years. These inquiries help customers take informed decisions about buyers, prospects, suppliers and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



FY 2019 - FY 2021

- A high number of new businesses were registered, especially during the 2021 pandemic period
- 8000 companies increased their paid-up capital post registration in the 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 with the highest number of new businesses, followed by Delhi
- The service industry has seen the highest number of registrations; however, the manufacturing sector saw higher growth during FY 2021
- 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.



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 registrations through the lens of a growth-share matrix yields the following 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 services (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 in computer related services is unsurprising.

Legacy sectors – Sectors which had a high share of new registrations in FY20 but low growth in new registrations in FY21 fall in this quadrant. This includes

sectors such as personal services, real estate, communications, etc. Registrations in personal services contracted by 38% in FY21, understandably because of the social distancing measures.

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.

Want to reduce friction in your quote to cash process?

D&B Direct for Finance lets you automate decisions to manage risk, receivables, and collection priorities

[Click here for more details](#)