

Start-Ups and Its Development in India

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Abstract

India stands in a row of developing nations. The country needs more entrepreneurial base for the advancement of the Indian financial market. There has been a lift in the number of new businesses surfacing in the country ascribed to the technological and structural advancement in the nation. Start-ups are young firms or companies existence with a unique objective. The Start-ups in India today is in driving force of the economy compared to other Asian countries. Rooted in innovation, start-ups in India aim to exercise reduction in scarcity of existing products or create entirely new grade of goods and services. It is the good sign for the country as it is experiencing dynamic change among the business platform over the past two decades. First and the major need for start-ups in India is job creations, if there are more number of start-ups encouragements then there will be direct lead to more job creations and also it will become the reason for economic growth.

Key words: Start-up, Entrepreneurial base, Indian Financial market, Economic Growth etc.,



Introduction

India is most bounded with cultural and ethical values compared to rest countries in the world. The entrepreneurial approach in the country was in the dominant phase of Government firms or industries, Joint Family businesses or by Traditional business approaches. Even after the many reforms towards the privatising of business sectors in 1980's from the government was not much commendable. The major turn-around towards the privatisation in the country fall out with the assumptions of P M Narasimha Rao in 1991. Many people were surprised when Dr. Manmohan Singh, an economist with a Cambridge University degree, replaced Narasimha Rao as finance minister. The two eminent personalities together overturned history and turned back the course of the country. The "licence raj" was abolished by the new industrial policies, which also expanded the possibilities for private businesses. The reforms changed the complete Indian business environment. The Family businesses of many next peer-group started their own Private sectors in the field of IT, telecom, Pharmaceutical, automobiles etc., All the world dominants

players in IT, telecom, pharmaceutical and automobiles entered the contract of Joint Ventures with the Indian companies to expand their network. In the post period of 2000's, even in the health care sector also went through exceptional exchanges. Technology and industry research and development have made it more profitable for large-scale private participants to invest in major hospitals with cutting-edge infrastructure and the necessary staff.

Start-ups businesses have received increased consciousness in the recent times in India and even in other parts of the world. It is commonly acknowledged that the rise in new businesses is one of the main drivers of growth and employment creation. Throughout the past two decades, the country's start-up ecosystem has made rapid advancements. Due to the eco-immaturity system's and the scarcity of incubators and accelerators, as well as a small number of active investors, start-ups established at the beginning of the 2000s struggled. There were a few successful gateways in the late 2000s, and over the past ten years, the number of startups has steadily increased and there is now greater support accessible in all dimensions. Bangalore City has become the country's main hub for startups, although Mumbai, the NCR, and other smaller towns are also seeing a lot of investment activity. Our honourable Prime Minister, Narendra Modi thinks that, *accelerating the start-ups are pivotal to hybrid the gaps to refine the growth and development of the nation on numerous fronts*. The flagship initiative, "Start-up India", was commenced in early of 2016 "to build a strong ecosystem that is conducive for the growth of start-up businesses, to drive sustainable economic growth and generate large scale employment opportunities."

Objectives of the Study:

1. The learning aim to provide a broad aware of both the growth engineer meanwhile the obstacles faced by Indian start-ups.
2. The learning examines the development of start-up eco-system over the years.

Challenges of Start-ups

The start-ups in the area would encounter numerous challenges. There are some challenges that are unusual for the business climate in India. India was frequently mentioned in the report as having a rigorous environment for start-ups. The five main problems that Indian start-ups face are described in this section.

1. Identifying Problem

Finding the true market demand is the first and most crucial issue a start-up entrepreneur must overcome. The biggest and most frequent start-up error is probably building a product or service that no one wants. It is also the easiest way to spend time and money with no return.

2. Identifying Markets and Needs

Finding the correct potential customer base is merely challenging after a business is established and there is a legitimate market demand. It has become standard practise to validate the start-up concept before devoting a significant amount of time or resources to developing the product or service plan.

3. Acquiring Funds without Disregarding the Product's Emphasis

In most cases, it is possible to identify a genuine market issue and develop a workable remedy. Making the necessary arrangements for the cash is the very next hurdle after starting to construct the core product and scale the firm. Since paying for human resources initially costs more money than the majority of initiatives can afford, starting new projects sometimes has to be put on hold until financial resources can

be acquired. Only if they are aware that the investing train is leaving with or without them will many investors board it.

4. Making the Right Hires and Fostering a Positive Culture

Hiring the incorrect personnel is one of the hugest issues that new businesses encounter. The biggest advantage for a start-up company in the early stages is building a strong team. In this sense, picking the appropriate initial resources is the seed that would enable developing a successful start-up culture. Early hires might create a toxic culture that will surely spread as your company grows and expands.

5. Building a Balanced Career

Managing to find the time and energy for a personal life is one of the tough challenges of running a start-up. While it is true that there is a direct correlation between the amount of hours worked and income growth, maintaining one's physical and mental health will pay off in the long term both personally and professionally.

A Shift in attitudes towards entrepreneurship

The national government's "Made in India" and "Start-up India" initiatives have altered the way that India views entrepreneurship. In fiscal year 2016–17, the rate of entrepreneurial intention increased to 14.9% from 9% in fiscal year 2015–16, according to the most recent Global Entrepreneurship Monitor (GEM) report on India, while the rate of fear of failure decreased from 44.4% in fiscal year 2015–16 to 37.5% in fiscal year 2016–17. According to the study, India's perceived capability is second highest and its significant result is greatest when compared to its rivals in the BRICS countries.

Sunil Shukla, the GEM India Team Leader and Director of the Entrepreneurship Development Institute of India (EDII) in Ahmedabad, said, "A macro comparison of all economies suggests that the entrepreneurial intention rate of India is close to the rate of innovation-driven economies, which is commendable. For prospective, motivated, and active entrepreneurs, a highly supportive atmosphere is also necessary. The greatest annual assessment of entrepreneurial dynamics worldwide is the GEM survey. The GEM Consortium, which conducts research on entrepreneurial developments in various nations, includes 62 nations.

Start-ups in India: Opportunities and Growth Drivers

It is anticipated that India's innovation ecosystem, which is the third-largest in the world, would increase by 12 to 15% yearly YoY. (year over year). In India in 2018, there were over 50,000 start-ups, 8,900–9,300 of which were technology-related. In only 2019, there were 1300 modern digital start-ups, which means that two to three are founded each day.

Growth Indicators for the Start-up Ecosystem

- Despite an 11% rise in the number of incubators and accelerators in 2018, the growth rate of the start-up ecosystem grew at a 15% annual pace.
- Significantly, the proportion of women business owners increased to 14% from 10% and 11% the previous two years. (According to 2019 report)
- An estimated 40,000 new employment were created by start-ups in the country during the course of the year, increasing the total number of employees in the start-up community to 1.6–1.7 lakh.

- According to the 2019 Start-up Genome Project rating, Bangalore is among the top 20 start-up cities in the world. It is also recognized as one of the top five start-up hubs in the world.

Since then, various local and foreign funds have contributed large ticket amounts to the Indian start-ups. The fact that the top 15 agreements accounted for approximately 40% of the overall deal value shows that most funds prioritise deal quality over number. For the second year in a row, the total number of private equity deals in India increased in 2018. The aggregate value of \$26.3 billion was the second highest over the previous 10 years, despite a slight decline in average deal size from the previous year. Transactions for more than \$1.4 billion were far more prevalent than they were the year before.

Corporate Connect

Organizations are cooperating with and investing in start-ups as they become more aware of their disruptive potential. Instances of corporate assistance:

- The top 5 chosen start-ups received cash incentives from Facebook and Start-up India totalling \$50,000 each.
- The 10,000 Women programme from Goldman Sachs gives female entrepreneurs access to funding as well as business and management courses, networking opportunities, and mentoring.
- In India, 16 start-ups were been accepted into the Microsoft Ventures Accelerator Program.

Support from Government

The Government of India is aware of the advantages of cooperating with disruptive innovators at every point along the value chain and utilising their innovations to improve the delivery of public services.

- The Department of Animal Husbandry and Dairy organised a large challenge in partnership with Start-up India to give 10 lakh INR to the best start-ups in five categories.
- A programme has been launched by the Small Industries Development Bank of India (SIDBI) to assist current Small and Medium Companies who need financing for growth.
- There are Start-up policies in over 26 states across the nation.

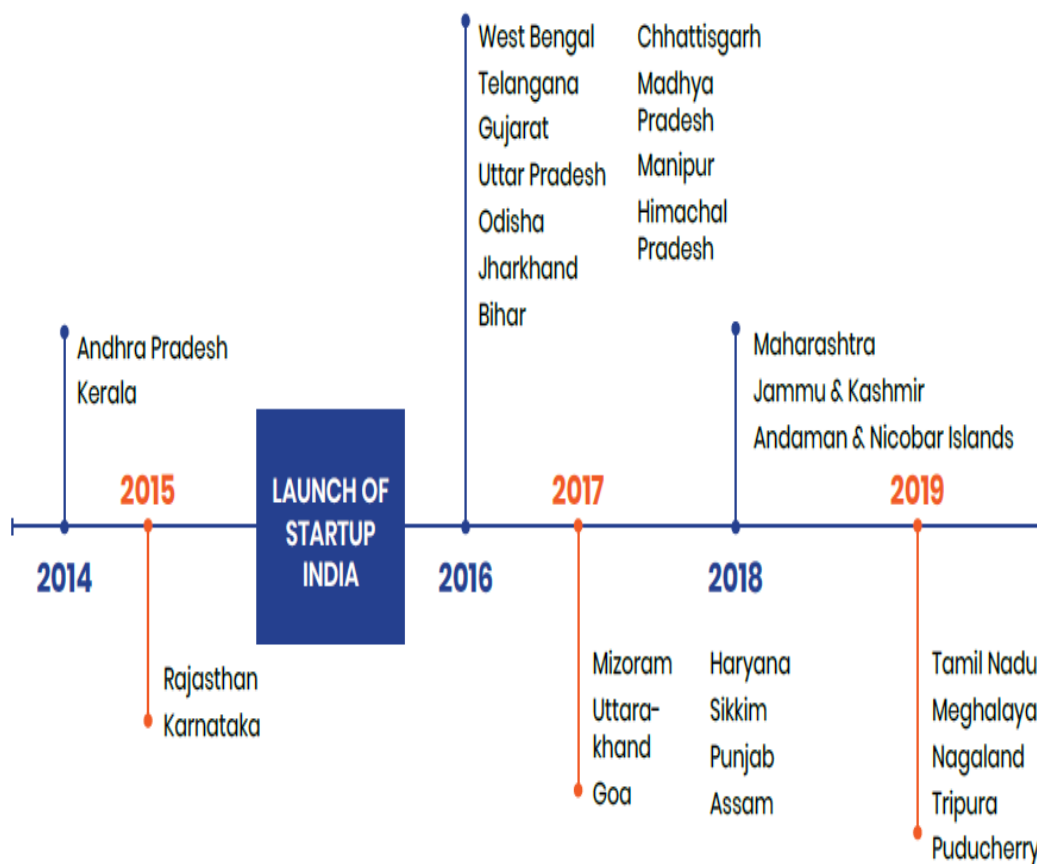
Geographical Support to the Eco-system

The most of support is offered in Indian metropolises, each of which has an unique ecosystem, history, and region of interest. In terms of the number of start-ups, support organisations, and investors, Bengaluru in the Karnataka state is the most developed hub in India. One out of every four of India's IT start-ups is based in Bengaluru. One aspect in Bengaluru's growth as a start-up cluster is the city's abundance of excellent academic institutions and engineering colleges. Several Indian and foreign companies, as well as R&D centres in the aerospace, biotech, and eventually IT sectors, opened operations in Bengaluru as the locational advantage of the specialised talent pool became accessible.

Three of the top four IT businesses in India, including Infosys, IBM India, and Wipro, have their corporate headquarters in Bengaluru. The city is thought to attract tourists because of its multicultural environment. The Karnataka government has also formed a specialised body with the aim of creating and putting into effect progressive policies to promote an environment that is favourable for start-ups. Maharashtra's capital city of Mumbai and the National Capital Region (NCR), notably Delhi, Gurgaon, and Noida, are also witnessing rapid start-up growth. The NCR is home to 21% of all Indian IT start-ups, whereas Mumbai is home to 14% of them. These three places are recognised in a recent research on the geography of start-up activity as belonging to a "Elite Global Start-up Clusters".

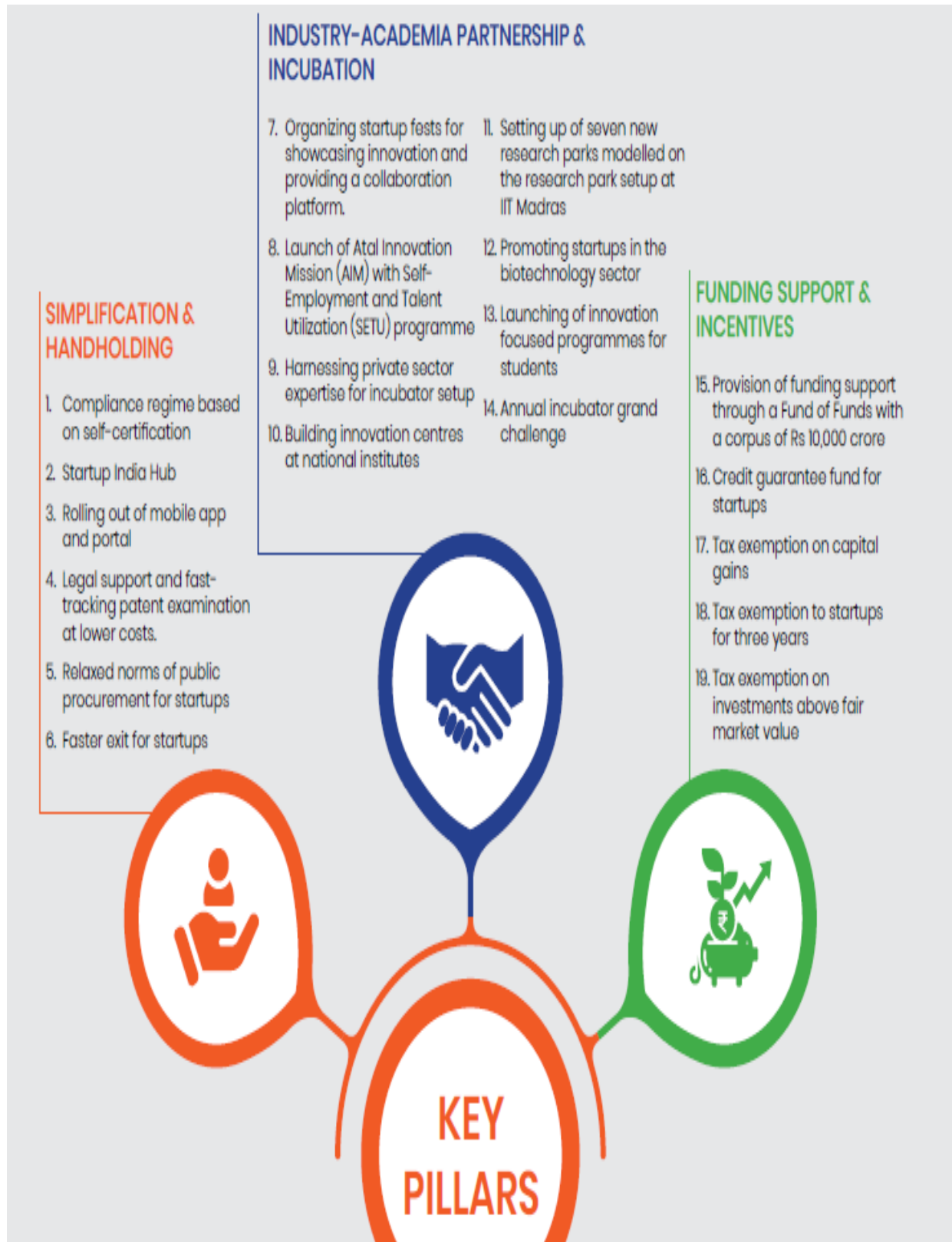
The development of startup eco-systems is also occurring in other Tier-1 and Tier-2 cities. In the aforementioned study on global start-up cities, Pune, Hyderabad, Ahmedabad, and Kolkata are referred to as developing start-up centres, but Chennai, along with Bangalore, Mumbai, and Delhi, is considered an established global start-up hub. Chandigarh, Jaipur, and Kerala are further growing centres named by NASSCOM. There are fewer organisations that offer assistance, less possibilities for founders to interact with one another and share knowledge, and less exposure for businesspeople from these locations. Although these ecosystems aren't as advanced in that area as the ones mentioned above, there is optimism that positive developments will continue in the years to come. The "Start-up Mission" in Kerala and the "Start-up Cell" in Karnataka are only two examples of additional measures that some state governments have taken to help early stage start-ups.

CHRONOLOGY OF STATES' STARTUP POLICIES



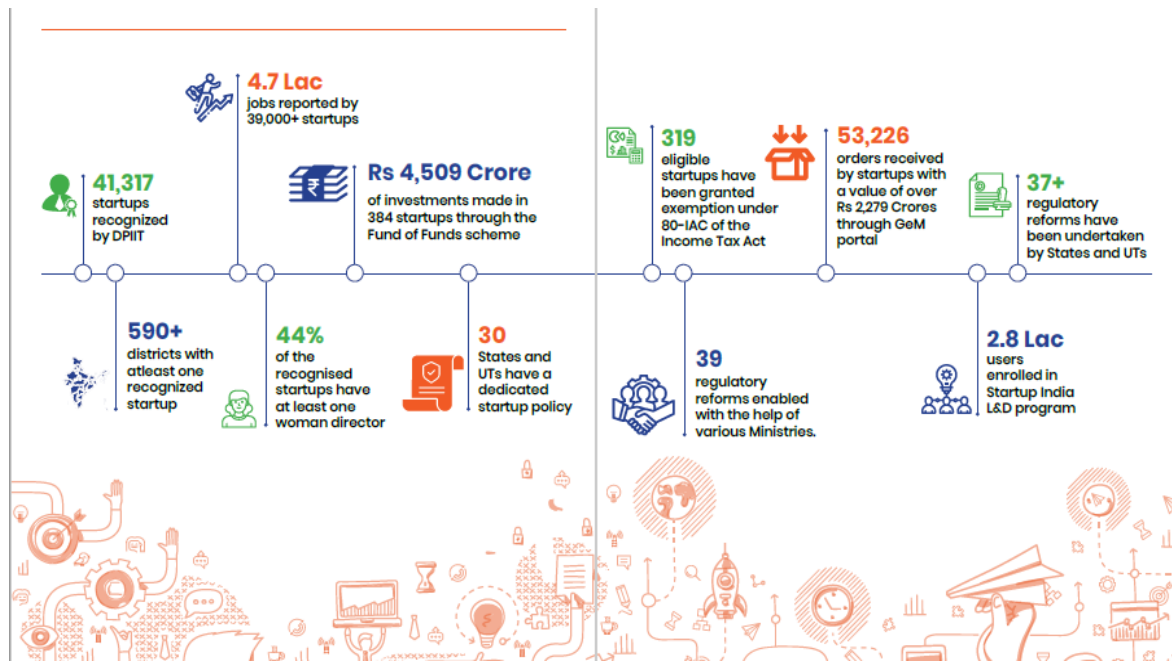
The Action Plan

On January 16, 2016, a Start-up India Action Plan¹ was published in an effort to combine all these objectives into a single, comprehensive policy framework for the whole nation while focusing on every aspect of the start-up ecosystem. It had 19 actions that were divided into the "simplification and handholding," "financial assistance and incentives," and "industry-academia collaboration and incubation" categories. The report covers these three important topics.



Source: www.startupindia.com

Start-up India In Numbers (JAN 2016-DEC 2020) & It's Impact



Source: www.startupindia.com

Development of Start-up Eco-system

In order to facilitate knowledge sharing and resource access for the whole start-up ecosystem, Start-up India Hub was established in April 2016 as a one-stop digital portal, operationalizing the framework for entity recognition and adhering to the Action Plan's objective. The Hub is intended to be a companion, mentor, and guide for entrepreneurs as they embark on their start-up journey.

Key Functionalities of Eco-System

1. **Start-up recognition:** Start-ups can apply for recognition online and receive perks including tax exemptions and priority position in government contracts, among other things.
2. **The introduction of the application management system:** The Hub enables participants, including accelerators, incubators, mentors, investors, corporate entities, and governmental organisations, to seek registration on the portal to host programmes and challenges for all recognised start-ups.
3. **Partnered Services:** Start-ups can take advantage of free, restricted services in a variety of industries, including legal, cloud, banking, customer experience, software enterprise, facilitation of patent and trademark applications, etc.
4. **Online Courses:** All logged-in users get access to free courses on the platform, including those in entrepreneurship, management, and programming.
5. **Knowledge Bank:** Users may access Start-up India's frequently updated lexicon, market research reports from various organisations, and answers to important issues like "How to start a company."
6. **Tools & Templates:** The portal provides a library of different HR, legal, and other types of templates that may be used by entrepreneurs as they transition from idea to business.
7. **Government Programs:** This part is devoted to joint programmes and grants that the Central and State Governments make available to all entrepreneurs. The section contains more than 68 programmes that may be searched by appropriate Ministry, Department, and sector emphasis areas as well as incentive types offered.

8. **Query Resolution:** The Hub houses a mechanism for resolving queries from various stakeholder groups, and the Start-up India team keeps an eye on this procedure.
9. **Handholding support:** Start-up India offers one-on-one facilitation support to already-established start-ups, innovators, and other ecosystem participants through the Hub site. By giving start-ups access to knowledge, industry programmes, government initiatives, and networking opportunities within the start-up community, the portal acts as a virtual incubator for new businesses. A business owner can connect with 663 incubators and 165 accelerators through the Hub's more than 4 billion users, search among 109 investors for funding help, and connect with 54 government organisations to take advantage of start-up-friendly perks.



Source: www.startupindia.com

Start-up – A new hope with wide range of opportunities to millennial

The trend of digitization, which resulted in the creation of platforms for the launch of companies like Paytm, OlaCab, Bharatpe, Flipkart, Zomato, and Nykaa, also aided the new generation of Indian entrepreneurs. The most popular online taxi aggregator in India at the moment doesn't own any taxis or employ any drivers; instead, it makes money by connecting consumers and drivers via a mobile phone application. India's growing "startup culture" and digitalization are closely related. Typically, a technology-driven, scalable business plan is what allows a start-up to grow into a company with professional management, investors, incubators, and accelerators. It is driven by the inventive energy of skilled scientists or business professionals who are attempting to market innovative products, procedures, or technology. The Indian start-up ecosystem, one of the biggest in the world, grew from 7,000 in 2008 to 50,000 in 2018. The founders are often intelligent, entrepreneurial students, engineers, or management graduates who are between the ages of 20 and 40.

The dotcom boom, the expansion of the internet, the availability of financing in various different forms, together with the presence of Indian technology businesses in Silicon Valley, all served as sources of inspiration for the start-up process in India. Instead than practically participating in a site like a manufacturing plant or utilising the human value of traditional business networks, these entrepreneurs developed their businesses by linking suppliers to customer demands. These businesses have transformed the idea of conventional Indian entrepreneurship and business acumen, which is comparable to that of the United States but with distinctive Indian traits.

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