



STARTUPS IN INDIA

Vinisha A.J, Prathiba B

Student, B.Com(Corporate Secretaryship),Chevalier T Thomas Elizabeth College for Women.

Abstract

The evolution of startups in India has been a dynamic and transformative journey, reflecting the country's burgeoning entrepreneurial spirit and technological advancements. The launch of the Startup India initiative by the government further bolstered the ecosystem, fostering a conducive environment for entrepreneurial growth and development. India's journey in the global startup arena has been marked by the rise of unicorns, highlighting the country's prowess in fostering innovative and scalable business models.

Key Words: *Startups, India, Global Market, Covid 19, Globalization.*

Introduction

Startups are newly established businesses, often characterized by their innovative and scalable business models. They typically operate in a state of uncertainty and aim for rapid growth and high profitability. Startups are known for their focus on disruptive technologies, products, or services that have the potential to revolutionize existing markets or create entirely new ones. India has emerged as a vibrant hub for startups, fostering a thriving entrepreneurial ecosystem over the past decade. Several factors have contributed to the growth of startups in India, including increased digital adoption, a growing pool of tech-savvy talent, government initiatives, and a conducive regulatory environment. The ecosystem's resilience during the COVID-19 pandemic underscored its adaptability and agility, with startups leveraging digital technologies to address emerging challenges and consumer needs. With a continued focus on sustainability, technology-driven solutions, and global expansion, the evolution of startups in India signifies the country's ascension as a prominent player in the global entrepreneurial landscape, contributing significantly to economic growth and technological innovation.

Methodology

The paper is based on conceptual study. Secondary source of data is used to present the paper. The majority of data are collected from Startup India website.

Objectives

1. To know the evolution of Startups in India
2. To know the support of government for Startups in India
3. To know the impact of Covid 19 on Startups
4. To know the impact of globalization on Startups

Evolution of Startups in India

The history of startups in India can be traced back to the early 2000s, with the country experiencing a significant surge in entrepreneurial activity and the establishment of new ventures. While the Indian startup ecosystem has witnessed rapid growth in recent years, its foundation was laid through several key milestones and developments. Here is a brief history of startups in India:

Early 2000s: The early 2000s marked the beginning of the Indian startup ecosystem, with the establishment of companies such as Naukri.com (1997) and MakeMyTrip (2000), pioneering the online job portal and travel booking industries, respectively.



Mid-2000s: The mid-2000s saw the emergence of startups focusing on e-commerce, with companies like Flipkart (founded in 2007) laying the groundwork for the rapid growth of the online retail sector in India.

Late 2000s: The late 2000s witnessed the rise of startups in sectors such as technology, mobile applications, and consumer services. Companies like Paytm (2010) and Ola (2010) began gaining prominence, reshaping the digital payments and transportation sectors in the country.

2010-2015: The period between 2010 and 2015 marked a significant shift in the Indian startup landscape, characterized by increased investor interest and funding, as well as the establishment of startup incubators and accelerators across the country. This era saw the rise of startups in sectors like fintech, healthcare, and education technology.

Government Initiatives: In 2016, the Indian government launched the Startup India initiative, aiming to promote and support entrepreneurship in the country through various policy reforms, funding opportunities, and infrastructure development. This initiative played a crucial role in fostering the growth of the Indian startup ecosystem.

Unicorns and Global Recognition: India produced its first wave of unicorn startups during this period, including companies like Flipkart, Ola, Paytm, and Oyo, which gained international recognition and attracted significant investments from both domestic and global investors.

Rapid Expansion (2015-2020): The Indian startup ecosystem witnessed rapid expansion during this period, with startups diversifying into sectors such as artificial intelligence, machine learning, renewable energy, and agritech, among others.

Pandemic Resilience: Despite the challenges posed by the COVID-19 pandemic, the Indian startup ecosystem demonstrated resilience, with startups innovating and adapting to the changing market dynamics by leveraging digital technologies and addressing emerging consumer needs.

Global Expansion: Several Indian startups expanded their operations globally, tapping into international markets and showcasing India's capabilities in innovation and technology on the global stage.

Continued Growth (2020s): As of the early 2020s, the Indian startup ecosystem continues to grow, with a focus on sustainability, technology-driven solutions, and innovation across diverse sectors, contributing to India's position as one of the leading hubs for startups and entrepreneurship globally. The history of startups in India reflects the country's evolution into a dynamic and thriving ecosystem that continues to foster innovation, entrepreneurship, and technological advancement, contributing to India's economic growth and global competitiveness.

Schemes offered by Central Government for startups

India has implemented various schemes and initiatives to support and promote the growth of startups across different sectors. Some of the notable startup schemes in India include:

Startup India: The Startup India initiative was launched by the Government of India in 2016 to promote entrepreneurship and nurture innovation. It aims to provide various benefits to startups,



including simplifying the regulatory framework, providing funding support, offering tax exemptions, and facilitating access to networks and mentorship.

Atal Innovation Mission (AIM): Launched by NITI Aayog, the Atal Innovation Mission aims to promote a culture of innovation and entrepreneurship among students and MSMEs. It includes initiatives like Atal Incubation Centers, Atal Tinkering Labs, and Atal Community Innovation Centers, which provide resources, mentoring, and funding to foster a spirit of innovation and entrepreneurship.

Standup India Scheme: The Standup India Scheme was launched to promote entrepreneurship among women and marginalized communities by providing them with access to loans for starting a new enterprise. It facilitates bank loans between 10 lakhs and 1 crore to at least one scheduled caste/scheduled tribe and one woman borrower per bank branch.

Pradhan Mantri Mudra Yojana (PMMY): The PMMY scheme aims to provide financial assistance to micro and small enterprises by offering loans up to 10 lakhs to non-corporate, non-farm small/micro enterprises. It provides loans under three categories: Shishu, Kishor, and Tarun, based on the stage of business development and funding requirements.

Make in India Initiative: The Make in India initiative encourages the manufacturing and production of goods in India, thereby boosting entrepreneurship and job creation. It focuses on attracting foreign investment, fostering innovation, and promoting the manufacturing sector's growth through various policy reforms and incentives.

Biotechnology Industry Research Assistance Council (BIRAC): BIRAC, under the Department of Biotechnology, Government of India, supports biotech startups and entrepreneurs by providing funding, mentorship, and access to infrastructure. It aims to promote innovation and entrepreneurship in the biotechnology sector through various funding programs and initiatives.

Electronics Development Fund (EDF): The Electronics Development Fund was set up to support the development of the electronics system design and manufacturing sector in India. It provides financial assistance to startups, entrepreneurs, and businesses engaged in creating innovative solutions and products in the electronics and IT hardware space.

These schemes and initiatives are designed to provide a conducive ecosystem for startups in India, fostering innovation, entrepreneurship, and economic growth across various sectors.

Indicators of Startup growth in India

The pace of growth in the startup ecosystem has increased to 15% year-on-year in 2018, while the growth of the number of incubators and accelerators has grown to 11%. Significantly, the number of women entrepreneurs stood at 14%, up from 10% and 11% in the previous two years. Startups in the country have been able to create an estimated 40,000 new jobs over the year, taking the total jobs in the start-up ecosystem to 1.6-1.7 lakhs. Bangalore has been listed within the world's 20 leading startup cities in the 2019 Startup Genome Project ranking. It is also ranked as one of the world's five fastest growing startup cities. India has the 3rd largest startup ecosystem in the world; expected to witness YoY growth of a consistent annual growth of 12-15%. India has about 50,000 startups in India in 2018; around 8,900 – 9,300 of these are technology led startups 1300 new tech startups were born in 2019 alone implying there are 2-3 tech startups born every day.



Impact of Covid-19 on Startups

While the COVID-19 pandemic presented various challenges for startups, it also brought forth certain opportunities and advantages, leading to positive outcomes and developments within the startup ecosystem. Some ways in which COVID-19 has helped startups include:

Accelerated Digital Adoption: The pandemic accelerated the adoption of digital technologies across industries, leading to increased demand for digital solutions and services. Startups offering innovative digital products, remote collaboration tools, and online services experienced a surge in demand, leading to accelerated growth and market opportunities.

E-commerce and Online Services Boom: The shift towards online shopping and digital services during the pandemic created a significant opportunity for startups operating in the e-commerce, delivery, and online service sectors. Startups offering contactless delivery, online education, telemedicine, and digital entertainment experienced a surge in demand, leading to business expansion and increased market penetration.

Healthcare and Biotech Innovation: The pandemic highlighted the importance of healthcare and biotechnology, leading to increased investments and opportunities for startups in these sectors. Startups focusing on telemedicine, medical diagnostics, vaccine development, and health tech solutions gained prominence and support, fostering innovation and advancements in the healthcare industry.

Remote Work and Collaboration Tools: The widespread adoption of remote work practices created a demand for tools and platforms that facilitate remote collaboration, communication, and project management. Startups providing virtual communication tools, project management software, and cyber security solutions experienced increased adoption and market growth, catering to the evolving needs of remote workforces.

Demand for EdTech Solutions: With the closure of educational institutions during the pandemic, there was a significant demand for online education and e-learning solutions. EdTech startups offering virtual learning platforms, online tutoring services, and educational content saw a surge in user engagement and adoption, leading to increased opportunities for business expansion and innovation.

Focus on Sustainability and Health Awareness: The pandemic led to a heightened focus on sustainability, health, and well-being, creating opportunities for startups operating in the renewable energy, wellness, and sustainable product sectors. Startups offering eco-friendly products, health and wellness services, and sustainable solutions experienced increased consumer interest and market demand, driving business growth and innovation in these sectors.

Increased Investor Interest: Despite the economic uncertainties, the pandemic led to increased investor interest in startups operating in resilient and high-growth sectors. Investors recognized the potential for innovation and growth in startups addressing critical market needs and contributing to the pandemic response, leading to increased funding opportunities and support for startups with promising solutions and business models.

Overall, the COVID-19 pandemic presented startups with opportunities to innovate, pivot their business models, and address emerging market needs, fostering resilience and adaptability within the startup ecosystem.



Impact of Globalization on Startups

Increased competition and Market Saturation: Globalization has helped in taking the startups to various markets which has helped them compete with both domestic and foreign companies. This has increased the level of competency to the business. Meeting these competitions will help them sustain in the market for a longer period. The technology has also made it easier for such companies to reach various markets and make them saturated in the increased competition.

Access to new customers and global markets: The major advantage of globalization is to expand the business to new customers and new markets. Internet and technology has helped in reaching out the business even to remote areas. This has not only gathered customers but also lead to significant growth of such companies especially in countries where there is a high demand for the product or brand. They can understand the need of various customers and build their brand customer friendly. Reaching global markets will also help in venturing the business in accordance to the targeted audience.

Challenges of navigating different cultural and legal norms: When expanding the business to various markets, the major challenge is to meet the differences. Every country will have different cultures, different attitudes, values, belief, etc. They must be prepared to adapt to each market in order to penetrate through it. Not only cultural differences, each country has different legal norms and regulations. Countries will have different laws, taxes, intellectual property, product liability, data privacy, etc. Failing to such legal and financial consequences will lead failures of the startups.

Need for Cultural awareness and adaptability: As mentioned above, different countries have different cultures, attitudes, values, beliefs. Startups must be aware of those cultural differences and adapt accordingly in order to communicate with their partners or customers. They must also be adaptable to make changes in business practices in order to be successful in different markets. This includes product offerings, marketing strategies and organizational structures. Being adaptable to new cultural and business environment is the key to success of startups.

Effect of economic conditions and political events: A country's economic and political event varies from another. Sometimes there might also be shift in such conditions. Economic conditions such as inflation, deflation, purchasing power are undetermined. Political events include elections, wars, and natural disasters. They can also sometimes act as barriers to the business operations. Startups must be aware and prepared to adapt new strategies in order to penetrate the market.

Opportunities for growth and innovation through globalization: Globalization also helps in opportunities for the growth and expansion of business. It gives room for innovations and ideas while meeting customers or partners with different perspectives, cultural variations, etc. This can help the business to venture into various industries.

Role of technology in facilitating globalization for Startups: Technology plays a crucial role in today's world for startups. It helps them connect even to the remote areas. It has helped them connect to customers, partners, suppliers across the world. Video conferencing, e-commerce websites, etc acts as communication tools to connect, collaborate and do business with people in different countries. It also helps them gather information and data more easily about markets, customers, competitors more easily. This helps them in decisions of strategies, opportunities, etc.



Conclusion

In conclusion, the startup landscape in India has witnessed a remarkable evolution, characterized by a vibrant ecosystem that fosters innovation, entrepreneurship, and technological advancement. Supported by government initiatives, a diverse talent pool, and a growing network of investors and incubators, startups in India have thrived across various sectors, including technology, e-commerce, healthcare, and renewable energy. Despite the challenges posed by the COVID-19 pandemic, startups have demonstrated resilience and adaptability, leveraging digital transformation and addressing emerging market demands to drive business growth and contribute to the country's economic development. With a strong focus on sustainability, digital innovation, and global expansion, the future of startups in India remains promising, underscoring the country's position as a global hub for entrepreneurial excellence and technological disruption. As the Indian startup ecosystem continues to evolve, it is poised to play a pivotal role in shaping the future of the global economy and driving transformative change across industries.

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