



Special Issue

“(Global Partnership: India's Collaboration Initiatives for Economic and Social Growth)”

A study on the world's fastest-growing startup ecosystem: India

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Abstract

In past years, the Indian startup ecosystem has performed well and started taking steps towards its own derived factors such as mass funding, training activities, and evolving technology. This has also resulted in the upbringing of a number of homegrown unicorns in India. As per one of the research in 2014 the number of startups under projection was 3,100 and it is been said according to Niti Ayog that this number is going to Touch 15,000 plus which will be working as a registered organization and there will be an lakhs of startups which will be in an acceleration stage. This is going to bring a revolution in India. This will also change the working style of the market. Making in the growth of successful number of Indian startups has become a point of interest. Our Prime Minister Narendra modi came up with a program called Startup India Standup India. Indian startup is the one which is Contributing 15-20 percent of global GDP. This happens only when the number of startups grows in mass. To create awareness and to build an entrepreneurial environment there are many mentoring organizations have been started. This study concludes that starting a startup in India is easier and has the maximum chance of success and startups can contribute more to GDP of India.

Keywords: startups, unicorns, ecosystem, startup India, mentoring organizations

Introduction

Startup is an entrepreneurial venture which is newly emerged and also a rapidly growing business that aims to meet a market need by offering an innovative product, process, and service. A startup is usually a company which involved in design and implementation of the out of box process and development. As per the co-founder of Infosys, a startup is an organization in which within the first three years of its existence the organization is leading with more than 50 employees and with a revenue of INR 5cr. Indian Institutes of Technology (IIT) which ranks the world's fourth largest producer of billion-dollar startups, as per the report given by the UK-based accounting company Sage. As per the study IIT accounts for 12 billion-dollar startups including Flipkart, Snapdeal, Shop Clues, Zomato and Ola. “Startup India” brings excitement and possibilities for the future. India has acknowledged the reality of modern business and its complexity. The central government of India has tried to solve the problem faced by the young startup business whose risk-taking ability is amazing. Technology has also played an important role in the growth of startup. To create awareness and to build an entrepreneurial environment, a lot of authority should be creating infrastructure for mentoring startups. Government, Corporations, educational institutions, and others should also join hands to build a better ecosystem for young people. The commerce ministry is planning to build an online platform for information sharing within various incubators/accelerators, angel investors, VC funds, and government departments. Startups usually do not make success easily. A startup goes with many failures and

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makes effort to learn from every failure. This leads them to discover what works and what does not work in the process of searching for a growth of business model. By observing the impact of the American and Chinese startup ecosystems on economic growth and employment the government of India also began to actively take part for making innovation and started forming policies. Around the year 2014, The central ministries launch schemes and policies with the motive of promoting startups with by providing financial and mentoring support. Several incentives were taken for setting up incubators that conduct workshops and provide physical infrastructure.

Today 21 of the 28 state governments are persuing to start the policies for the development of startups. States like Kerala, Maharashtra, and Telangana are most helpful in providing to startups. Currently, India has the third largest startup ecosystem in the world. Bangalore ranks behind only two city that is London and Silicon Valley. The private sector has also been supporting the growth by investing in budding startups. Several relaxations in government regulation, tax breaks, and also the creation of new assets were taken place. Private Equity/Venture Capital investment in India has been growing since 2013, and investment has been doubled between 2017 to 2023. By recognizing the importance of startups private sector involvement in incubation has also grown with half of the active incubators in the country.

The private sector, Government, and Industry has created more practical support for startups after 2015. This brings a clear message that policy support for startups, and entrepreneurship is a kind of little love in the community. Growth of Startups in

India means Growth of the Economy, GDP, Standard of living, and many more.

Objectives of the study

- To study about the startups in India.
- To understand the scope and the growth of startups in India.
- To understand the role of Investment Agencies in the development of startups in India.
- To identify the problem faced by the budding startups in India.

Literature review

Startup India has planned to male an initial capital of 10K crore over four years from the government. This initial capital is capable of attracting tenfold investment by 2025. This guarantee for startup is another booster. In front of domestic and international entrepreneurs startup plans has been

Data analysis

Table 1

Funding by angel investors/seed fund	Venture capital	Public market
Budding startups rely on Angle Investor and Seed Funding.	VC are used to scale the business model of the entrepreneur.	Late-stage startups can feel the need to expand more aggressively or actively innovate the product.
They are the ones who invest in the entrepreneur with an idea	They are the ones who invest in large amounts.	Private equity funds are also with the public market.
Do not invest in a business that is working only on profit motive but not on problem-solving.	They focus on building a large force.	Also providing the amount of liquidity.

The data was analyzed by 145 respondent who are in Jaipur, India. We collect data from Primary and Secondary sources based on the data published by Your Story, Planning Commission, etc. There were many top investing venture partners on was top of the investor list going by the total number of deals made, followed by Sequoia Capital, Blume Venture, Kalaari Capital, etc.

Startup financial life cycle

➤ **Total startup 10,000 (approx)**

Startups 4300/5700	% Share in market 43%/57%	New startup annually 800/N.A.
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Questions asked for research

- Is there any challenges faced by you for starting your startup?
- Has your family supported you in doing so?
- Did you face a problem with funding?
- Is government policy helpful for your startup?

Response to questions

Basis	Yes	No
Challenges faced	98	0
Family support	28	70
Funding problem	66	32
Help from government policy	67	31

unfolding on 16 January, 2016. Businesses based on the Internet is food to fashion, health to education, and travel to payment platforms have started taking certain steps recently. Easy documentation is a dream for smart entrepreneurs. Most of the developed countries have taken steps to make startup operation easy. The prime minister has put and 19-point agenda for taking forward a startup culture. The action plans including Tax sops, ease of doing business, etc, have been taken (2023 LinkedIn report).

Research methodology

- Tools: Qualitative & Quantitative data.
- Sample size: 145 Respondent.
- Sampling method: Random Sampling.
- Respondent profile: Young and educated males and female.
- Sampling place: Jaipur, India.

Challenges faced by startup

Basis	Yes	No
Money	66	32
Finding the right talent	98	0
Lack of planning	61	37
Time management	77	14
Dealing with competitors	98	0

Sector concentration

- **Technology based startups**
 - E-commerce: 32%
 - B2B: 23%
 - Consumer interest: 14%
 - Mobile aap: 10%
 - Others: 21%
- **Non technology-based startups**
 - Engineering: 17%
 - Construction: 13%
 - Agri product: 11%
 - Textile: 8%
 - Printing and packaging: 8%
 - Transport and logistics: 6%
 - Outsourcing and support: 5%
 - Others: 32%

Stages of startup life cycle

- **Pre startup stage:** - Discovery and identifying product and service ideas for a big enough targeted market. The

service or product identified is finding for the first Clint ready to pay.

- **Startup:** - The entrepreneur begins to define their business model to increase customer base constantly. They are pursuing to the growth of business aggressively while increasing its capacity.
- **Growth:** - Maximizing benefits and facing problems.

Current state of startups in India

- As per the study India is the largest startup hub.

Startups in India in comparison with other countries

Table 2

	India	China	Israel	Singapore	Japan	US
Total number of startups	10,000	10,000	4,750	NA	NA	83,000
Tech- based startup	4,300	3,400	4,000	NA	NA	48,500
Non-tech- based startup	5,700	6,600	750	NA	NA	34,500
Set up a new business (in days)	30-60	30	13	2	10	4
Corporate tax rate	34%	25%	29%	17% (100% Tax rate exempted for startup)		39%
Bank lending rate	10.3%	5.6%	3.9%	5.4%	1.2%	3.3%

Scope of growth

- A. Make in India:** A big initiative taken by the Indian government i.e., “MAKE IN INDIA” to promote the manufacturing sector in India. This step is taken to attract foreign investment and encourage domestic companies. There were many steps taken by the government of India they are as follows: -
 - Increased the limit of FDI for most of the sector.
 - Protection of intellectual property rights.
- B. Stand-UP India:** A campaign “STAND-UP INDIA” is for the help of startups with bank funding. This encourages entrepreneurship among the young Indians. On 6 JANUARY, 2016 the union cabinet provided approval to standup India's campaign which aim at promoting entrepreneurs in India.
- C. Digital India:** This initiative is done by the Indian Government to bring an assurance that government services are made available to every citizen through an online platform. This has also brought huge number of opportunities for startups.

Negative point in Indian startups

- Most of the Indian Startups are coping foreign startups.
- They also don't have a proper growth plan.
- Instead of producing results by making present policy they are expecting more from the government.
- Lack of research.
- Lack of proper mentoring.

Conclusion

The success of the Startup India campaign has made faster and easier registration for companies. It is also important to add provisions with the closure of dead companies within 90 days. This research paper found that responses support the idea of funding for incubation centers. The promise of providing an initial capital of 10,000 CR in four years is enough to attract more investment by 2025. An incentive in the method of tax holiday for 3 years is a benefit worth considering.

- The average age of the founder is 28.
- 16% of the total founders are women.
- Total number of Tech founder are expected to increase from 4,300 in 2015 to 31000 in 2025.
- Technology startups have moved from 480 in 2010 to 800 in 2015. This is expected to increase 3000 by 2025.
- 50% growth in the share of female entrepreLXneur in last 12 months.
- Private Equity and Venture Capital has doubled in the last 12 months.

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