



A NEW DIMENSIONAL PATH OF STARTUP INDIA IN ECONOMIC DEVELOPMENT

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ABSTRACT

In our modern world, where everyone strives to bring innovation, a good idea isn't enough to create a startup. India is the third largest startup ecosystem in the world, and in this post, we'll cover 28 top startups in India that are growing rapidly. Undoubtedly, India is one of the hottest startup ecosystems in the world. In the past few years, we have seen some great startups come out of India and make a big impact globally. There have been more than 61,000 startups in India since January 2022 to 1,17,254 Startup registered and 1,12,718 recognised Startups across 763 district of the country as of 3rd October 2023, putting it third among countries after the United States and China. The goal of Best Startups in India, which the Indian government runs, is to foster a culture of entrepreneurship and innovation. The Indian startup environment has emerged as a significant development engine for India in recent years and aims to become a global technology superpower. Many Indian firms are flourishing, with younger people being encouraged to work and develop expertise in their fields of interest. Flipkart, Ola, and Zomato are among the most successful startups in India. Startups provide a great chance to improve one's abilities and advance in one's field. So, if we develop ourselves and strengthen our country there is no doubt that India will become a superpower in 2047.

Government of Tamilnadu is developing new business startups through Startup Tamilnadu. Not only with the goal of creating 10,000 industries by 2026, are they committed to being inclusive. It is certain that the word 'Industry' will carry this trait and goal to all the accelerators of Tamilnadu. The government of Tamilnadu has many initiatives to attract new companies and investments to promote the startup sectors in the State announcing plans. At the same time, startup companies are emerging in 2nd and 3rd tier cities in Tamilnadu beyond the big cities. In this article, we will see how this startup which stabilizes the economic development of our country and the development of Tamilnadu works does everything.

Introduction

In earlier times only the wealthy and those with large assets holder become entrepreneurs and started factories. But today, even though there is no opportunity for comfort, there is not enough income, the government has created various opportunities for those who want to win in life. Thus, the startup is a huge role in developing entrepreneurship quality, providing loans at low rate of interest with the participation of the Central and State Government to those who start a business provides opportunities for entrepreneurs. The idea that change is the only change has changed and today change is the biggest cause of development and human lifestyles are also changing with time. Online transactions have flourished today because we have embraced this change. The use of digital device has increased among people since the twentieth century. It is because of such digital system that India is emerged next to countries like America, China which is very useful and welcome for the progress of our country. This revolution of digital devices is the main sources of innovation. For example, the major innovations in various sector like Grocery Products, Pharmaceuticals, Medical devices, Commerce, Banking, Education, Sports goods, Food Items, Fruits and Vegetables were made possible only by startup projects. Despite the desire to start a business, many young people divert their lives due to financial burden. But today many Youths, Entrepreneurs, Women etc are achieving in life due to various development schemes of Central and State Governments. It has become a reality in today's era that if you have talent (skills) and merits you can excel in this world. So, if we develop ourselves and strengthen our country there is no doubt that India will become a superpower in 2047?

Entrepreneurship is a general term related to starting a business. It is often cited as a major engine of economic growth, but the actual picture is more complicated. Entrepreneurship can promote economic growth, even if its benefits are sometimes overhyped. Innovation and entrepreneurship undeniably contribute to economic growth, making them a particular area of interest for economists and policymakers worldwide. Entrepreneurship is to divide it into two broad categories. "Necessity Entrepreneurship (Start up)" is the launching of a business by people who lack other opportunities. "Opportunity entrepreneurship" is the creation of an enterprise in response to a new or previously overlooked opportunity. The relationship between entrepreneurship and economic growth is complicated and can vary from one country to another based on their level of economic development. In highly developed economies, entrepreneurs can accelerate growth, while in less-developed ones they may have less of a positive effect. In countries where entrepreneurial activity is largely in the form of necessity entrepreneurship, it can be a signal that the economy isn't creating enough jobs or wage opportunities for workers. It may be connected to slow economic growth or lagging economic development overall.

Historical Background

Startup India was a campaign that was first addressed by the PM Narendra Modi on 15th August 2015 at Red Fort, New Delhi. This campaign was introduced under the Government of India as an initiative to develop over 75 startup support hubs in the country. Startup India scheme is an important government scheme that was launched on 16th January 2016 with an aim to promote and support the start-ups in India by providing bank finances. It was inaugurated by the former finance minister, Arun Jaitley.

The startup ecosystem in India has emerged as a major growth engine for the country in the past few years and aims to become a global tech powerhouse. Many Indian startups are booming and favouring the younger generation to work and gain experience in their fields of interest. Some of the most well-known startups in India include Flipkart, Ola, and Zomato, among many others. Startups are an exception and pose the perfect opportunity to hone one's skills and advance in the career right from the entry-level positions.

Significance of the Study

Startups are necessary for a country since they fuel its economy, create employment opportunities and drive innovation. They are responsible for introducing new concepts in the market workplace strategies, techniques and solutions. Joining a startup brings you face to face with exciting

work culture, emerging and evolving brains, flexible schedules and good work-life balance, and inspiration. You are surrounded by passionate minds that can instill numerous skills and qualities within you, something that might not be possible in an already established business empire. So, if you're just starting your career for practical experience, joining a startup can prove to be one of the best decisions of your life. Examples of such startups include Google, Uber, Facebook, and Twitter. These startups hire the best workers and search for investors to boost the development of their ideas and scale. Small business startups, these businesses are created by regular people and are self-funded. A startup is a young company established by one or more entrepreneurs to create unique and irreplaceable products or services. It aims at bringing innovation and building ideas quickly.

Major Objective and Pillars of Startup India

Organized by the Department for promotion of industry and internal trade, the major objective of Startup India is to discard some of the restrictive States Government policies which include: **1. License Raj, 2. Land Permissions, 3. Foreign Investment Proposals and 4. Environmental Clearances.** The Startup India scheme is based majorly on **three pillars** which are mentioned below: ***1. Providing funding support and incentives to the various start-ups of the country. 2. To provide Industry-Academia Partnership and Incubation and 3. Simplification and Handholding.***

Result and Discussions

Nation-Building, Socio-Economic Development and Self-Reliance in Startups India and Tamilnadu.

2024 marks the eighth anniversary of the startup India programme, having expanded from around 400 startups in 2016 to over 1.18 lakh startups so far. The aim of creating a robust environment to foster innovation, support startups, and stimulate investments in the country's startup sector. Underlining the significance of startups that contribute to nation-building, socio-economic development, and self-reliance. The recognised entities are eligible for multiple benefits from the government including compliance self-certification for labour laws and environmental laws, assistance in patent applications, tax exemption under section 80IAC of the Income-tax Act, and more. So far, 2,977 Income tax exemptions have been given and 3,658 startups have been funded under the SIDBI Fund of Funds scheme which was established in 2016 with a corpus of Rs 10,000 crore, data from the Startup India website showed. The scheme provides capital to SEBI-registered Alternative Investment Funds (AIFs), known as daughter funds, who in turn invest money in startups through equity and equity-linked instruments.

Other than the Fund of Funds scheme, the Startup India programme also involves a Seed Fund scheme to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization; and a Credit Guarantee Scheme for providing credit guarantees to loans extended to DPIIT-recognized startups by banks, NBFCs, venture debt funds under SEBI registered AIFs.

In the era of unbundling of e-commerce, startups play a vital role in creating a level playing field and bringing market access to millions of small businesses led by MSMEs and D2C merchants in the country. They also help in building customers' trust in merchants online or offline, resulting in a significant acceleration in the trade of goods and services and contributing to India's objective of achieving a \$5 trillion economy by 2028. This National Startup Day should set the tone for the growth of this ecosystem over the next 10 years where governments, industry and academia pool their knowledge and resources together to build a truly digital-first nation, powering the world's economy.

In the last decade alone, Indian startups have burgeoned – creating new category leaders in an untapped market – Freshworks, Swiggy, Paytm, Veeba, Nykaa and so on. The ability to provide game-changing solutions is not just a pursuit; it's a commitment to rewriting the code of possibilities for a billion dreams. Buckle up, for the journey has just begun.”

Embracing Sustainable Models

India's vibrant startup scene, boasting over 80,000 ventures and over 100 unicorns, is shifting gears in 2024. This focus on consolidation signifies a maturing ecosystem, embracing sustainable models and impact investing. Startups tackling climate change, healthcare, and education will continue to thrive, driven by a record \$38 billion raised in 2023. Fintech and deep tech, powered by AI and ML, are hotbeds for innovation. 2024 might be a year of measured advancement, but the embers of growth will illuminate the path towards a thriving Indian startup landscape with global impact.

The boundless potential of entrepreneurship, which is instrumental in creating jobs, driving innovation, and fueling economic growth in India. The success story of the ONDC is particularly inspiring in the logistics field, demonstrating how innovative startups can transform entire industries. At Locus, we firmly believe that the government's visionary initiatives, exemplified by programs like Digital India, act as ideal launch pads for Indian entrepreneurs.

The Upcoming Interim Budget.

From just 350 in 2014, India had over 90,000 start-ups in 2023. At least 111 of them are unicorns - start-ups that are valued over \$1 billion. India now has the third-largest start-up ecosystem in the

world. The Modi government's push for entrepreneurship and start-ups, a lot rides on the upcoming interim budget. A dedicated fund to help finance start-ups in the emerging industries, adding that the budget must focus on improving the ease of doing business and enhancing innovation. The Interim Budget needs to provide increased support to entrepreneurs in India's hinterland, often called 'Bharat' by India-watchers.

In India's dynamic startup landscape powered by technology, entrepreneurs' collective efforts are set to propel the nation's GDP by 4-5 per cent in the next three to five years. With a substantial pool of 92,683 recognized startups, a robust mechanism is imperative for sustained growth, where collaboration and mentorship play pivotal roles in fostering the startup ecosystem, 2024 promises clarity for Indian fintech, reigniting investor confidence. Crucially, by reaching consumers in Tier 2, Tier 3, and rural areas, fintechs are not just overcoming challenges but strengthening the financial technology market, projected to hit \$1.3 trillion by 2025.

Programs Launched under Startup India Initiatives

The Government to promote startups under Startup India initiative across the country are as under: 1. Startup India Action Plan, 2. Fund of Funds for Startups (FFS) Scheme, 3. Credit Guarantee Scheme for Startups (CGSS), 4. Regulatory Reforms, 5. Ease of Procurement, 6. Support for Intellectual Property Protection, 7. Self-Certification under Labour and Environmental laws, 8. Income Tax Exemption for 3 years, 9. International Market Access to Indian Startups, 10. Faster Exit for Startups, 11. Startup India Hub, 12. Exemption for the Purpose of Clause (VII)(b) of Sub-section (2) of Section 56 of the Act (2019), 13. Startup India Showcase, 14. National Startup Advisory Council, 15. Startup India: The Way Ahead, 16. Startup India Seed Fund Scheme (SISFS), 17. Startup India Seed Fund Scheme (SISFS), 18. National Startup Awards (NSA), 19. States' Startup Ranking Framework (SRF) and 20. Startup India Innovation Week.

Startup India Benefits

After the launch of the Startup India scheme, a new program was launched by the government named the **I-MADE program** which focused on **helping the Indian entrepreneurs** in building 1 million mobile app start-ups. The government of India had also launched the **Pradhan Mantri Mudra Yojana** which aimed to **provide financial supports to entrepreneurs from low socio-economic backgrounds** through **low-interest rate loans**. Some of the key *benefits of Startup India* are as follows: 1. To reduce the patent registration fees. 2. Improvement of the Bankruptcy Code ensuring a 90-day exit window. 3. To provide freedom from mystifying inspections and capital gain tax for the first 3 years of operation. 4. To create an innovation hub under the Atal Innovation Mission. 5. Targeting 5 lakh

schools along with the involvement of 10 lakh children in innovation-related programs. 6.To develop new schemes that will provide IPR protection to startup firms. 7.To encourage entrepreneurship throughout the country and 8.To promote India as a start-up hub across the world.

Government Measures to Promote Startup Culture in the Country

1. As part of the “Make in India” initiative, the government proposes to hold one Start-Up fest at the national level annually to enable all the stakeholders of the Start-up ecosystem to come together on one platform.
2. Launch of Atal Innovation Mission AIM – to promote Entrepreneurship through Self-Employment and Talent Utilization (SETU), wherein innovators would be supported and mentored to become successful entrepreneurs. It also provides a platform where innovative ideas are generated.
3. Incubator set up by PPP – To ensure professional management of Government-sponsored or funded incubators, the government will create a policy and framework for setting-up of incubators across the country in public-private partnerships. The incubator shall be managed and operated by the private sector.
 - 35 new incubators in existing institutions. Funding support of 40% shall be provided by the Central Government, 40% funding by the respective State Government and 20% funding by the private sector for establishment of new incubators.
 - 35 new private sector incubators. A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by the private sector in existing institutions.

Conclusion

Startups have been the main reason behind the rocket growth of the Indian business and investment market. If there was no startup culture in India, there would not have been so many digital services. For home loan to buying vegetables form booking an appointment to see a doctor in a hospital, Bus, Train and Cinema Ticket Booking to online education, digital services have grown to such an extent that everything can now be done from the comfort of one’s sitting.The Indian startup ecosystem has experienced incredible growth since 2014. What began with just a few startups has now evolved into a thriving landscape of innovation. Over 68,000 startups have emerged, collectively raising more than \$140 Bn in funding. While the funding challenges brought about by the funding winter were tough, they prompted startups to focus on profitability, better governance, and other essential aspects. This process

has solidified the foundation of the startup ecosystem. Several factors have propelled this growth, including the widespread use of the internet and smart phones, the emergence of global and domestic funds, and supportive government initiatives. As a result, by 2030, India will witness the launch of around 180,000 startups, with over 280 unicorns and a combined valuation of \$1.5 Tn. So, if we develop ourselves and strengthen our country there is no doubt that India will become a superpower in 2047.

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