



Impact of startups on Indian economy

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Abstract

Indian start-ups have made their mark on the global stage. The ecosystem's rapid growth and maturity have unleashed a tremendous appetite for scalability, alternative funding options, global market expansion, and the ability to enable millions of jobs. Startup entrepreneurship is crucial because it also brings new innovations, new jobs and competitive dynamics into the business environment and enterprises. The role of startups in economic prosperity is enhancing in today's world. One of the main advantages of startups is that it creates new jobs. This meteoric rise of start-ups has made India the world's third largest start-up ecosystem, and it has had a significant impact on the Indian economy, demonstrating the ability to contribute approximately 4-5 percent of India's GDP. This report aims to highlight the impact of start-ups on the Indian economy, as well as the ecosystem's inherent ability to foster inclusivity, sustainability, and growth. Start-ups do not exist in isolation; rather, they are part of a larger corporate environment dedicated to developing solutions with significant social and economic impact. Because start-ups are incubators for cutting-edge inventions, they create jobs, which means more career opportunities; more employment leads to a stronger economy, and a stronger economy has a direct impact on the growth of cities where start-ups are located.

Keywords: startups, Indian economy, GDP

Introduction

India has second largest population in the world. This has lead to creating opportunities for self employment on massive scale. Hence the need of the hour is to develop the entrepreneurship skills in the citizens of India so that self employment opportunities can be created. Keeping this view in the background, the government has launched the program of startup India Plan so as to inspire the young budding aspirants of starting up their own business. Under this program, there is also provision to give the requisite guidance, required technical assistance and monetary support to the new start ups. This aims to make the young India self independent.

With the increase in education and awareness among the general public, there is an overall environment of public interaction at global level. This is influenced by globalization of economy and development of communication technology. The readily available information and the need of independent work has lead the young aspiring boys and girls to step out from comfortability and walk unruffled roads without any gender bias Gone are the days when the young brigade would sit and ponder over that how much they depend on the support of the elders for various factors. Now they rather they look out for green pastures with all the support of the startup plan. When various international finance organizations consider development in Asia, their talks are revolved around India, which is graded seventh in terms of territory and in fact second in terms of population. It is the demand of the situation that India should stand tall and give the platform instead of jobseekers towards job providers. For this, the Startup India is a step forward to build next generation business visionaries. To make the environment more conducive and favorable towards building more entrepreneurs, a great deal of responsiveness need to be done towards it.

Development of startups in India

According to data from the Commerce Ministry as of June 30, 2022, the number of recognised start-ups in the country increased from 471 in 2016 to 72,993 in 2022, a phenomenal increase of more than 15,400%. 4,500 start-ups in new technology fields such as the internet of things (IoT), robots, artificial intelligence, analytics, and others are among the 56 diverse industries represented by the recognised startups. The Indian start-up community benefits greatly from venture capital (VC) funding. "Investors appear to be growing more confident in Indian start-ups. In India, venture capital (VC) investment deal volume increased by 39% year on year (YoY) during the first half (H1) of 2022, reaching 976. Global Data, a leading data and analytics firm, reports that "the equivalent announced fundraising amount too logged a 4.5% increase to \$15.6 billion.

Government support to the start-ups

On January 16, 2016, the government unveiled the start-up India programme in an effort to foster India's start-up culture while also fostering economic growth, entrepreneurship, and significant job opportunities. The Startups India Action Plan, Fund of Funds for Start-ups (FFS) Scheme, start-up India Seed Fund, Start-ups India: The

Way Ahead, start-up India Showcase, and start-up India Hub are among the Centre's initiatives, as are three years of income tax exemption and self-certification under labour and environmental laws. Furthermore, a number of government agencies have launched a variety of programmes to assist the start-up sector. In 2016, the Department of Science and Technology launched the National Initiative for Developing and Harnessing Innovations, an overarching programme for start-ups. Furthermore, through the Biotechnology Industry Research Assistance Council, the biotechnology department fosters and supports entrepreneurs (BIRAC). The Centre's Innovation and Agri-entrepreneur Development initiative promotes innovation and agri-preneurship. Furthermore, the Defence Ministry's Innovations for Defence Excellence (iDEX) programme seeks to promote innovation and technological advancement in the aerospace and defence sectors in order to achieve self sufficiency.

Impact of startups on GDP

According to a Stride One survey, India's ecosystem, which includes over 60,000 registered companies, has the According to official World Bank data, India's GDP (Gross Domestic Product) was valued at 3176.30 trillion US dollars in 2021. The GDP of India contributes 1.42 percent to the global economy. According to preliminary estimates released by the National Statistical Office (NSO) on Wednesday, India's GDP for the second quarter of the current fiscal year 2022-23 fell to 6.3%. The manufacturing and mining industries' underperformance was the primary factor limiting GDP growth. While GDP increased by 8.4% in the same quarter of 2021-2022, it increased by 13.5% in the previous quarter, April-June 2022-2023. The Reserve Bank of India (RBI) predicted that Q2 growth would range between 6.1 and 6.3% in a study released earlier this month. Notably, India maintained its position as the world's largest and fastest growing economy, while China's economy expanded by 3.9% from July to September 2022.

Impact of startups in the Indian economy

India is a developing country with a mixed economy so it is very important to develop the Indian economy for the growth of the nation. Half of the Indian workers rely on agriculture for their livelihoods. Here we are going to discuss the impact of startups in the Indian economy and how it helps in the growth of our country.

Now India is laying on many other countries. India needs to be self-sustainable in every field such as medical, education, technology, for these startups are very necessary, that's why governments are implementing many schemes for a start-up. The government has introduced many policies that aim to ease the business environment for startups. Start ups may be small companies but they play a major role in giving jobs in India. When more jobs are created more income for people are created that means the much-improved economy is created. When people have money to spend then it is circulated in the Indian market which improves the income of the government. A good entrepreneurship culture is developing in India which gives importance in quality and timely delivery of work which attract customers toward their product or service. India is a country filled with talented professionals. They have many ideas and potentials, they all like to explore it also but they lack resources to do.

Role of startups to increase economic growth

Startups will creates more jobs

Yes. If you are going to become an entrepreneur then you can create more jobs. Thus the rate of unemployment in our nation also decreases. So employment creation is one of the main advantages from startups.

Creation of wealth

Since entrepreneurs are attracting investors by investing their own resources, the people of the nation would get benefit when startups grow. Since the money is sharing with the society, wealth is creating within the nation.

Better standard of living

Startups can implement innovations and technologies to improve the living of people. There are many startups who are working for rural areas to develop the community.

Conclusion

Start-ups are proliferating at an unprecedented rate. Both male and female entrepreneurs are launching new ventures. In order to maintain their credibility, women are contributing more ideas and taking risks. Indian start-ups strive to create a start-up environment by focusing on important education, talent, innovation, and incubators, as well as communicating with funding agencies. The government is now assisting new businesses. According to NASSCOM, India has the world's third largest start-up ecosystem. The economy expanded by more than 65% in 2015. A start-up allows an entrepreneur to educate and inspire others while they consider what to do and how to do it. Although entrepreneurs face challenges, they are being addressed at the same time. They are determined to establish and redirect their energy to plan, support, and execute their dreams while also contributing to the growth of the economy. This new start-up initiative promises faster approvals for starting a business, easier exits, tax breaks, and faster patent registration. This initiative has the potential to create jobs at a time when the manufacturing sector is in decline. For any new idea to become a successful venture, it requires appropriate support, synchronization, and mentoring from stakeholders, the government, and the community.

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