



A STUDY, CHALLENGES AND ISSUES OF INDIAN STARTUPS ON ECONOMIC GROWTH

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Abstract

India is set to become youngest country by 2020. But when the term employment is concerned, the job availability in India is limited, and Even when cheap manpower is available in India on large scale and to counter these situation new jobs should be created. Tier 1 cities are having abundance of job opportunity but the same is lacking in tier 2 & tier 3 cities. On other hand Demographic dividend of India is on a positive track, to take advantage of Demographic Dividend Government of India announced a Scheme 'Startup India'. Startup India Campaign aims in promoting bank financing for start-up ventures which eventually boost entrepreneurship which ultimately result in job creation. In this research paper, researcher wants to light upon the role of startup on economic growth & the benefits & issues occurring in Startup Scheme. Analyzing the issues even proper suggestions are listed by researchers.

Key Words: Economy, Startup, Employment, Finance, Growth.

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1. INTRODUCTION

The Government of India determined to boost the Startup ecosystem in the country and help India become a nation of job creators rather than job seekers. The Hon'ble Prime Minister of India, Shri Narendra Modi, on the 69th Independence Day celebration of India, announced the 'Startup India' initiative and subsequently, launched the Startup India Action Plan on January 16th, 2016 in New Delhi. The Government through this Initiative aims to empower Startups to grow through innovation and design and to accelerate spreading of the Startup movement. India was considered as the market for providing cheap labor to the world and for export of Indian services in the field of IT. Due to this India has witnessed low product development and innovation in the past. But, still it is not too late and the culture of start-ups has started in India in the recent past. It has already started bearing fruits and is all geared up to benefit the Indian economy in the long run.

As it is a known fact that when someone starts a new enterprise or tries to get into entrepreneurship they face many problems like finance, land permissions, environmental clearance, foreign investment proposals, family support etc. It is one of the much needed initiative plan of Government of India. This initiative focuses on filling the gap in the economy and its development and has the objective to fire the entrepreneurial blood at the bottom level. It has brought lot of positivity and confidence among the entrepreneurs & economic position of India.

2. A STARTUP COMMERCE IS DEFINED AS AN ORGANIZATION

- At a funding stage of Series B or less
- Incorporated for three years or less
- An entrepreneurial venture/a partnership or a temporary business organization
- Revenue of up to INR 25 cr.

- New and existence for not more than five years

3. OBJECTIVE OF THE STUDY

- a. To study the concept of start-up India.
- b. To study the government action plans of start-ups for boosting economy.
- c. To study the role of start-ups in economic growth.
- d To study the start-up ecosystems
- e. To analyse the initiative for Start-up India

4. SIGNIFICANCE OF STARTUPS ON INDIAN ECONOMY

When top global investors look at India today, they see a country full of potential. A large population, sizable untapped markets, diverse cultures all this supported by entrepreneur and enterprise friendly government initiatives, has meant that the Indian economy is attracting big ticket investors like a magnet. The importance of startup in India can be gauged from the fact that start-ups first and foremost create innovative and effective solutions, easing life and work. They scale up quickly meaning more jobs are created across all work levels. Indian SaaS companies are expected to create half a million new jobs by 2030, travel and hospitality industry 52.3 million jobs by 2028 and the Food Tech industry 9 million jobs by 2024.

5. STARTUP INDIA

Startup India is a Government of India flagship proposal to build Start-ups and nurture innovation. Through this initiative, the Government plans to empower Start-up ventures to boost free enterprise, economic growth and employment across India. The Government's Action Plan will help accelerate the growth of Start-ups throughout India, across all important sectors- in Tier 1, 2 and 3 cities, including semi-urban and rural areas and includes promoting entrepreneurship.



Fig 1 Startup India

6. WHY STARTUP INDIA

Startup India is about creating prosperity in India. Many enterprising people who dream of starting their own business lack the resources to do so. As a result, their ideas, talent and capabilities remain untapped and the country loses out on wealth creation, economic growth and employment. Startup India will help boost entrepreneurship and economic development by ensuring that people who have the potential to innovate and start their own business are encouraged with proactive support and incentives at multiple levels.

7. The INDIA STARTUPS EXPEDITION

Indian beginning up industry is on the up-swing since most recent couple of years, with various worldwide speculators peering toward the India fire up space; it is scheduled to become bigger than previously. Anyway the way to progress isn't as smooth as it gives off an impression of being. The bigger issues tormenting the organizations, for example, the chaotic and divided Indian market, absence of clear and straightforward approach activities, absence of framework, absence of information and introduction. As indicated by a report by Grant Thornton and ASSOCHAM (2016), the vast majority imagine that having a space name, setting up a site, moving to internet based life are mind boggling, exorbitant and tedious. Be that as it may, Indian markets are to a great extent sloppy and divided that make a barrier for a startup to succeed. Buyer conduct of Indian shopper

changes in each 30-50km that makes it extremely hard for a startup to make business or market technique for their items or administrations. There are different financing choices accessible for Startup in beginning periods, however later no appropriate direction or backing is accommodated the promoting of their items. For their administrations or items, the Startups, which are normally new and little must choose the option to depend basically on Entrepreneurship and Economic Development of India new financial specialists and clients. No one but clients can keep the ball abounding as far as producing the assets required for running of the business. Subsequently it's imperative to embrace promoting systems to obtain clients for the equivalent. Advertising is imperative to endurance of these organizations (Thornton & ASSOCHAM, 2016). Indian telecom industry is developing quick, versatile availability has made advances in the rustic and urban populace. Legislature of India's advanced push will improve availability and information to the following level. The race to least expensive information has begun and interruption is sure. The modest information has causes everybody to get their hands on it, new companies will have a simpler time to take advantage of business sectors, domains and even conventional organizations. In spite of all these previously mentioned endeavors by government, still Startup organizations are confronting market issues and are fizzling. Business visionaries and speculators are recognizing the way that after the January 16 occasion a year ago,

the emphasis on enterprise has unquestionably significantly moved. In the course of the most recent year there was part of out of the box thinking and an

ability to know east from west was found in the up and coming business people of India.

Technology Based	Non-Technology Based
E-Commerce - 31%	Engineering- 15%
B2B - 22%	Construction-12%
Internet - 15%	Agri- products- 10%
Mobile apps - 14%	Textile - 10%
Technology Based	Non-Technology Based
SaaS - 9%	Printing & packaging – 7%
Other – 12%	Transport & logistics- 5%
	Outsourcing & support -4%
	Others-35%

Table 1 Comparison between Technology vs Non Technology Commercing

8. CHALLENGES AND ISSUES FACADE BY THE INDIAN SARTUPS

Not with position having all of the compensation and workplaces for building up their associations, Indian new organizations still face a huge amount of challenges and issues.

A part of the essential issues similarly as troubles looked by the Indian new organizations are being analyzed underneath:

8.1 Lack of investment: Most of the new organizations in India come up short on cash while beginning their associations. Notwithstanding the way that there are various decisions for finding a good pace simultaneously there is reliably lack of money while beginning a startup. This is in light of the fact that close by the dynamic improvement of business, there is more prominent essential of record. It is significant for the new organizations to have sufficient record for gaining ground as time goes on.

8.2 Lack of income: Various new organizations in India witness frustration

in India considering less time of pay. With the diminishing in pay, the expenses realized by the business create at a dreadful rate. Hence, the new organizations need to concentrate on their issues related to financing thus conveying incident to their business.

8.3 Lack of capable people: One of the most widely recognized difficulties looked by Indian new companies is the absence of talented individuals to coordinate their necessities. It is hard to locate the correct sort of skilled individuals to be contracted for filling in as a productive group. The inability to establish a group of particular gifts would prompt the disappointment of the whole startup.

8.4 Lack of transportation: The absence of infrastructural systems is another test which is looked by the Indian new companies. There is a lack of different systems like business improvement focuses, innovation parks, and so forth in India. This eventually prompts the disappointment of numerous new businesses.

8.5 Lack of wakefulness: Many of the

business people or businesspeople are uninformed of the data identified with the business sectors. Subsequently, they have little information about the confinements pervasive in the business sectors. That is the reason numerous new companies need to cause misfortunes during their underlying stage at the business sectors.

8.6 Lack of considered planning: Numerous agents or business visionaries come up short on the capability of having key mentalities for taking care of their business. They neglect to execute a decent arranging methodology so as to develop and build up their business further. Accordingly, numerous startup adventures need to confront disappointment and ruin.

8.7 Guidelines of the Government: The Indian new businesses at first need to enroll themselves as an organization for which they need to confront numerous Entrepreneurship and Economic Development of India difficulties. This is on the grounds that a specific organization needs to take various consents from the Government so as to start its business.

9. CONCLUSION

India has a large, demographically diverse populace, with numerous youngsters looking for work. The nation is on a way to development, however, the rate of development has been moderate. The government has understood the underlying foundations of the essential issues and made appropriate reforms, predominantly in the regions of economy, administration and labour as it tries to free itself from negative parts of its colonial legacy. Understanding that the innovation-led enterprise improvement holds guarantee for development, the government has taken significant approach activities with a strong development plan.

The campaign such as Startups India is important in India, but some lacunas could be observed in Indian Startups, it could be as follows, Entrepreneurship couldn't be

developed in a day. A proper training is needed to develop a successful Entrepreneur, and this training should be started from educational institute itself, in which India is lacking behind. Industries & Academicians both should come together to develop the Entrepreneur Skill in Youth for a sustainable growth. Secondly, when Startups are concerned 90% of Ventures capital is gain in form of FDI, this scenario should be changed so that Startups could gain their financial support more easily.

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