



STARTUPS ON INDIAN ECONOMIC GROWTH

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ABSTRACT

With the gen-next breezy trend to initiate working on fresh and inventive ideas, India is all situate to do better than all other nations on the world stage in the upcoming years. Giving the path to small businesses for young entrepreneurs is positively going to improve Indian economy in the near future. India is a home for almost 3100 startups starting per year standing just behind US, UK and Israel according to the NASSCOM report of 2015. If the growth is continued on the same pace then it is expected that Indian tech startups will generate almost 2.5 lakh jobs in the next five years.

India is also said to enjoy demographic dividend and it is likely that by 2020 India will be a residence to 112 million functioning population falling in the age bracket of 20-24 years as compared to that of 94 million workers of China. This demographic dividend will absolutely make better the startup culture in the country.

Bearing in mind the significance of responsibility that the Indian startups are all locate to play in the enlargement of Indian economy. The turnover achieved through the startups and the vast numbers of jobs that can be created by facilitate startups, even the market controller Securities and Exchange Board of India (SEBI), the ease of use of startup regulation led to facilitate the flow of funds from the market to startups.

The startups will not only make the lives of the citizens easier through their inexpensive and expedient services but will also act as a key booster for the expansion and steps forward of the Indian economy.

KEYWORD: Economy, Young Entrepreneurs, 2020, Culture, High Turnover.

INTRODUCTION

A startup is a company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand. Due to limited revenue or high costs, most of these small-scale operations are not sustainable in the long term without additional funding from venture capitalists.

In the present status 10 million jobs are needed a year, large enterprise is not the only source to create new jobs in any country. Startups act as centre for innovation and enhance employment in the country. However, more important aspect is the technological enhancement they bring to the country. Startups involve dealing with new technology which generally lies at the highest end of value addition chain. With more and more startups India can aspire to be world leader in skilled work and not just an outsourcing destination for cheap IT services.

Bringing new competitive dynamics in the economic system – Startup companies are the most dynamic economic organizations on the market, since they provide additional dynamics and competitiveness to any economic system. This means that the economy stays healthy, vital and diligent, while individual companies find it harder to fall asleep on their laurels. Startup entrepreneurship is crucial because it brings innovations, new jobs and competitive dynamics into the business environment.

An oft-mentioned aspect of startup companies is that they first test different possible business models in order to find the right fit for the market. This disruptive attitude is not possible with large corporations with many stakeholders to answer to. As corporations grow they come under the ambit of governance and shareholders want to have a say in the decisions the company makes.

Venture capital funds from abroad and angel investors are proving to be a big boon for Indian startup story. Indian startups such as Flipkart, Olacabs, Snapdeal, Hike, Shopclues, Freecharge, Inmobi etc. receive various rounds of follow-on financing as well either from their existing investors or from any new investor. These various rounds of funding also help these firms to hire more talent into the company. This helps the company to grow strategically and also add some more experienced people in the firm. In the recent times head hunting and poaching are common among these tech startups. There is a huge demand for Indian software engineers around the world. Any startup owner in any country sets an eye to hire talent from India, since it reduces their cost by almost 25% and at the same time it provides a very good employment opportunity for the developer.

Apart from funding, mergers and acquisitions are also helping these startup companies to grow by acquiring new capabilities directly and expanding into the market share of the acquired company. For example, Myntra, an app based shopping portal by another technology giant Flipkart to gain the market share. Snapdeal recently acquired Freecharge to grow into the area of mobile payment gateways, since mobile payments are a next hot spot sensed by various startups presenting immense opportunities for further penetration. Not only in India but also internationally tech giants have used acquisition of companies as a way to maintain their position of market leader and also as a way to enhance diversification. An example of this could be acquisition of messaging app Whatsapp by another giant Facebook.

Startups are boom in India in various new fields as well. Educational tech startups are a new hot among a range of investors since it is projected that the entire educational system will be digitized in the near future. Similarly, startups are also keep eye on big data for analytics, healthcare, beauty and fitness, biotechnology

and other areas as well. Quite a few startups have also ventured into food delivery service as well. Examples include Mast Kalandar in Mumbai and Bangalore, Eatlo, Freshmenu, TinyOwl etc. These have produce employment opportunities in great number for unorganized sections of the society in the form of delivery persons. At the same time, it has increased convenience for consumers as well.

GOVERNMENT INITIATIVES

The Prime Minister's Startup India campaign is a great initiative to boost entrepreneurship in India. This initiative will play a very important role in further facilitating startups and providing a new dimension to entrepreneurship in the country.

India needs to address the critical needs of the country in areas like affordable healthcare, education, financial inclusion, etc. In spite of a 'startup unfriendly environment', Indian entrepreneurs have already made India one of the top 4 entrepreneurial hotbeds in the world. It bodes well for the country that the current government, for the first time in modern Indian history, has understood the criticality of startups for employment and economic growth and has launched 'The Start-up India, Stand up India mission'."

The government must help startups promote themselves, not just in India but across the globe, as well as create policies that are startup friendly so that Indian startups get a major boost and they can further create better employment opportunities for the youth of the nation." The Government should enable easy availability of loans across the country. Startups can have more tax-friendly norms to sustain the pressure which sometimes adds to their cost.

Indigenous startups will not only make the lives of the people easier through their affordable and convenient services but will also act as a major booster for the development and the progress of the Indian economy.

CONCLUSION

While in the country like India, government alone cannot fulfill the employment opportunities. Individuals need to come forward to help themselves, given the viable business

atmosphere by the government. Adam Smith, an 18th century economist and author, in his book Wealth of Nations has talked about the “Invisible Hand” that Individuals pursuing their best self Interest would result in greater overall good to the society. If India wants to mark its presence in the global arena, this Invisible hand would be none other than our budding entrepreneurs and start-ups which can make the elephant dance again..!

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