



# START-UP ECOSYSTEM IN INDIA

**Rohit Kumar Sharma**

Ph.D Scholar,

International Agribusiness Management Institute,  
Anand Agricultural University, Anand

It is a matter of great pride that India is ranked 68th out of 137 countries, as per the Global Entrepreneurship Development Index. On the basis of performance, this appears nothing but moderate. By analysing the performance by specific criteria, however, we are able to gain a deeper understanding of the phenomenon. There are several areas in which the company excels, such as product and process innovation, internationalization, opportunity start-up, risk acceptance, opportunity perception, and robust competition. Generally, the company performs similarly to its overall performance in terms of human capital. Broadly speaking, India's USP lies in its ability to identify opportunities and take risks, which in turn links to its capabilities in product innovation and a healthy attitude towards globalization, thus looking beyond its own borders to expand. Entrepreneurship has proven itself in India, and the country has exhorted us to grow exponentially in innovation.

In a global context, India is increasingly pioneering "frugal innovation" in which products meet acceptable performance standards and offer features often aimed at the bottom of the pyramid and at very low prices. Experts also point to concerns about India's investment in technology, technological partnerships, the need to stay on top of current trends, greater labour market flexibility and a better education system. India has managed to be the second-largest startup hub despite these strengths and weaknesses.

As per the startup Outlook report 2019 ( feb ) , two factors make India appealing as a start up nation- First , is the cost of doing business which is low because of proximity between customers and vendors, Second is the mammoth size of the domestic market along with huge base of internet users. Interestingly, India is also second largest consumer internet market in the world (overtaking China) with around 500 million internet users. Obviously, it has never been as easy and cheap as today

to launch digital products or service in India, courtesy, the economics of digital innovation. Digital India is an umbrella programme to prepare India for a knowledge based transformation. The focus is on being transformative to realize IT INDIAN TALENT + IT INFORMATION TECHNOLOGY =IT INDIA TOMORROW. The government has thus come up with several initiative for promoting entrepreneurial capabilities among the youth. Programs like startup India .Mentor India and Atal Innovation Mission are some such examples.

## STARTUP INDIA:

Startup India which is a flagship initiative of the Government of India was launched to catalyse startup culture and build a strong and inclusive ecosystem for creativity and entrepreneurship in India.

## MENTOR INDIA

As part of Mentor India, a panel of celebrated entrepreneurs is created who will mentor startups through deliberations, workshops and discussions from time to time.

In general, the government is taking a two-pronged approach. Similarly to "Atal Tinkering Labs", this initiative aims to encourage school children to think outside the box and innovate, but there are also initiatives that support existing startups by creating an appropriate ecosystem to facilitate their survival and success.

These ecosystem initiatives are geared to help startups, flourish and range from the establishment grant for a start-up, to benefits like tax exemptions, grants for scaling up the business, mentoring from experienced mentors, providing platforms for networking with angel investors or venture capitalists.

As India is the youngest nation in the world,

with 64% of its population working age. An NASSCOM report indicates that India has the third largest startup ecosystem in the world, and it is expanding internationally.

### Organizations and activities with start-up activities:

- ✓ Universities
- ✓ Advisory & mentoring organizations
- ✓ Startup incubators
- ✓ Startup accelerators
- ✓ Co-working spaces
- ✓ Service providers ( consulting , accounting , legal )
- ✓ Event organizers
- ✓ Start-up competitions
- ✓ Investor networks
- ✓ Venture capital companies
- ✓ Crowd funding portals

## Lifecycle of the Start-up

Throughout their lifecycle, start-ups go through six stages of development. A startup's first stage is discovery, where it validates whether it is solving a fundamental problem and if anyone can contribute to the solution. During this stage, teams are formed, customer interviews are conducted, viable products are created, incubators are joined, funding is raised from family and friends, and mentors and advisors are brought on board. A 5-7-month process is involved in this process.

The second stage is validation where startups seek to get early validation that people are interested in their products through attention or actual purchase. This stage involves alteration of main features of their products. Growth of users, metrics and analytics implementation, seed funding and ensuring product fit.

The third stage is efficiency where the rationale of a startup is to improve their business structure and improve competence of their customer acquisition process. The stage goes

through 5-6 months.

The fourth stage is scale where startups Endeavour to steer growth insistentlly. Activities include massive customer acquirement, establishment of departments, employ executives and enhance scalability.

The fifth stage is the profit maximization stage. At this stage, the customer has a commendable customer base and products are moving , constituting a favourable profit margin. Startups at this stage are sustainable and are easy to move the next stage, which is renewal . The startup is mature enough to sustain itself and an entrepreneur is a position to start a new project without much supervision on the existing one.

## Overall Ecosystem that helps fuel the Growth of Startups and Entrepreneurship in India

Several Government schemes for promotion of start-ups in India has been launched off late like- Pradhan Mantri Laghu Udyog Yojana , Mudra Yojana, Start-up India learning Program , and India Aspiration Fund.

Investment plunge in India caused by emergence of new forms of investors catering to the startup market in India such as presence of Venture Capitalist / Investors eager to invest in Fascinating ideas.

Ecosystem players such as TiE, NASSCOM, and iSPIRT have significantly increased the maturity of the ecosystem by providing a platform for entrepreneurs to learn and grow very quickly.

# ROLE OF INCUBATORS

In a market where 90 percent of startups fail, incubators and accelerators can be key to growing sustainable businesses. An incubator could provide this kind of support, which is an organization that nurtures technology-based and knowledge-driven business ideas through providing work space, shared office services, specialized equipment, as well as value added services, such as fundraising, legal services for incorporation or registration, business planning, technical assistance and, most importantly, networking support to help them find clients.

Incubators also play a crucial role in the ecosystem by bringing together venture capitalists, academicians, university students, and of course government. In events and workshops, these stakeholders often exchange ideas and discuss solutions to the problems young entrepreneurs face.

Additionally, incubators can play an important role in promoting startups producing eco-friendly goods, startups run by minorities, startups run by women, startups operating in rural areas or SEZs, and others, so that a socially balanced economy is created. The presence of incubators boosts innovation in the economy, as well as research and development.

There are a couple of incubators which are successfully operating ,to name a few IIT Guwahati, Foundation for Innovation and Technology Transfer , IIT Delhi , Shriram Institute for Industrial Research , Centre for Innovation , Incubation and Entrepreneurship (CIIE) IIM Ahmedabad, Amity Innovation Incubator , IAN incubator.





# POLICY MEASURES TAKEN BY GOVERNMENT IN THIS REGARD:

A plethora of policy measures have been taken by NITI AYOJ of Government of India in collaboration with the Department of Science and Technology, Department of Entrepreneurship and Skill Development, Ministry of Micro, Small and Medium Enterprises, Department of Industrial Policy and promotion and the Department of Human Resource Development to build a world class startup Ecosystem in India.

At the State level also, many states have released state level startup Polices. The scope of this article restricts this study to ornate about only two major schemes of the government – The first of these is “Atal Innovation Mission” by Niti Ayog and second one is Grant Provided by Department of Science and Technology (DST)

## ATAL INNOVATION MISSION (AIM):

The Government of India is all game for promoting a culture of innovation, self – employment and entrepreneurship.



## GOVERNMENT'S TAKE ON INCUBATORS

As a part of the initiative, NITI Aayog will provide financial support to selected academic and non- academic institutes and organizations to set the Atal Incubation Centre (AIC) to support and encourage start-ups in specific subjects /sectors such as manufacturing, transport, energy, health, education, agriculture, water and sanitation, and would provide them with necessary paraphernalia and other added services.

## CONCLUSION

As a result of incubators, start-ups are becoming machines of rapid and tremendous growth that offer solution mechanisms for a variety of problems. They are advancing rapidly with widespread technological innovation. Indian entrepreneurs can look forward to receiving the incubation and support they need to truly transform the country's economy and become a global superpower with the active participation and contribution of the Government of India.

