

THE ANALYSIS OF IMPACT OF START UPS ON ECONOMY OF INDIA

Author details: Naveen Garg, Assistant Professor, Apex Institute of Technology, Chandigarh University, Gharuan, Distt, Mohali, Punjab, email id: naveen.usb@cumail.in

Start ups in India

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 (India, 2015). Under this program, there is also provision to give the requisite guidance, required technical assistance and monetary support to the new start ups (Martínez, 2012). This aims to make the young India self independent. The study aims to explore the major hurdles and discuss the opportunities to hasten towards the economically independent India.

Methodology

The research is based on extensive literature review and analysis of data available by various researchers in this field.

Introduction

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 (bank, 2015). 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 (Dutta, 2016) 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 (Jain, 2012). 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 (Singh1, 2015) , 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 (Andaleeb, 2016). 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 (Kaur, 2017).

As the startups are generally initiated by the young entrepreneurs, these are generally small in size and mostly financed by a single source (kumar, 2017). Generally services offered by these units are unique in nature as these units are initiated by young and risk taking people. As per the Indian government notification, a unit will be recognized as a startup when:

- a) Date of initiating is up to five years
- b) Turnover does not cross 25 crores in last five financial years
- c) Is driven by modernization, innovation and procedures towards advancement

In the initial years as due to great zeal and tendency towards excellency, new businesses generally tend to showcase the talent and creativity which in turn require great and regular amount of finance (Badra, 2017). This could be done by independent finance bodies like nonprofit associations and state governments. As these ventures are headed by young people, these startups are generally neighborhood endeavors (Saukkonen, 2017). But with internet facility and the widely available think tank to low tariffs, business resources can be tapped from across the world. India's fourth biological industrial revolution is moving to a great amount by the advancing environment, primarily directed by the naive youth (Hoang, 2015). As an interesting fact, India is at fifth position in terms of new startups where numero uno position is held by United States with somewhere 83000+ new businesses. Seeing the current scenario, India soon would be second after United States and will be among top Asian startups system. As put down by NASSCOM, by the end of the year 2020, some 11,500 startups would be employing nearly 2.5 lakh people, compared to 75,000 occupants presently (EsparkViridian, 2017). In one of ASSOCHAM's report, it is stated that in the coming years these startups will produce more rich figures and tycoons who will be primarily driven by innovation.

Startup system

A startup system comprises of different stages and different types of associations where they all are collaborating to make a new venture. As this kind of system comprises of individuals

primarily youth characterized by networks that they can come up with any sort of startup in any place. Such startups in rural or urban areas are controlled by two types of elements – the outer and inner. The outer elements comprises of elements which are not in control, such as monetary component, market uncertainties and organizations and industry moves. Inner variables primarily comprise of individuals where people from different cultural backgrounds contribute different inputs. Despite the fact that inner components are part of the inner ecosystem, their contributions and work do gave an impact on outer variables. In the year 2015, with over \$5 billion and nearly three to four new businesses developing every day, India had nearly secured third position in the context of quantity of new companies.

A recent report by NASSCOM puts India as the fastest in startup world, making it overall as third which is driven by innovation after united States and United Kingdom. Further the report states that startups not only create wealth but also they lay the opportunities towards employment. The report states that the startups have absorbed nearly 80,000 to 85,000 individuals.

The aspect of this review is that these startups are primarily concentrated in metros likely NCR, Mumbai and Bangalore. The report states that 72% of these startups are by the entrepreneurs who are under the age of 35, terming Indian business fraternity as youthful business people. As far as sexual orientation is concerned there is alarming difference between the contributions. In this ecosystem, the males comprise of whopping 91% whereas females are paltry 9%.

Startup challenges

Despite of enormous exercises and with great advancements and even by the supports from government sectors, startups do find them in mixed situations. The progress of the businesses is in the hands of government and if proper directions and motivating atmosphere is not provided then the whole amusement can lose its charm. The World Bank report states that out of 189 economies, India stands at 130th position in the field of working easiness, 133rd on networking, 157th on the grounds of paying charged. The business institutions need to clear a lot of bottlenecks before getting into the workplace situation. Firstly, the need is to scrap the unwanted long processes of administrative clearances and bridge the financial related issues. Secondly, the biggest confrontation is that an Indian venture is required to make 33 assess installments where

nearly 243 hours are spent to get ready. This is in contrast to China which requires only nine installments whereas in United States it's not more than 11 times a year. NASSCOM has battled for exceptions. Tax assessment is the biggest hurdle. Thirdly, most of the business houses feel that, proper legality and mentorship is the key to flourishing. Individuals though they may have formal education but when it comes to monetary and social developments proper directions and guidance are required. Indian individuals are more bent towards rewards, this being the major reason of inclination towards government employment which leads to job security. Disappointments make an individual think of starting a business and when they don't get directions they all look downwards and become more distressful. Businesses are all about coming up in quick and short span of time and begin from scratch. Individuals need to be tolerant which could fill them with fresh life. The ordeal of startup is to manage greatly disordered and divided Indian market.

India is a nation of assorted culture where the dimensions and the customers change after every set of 30-50 kms; hence each set will not be dealt in a similar fashion. Most new companies are family dominated and family oriented where the major constrained is workforce who makes it further makes it tough to manage money related issues. Though the government has kept its funds aside but still they are not in the reach of everyone's reach. The need of the hour is to put the trust into the operations where new business doesn't get subsidations from banks and financial bodies on the account of newness. In spite of the raised concerns, new business houses are left all alone to battle against all odds. For a startup, it is extremely difficult to battle against all hardships especially on the front to procure the ability of gifted laborers (Sree, 2017).

Conclusion

A lot has been done in the field of startups and innovations (Sinu.M, 2017). The growth factors are funding houses, availability of technology, high smart phone penetration and most importantly youth. Startup initiatives by the government will only accelerate the momentum. Few hurdles like availability of finance, bureaucracy should not fizzle the zeal.

References

1. Andaleeb, U. (2016). A study of Financing Sources for Start-up Companies in India. *International Review of Business and Finance* .

2. Badra, D. (2017). STARTUP INDIA- NEW OPPORTUNITIES FOR THE ENTREPRENEUR. *International journal of science technology and managment* .
3. bank, y. (2015). *India's start up landscape* .
4. Dutta, A. (2016). Start-up Initiative. *IOSR Journal of Business and Management* , 93-98.
5. EsparkViridian. (2017).]the global startup accelerator database - The MBA Is Dead. *fintech mumbai* .
6. Hoang, N. (2015).]a guide for startups - Theseus. *WEF_Global Competitiveness Report* .
7. India, G. o. (2015). *Start up India- Best practices*. Karnataka.
8. Jain, S. (2012). Growth of Startup Ecosystems in India. *International Journal of Applied Research and Studies* .
9. Kaur, K. (2017). Start up India: Challenges & Opportunities. *JOURNAL OF SOCIAL SCIENCE RESEARCH* .
10. kumar, K. (2017). Indian online start ups -can they stand up against the world. *international journal of advance research in computer sceince and management studies* .
11. Martínez, M. J. (2012). MBA STUDENTS AND THEIR MOTIVATION TO STAR-UP THEIR OWN ENTERPRISES. AN INTERNATIONAL EXPERIENCE1. *Working papers* .
12. Saukkonen, J. (2017). From a Student of Startup Business to a Startup Employee or Entrepreneur: Study on Career Narratives of Students in Entrepreneurial Programs in a University . *Journal of Educational Issues* .
13. Singh1, H. (2015). STARTUPS IN INDIA- RETROSPECT AND PROSPECTS. *OISR* .
14. Sinu.M. (2017). A STUDY ON THE CONTRIBUTION OF START-UPS IN THE ECONOMIC DEVELOPMENT OF INDIA. *IRACST – International Journal of Commerce, Business and Management* .
15. Sree, R. (2017). Significance of Entrepreneurship and Tendency of present youth towards Entrepreneurship in India . *Journal of managment studies* .