

Role Played by Indian Start-Ups in Employment Generation With reference to Start-Ups in Maharashtra

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Abstract

India being an underdeveloped country with a large population of employable educated youths, faces severe unemployment situation. The government of India as well as State Governments are consciously pursuing a policy of supporting of the industrial development and extending all possible assistance to the industrial sector. Keeping in view this situation it has introduced Start-Ups, Mudra loans, support to self-employment endeavour and the response is very positive. This has amply approved that the Start-ups scheme has been successful in creation of new job opportunities over the years. The broad objective of this paper is to take a stock of current status of Indian Start-Up and the role played by these Start-Ups in employment generation. The Indian banking sector is also giving soft treatment to the Start-ups. The role played by the Start-ups is laudable. Keeping this aspect in mind even the UGC has also adopted a new education policy where the thrust is on the skill development and compulsory internship of the students of all discipline for one semester on the job experience. This will certainly help in increasing the improvement in the ready to absorb the graduates turned out by the education system. The rate of growth of the start-ups in India is quite appreciable. The start-ups also help to bridge the regional imbalance of industrial development. The data presented in this paper speak of the performance of the Indian start-ups during the past few years.

Keywords: Employment generation, innovative ideas, support from the Govt.,

Introduction

Over the past two decades, the idea of startups in India has changed dramatically, moving from a specialised field to a robust ecosystem that has fuelled the nation's economic expansion and increased visibility abroad. Three main phases may be distinguished in this evolution:

Phase 1: Early Pioneers (1970s-1990s): With the rise of IT services firms like TCS, Infosys, and Wipro in the 1970s, the seeds of India's startup revolution were sown. These trailblazers made India a worldwide outsourcing hub by using the country's cost-effectiveness and highly skilled IT workforce. A generation of entrepreneurs who saw the promise of technology to solve urgent problems and spur innovation were made possible by their success.

Phase 2: Dot-com Boom and the Rise of E-commerce (1990s-2000s): The dot-com boom and the development of the internet in the 1990s contributed to the expansion of Indian startups. The emergence of e-commerce giants such as Flipkart, Snapdeal, and Jabong revolutionised online shopping for Indian consumers. During this time, startups also began to appear in other industries, including journalism, travel, and hospitality.

Phase 3: Mobile Revolution and Startup Boom (2010s-Present): An important turning point for the Indian startup ecosystem occurred in the 2010s with the introduction of smartphones and reasonably priced internet access. There was a boom of startups during this time in a variety of industries, including fintech, e-commerce, healthcare, education, and logistics. The emergence of angel investors and venture capital firms contributed to the expansion of startups by giving them the money they needed to expand.

Several factors have contributed to the evolution of the startup ecosystem in India:

1. India offers a wide market with a variety of wants and goals due to its huge and youthful population as well as its expanding middle class. This has made it easier for companies to produce ground-breaking products that are suited to the Indian environment.
2. Rapid technological breakthroughs, especially in fields like cloud computing, artificial intelligence, and mobile computing, have given entrepreneurs the ability to provide ground-breaking solutions to pressing issues.
3. The Indian government has played a crucial role in promoting entrepreneurship and fostering a supportive ecosystem for startups. Initiatives like Startup India, Stand Up India, and Make in India have provided startups with access to funding, mentorship, and infrastructure support.
4. India has a sizable pool of highly educated and talented workers, especially in the IT industry. This reservoir of talent has been crucial in fostering innovation and accelerating the expansion of companies.

5. The advent of angel investors and venture capital organisations has made it possible for startups to obtain much-needed finance, allowing them to grow their businesses and reach new markets.

6. A thriving entrepreneurial ecosystem has been fostered by the establishment of co-working spaces and incubators, which have given companies a comfortable area to work, collaborate, and access resources.

7. Indian customers are more willing to embrace new technology and are becoming more tech-savvy. This has made it easier for new businesses to launch cutting-edge goods and services.

The economic landscape of India has been significantly impacted by the development of the startup ecosystem in that nation. Millions of employments have been produced by startups, which have also increased economic growth and changed many industries. In addition, they have made a big difference in millions of Indians' lives by tackling societal issues.

Objective of This Paper:

The broad objective of this paper is to take a stock of current status of Indian Start-Up and the role played by these Start-Ups in employment generation.

World Unicorn Start-Ups.

Those start-ups whose market value is over 1 Bn dollars are called Union Corn start-ups.

Country	Number of Unicorn-Start-Ups
America	644
China	302
India	111
Britain	46
Germany	29
Other countries	73

Source: World of Statistics.

Funding to the Starts ups during the last four years.

Country	Funding in Bn Dollars
America	930
China	259
Britain	106
India	103
Germany	48

Source: World of Statistics

Indian International Scenario

As India's startup ecosystem continues to mature, it is poised to play an even more transformative role in shaping the country's future. With a focus on innovation, sustainability, and social impact, Indian startups are set to drive economic growth, address societal challenges, and redefine India's position on the global stage.

In the recently published report of Software Technology Parks of India (STTPI) report now there are 1.14 lakhs registered Start Ups working. This was possible because of cheap internet and Smart Phones availability due to which there has been a revolution which is also supporting the establishment of New Start Ups. Of the total starts up in India 30,400 Starts Ups have been registered between January to October 2023. Of these start-ups majority of them are in second and third status cities which has immensely helped in employment generation. In respect of internet customers India ranks 2nd in the world. 98% of India is covered by Four G service. This is boosting start-ups in digital sector. Education and Logistics have been benefited by the increased digitization. This has been made possible to extend technology-based services to the rural sector. This has also led to provide training to 1.40 crores youths under Prime Minister's Skill Development Scheme.

The Central Govt. has adopted a policy to support the Start-Ups which is helping in creating employment opportunities. According to the World Bank's "Ease of Doing Business 2020 report, in India number of opportunities in marketing and professional services has rapidly increased. In the "Ease of Doing Business – India was ranking 142 in the world which came down to 63 in 2020 and this is further improving year after year.

In India "Unicorn" startups will increase.

According to Harun India report in India there are at present 83 'Unicorn' 51 Chinkara and 96 "Chitta" Startups. Last year this number was 84 Unicorns, 51 Chinkara and 71 Chitta startups. In times to come startups having potential to step up to "unicorn" their market cap is 4.67 lakh crores which is higher by 16% as compared to the previous year.

During the last few years new companies and startups getting converted in “Unicorn” start-ups has increased. According to Harun India Future Unicorn Index 2023 in the ensuing five years 147 startups will achieve the status of “Unicorn” and 51 startups are having potential to step up to the status of Unicorn within 3 years.

Types of Startups.

Unicorn: Those startups which have been established after 2000 whose market value is above 1 bn dollars.

Chinkara: Startups which have potential to achieve the status of Unicorn within three years.

Chitta: Startups which have the potential to achieve the status of Unicorn within next five years.

India’s Top 5 “Chinkara’ Startups

Name	Total funding Rs. In Crores	Sector
Ninjacart	3,009	Aggrotech
Zepto	2,952	Quick Commerce
Ather Energy	2,804	E-Bike
Observe AI	1,755	Artificial Intelligence
Leap Scholar	1,255	Edtech

Source: Harun India Future Unicorn Index 2023

India’s Top 5 “Chitta Startups

Name	Total funding Rs. In Crores	Sector
Danzo	5,739	Quick Commerce
Paper Fry	2,336	E-Commerce
Insurance Dekho	1,393	E-Commerce
Clear 1,147	1,147	Fin Tech
Atlon	566	Software

Source: Harun India Future Unicorn Index 2023

Pune ranks within 100 cities of the world in respect of Global Start-Ups Ecosystems.

Start-up Blink an organization from Israel has conducted a survey and published World Start-Up Ecosystem Index and prepared a list of 100 countries and 1000 cities where the favourable Ecosystem for Start-Ups is available. According to this survey India ranks 19th rank and so far as cities are concerned following Indian cities have figured in this list.

World Start-up Ecosystem Index Performance of Indian Cities			
City	National ranking	World ranking	Area of excellence
Bangaluru	1	8	EdTech
New Delhi	2	13	Transport
Mumbai	3	17	EdTech
Pune	4	90	Transport
Hyderabad	5	97	EdTech
Chennai	6	102	EdTech
Jaipur	7	212	E-Commerce & Retail

The first five countries having Favourable Ecosystem for Start-ups are: U.S.A. Britain, Israel, Canada, and Sweden. San Francisco city in US ranks first.

Discussion:

In India, startups have become an important economic force, contributing significantly to both job creation and economic expansion. The Indian startup ecosystem grew to become the third largest in the world in the last few years. Several variables have contributed to this rise, such as a youthful and tech-savvy populace, a supportive legislative climate, and easier access to financing.

Direct Job Creation

Numerous jobs in a variety of industries, including as technology, e-commerce, healthcare, and education, are directly created by startups. Over 863,608 jobs have been created by Indian start-ups in the last ten years, making a substantial contribution to the employment situation in the nation.

Indirect Job Creation

Start-ups influence jobs in ways other than just direct hiring. Within their supplier chains, service providers, and supplementary enterprises, startups frequently generate indirect employment. For example,

a food delivery start-up may hire delivery workers, but it also indirectly creates jobs for employees of restaurants, food packaging suppliers, and logistics firms that support its activities.

Expertise and Enhancement

Entrepreneurs cultivate an environment that values creativity and ongoing education, necessitating a wide range of skill sets from their staff members. Programs for skill development and upskilling are therefore necessary, which will provide new employment prospects in the training and education industry.

Entrepreneurial Ecosystem

The flourishing startup scene promotes entrepreneurship, which in turn generates employment prospects. A lot of successful start-ups branch out into new businesses, which broadens the entrepreneurial environment and promotes employment growth.

Regional Development

Startups are not limited to large cities; they are spreading to Tier-2 and Tier-3 cities as well, bringing jobs to areas that were previously underserved. This promotes inclusive growth and regional development.

Challenges and Future Outlook

Start-ups have a good impact, but they also have difficulties with fundraising, sustainability, and hiring talent. Nonetheless, the Indian government has been aggressive in helping new businesses by launching programmes like Start-up India, which offers financial assistance, tax breaks, and regulatory support.

Future growth prospects for the Indian start-up ecosystem are promising due to rising digital penetration, advances in technology, and supportive governmental frameworks. Without a doubt, this expansion will result in more job possibilities and support India's economic change.

Start-Ups and Employment Generation:

In India, Maharashtra is leading the way in the registration of start-ups, which are crucial in creating jobs. The total number of start-ups climbed from 86 to 13519 over the course of six years, from June 2016 to 2022. In order to encourage educated unemployed people to begin their own businesses, the Indian government launched the "Start-Up India" initiative in 2016. Meanwhile, the Indian government has developed an action plan with 19 components that would help the new start-ups achieve the program's goals. In 649 Indian districts, there were 72,993 registered start-ups as of June 30, 2022. The Commerce and Industries Ministry claims that 7.5 lakh job possibilities are created in the second and third tier cities, where 50% of these are located. The state of Maharashtra is at the top, followed by Gujarat, Karnataka, Delhi, Uttar Pradesh, and UP.

Conclusion

India has a large pool of talented youths who have proved their capabilities in starting new ventures to implement their innovative ideas. It has been a proven fact that these Start-Ups have been able to generate employment with relatively low capital investment. These start-ups are gradually enlarging their operations and achieving new status e.g., Chinkara, Chitta etc. The Govt. of India and the banks have extended a health support for the development of these new start-ups. It is hoped that in times to come these start-ups will generate new job opportunities and it will have positive impact on the employment situation in India.

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