

## Start-Up Ecosystem as Small-Scale Industries in India: Awareness, Challenges and Government Support

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### Abstract:

Start-up Ecosystem has gained more importance as it fulfills the gap in the existing market by focusing on the small needs and desires of the customer and the market. The government has also initiated this momentum by developing policy initiatives to promote start-ups and develop necessary skills by passing clear plans to strengthen the entrepreneurial ecosystem in the country. In recent years, start-ups have received increased attention in many parts of the world. In India, the number of start-ups has increased fast, and more support has become available in all dimensions. The Indian youth are the torchbearers of this system. This paper analyses the state of the Indian start-up ecosystem and college students' awareness level. It also focuses on the government initiatives taken for the start-up ecosystem. This paper also analyses the challenges faced by start in the Indian ecosystem. The analysis uses data collated from semi-structured interviews through the questionnaire method. In addition, a survey of relevant literature adds to the analysis of the study.

**Keywords:** Start-up, Entrepreneurship, Ecosystem, India

### Introduction:

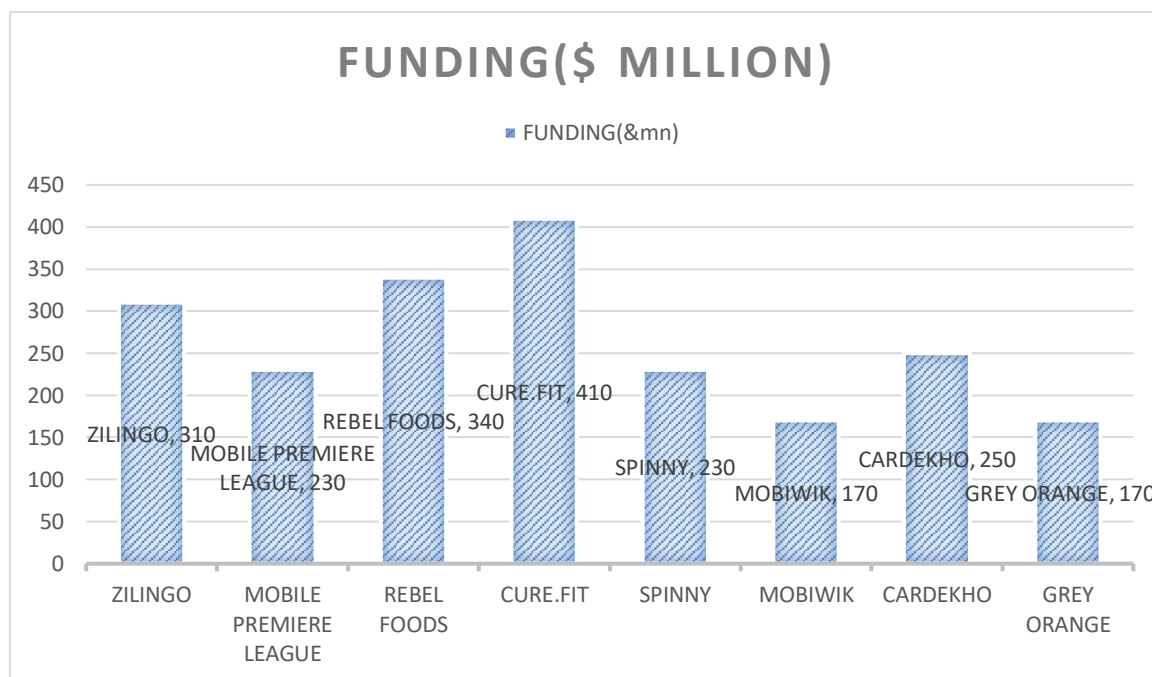
The importance of start-ups has though' been talked a lot of in theory however it's been realized late as the greatest job supplier and engine for the economic process. Through innovation and adoption of technological development. they'll bring transformational modification within the socio-economic development of our country. The Indian set-out scheme has been developing with the beginning of twenty first century. This growth will be attributable to the notice of set out among the school going children and government support. the target of this study is to supply a stronger understanding of each the expansion drivers among the youth moreover because the challenges moon-faced by Indian startups. Further, the study analyses how the startup scheme has developed over the years. The Indian economy is growing and also the modified consumption pattern thanks to rising financial gain and modification within the normal of living of the Indian individuals necessitated the expansion of entrepreneurial activity. Further, the outstanding purpose is that over one-half of the population represent youth section. This adds to the advantage for this phase as each producer and client. In India, Bangalore emerged because the hub for start-up followed by Mumbai and also the city Region (NCR) among alternative cities. B2B has been dominating the share of start-ups with a gradual increase within the range of B2C start-ups indicating signs of maturity of the start-up scheme in Asian nation. Asian nation's start-up scheme is churning one once another gifted entrepreneurs whereas perpetually contributive to the supply of digital skills in India. One will address 2021 as an interesting year for the start-

up scheme in Asian nation surpassing all projections . The Indian startup scheme has evolved dynamically over the last twenty years. Some startups were based within the 2000s, however the scheme was still immature as a few investors were active and also the number of support organizations like incubators and accelerators was restricted. Some thriving exits occurred within the late 2000s and within the last 10 years, the number of startups multiplied quick and additional support has become obtainable altogether dimensions. Bangalore has emerged as India's primary startup hub, however, vital beginning activity is additionally happening in Mumbai and also the city Region (NCR), moreover as some one smaller cities. The aim of this study is to supply a comprehensive understanding of each the expansion drivers moreover because the challenges moon-faced by Indian startups. Further, the study investigates however the startup scheme has developed over the years and describes wherever and which type of support is on the market. whereas the first focus is on technology-driven startups, the study recognises that non-tech, social and micro-entrepreneurs have additionally come back up with innovative ideas and answer The Government of Asian nation has been the foremost vital supply of funding for India's young entrepreneurs. The Indian government has greatly assisted start-up enterprises in playacting and sustaining in each the domestic and world markets by implementing several schemes. There area unit a slew of state and semi-government initiatives aimed toward aiding entrepreneurs. India is commonly delineated as "the posterchild of rising markets"

Unicorns, Gazello and Cheetas:

As stated earlier India ranks third in start up ecosystem after US and China. It is a proud moment for India as it added the 100th Indian startup to the unicorn club in 2022. A privately held startup company valued at over \$1 billion is called Unicorn. Apart from unicorns, however, the number "gazelles" and "cheetahs" in India is growing at an exponent. Gazelle" is a founded after 2000 with the potential . to become unicorn in span of two years, while "cheetah" may go unicorn in the next four years. Gazelles is valued from \$500 million to \$1 billion and the value of of cheetahs is from \$200 million to \$ 500 million

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## LITERATURE REVIEW:

(M.Sabina, 2020) analysed the current state of start-up ecosystem in India focusing on 3 major goals: providing an understanding of the drivers of growth and motivators of founders of start-ups in India; challenges faced by start-ups in India and pillars of support holding them in place. (N.P.Jha, 2019) examines factors affecting the entrepreneurial ecosystem in the metropolitan cities of India and addresses how initial funding of a start-up is determined on the basis of education, gender and experience of the founder. From the study, a regression model has been developed for the funding of start-up which can help in improving the efficiency of the start-up ecosystem for entrepreneurs. The model also provides implications for entrepreneurs and policymakers. (S.L.Sinha, 2017) aims at exploring trends that drive the growth of the start-up ecosystem in India. The findings of this study include 10 major emerging trends driving growth of the Indian start-up ecosystem, pros and cons associated with it and areas where these trends can be leveraged to build a successful start-up are also identified. (R.Raichand, 2020) studies how Indian higher education is responsible for ignoring the potential of entrepreneurship which could certainly be used to provide an opportunity to explore entrepreneurship. Existing studies have been used as a basis for analysing the role of teacher and ecosystem in promoting entrepreneurship. The findings of this study suggest that a holistic assessment pattern and

incentive for teachers is required to ensure that the Indian higher education system serves as a fertile ground for growth of innovation driven entrepreneurship. It also reveals that entrepreneurship is the key that can transform India into a developed economy over time. (Gazali, 2016) discusses benefits of entrepreneurship to the society and the economy as a whole. It tells that entrepreneurship helps in restricting monopolies, pools and cartels and is also effective in keeping a check on large companies and MNCs and reduces the exploitation of consumers or customers. (Thomas, 2015) states that start-up ecosystems have the ability to innovate, build exceptional companies, create jobs and open businesses. Success of entrepreneurs depends on 3 factors that include economy, sociology and geography. Further it finds that Government regulations in terms of tax, support, funding, incentives, education and training helps in building an ecosystem for start-ups along with the presence of entrepreneurs and investors. For an ecosystem to be effective, the Government needs to address the needs of entrepreneurs. (Ramaswamy, 2016) discusses that the goal of any start-up is to develop a self-sustaining network of talent and resources to solve issues affecting the overall entrepreneurial community. There is a need for some critical component such as entrepreneurs with technical know-how, availability of a variety of sources of funding and a favourable regulatory system from the Government to determine success of the upcoming as well as existing start-ups. (Semeirecci, 2015) discusses that the job of an entrepreneur is quite stressful as they are compelled to work in challenging situations with the pressure of critical decision making which will one day eventually affect the mental or physical health of the entrepreneur. Therefore, the entrepreneur must possess high tolerance for stress.

#### Opportunities of Startup ecosystem in India:

Regardless of the issues and problems that startups face, Indian marketplaces provide a variety of opportunity to create solutions that are specifically customised to address them. The following is a list of some of the opportunities that are discussed for entrepreneurs to examine. Demographic Advantage Despite having a lower population than China, India has the highest concentration of youth population, with 356 million 10-24 year-olds, according to the latest UN study. This is good news for the country because good education and healthcare can boost the economy. Young people are the driving force behind innovation, creation, and the country's future leaders. Youth also effect a country's demand and consumption behaviour. Young people

make up the workforce that startups so sorely need, and youth can be a big talent pool for businesses in the future. Best adapted to addressing the difficulties facing growing countries – India faces a unique set of challenges that necessitate indigenous solutions. Health, education, infrastructure, and sanitation issues are unique to the country, and solutions from the Western world will not fix them. Each challenge presents a unique opportunity for startups to solve a pressing need while also establishing a business. What helps is that most problems in emerging economies are similar in nature, and solutions that work here can also work in many African and other countries. This allows Indian entrepreneurs to grow on a larger scale and at the same time make a meaningful impact around the world. Large Population It is not necessary for domestic startups to expand internationally. With a population of over a billion people, India offers a sizable domestic market for any goods or services. There is a significant desire for brands due to rising disposable income and rising expectations of a mushrooming middle class. The rising population has also resulted in increased consumer spending, which has boosted supply and production. Startups that aim to serve and cater to a big population by addressing a problem or delivering a service in one of the world's most important consumer markets are likely to succeed. India's population is a great resource for the country. The working-age population is predicted to overtake the nonworking population by 2020. Any startup will get advantage from this unique demographic pattern. Perception of Working-Class Traditional professional paths would be phased out in favour of the Indian startup scene. Talented people would flock to startups if they were given challenging jobs and paid well. Several high-profile executives have also been reported to be leaving their positions to start or work for startups. Innovation Society India boasts the world's greatest youth population, which is the most important source of innovation, talent, and future leaders. Education, health, infrastructure, and the widening disparity between people are some issues that India faces.. India's middle class is expanding along with its consumer base. The great diversity of India's people creates a strong justification for a diverse economy of services and goods. Banks are a good place for start-ups to look; our banking sector has gotten the most out of our population size.

Challenges and Government support:

The start ups in Indian Business Environment face challenges due to structural rigidities and infrastructural problems. The challenges of Indian start ups are in the ground reality of hiring,

managing, customer dealing and development apart from a technological challenge. Further the diversity of Indian market also poses complex issues for new start up. Due to different living surroundings, startups frequently have an inadequate understanding of the diverse business environment. The financial aspect is equally challenging. Many start-ups are self-financed. The rest depend on external source of fund which depend on the market validation. Most start-ups are from educated urban populations rural, market are not successful as they are not able to study the surroundings. Due to different living environments, startups often have an insufficient understanding of the customers and their needs of these areas. Market penetration for a start-up is also difficult due to large companies already existing in that field or small units already existing in the market. Complex bureaucratic regulations and delay in disbursement of loan also makes startup vulnerable. Price-sensitive behaviour of Indian customers also forces the start up to think more on price rather than innovations. .The major challenge in the field of campus to Start up is that the knowledge delivered to students in colleges and the knowledge required for the jobs, especially in sectors in which technologies change at a dynamic pace. This is a gap which is great challenge for the start-up ecosystem in India.

Additionally Non digital start-up have the problem of timely payment. For many job-seekers, joining a startup as an employee is not an attractive career option, due to the inherent risk that the startup might fail. Instead, the major chunk of employable population prefers to work with large corporations, due to stability in jobs. Further startups have to compete with the brand and public image and structural incorporations . Further the complex regulatory framework also adds to the challenges. The government of India has introduced rules and regulations with the objective to make the business environment flexible for startups. However, the present regulatory system in which startups exist is highly difficult. Further Startups in India also faces challenge by bureaucratic system. In addition, rules and regulations can frequently change which makes the startups to survive or grow. Legal formalities also hinders the development and growth of start ups. Though on paper the Government has shown great initiative but still the process and support system is not so conducive for its growth.

Though the private initiative has been in large but it could not have been successful with our Government support. Various schemes have been launched specially after the start up India initiative in 2016. Startup India Initiative has come out with several programs which ultimately

generate large-scale employment opportunities and leading to the sustainable economic growth of the country. These programs are managed and reported to the Department for Industrial Policy and Promotion .Further the Aatmanirbhar Bharat mission and the ‘Make in India’ program also supported the start-up ecosystem in India.

Some of the major schemes are mentioned as below:

Aspire– to accelerate entrepreneurship and encouraging innovations for unmet social needs in the agro-business industry. Pradhan Mantri Mudra Yojana is a refinance support to banks or microfinance entities for lending to micro units who have loan requirement up to INR 10 (Indian rupee ten) lakhs. The loans have been bifurcated into three categories of Tarun, Kishore, and Shishu which depends on the stage of development, funding requirement and age of the business and the amount of loan that can be made available by these businesses. Multiplier Grants Scheme with the objective of encouraging industries to collaborate with premier academic and government R&D institutions for the development of packages and products. Single Point Registration Scheme (SPRS) is a developmental scheme managed by the National Small Industries Corporation (NSIC) for supporting MSE.Extra Mural Research or Core Research Grant (CRG) to support research labs, educational institutions and other R&D companies .Design Clinic Scheme to make a supportive design eco system through training and skill development. Zero Defect Zero Effect (ZED) scheme provides an opportunity to MSMEs to embrace world-class manufacturing processes, use new technology and consistently improve their products. ATAL Innovation Mission (AIM) to provide a platform for interaction between Academia, Industries, and Government to create synergies and provide financial support in order to commercialize their ideas.SISF Startup India Seed Fund providing financial support. Small Farmer’s Agri-Business Consortium (SFAC) initiated the Venture Capital Assistance (VCA) scheme that gives an interest-free loan to projects which have qualified to meet the shortfall in the capital requirement.

The above-mentioned some of the schemes are generating a spirit to adopt start up as a solution to the market gaps and creating a platform for future economic growth.

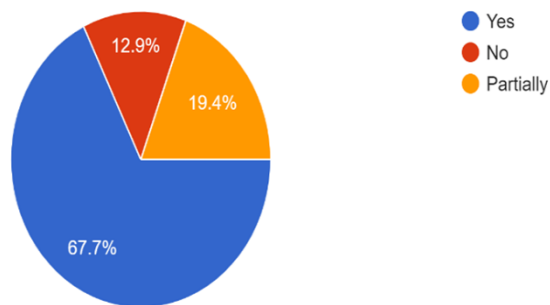
**Methodology Research Design and Data Collection :**

The analysis uses data collated from semi-structured interviews through the questionnaire method. In addition, a survey of relevant literature adds to the analysis of the study.

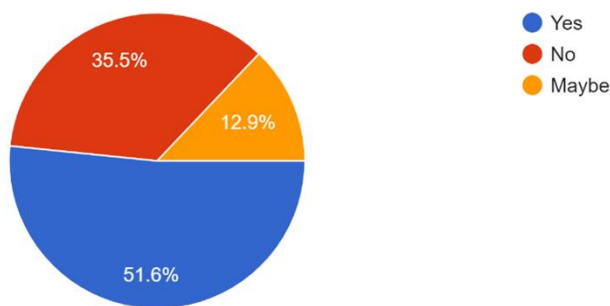
This study seeks to give a comprehensive overview on the current situation of the Indian startup ecosystem and its awareness among the students. It provides an in-depth look at the following questions: Do you know what is a start up , If yes, would like to build a start up T,there have been many initiative taken by the goverment of india to enhance start up culture in india are you aware about that measures.

To gather insights on these questions, a quantitative research design was chosen and surveys with college students were conducted. In addition to the questionnaire, a literature review was conducted. The aim was to identify relevant literature as well as data, which would provide deeper background information. As the respondents were more of engineering background, the initial focus of the study was on technology-oriented startups, opportunities to analyse a few non-tech ventures emerged during the course of the study, which provided valuable insights.

what is a start up ?

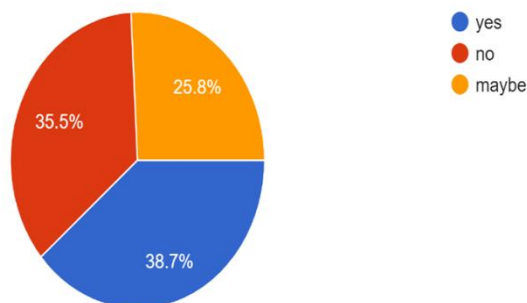


like to build a start up





Awareness of Government Schemes:



### FINDINGS & CONCLUSION :

- People Have to Be Made More Aware About the Start Up Culture
- Startup Incubators Should Be There in Every Institution Of India
- Startup India Campaign Should Be There in Every College
- There Should Be Some Projects Related to Start Up Culture In the College curriculum
- Government Should Provide Diverse Platforms in All the Spheres of the Start-Up System

The pressure felt during the valuation process and the increased inspection of deliverables could help broaden the system's foundation India's current economic situation is one of expansion. With the implementation of liberal policies and programmes for entrepreneurs such as 'Make in India,' 'Startup India,' MUDRA, and others, the Indian government is progressively displaying greater eagerness to increase the GDP growth rate of development. For Indian start-ups, 'Make in India' is a fantastic opportunity. With the government focusing entirely on fostering entrepreneurship, it may be possible to halt brain drain and boost the availability of local talent for startup enterprises to hire. The startup world faces many hurdles in every sector and segment of internal as well as external business environment. With such a huge population, there are numerous potential for entrepreneurs to provide products and services ranging from food, retail, and hygiene to solar and IT solutions for everyday problems that may be delivered

at low pricing. It's worth noting that some of these firms could become unicorns and world-famous corporations if they extend into other emerging and poor regions

**Suggestions:**

- It is required to implement rigorously the policies of ease of doing business.
- There should be the effective mentoring and guiding cell for the SSI.
- It is suggested that the SSI's are required to update with their knowledge and skills.
- The strong linkage between industries, academic and research institutes are required.
- It is suggested that the government should make a policy on high priority for state of the art infrastructure and its easy availability.

**Conclusion**

Small businesses play a crucial role in the lives of the underprivileged in many countries by raising their income level and thereby improving their quality of life and restoring their dignity. However, small enterprises are important not just for the poor but for the larger economy of the state also because they increase the overall production of the country and also increase the ability of the people to invest in new ventures. They pave the way to improving the infrastructure of the area and opens new avenues of growth. Overall study shows that SSI is a growth engine of socio-economic development of our country; playing a major role due to its significant nature. The sector is featured with low capital investment, flexibility in operation, intensive employment opportunities, self employment and entrepreneurship development and a base of innovations and development with local resources. The central as well as state government are implementing various schemes and programmes to boost the performance of the sector. The recently launched programmes like start up India, Stand up India are complementary with all these programmes and resulting in increasing and inspiring the confidence of existing as well as emerging entrepreneurs. The sector is exploring slowly due to these various initiatives which ultimately leads in sustainable development of our state and country.

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- ❖ Centre for Monitoring the Indian Economy: <http://www.cmie.com>
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