

ROLE OF INDIAN STARTUPS ON INDIAN ECONOMY

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ABSTRACT

Indian startups are in performance an increasingly noteworthy role in the international economy, driven by an energetic environment and an increasing number of unicorns. Startup pivots are encouraging this environment with the promotion of programs which provides development stage with opportunities to consider product attachment and readiness to new markets across the globe. Indian startups initiatives like Startup India have raised a culture of innovation and entrepreneurship, with startups tackling global encounters and gaining global acknowledgement. Indian startups their cost-effective, fresh and tech driven resolutions are attractive to markets out of the country. Furthermore, new technologists returning from the US to India are bringing operational knowledge of markets out of the country. It is thoughtful to assistance Indian startups with the right resources and connections to journey into the international market. India's journey toward becoming the world's leading startup ecosystem is driven by an arrangement of demographic, economic, and international policy elements. Consequently to promote the start-up culture in India and strengthen the Indian economy, the Government of India has commenced numerous procedures. Hence, in this paper is to present role and progress in the Indian startups in global economy.

Keywords: Indian economy; Technology; Challenges; Global market

INTRODUCTION

India has arisen as one of the greatest energetic startup environments internationally, grossing its place as the 3rd largest startup hub. Indian Prime Minister Narendra Modi launched the "Standup India" initiative in August 2015. Indian startups have been involved in creating jobs, in particular in the technology segment. Startups have been offer employment opportunities to skilled individuals and attract top talent. In addition, Indian startups have contributed considerably to reducing brain drain by providing exciting opportunities within the nation. Indian startups have emerged as a frightening force in the international economy, driving innovation, attracting significant investments, and fostering inclusive growth across various sectors. Indian startups growth has been fuelled by the increase of technology-driven startups, which have disrupted traditional industries and produced new markets in the county. The Indian startup bionetwork in India has seen a extraordinary transformation over the past decade, driven by a flowing together of factors that have reshaped the entrepreneurial countryside.

OBJECTIVES OF THE RESEARCH PAPER

The present study covers the following objectives:

1. To study role of Indian startups in Indian economy.
2. To study the various factors of growth of Indian startups in Indian economy.
3. To Progress in the Indian startups in Indian economy.

RESEARCH METHODOLOGY

The research paper is descriptive and investigative in natural world. The present research paper is mostly based on secondary data.

THEORETICAL LITERATURE REVIEW

The review of a number of significant earlier research studies on the present study is as mentioned under:

Kanodia Shourya (2024) stated that the role of startups in shaping India's economic landscape. It concluded that the Indian startups achieve this sustainable growth, certain bottlenecks such as regulatory barriers, access to finance, and market competition need to be resolved.

In this way, the start-up ecosystem of India will be able to assist in its economic growth and social development in the long term.

Bai B. Kasthuri (2017) in their research paper emphasized identifies the Indian start-ups how it contributes to the economy. The analysis revealed that government's new initiative for start-ups promises swift approvals for starting enterprises, easier exits, tax and fiscal incentives, faster registration of patents and protection of intellectual property rights.

Chaudhary and Sardana (2025) studied the startups, and Economic Growth of Indian Economy: A Case Study Approach. Present research paper emphasized on posits that the success of startups is intrinsically linked to their ability to innovate and adapt within a supportive framework, making them vital to the future of the Indian economy. It is revealed that the Policymakers must recognize the vital role of startups and implement frameworks that encourage innovation, provide access to funding, and simplify regulations.

Chauhan and Bansa (2023) in their research paper on startups are positively contributing to the growth of Indian economy by innovations and employment generation, increase in demand, decrease in imports, regional development, and increase in GDP etc. It is observed that Indian economy faces a lot of challenges in the field of technology, medicine, education, science, and different infrastructural and institutional areas. Startups are mainly technology-oriented companies that have the potential to explore the untapped sectors in the country. It concluded that the startups are contributing to the development of Indian economy and are solving the problem of unemployment. Government should give more incentives to promote startups in the economy.

IMPACT OF INDIAN STARTUPS ON ECONOMY

Indian startups are playing a major role in the nation's economic growth by driving innovation, creating jobs, attracting foreign investment, and promoting inclusivity. They are also contributing to gross domestic product growth and development a culture of entrepreneurship. India has become a major hub for startups, particularly in fintech, edtech, healthtech, and e-commerce, attracting significant foreign investment and reshaping the country's economic landscape. Following are the main impact of Indian startups on Indian economy.

- **Economic Growth and Job Creation:**

Indian startups are an important source of employment, mainly for India's large early life population. Startups are helping to reduce unemployment rates and contribute to a more dynamic employment market. Indian startups contribute to gross domestic product growth all the way through innovation, productivity gains, and by fostering ancillary companies.

- **Attracting Foreign Investment:**

Indian startups considerably impact the Indian economy by attracting foreign investment, fostering innovation, and **creating** jobs, which in turn contributes to economic growth and a stronger international image and development.

- **Increased Competition:**

Indian startups initiate rivalry into the market, leading to greater than before efficiency, innovation, and potentially lower prices for customers. This finely tuned competition benefits customers through a wider array of choices and potentially lower prices, while also approaching existing businesses to improve and innovate.

- **Innovation and Technological Advancement:**

Indian startups are addressing existing challenges and capitalizing on up-and-coming opportunities, Indian startups can drive economic growth, create meaningful impact, and solidify India's position as a international innovation powerhouse.

- **Global Recognition:**

Indian startups are more and more gaining worldwide recognition due to their innovative solutions and growing impact on different sectors. Factors like the Startup India initiative, a large and young labor force, and the increase of digital technologies have fueled this growth. A lot of Indian startups are gaining international recognition for their innovative solutions and products, showcasing India's potential as a international leader in technology and innovation.

- **Addressing Social Needs:**

Indian startups are all the time more in concert a very important role in addressing social needs, moving beyond traditional business models to focus on sustainable solutions and positive social impact.

- **Government Support and Initiatives:**

Indian startups have considerably benefited from and impacted government support and initiatives, particularly through the Startup India initiative. This program has fostered a thriving ecology by providing financial assistance, infrastructure development, and a supportive regulatory environment, leading to job creation and economic growth.

ROLE OF INDIAN STARTUPS

Indian startup-friendly policies in India do not always require large sums of currency. They do, however, need help from successful founders and strategic angels in all stages of development, such as corporate strategy,

community building, and connecting with skilled startups supporters. Following are the play role of Indian startups.

- ***Driving Innovation and Technological Advancements:***

Indian startups are playing forefront of adopting leading-edge technologies like AI, machine learning, and blockchain, emerging innovative products and services that cater to both domestic and international marketplaces.

- ***Generating Employment:***

Indian startups are playing an important role in generating employment, contributing to both direct and indirect job creation diagonally various segments. They are development innovation, pouring economic growth, and providing diverse employment opportunities, especially for young professionals. Indian startups have created a considerable number of jobs crossways various segments, including IT, healthcare, and professional services, expressively contributing to employment generation.

- ***Attracting Foreign Investment:***

India has developed as one of the greatest good-looking destinations for foreign direct investment in the world. Through its rising economy, vast consumer base, and rapid technological advancements, India offers numerous opportunities for foreign investors looking to tap into the prospective of Indian startups.

- ***Improving GDP Growth:***

Indian startups have perceived extraordinary growth in current years, with the country developing as the third-largest ecosystem for ventures internationally. The Indian government has been active in supporting aspiring entrepreneurs through various initiatives including the startup India scheme.

- ***Fostering Entrepreneurship and Changing Mindsets:***

The "Startup India" initiative has played a vital role in altering social insights of entrepreneurship, encouraging a new generation to pursue business ventures and driving innovation.

- ***Addressing Social Challenges:***

The Indian start-up bionetwork has observed important growth in recent years, fueled by entrepreneurial spirit, innovation, and supportive government policies. Moreover, there is a increasing focus on sustainability and social impact-driven start-ups that aim to address pressing societal and environmental issues. Several Indian startups are attentive on solving serious social issues in areas like healthcare, education, and agriculture, improving the quality of life for millions of people, particularly in rural areas.

- ***Expanding into International Markets:***

Today, Indian startups are violently expanding internationally, targeting to access international markets, attract foreign investment and benefit from satisfactory regulatory contexts for growth and innovation. Obtainable of the flourishing startup community in India that boasts 113 unicorns, a significant yet selective portion has taken the leap into international markets.

- ***Promoting Inclusivity:***

Several Indian startups, mainly in rural areas, are addressing serious challenges in sectors like healthcare, education, and agriculture. By generating social enterprises, these startups enhance the quality of life for millions, promoting inclusive development across the nation.

- ***Development Innovation Ecosystem:***

A dynamic Indian startups ecosystem drives economic growth, provides employment opportunities, fosters innovation, and contributes to a country's GDP. Ambitious entrepreneurs must leverage available resources, use government support and attend seminars and workshops to find networking opportunities and associate with manufacturing leaders

- ***Supporting Sustainability:***

As India races in the direction of a further sustainable future, a quiet but powerful association is taking shape not in government corridors, but in the energetic ecosystem of Indian startups. Starting sparkling mobility to zero-waste fashion, young ventures are reimagining industries with an eye on sustainability, climate resilience, and social equity.

FACTORS CONTRIBUTE TO THE GROWTH OF INDIAN STARTUPS

Several factors contribute to the growth of Indian startups in the worldwide economy. These include a great national market, young and skilled employees, growing digital adoption, and a supportive government. Following are the main factors contribute to the growth of Indian Startups.

- ***Large and Growing Domestic Market:***

A great and growing domestic market is without a doubt a important driver for the growth of Indian startups. India's enormous population, increasing middle class, increasing throwaway income, and growing internet penetration create a vast and diverse consumer base for startups to tap into.

- ***Young and Skilled Workforce:***

A young and skilled labor force is a key in driver for the development of Indian startups. India's huge population, particularly its youth, provides a vast pool of prospective entrepreneurs and employees.

- ***Digital Infrastructure:***

Digital infrastructure in India, together with platforms like Aadhaar, UPI, and DigiLocker, appreciably contributes to the development of Indian startups by providing a base for improvement and rapid scaling.

- ***Government Support:***

The Indian government has launched a variety of initiatives like "Startup India" to provide financial assistance, tax exemptions, and regulatory support to startups, fostering a more contributing to environment for development.

- ***Venture Capital and Funding:***

The Indian startup ecosystem has extended quite quickly mainly through private investments including seed, angel, venture capital, and private equity funds, with technical support from incubators, accelerators, and the government. Improved venture capital and private equity investments have fueled the increase of Indian startups, providing them with the necessary capital for expansion and innovation.

- ***Incubators and Accelerators:***

The existence of Incubators and accelerators play a important role in fostering the growth of Indian startups by providing early-stage startups, essential support, resources, mentorship and networking opportunities. They assist revolve innovative ideas into doing well businesses by offering guidance, networking opportunities, and access to funding.

- ***Evolving Consumer Behavior:***

Growing consumer behavior, preferences and a rising demand is a significant channel for the growth of Indian startups. Shifting consumer preferences, improved digital adoption, and rising disposable incomes are creating new opportunities for businesses to provide to a more difficult and demanding consumer base.

- ***Technological Advancements:***

The adoption of technologies like AI, machine learning, and blockchain technological advancements are a chief channel for the growth of Indian startups. The adoption of technologies has enabled startups to build up innovative products and services, enhancing their competitiveness in the international market.

- ***Collaborative Ecosystem:***

A collaborative ecosystem is vital for the enlargement of Indian startups, providing them with necessary resources, networking opportunities, and mentorship. This ecosystem includes a variety of stakeholders like incubators, accelerators, investors, and government initiatives, all working in concert to foster innovation and drive the success of Indian startups.

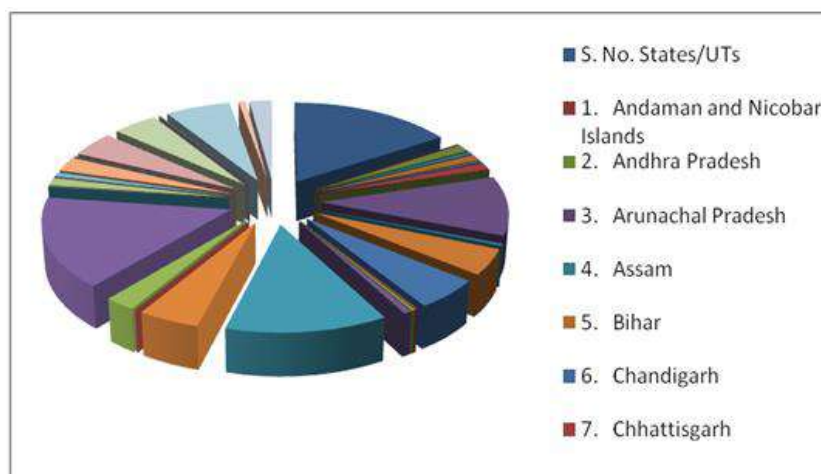
PROGRESS IN THE INDIAN STARTUPS

Up to 2024, the Indian startup network established rigidity and growth, despite international economic challenges. The year adage an important surge in new fund launches, with over \$8.7 billion raised across 81 new funds, a 55.36% increase from 2023. India's tech startup system has quickly evolved into one of the world's major and most dynamic, driving both innovation and economic growth. In excess of the past a small amount of years, we have witnessed outstanding progress within this ecosystem, in terms of increasing startups formations, deepening technology capabilities, growing Indian investor confidence, and expanding sectoral diversification. Following table -1 show that State -wise number of recognized Indian startups during the 2019-2023.

Table:-1 State/UT-wise number of recognised Indian startups during the 2019- 2023

S. No.	States/UTs	2019	2020	2021	2022	2023
1.	Andaman and Nicobar Islands	7	5	13	9	15
2.	Andhra Pradesh	161	215	286	382	586
3.	Arunachal Pradesh	2	-	4	9	17
4.	Assam	62	108	181	282	362
5.	Bihar	137	236	374	517	811
6.	Chandigarh	37	52	63	81	126
7.	Chhattisgarh	152	143	159	233	360
8.	Dadra and Nagar Haveli and Daman and Diu	3	5	12	12	11
9.	Delhi	1,302	1,711	2,129	2,548	3,150
10.	Goa	39	60	78	104	98
11.	Gujarat	565	846	1,655	2,262	3,291
12.	Haryana	658	787	1,036	1,327	1,740
13.	Himachal Pradesh	27	40	55	117	144
14.	Jammu and Kashmir	30	57	123	167	247
15.	Jharkhand	79	153	180	232	337
16.	Karnataka	1,566	1,648	2,082	2,546	3,032
17.	Kerala	597	671	901	1,070	1,294
18.	Ladakh	-	1	-	4	4
19.	Lakshadweep	-	1	-	-	2
20.	Madhya Pradesh	302	401	540	891	1,264
21.	Maharashtra	1,987	2,531	3,552	4,763	5,801
22.	Manipur	3	10	33	31	26
23.	Meghalaya	5	-	6	10	18
24.	Mizoram	-	1	2	6	13
25.	Nagaland	2	5	6	7	22
26.	Odisha	170	257	367	442	620
27.	Puducherry	10	13	16	29	43
28.	Punjab	86	134	239	294	443
29.	Rajasthan	321	459	591	986	1,443
30.	Sikkim	2	1	3	2	2
31.	Tamil Nadu	556	715	1,067	1,791	2,810
32.	Telangana	559	754	928	1,370	1,757
33.	Tripura	7	17	11	25	23
34.	Uttar Pradesh	807	1,290	1,876	2,554	3,426
35.	Uttarakhand	87	109	155	236	271
36.	West Bengal	276	362	648	991	1,170
	Grand Total	10,604	13,798	19,371	26,330	34,779

(Source-<https://www.pib.gov.in/> Union Minister of State for Commerce and Industry)



Above diagram shows that the Government with an intent to build a strong network for nurturing innovation, startups and encouraging investments in startup ecosystem of the country launched the Startup India initiative on 16th January 2016. According to Union Minister of State for Commerce and Industry Indian government have sustained efforts by the led to an enlarge in the number of recognized startups to 1,17,254 as on 31st December 2023. In the year 2023 recognized startups in every State and Union Territory (UT) spread across over 80% of the districts across the country. Total overall startups grew from 10,604 in 2019 to 34,779 in 2023—a 228% jump over five years. In case of average annual growth rate (Compound Annual Growth Rate, CAGR) for the country is about 25% per year. Concentration persists in Maharashtra, Karnataka and Delhi, but their share of the pie is slowly but surely shrinking as other states accelerate faster. While metros (Mumbai, Bengaluru, Delhi, Chennai, Ahmedabad) remain dominant, non metro and smaller states together contributed over 40% of the 2023 total—up from about 30% in 2019.

CONCLUSION

Indian startups connect in recreation a very important role in the nation's economic development by dynamic innovation, creating jobs, and boosting gross domestic product. They make a payment to economic growth by introducing new products and services, fostering competition, and addressing local and societal challenges. However, Indian startups maintain sustain and increase speed this momentum, it is necessary to address regulatory hurdles, foster deeper collaboration between academia and industry, and ensure equitable right of entry to funding and infrastructure. Through integrating education, entrepreneurship, and employment, Indian startups can unlock its entrepreneurial potential and move closer to becoming a developed country by 2047.

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