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RESEARCH ARTICLE

IMPACT OF NEW AGE START-UPS IN PROGRESSION OF THE INDIAN ECONOMY

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ABSTRACT

Start-ups are much-needed shields to drive the developing economy like India. In today's competitive arena, start-ups entail numerous benefits in terms of leading the innovation in turbulent times. Our line of focus is on start-ups because they are strongly believing sustainability as the new currency when compared to profitability which helps to foster the economic, social, and environment quadrants. In other words, it is a mutually progressive instance for both talented aspirants and organizations. This study covers the vital impacts of start-ups on decrementing the unemployment rate in India and covers how the start-ups counter the crisis situations, which in turn helps in the holistic development of this knowledge-based eco-system.

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INTRODUCTION

First and foremost, we define start-up as the process of transforming our brainchild into reality ensuring innovation and value creation in the system. India is officially recognised as the third largest start-up ecosystem among 24 countries comprising 21 business unicorns around the world. (Hurunresearchinstitute, 2019). The interesting fact about India is, any country/organisation in the nation can select quality work force in an economical cost which in turn provides better runway in terms of growth. We appreciate the Start-up initiative of government of India (Indian Brand Equity Foundation, 2019). This initiative fuelled 3.9 -4.3 Lakhs direct jobs are by FY 2019 and the estimated rise is 12.5% by 2025. Similarly by now 14-16 Lakhs Indirect jobs are created with the advent of establishing start-ups and expected rise is up to 44 lakhs which is truly a phenomenal jump with three fold rise in the employment. (Economic Times, 2019). India share to global GDP is projected to rise by 15-20% (Business Line, 2019). This instance reflects that India will definitely create a level playing field for its counterparts and going to change the market dynamics by scaling more employment opportunities (World Bank, n.d.). Collaborating all these factors we opine that undeniably Indian start-up ecosystem is thriving by disrupting the conventional business models and paving a way for a better tomorrow.

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Literature review: Ratan Tata (Chairmen Emeritus, Tata group) gives a valuable advice to start-up founders on the parameters that we need to understand while launching a start-up. Sir opines that founder needs to find the niche in the market. In other words, an aspiring entrepreneur needs to tap the unexplored market. Always we need to identify an opportunity in such a way that we can make a difference. He also says that new age start-ups give an opportunity to flourish. Till date Ratan tata had invested in new age start-ups such as Urban ladder, Paytm, Ola etc. In an interview with Reuters, Anand Mahindra (Chairmen, Mahindra group) opined his thought of Inhouse start-ups in order to enable ideas to grow within his workforce across his ventures. His main intention is to encourage new start-ups which compliments the current products and services in the market. He also adds technology is the game changer and he is interested to fund the start-ups in the lines digital sphere, E-commerce and analytics space. (Thomson Reuters, 2017). Funding in start-ups is tripled now. If we estimate the number of start-ups that are getting commenced every year are close to 800. Narayana Murthy (Legendary Co- Founder, Infosys) opines that in terms of establishing a start-up, we should understand the nuances of the industry and need to have good governance and an enduring value system by creating a difference which is superior to others. (CNBCTV18, 2019). To support the Indian technology start-up ecosystem, Mukesh Ambani (Chairmen, RIL) set up five thousand crore venture fund for start-ups. He started an innovation hub named Gen Next as a start-up accelerator partnered with Microsoft ventures to uplift the innovative start-ups and boost the entrepreneurship culture in India.

This fund will be used to invest in sectors like E-commerce, livelihood, agriculture and Education. He also said India transforms into a collaboration of million start-ups (Hindu Business Line, 2016)

Research Objectives: To identify the core reasons behind the unemployment rate in India. To study the approach of start-ups in minimising losses in times of crisis. To figure out the barriers for establishment of start-ups in India. To understand the opinions of the people w.r.t start-up initiatives of the government.

Research Methodology and Data Analysis: As part of our research study, we conducted both primary and secondary research to shed a light on the impact of start-ups on the growth of the economy. Accordingly, to draw these final conclusions various research articles, Newspapers, interviews of chief executives in global media has been taken into consideration. The purpose of this research is also to find the role played by start-ups in a fastest growing trillion-dollar economy like India. It was done by conducting a survey through online questionnaire. To achieve the mentioned objectives, we implied following research design. The sample size of 150 is considered which comprises of Under graduate, post graduate, home makers and working professionals ranging in the age group 20-60. Moreover, various tools such as Pie charts, Bar graphs, Line graphs are prepared to analyse the data. The methodology of research is purely based on the facts and insights that we collaborated from secondary research and responses that we got from the primary research

Profile of the target sample: We have included both male and female in the age bracket of 20-60 which includes the combination of students, working professionals and home maker.

Source of the data: Primary research: Sample size of 150.

Secondary research: Journals, research articles, Newspapers, Executive insights, channel interviews.

Period of study: This study was conducted for a month

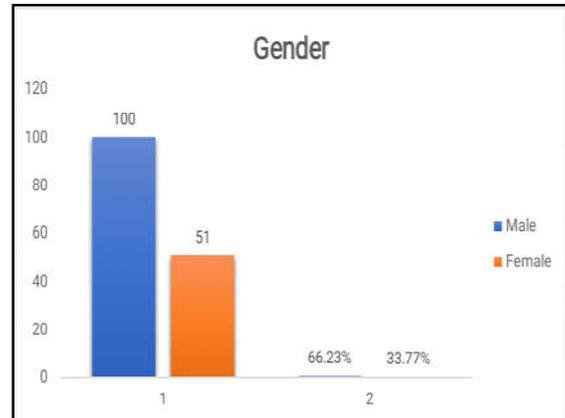
Limitations of the study: Primary data was collected within the age group of 20-60. Other age groups less than 20 and greater than 60 are not considered because as per KPMG report, most of the working population fits into this age group and even our analysis will be close to the current scenario by considering majority percentage of our respondents as working population. We did not segment based on geography as our research is confined to only start-ups in the Indian geography.

Secondary research: Start-up is the need of the hour and its time to realize start-up as a way of culture rather than a trend. Because the core intuition behind is not just about creating employment rather it will address the dynamic market challenges and contribute as a key driver for the growth of the economy. Start-ups are like the armed forces for the economy in the advent of technological innovation. The moment start-ups leverage to new markets, soon it creates a positive impact by opening a channel for new opportunities (EricCorl, 2019). Start-ups evolved as the growth engines of the economy and most importantly new age start-ups feeding the crisis of unemployment in these turbulent times. Especially when promising sectors like manufacturing took a nosedive, start-ups proven very effective in tapping the hopes of unemployed segment in India. As per the survey conducted by Ipsos and Inshorts with a sample size of 50,000, the results are truly inspiring.

Majority of the young Indians are interested and preferring to work and establish start-ups in coming five years (Forbes, 2016). New age start-ups create an ample scope in terms of growth and opportunities. Definitely they turn as saviours in dire times. As an instance we can take Paytm as an example for providing digital payments as a solution in the hiccup of demonetization in Nov2016 which effected many sectors in India. In a similar way swiggy planned to hire 2 lakh employees and aspired to become third largest employer in the country after Indian Army and Indian railways. (Business Today, 2019). Start-ups are boom to the nation. We need to encourage more and more start-ups that do not prioritize any other attribute except growth. Governance need to be our priority which directs prosperity and growth. Establishing sustainable policies and facilitating R&D gives good share in the development of the economy. Start-ups which are infusing a positive impact acts as catalyst to ensure the growth of economy is truly transformational. (HBR, 2019). Start-ups undeniably enhances the growth of the economy. Start-ups contributes to the economy in different ways such as generating cash flow, creating abundant employment opportunities which again leads to change in lifestyle in terms of standard of living. Most importantly by encouraging sustainable start-ups, consumer capital starts flowing in the economy and makes markets accessible. This also creates micro entrepreneurs in the way and accordingly this eases job crisis and transforms growth of the economy in multiple folds (LiveMint, 2019)

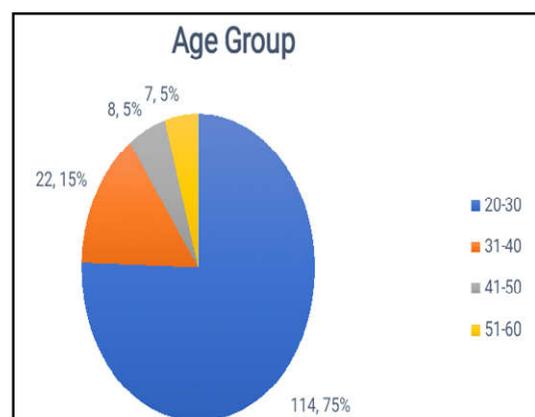
Primary research: Primary data collected with sample size of 150

Please specify your Gender



Both male and female respondents participated in the survey. But percentage of male respondents are more when compared to female respondents

Please specify your age group



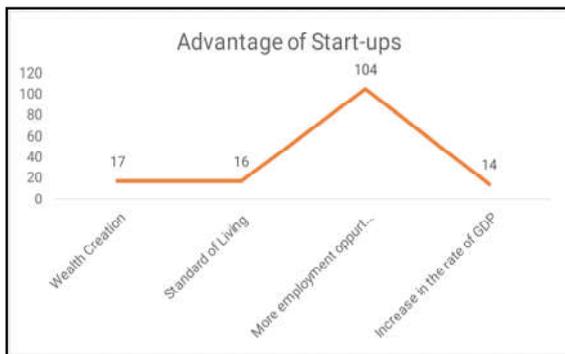
People across the age groups are participated in this survey. Based on the above data age group ranging from 21-30 are more (75%) followed by 31-40(15%).

Please specify your Academic qualification/Profession



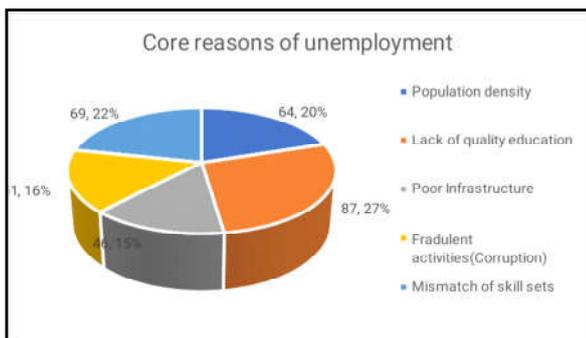
This survey is filled across working professionals, Business owners, students and home makers. But based on the above data working professionals (41%) are leading the chart followed by postgraduate (26.49%) and undergraduate students (24.50%).

Please specify your opinion on advantage of establishing more and more start-ups in the country



Majority people opine that by establishing more and more start-ups employability index gets significantly increased followed by generating cash flow in the economy. The catch here is, as we mentioned earlier the ratio of growth w.r.t direct and indirect jobs are three-fold. This ideology of people w.r.t start-ups is completely in line with the current scenario. This instance clearly reflects the positive outlook towards the development of the nation.

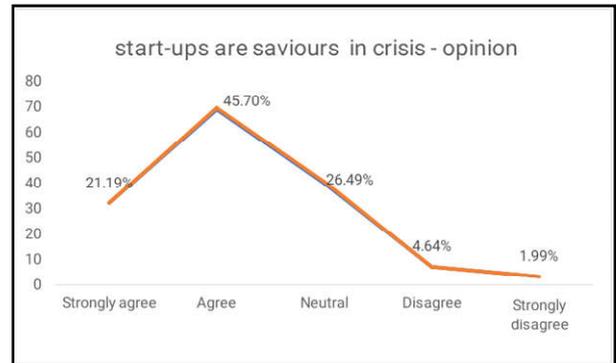
What do you think are the core reasons for the unemployment



Based on the obtained data, most of the people opine that the main reason behind unemployment is due to lack of quality

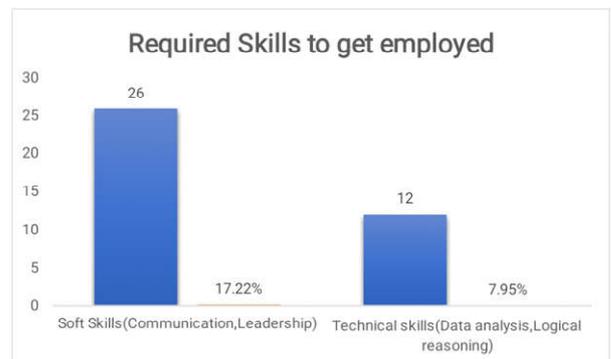
education followed by equipping ourselves with the industry expectations in terms of skill sets. This shows that we need quality delivering methods and needs to address at mass. Because since Population is huge, catering requirements to all segments is truly a tough call. To solve this, we need to invest more in digital sphere to meet the preferences in large scale.

Do you think new age start-ups are the saviours in the times of crisis (Demonetization/Covid-19)



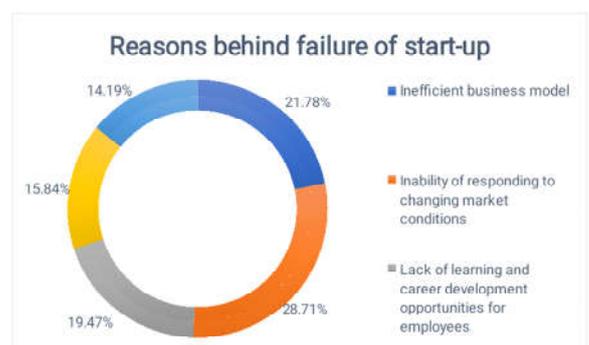
Most of the people (45%) opine that start-ups are acts as saviours in dire times. They are few instances in the past where start-ups handled the crisis by providing long lasting solution (EX: Paytm).26% are neutral in letting their opinion because crisis leads to innovation but only when ideas can cut the conventional slice and sustain to odds in the market.

Please specify which of the below skills are crucial for getting employed



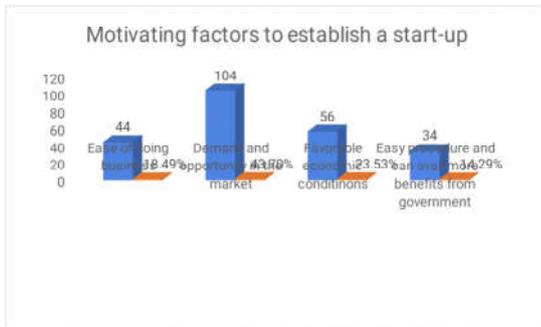
The responses are truly appreciable. It is a positive sign that people started accepting the change. Because till the recent times people did not realized the importance of soft skills and more focussed towards technical skills in the urge of getting employed.

Reports are stating that 90% of Indian start-ups fail in the first five years. What do you think are the core reasons for this



Based on the data, most of the people opine that start-ups are drastically failing in first five years due to the inability of adapting themselves to the volatile market scenarios. This is absolutely true. In the current competitive arena sustainability by adapting to change catered top chair when compared to profitability.

Please specify which of the below factors motivates you to establish a start-up



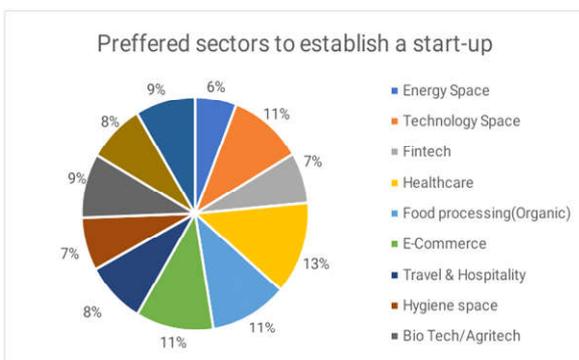
Whenever there is an opportunity, we need to grab it. Yes, this is universally accepted phenomena. Most of the people also expressed their motivation behind establishing a start-up in the same lines. Fortunately, many business tycoons also opines the same way as success of start-up lies in the demand and the opportunity in the market which we need to make use of by identifying the niche and cater accordingly.

Post establishment of your start-up, what do you think are the challenges you face to run the Start-up



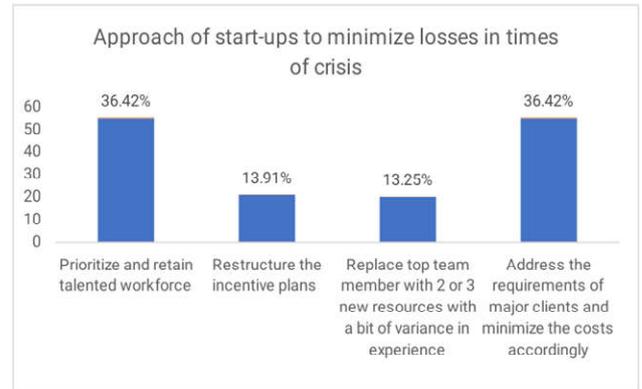
In accordance to the previous question, even after establishing a start-up many people chosen entering the new markets as the biggest challenge to run the start-up followed by employee retention and adapting to latest technology.

Please specify, which of the below sectors have great potential to establish a start-up in contributing towards the growth of the country



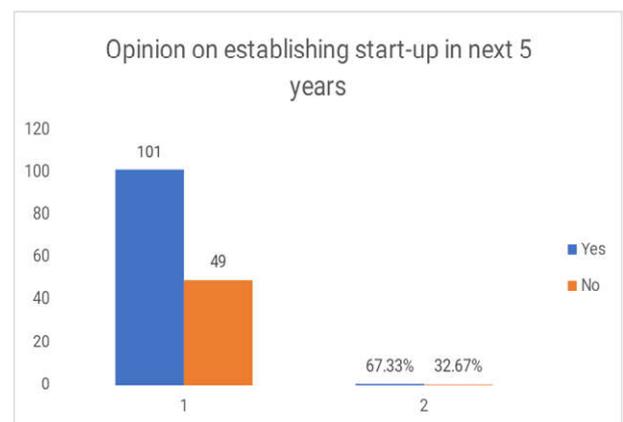
According to the obtained data, responses are distributed across all the competitive sectors. But majority opines Health care followed by food processing (Organic) and Technology and E-commerce. This is interesting, rather than technology the priority is given to Health care and organic food products. This is the need of the hour and this shows people consciousness towards health amidst the Corona crisis.

Please specify an important factor that a start-up can do to minimize losses in times of crisis



Majority of the respondents (includes entrepreneur/Business Owner) opine to address the requirements of major clients to minimize the costs followed by prioritizing and retaining the talented work force in the organization. Recently Government clearly instructed not to sack the employees in times of crisis. Based on responses, it looks like government announcement has influenced the opinions of the people.

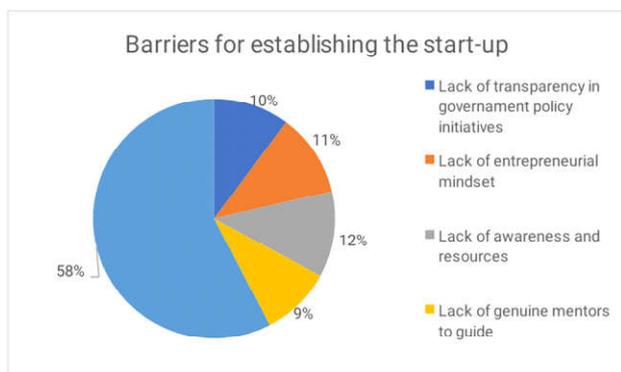
Please specify that if you have an opinion to start a firm, the with the available opportunities are you ready to establish a start-up in the next 5 years



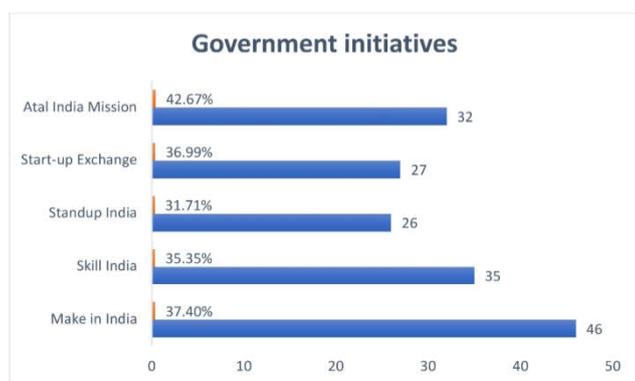
Most of the people (67.33%) opine that they are ready to establish the start-up in the next 5 years. This symbolises the sign of progress and continuing the same drift, we can definitely be the pioneers of breakthrough innovation. Please specify your opinion on barriers for establishing a start-up despite knowing its an advantage for the economy Most of the respondents opine the major barrier to establish a start-up as the lack of transparency in government policy initiatives. (58%) followed by lack of resources.

Please specify your opinion on barriers for establishing a start-up despite knowing its an advantage for the economy: Most of the respondents opine the major barrier to establish a

start-up as the lack of transparency in government policy initiatives. (58%) followed by lack of resources.



Please specify which of the below initiatives of government are more successful in your opinion: According to the data many respondents opine Make in India and Atal India initiative created a major impact.



This is the clear instance of irony and paradox. Because people expressed their concern for not establishing start-ups as Lack of transparency and support from government initiatives, but again same people are accepting that Make in India initiative created a massive impact on the start-up ecosystem of the country. So, to increase the awareness and to have clarity on the start-up initiatives of the government, lets discuss the impact created by each of the mission.

Make in India: Make in India is a government initiative to enhance skill building opportunities by investing in innovative ideas. Few of the respondents expressed even poor infrastructure is also the reason for unemployment in the country. This initiative addresses the challenges in the market to support manufacturing sector as well to increase the employment (India Brand Equity Foundation, 2019).

Skill India: If we evaluate the success of skill India initiative, it created a great environment to enhance the knowledge and the execution is truly world-class. The core intuition of government behind this initiative is to reduce the mismatch of skill w.r.t Industry expectations. By now more than two crore people got trained by this interview (Financial Express, 2018).

Stand-up India: Stand-up initiative is a scheme which is supported by the web portal to foster entrepreneurship among the groups of Scheduled caste / Tribes and women in India. The amount funded in the scheme ranges from 10 lakhs to one Crore (Press Information Bureau (GOI), 2016).

Atal Innovation Mission: Atal innovation mission is an initiative by the government to address the entrepreneurial aspirations in the country. AIM being an umbrella organisation , designed this mission at various levels such as higher class students/Bachelor degree students and also in higher educational institutions to foster innovation , research and development in the country across various sectors (NitiAayog, 2018).

Conclusion

Based on respondent's opinion, the core reasons behind unemployment in India is due to Lack of quality education and mismatch in skillsets required. To minimize losses new age start-ups, focus towards retaining talented workforce and primarily addressing the requirements of big clients. Many of the people opine vital barrier to establish start-up is due to lack of transparency in government policy initiatives.

Most importantly we should realize that initiatives of the government are having great impact on skills and start-up ecosystem of India. We can say this because, today India ranked as the third largest start-up eco-system competing with the most dominant and developed nations is the reflection of the collaborative efforts made by the government initiatives and the investments made by business tycoons. So, by this we can state that start-ups stands are core drivers for the holistic development of the economy.

Recommendation

Majority of the people felt establishing start-ups in Healthcare is the need of the hour. This is an extremely good gesture. In fact this shows people are cognizant about the current outlook of the crisis and realized the importance of Health care. In addition to this few people opined to establish start-ups in food processing (Organic). To support this, I suggest establishing start-ups in Agri-tech and Biotech where it helps to food processing sector to a great extent. Since people expressed mismatch of skill set is one of the important reasons for unemployment. I suggest few skill building activities like enrolling ourselves in Internships, Pursuing relevant certifications, attending instructor led trainings, working on capstone projects and in addition to all these if all the educational institutions can update their curriculum in regular intervals then we can be the global leaders in generating quality professionals and literacy rate as well. Eventually this change within us, ignites the light of innovation and globally gets recognized as not only Incredible India but also as Inspiring India.

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