

Indian startup ecosystem: Literature review

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Abstract

The growing culture of startups/entrepreneurs is supported by government of India to promote the local products and ensure the reduction in import. This year financial budget also provided an option to create One Person Company (OPC) which is also another initiative to promote startup culture in India. Since, past five years many startups have grown with an exponential speed because of their unique ideas and products. This paper is mainly concentrated to analysis the funding support which is most essential part of any small-scale business. This paper describes various types of schemes and funding options are available in-context with investors.

Keywords: Indian Startup Ecosystem, Startups Schemes, Funding, One Person Company (OPC)

I. Introduction:

India has undergone significant technological advancement and evolution of innovation over the past few decades. Here are some key developments in various fields. India is now a major player in the global IT industry, with a number of top IT companies based in the country. The Indian IT industry has also contributed significantly to the development of products, software, and services for global markets. This has led to a rapid increase in IT exports and an increase in job opportunities in the sector. In 1990s, the basic infrastructure and the facilities required for Physical Infrastructure, skilled faculties, Curriculum, Industry Linkages, Research Facilities were well established.

II. Brief about Startups

A startup is a company or organization that is in the initial stages of operations, often with a focus on developing a unique product or service to meet a market need. Startups are often characterized by a small, agile and innovative team, limited resources, and a fast-paced, high-risk environment. The goal of many startups is to grow quickly and become a profitable, established business. Startups are important for the expansion of the economy. First, they generate a large number of jobs across numerous industries. If a startup spurs technological advancement, new industries are established, which produces a number of new jobs. [1]

The significance of startups lies in their potential to drive innovation, create new jobs, and stimulate economic growth. Startups often challenge established industries and bring new and unique solutions to market, leading to increased competition and improved products and services for consumers. They also provide opportunities for entrepreneurs and individuals to bring their ideas and passions to life [2], leading to personal fulfillment and potentially, financial success. Furthermore, startups can have a positive impact on society by addressing social and environmental issues [3] through the creation of new products, technologies and business models.

Startups play a crucial role in maintaining a healthy and thriving economy by driving innovation, creating new jobs, and generating economic activity. Through their efforts to bring new products and services to market, startups can help to stimulate economic growth, increase competition and consumer choice, and spur investment in new technologies. Overall, by encouraging entrepreneurship and fostering innovation [4], startups play a vital role in maintaining a strong and dynamic economy.

The Indian startup ecosystem has experienced significant growth in recent years and is now considered to be one of the largest and most vibrant in the world [5]. The ecosystem is driven by a combination of factors including a large and growing market, a supportive government, a talented and entrepreneurial workforce, and increasing access to capital and resources. Some of the key sectors in which Indian startups have made significant progress include e-commerce, fintech [6-7], edtech [8], agtech [9-10], healthtech [11-12]. The Indian government has also been proactive in supporting startups through various initiatives such as the Startup India program [13] and the establishment of incubation centers and accelerators [14]. Despite some challenges such as a complex regulatory environment and a shortage of talent in certain areas, the future of the Indian startup ecosystem is considered to be very promising.

As of training data cutoff in 2021, some of the statistical data related to the Indian startup ecosystem includes:

- a. **Number of startups:** There were over 50,000 startups in India as of 2021. [15]
- b. **Investment:** Indian startups raised over \$38 billion in funding in 2020, with several unicorns (startups valued at over \$1 billion) emerging in the country. [16]
- c. **Job creation:** Indian startups are estimated to have created over 1 million jobs in 2020. [17]
- d. **Key sectors:** The top sectors for Indian startups include e-commerce, Fintech, Healthtech, Agtech, and Edtech. [18]
- e. **Government support:** The Indian government has launched the Startup India program to support and encourage entrepreneurship, offering tax exemptions, simplified procedures, and access to funding and mentorship opportunities.

III. Conclusion

In conclusion, startups play a crucial role in driving innovation and economic growth. They are a source of new ideas, products, and services, and provide new job opportunities. Governments and other organizations provide a range of policies and support programs to help startups succeed, including tax incentives, access to funding, incubation and acceleration support, and more. Despite the challenges, such as the risk of failure and intense competition, the potential rewards for successful startups are significant. With the right resources, support, and execution, startups can change the world and create a positive impact on society. With the right support, resources, and execution, Indian startups have the potential to create a significant impact on the Indian economy and society. Overall, the Indian startup initiative is a positive development, and the government and private sector should continue to work together to create an environment that supports the growth and success of startups in India.

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