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A STUDY ON GROWTH PERFORMANCE OF STARTUP COMPANIES IN INDIA

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Abstract

In today's dynamic and competitive global economy, entrepreneurship and innovation play pivotal roles in driving progress and fostering economic growth. Startups, with their agility, creativity, and risk-taking spirit, serve as engines of innovation, constantly challenging the status quo and introducing disruptive solutions to address existing challenges. Entrepreneurship, at its core, embodies the spirit of venturing into the unknown, identifying opportunities, and taking calculated risks to transform ideas into tangible outcomes. Entrepreneurs are the architects of change, constantly pushing boundaries, and reshaping industries through their innovative ventures. Startups in South India have been at the forefront of driving innovation across various sectors including technology, healthcare, agriculture, and renewable energy. These innovative ventures leverage cutting-edge technologies such as artificial intelligence, blockchain, and Internet of Things to address pressing societal challenges and create value. The study focused on the growth of startup companies in South Indian States. Secondary data related to the startups were collected and analysed using Annual Growth Rate and Compound Annual Growth Rate. The study helps to find the innovation and entrepreneurship through startup companies.

Key Words: Startups, Entrepreneurship, Innovation, , South India, Job Creation

Introduction

Startups are the expression of the vision and aspirations of entrepreneurs. Unlike established companies, startups embrace failure as a necessary component of learning and live on experimentation and iteration. They work in a fast-paced setting where survival depends on tenacity and adaptation. A distinguishing feature of startups is their emphasis on innovation. Startups are at the vanguard of bringing about change and expanding the bounds of what is possible, whether it be via the development of ground-breaking technologies, the transformation of business models, or the reinvention of customer experiences. They are not constrained by the bureaucracy and inertia that can afflict larger businesses, and instead thrive on innovation and creative problem-solving.

Startups are engines of economic expansion and job creation. They attract talent, money, and resources by cultivating an innovative and entrepreneurial culture, which boosts economic activity and creates wealth. Established businesses could be disrupted by startups, opening up new markets and increasing productivity. They thereby promote prosperity and general economic development. Moreover, startups are essential in tackling some of the most important issues that society is currently confronting. Entrepreneurs are using technology and creativity to address difficult problems and have a good social impact in a variety of fields, including healthcare, education, sustainability, and social equity. Through inclusive business strategies, startups are empowering marginalized populations, advancing access to affordable healthcare, and advancing green energy.

Startup Ecosystem in India

India has had an incredible journey with its startups. The number of startups in the nation has increased dramatically over the last ten years across a variety of industries, including technology, e-commerce, healthcare, finance, and education. Numerous variables, including the demographic dividend, the digital revolution, government initiatives, and capital access, can be credited to the growth. Even though there are still many obstacles to overcome, India has a great deal of opportunity and the potential to become a global leader in entrepreneurship and innovation.

Scenario of Startups in South India

States like Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, and Kerala are part of South India. These states each have a thriving entrepreneurial ecosystem that is defined by a supportive regulatory framework, a trained labor pool, and strong infrastructure. Urban areas such as Bengaluru, Chennai, Hyderabad, and Kochi have become hubs for startup activity, drawing in talent and capital while encouraging cooperation amongst many stakeholders. State governments in South India have launched a number of measures to help the entrepreneurial ecosystem in recognition of the critical role that entrepreneurs play in spurring economic growth. To foster startup businesses and give them the tools and support they need to grow, policies including funding schemes, tax incentives, and startup incubation centers have been implemented. Furthermore, state governments have started skill-building programs and initiatives to support entrepreneurial education at a young age, encouraging young people to take risks and be innovative.

Agritech startup companies are using data analytics to improve agricultural productivity and efficiency, while healthcare firms are using telemedicine platforms to transform the way that medical services are delivered. The collaborative aspect of the South Indian startup ecosystem, where investors, government agencies, corporates, and educational institutions actively engage with startups to drive innovation and entrepreneurship, is one of its main advantages. Co-working spaces, incubators, and accelerators give entrepreneurs access to capital, networking opportunities, and mentorship, all of which help them develop and thrive in the cutthroat business world.

Review of Literature

Sahay and Mohan (2018) analysed of the development of entrepreneurship, innovation, and economic progress in India throughout history. The study looks at the numerous elements that have contributed to the rise of entrepreneurship in India and looks at the function of innovation in promoting economic progress. The authors talk about the difficulties faced by Indian entrepreneurs and offer insights into the kinds of policies and tactics that can promote innovation and entrepreneurship-based sustainable economic growth

By examining the Indian startup ecosystem, **Reddy and Rao (2020)** studied the functioning of startups in sustainable economic development. The article explores the factors influencing startup's success and provides an outline of their growth and effect in India. The authors explore the difficulties faced by startups and emphasize the value of encouraging regulations, easy access to capital, mentorship, and innovation-driven entrepreneurship for long-term economic growth. They stress the importance of stakeholder cooperation in fostering an environment that is supportive of startups in India.

Sankar (2021) discussed sustainable entrepreneurship and its effects on economic growth. The notion of sustainable entrepreneurship is examined in this research, along with its applicability in the Indian setting. The author looks into the methods and tactics used by Indian entrepreneurs to achieve long-term success and considers the financial ramifications. The study sheds light on how sustainable entrepreneurship contributes to economic growth and emphasizes the significance of social and environmental responsibility in business operations

In order to promote economic progress, **Paul and Ram (2021)** talked about the problems and solutions related to sustainable entrepreneurship in India. The chapter gives a broad overview of India's entrepreneurial scene and looks at the problems that entrepreneurs face in terms of the economy, society, and the environment. The writers investigate tactics and regulations that can encourage sustainable entrepreneurship and advance the economy. The chapter also addresses the possibility for inclusive and equitable growth through entrepreneurial endeavours and emphasizes the importance of innovation and technology in encouraging sustainable entrepreneurship.

Statement of the Problem

Entrepreneurship is something that should be taken up with passion and courage. It also requires some special skills like doing things in advance in an innovative way and with lot of care and professionalism. The emergence of startup wave in India is relatively a new phenomenon. Today India is undergoing a fundamental shift in entrepreneurship is being primary catalyst in job creation and solving everyday problems. A decade ago, there is only a handful of startups. But now with the success rate, Indian startup ecosystem has indeed come a long way. Hence, it is necessary to analyse the growth of Indian Startups and South Indian Startups.

Objective of the Study

1. To study the growth of startup companies in India.
2. To analyse the growth of startups in South Indian states.

Data Source and Research Methodology

Nature of the Study

The study aims to know the growth of the startups in India and growth of startups in South India. Hence, the study is both Descriptive and Analytical in nature.

Period of the Study

The study covers seven years from the period 2016 to 2022.

Nature and Sources of Data

The study is based on Secondary Data. The required data for the study had been collected from Open Government Data (OGD) platform of India and Startup India reports.

Statistical Tools

Statistical tools like Annual Growth Rate (AGR) and Compound Annual Growth Rate (CAGR) were used for the study.

Limitations of the Study

1. The present study is limited to startup companies in South Indian states only. Hence the results cannot be generalised.
2. The study is based on secondary data. Hence it has its own limitations.

Analysis and Interpretation

I. Startups Growth in India

The following table shows the growth of startups in India during the years 2016 to 2022.

Table 1

Startups Growth in India

Year	No of Startups	AGR
2016	452	-
2017	5147	91.21
2018	8689	40.76
2019	11328	23.29
2020	14534	22.05
2021	20089	27.65
2022	23773	15.49
CAGR		76.13

Source: Open Government Data (OGD) Platform of India

The above table reveals that the growth of startups in India from 2016 to 2022. In 2016, the number of startups registered was 452 and then it started increasing in the upcoming years. Finally, the number of startups registered in 2022 was 23774. The overall CAGR for the study period is 76.13. With the right policies, infrastructure, and ecosystem support, India is well-positioned to continue its trajectory of growth and redefine the future of startups on the global stage.

II. Tamil Nadu

The startup scenario in Tamil Nadu is thriving and fundamentally supports social entrepreneurship. According to the Blink Startup Ecosystem Report 2022, Chennai and Coimbatore emerged as two of the top 400 startup cities worldwide, represent the State. Chennai is ranked as the fourth-best startup hub in the nation by the Indian Startup Ecosystem Report 2022. In Tamil Nadu, Coimbatore, Madurai, Trichy, Salem, and Vellore are acknowledged as developing startup hubs.

Table 2

Startups Growth in Tamil Nadu

Year	No of Startups	AGR
2016	43	-
2017	252	82.93
2018	448	43.75
2019	602	25.58
2020	755	20.26
2021	1103	31.55
2022	1501	26.51
CAGR		66.11

Source: Open Government Data (OGD) Platform of India

The above table shows the growth of startups in Tamil Nadu during the study period 2016-2022. The highest number of startups registration was in the year 2022. This is because of government funding, infrastructure facilities, Proper Industrial Climate for starting a new business, incubators and accelerators support for the new startup entrepreneurs. It was clear from the table that startups had gradual increase from the year 2016 to 2022. The compound annual growth rate for the calculated years is 66.11, this is because Tamil Nadu offers fundamentally sound building blocks necessary to create a distinctive democratic Startup ecosystem through various innovative measures.

III. Kerala

Kerala has developed a thriving startup ecosystem in the last ten years that supports technology entrepreneurs across the whole startup life cycle, enabling them to achieve their aspirations. Kerala helps generate a number of cutting-edge goods and solutions and serves as a launching pad for aspiring entrepreneurs looking to enter the field of technology-based jobs. **Table 3**

Startups Growth in Kerala

Year	No of Startups	AGR
2016	24	-
2017	158	84.81
2018	320	50.62
2019	647	50.54
2020	699	7.43
2021	919	23.93
2022	997	7.82
CAGR		70.29

Source: Open Government Data (OGD) Platform of India

The increasing trend of startups during 2016 to 2022 was represented in the table. It was clear that, the startups are growing tremendously in every year and in future also it will be going to increase in Kerala due to innovative practices in business. The compound annual growth rate for the years 2016 to 2022 is 70.29 due to the approach of the government enables startups to entrepreneurs to get ample opportunities to collaborate with the support infrastructure to develop impactful technology solutions.

IV. Andhra Pradesh

Andhra Pradesh is home to many entrepreneurs and mentors, which is one of the main reasons for the state's startup scene's rapid expansion. Andhra Pradesh, India's Food Bowl, has finally secured its place among the startup clusters. In terms of the startup ecosystem, Andhra Pradesh has advanced gradually, and currently the government actively supports the emergence of new businesses.

Table 4

Startups Growth in Andhra Pradesh

Year	No of Startups	AGR
2016	4	-
2017	97	95.87
2018	158	38.60
2019	174	9.19
2020	231	24.67
2021	296	21.95
2022	340	12.94
CAGR		88.63

Source: Open Government Data (OGD) Platform of India

The above table shows the startups growth from 2016 – 2022. In the year 2016, the startups registration was 4 in Andhra Pradesh but it had grown to a great extent in the year 2022 with 340 startups. This is because of the open economic environment for establishing new business in Andhra Pradesh.

V. Telangana

Telangana has a robust startup ecosystem wherein startups are empowered through institutional support, incubation support, and capacity building of entrepreneurs. Through the key pillars including physical infrastructure, and promotion of grassroots and social innovation, the State has been swiftly moving from ideation to implementation of its roadmap for the growth of startups.

Table 5

Startups Growth in Telangana

Year	No of Startups	AGR
2016	20	-
2017	303	93.39
2018	496	38.91
2019	592	16.21
2020	798	25.81
2021	980	18.57
2022	1237	20.77
CAGR		80.26

Source: Open Government Data (OGD) Platform of India

Innovation in entrepreneurship makes Telangana as the most suitable state for conducting business. The startups are growing in an increase trend during the study period. The CAGR for the total seven years was 80.26. Adequate funding, tax relaxations and freedom of operation boosts the growth of startups.

VI. Karnataka

Bengaluru, the capital of Karnataka, is regarded as the Silicon Valley of India and has always been at the forefront of the country's startup growth story. Bengaluru is home to 14 of the 32 unicorns in India, which demonstrates how open the city has always been to fresh ideas. Karnataka's capital city is bracing itself for an ever-expanding startup community, with equal backing from other ecosystem participants.

Table 6

Startups Growth in Karnataka

Year	No of Startups	AGR
2016	58	-
2017	828	92.99
2018	1172	29.35
2019	1659	29.35
2020	1729	4.04
2021	2141	19.24
2022	2317	7.59
CAGR		69.35

Source: Open Government Data (OGD) Platform of India

The above table reveals the growth of startups in Karnataka. During the study period i.e., 2016 – 2022, the startups are grown to a great extent. A well-developed startup ecosystem and the state startup policy plays a crucial role as engines of innovation and entrepreneurship in Karnataka.

Conclusion

South Indian states have emerged as vibrant hubs for innovation and entrepreneurship, driven by a conducive ecosystem, supportive government policies, and a culture of innovation. While challenges exist, the region's diverse economy, collaborative ecosystem, and access to global markets position it favourably for sustained growth and leadership in the startup landscape. With continued support from stakeholders and concerted efforts to address challenges, South India is poised to unleash its full potential as a hotspot for innovation, driving economic growth and societal transformation.

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