



ISSUES, CHALLENGES & GROWTH OF STARTUP ECOSYSTEM IN INDIA

Ms. A. Hema Sai Latha, Ms. Ch. Bhargavi, Mr. A. Srinivas

Assistant Professors

Department of Commerce and Management,
GIET Degree College, Rajamahendravaram, India.

Abstract: The term 'startup' can be used to describe any new business that comes out of this place. India's economy is growing at an unprecedented rate, and the conditions are ripe for new businesses to sprout. However, population growth and a declining labor market have impacted the growth of the employers rather than the job seekers. In this article, we'll explore the current status of startups in India and the ecosystem that's available for them to grow. We'll use descriptive research to illustrate the growth and challenges faced by startups. We collected data from various websites and journals for this study.

Keywords - Startup, Ecosystem, Challenges.

I. INTRODUCTION

The Indian economy has traditionally been an agricultural economy. The service industry has been in decline recently. But in terms of industry, industry has always been secondary to agriculture. Since independence, industry's share in the country and gross national product has increased. Consider rapid population growth and the intervention of information and communication technology in the economy. The job market is shrinking. That's why we felt it was necessary to encourage young people to start their own businesses and become employers rather than job seekers. The Indian education system produces technical and non-technical graduates every year, but the industry is not interested in absorbing them for various reasons. Against this backdrop, the Indian government launched its latest initiative, Startup India, in 2016 to encourage young people to start businesses. As a result, many new unicorns have entered the mainstream. Ola, Flip card and one or two. Even in this era of the COVID19 pandemic, four new unicorns have been born.

II.OBJECTIVES

- Learn about the startup ecosystem
- Identifies the problems and challenges of the startup ecosystem
- Understand the growth of the startup ecosystem

III.RESEARCH METHODOLOGY

Her study is descriptive in its objectives and according to these objectives secondary information was collected from reviews, journals, newspapers, magazines, websites etc.,

IV.REVIEW OF LITERATURE

Meenakshibindal, bhuwangupta, kullakeDubey (2018), in their exploration paper "Job of New businesses in Indian Economy", the principal objective of the examination is to dissect the self-drive of startup India, to comprehend the issues looked by new companies, to concentrate on the effect of new companies on individuals, learn mindfulness. This depends on auxiliary information. It was seen that the public authority ought to assist the new businesses with advancing themselves in India as well as worldwide and make a startup strategy so Indian new companies get a significant lift and can make far better positions.

Hans Westlund (2011), in his review "Monetary business venture, new companies and their effect on neighborhood advancement: The Swedish case" primarily shows a positive relationship between business (estimated as the quantity of business. new organizations) and monetary development. Nonetheless, the instruments through which business has a beneficial outcome are not self-evident. The net impact of new businesses on work or Gross domestic product can be negative, to some degree temporarily, in light of the fact that proficient new firms can prompt the conclusion of less effective firms. In light of the supposition that monetary business venture as new companies make imperceptible stock secondary effects at the firm level

(Fritsch and Mueller 2004) and enterprising social capital at the local area level (Westlund and Bolton 2003), this paper looks at the connection among new companies and firms. neighborhood advancement at the metropolitan level in Sweden in 2000-2008. An investigation of the impacts of business on populace development and work utilizing a remarkable data set that contains, notwithstanding the quantity of new businesses, data on new companies that are partitioned into six sections, branches. Investigates are performed for all regions and by kind of district and development rate.

V.THE SCOPE OF THIS STUDY

Initial ecosystem studies include entrepreneurship, innovation, financing, support infrastructure, policy and regulation, globalization, and social and environmental impacts.

THE ROLE OF START-UPS IN INCREASING ECONOMIC GROWTH

New businesses create encourage jobs Yes. However, you'll deliver advance employments, in case you are a business visionary. It moreover brings down the severance rate of our nation. Job creation is hence one of the foremost critical benefits of dispatch ups A more standard of living new businesses can apply developments and advances to enhance the quality of individuals and life. There are various new businesses creating communities in peaceful regions Riche's creation Business visionaries contribute their coffers and draw in speculators, new businesses develop and the open triumphs. When plutocrat is taken part with society, riches is made inside the nation. Government endeavor The Government of India is genuine around advancing business at the launch up position and has taken a few ventures to guaranteed worthy bolster. In this respect, it's appropriate to specify the Make in India¹⁴ campaign, which started in September, which points to attract remote venture and energize residential companies to share within the fabricating segment. The government raised FDI limits in most extreme segments and reinforced mental property rights assurance to inseminate certainty in dispatch ups. In 2015, the Indian government propelled an unused Standup India crusade to advance ladies and 039 business and offer assistance new businesses with bank backing to assist the nation come a beat incipency. Another admirable and comprehensive action is Advanced India, propelled in 2015, which guarantees that government administrations are available to all citizens through an internet stage. It points to put through peaceful regions by creating their advanced structure, which could be a tremendous commerce event for new companies. Incipency Biological system Coupled with government endeavor, there's an unmistakable development within the Indian incipency geology due to the multiplication of IT and the Web. Various new businesses are entering benefit constancy, counting instruction, law, retail, protections, and healthcare. When visitors are anxious of the benefits and comfort, the fashion ability and productivity of new companies is now not a sensitive recommendation for a business visionary. A few experience magnates and blessed messenger financial specialists are forcefully and keenly looking at Indian new companies as they see a part of outcome. Numerous are anticipated to be unicorns generally esteemed companies that actuate great returns.

On the negative, there are exemplifications of a few new companies that fizzled and eventually closed due to colorful issues and challenges. India may be a huge nation with a populace of over 130 crores and features a statistic tip due to its expansive youth populace. With 356 million youth between the periods of 10 and 24, India has the biggest populace of youth who all come the driving constrain behind development and creation and the request and utilization of merchandise and administrations Mittal, 2014. India has interesting challenges emerging from multilateral and multilingual districts that bear development to discover comes about in wellbeing, instruction, structure, sanitation and the foot of the aggregate.

Every issue presents new businesses with an interesting event to form a commerce around it. In India, telecom substance has reached 76.55 with 95.76 million endorsers, outfitting comfort and substance to shopper parts counting association 2 and alliance 3 cities TRAI, 2017. The spread of versatile phones boosted the Indian cheapness through commerce. Expanded its share. In expansion, the Guinand 039 s advanced drive will take connectivity and information to progressed circumstances and lead to assist program operations looking for comes about to ordinary issues. Lessening information costs moreover makes difference new businesses enter new requests and undoubtedly disturb conventional businesses.

PROBLEMS AND CHALLENGES OF STARTUPS

- **Financing**

Lack of sufficient funding is one of the most important challenges for startups. Securing investment and raising capital to finance operations, product development, marketing and expansion can be difficult, especially in a competitive market.

- **Market competition**

Startups often enter markets where there are already established players, making it difficult to differentiate their products or services and attract customers. Competing with larger companies with more resources and recognition can be intimidating

- **Recruiting and Talent Acquisition**

Recruiting and retaining competent talent can be a major challenge for startups, especially in highly specialized fields. Startups often struggle to compete with larger companies in terms of pay, benefits and job security.

- **Scaling and growth**

While initial product development and market entry can be successful, scaling and achieving sustainable growth can present significant challenges. Startups must manage increased demand, expand operations, and build scalable infrastructure while maintaining quality and customer satisfaction.

- **Uncertain regulatory environment**

Startups may face uncertainty and challenges due to evolving regulatory frameworks. Complying with various laws and regulations can be difficult and time-consuming, especially in highly regulated industries such as finance, healthcare and transportation.

- **Limited resources**

Startups often operate with limited resources, including financial, human and technical resources. This can limit their ability to invest in critical areas such as research and development, marketing and infrastructure.

- **Lack of experience and expertise**

Many startup founders are passionate entrepreneurs with innovative ideas, but lack experience in areas such as business management, marketing, finance or operations. This lack of knowledge can lead to mistakes and inefficiencies.

- **Market validation and customer acquisition**

The challenge for start-up companies is to validate their product or service in the market and gain a customer base. They need to understand customer needs, preferences and behaviors when marketing their offerings to generate sales.

The biggest challenge at the moment is the equal growth of startups across the country. For this, the government machinery is ready and all the state governments have a startup program for their people. Another major challenge is the uneven distribution of information. In most cases, the target group is not aware of the government's plans and is left without resources or government support. A recent example of funding not finding the right people was the startup competition organized by the Ministry of Youth, where young people did not know about the existence of such an opportunity. Young people from small towns are also trying to move to bigger cities due to lack of space. Government should properly disseminate all its policies to all stakeholders. Business incubators should be opened in the farthest corners to collect and help young people build their businesses.

- **Growth in seed funding**

Several factors that could influence financial growth in the Indian startup ecosystem in 2023 and beyond include:

- **Investor confidence**

The growing success stories of Indian startups and the ability to scale and generate returns for investors is likely to increase investor confidence in the ecosystem. This trust can lead to greater access to finance and larger rounds of investment.

- **Government initiatives**

The Government of India has been actively promoting entrepreneurship and growth through various initiatives. Continued government support, including policy, financial systems and regulatory reforms, can further improve the financial environment for startups.

- **Technology based sectors**

Technology-based sectors such as artificial intelligence, blockchain, fintech, health technology and renewable energy remain attractive to investors. These sectors have the potential for disruptive innovation and significant market needs, making them attractive investment opportunities.

- **Greater involvement of corporate investors**

Corporate venture capital (CVC) divisions and established firms looking to innovate and partner with start-ups are likely to play an important role in financing growth. A company's strategic investments, partnerships, and acquisitions can provide a startup with access to resources, market access, and financial support.

- **Global Investor**

Interest India's startup ecosystem has attracted the interest of international investors and this trend is expected to continue. Looking for big growth opportunities in emerging markets may find Indian startups attractive and invest in them.

VI.SUMMARY AND FUTURE WORK

. In conclusion, studying the startup ecosystem enables one to identify the problems and challenges it encounters and comprehend its trajectory of growth. The startup ecosystem is a dynamic and rapidly evolving milieu that nurtures innovation, entrepreneurship, and economic development. Nonetheless, it is not devoid of obstacles and intricacies. A comprehensive understanding of the expansion of a startup ecosystem necessitates identifying the drivers behind its progression.

REFERENCES

- Adhana, D.K. (2016),” Start-up India, Stand-up India: India turning into a start-up hub by prospering entrepreneurial culture”, International Journal in Management and Social Science, Vol 4, No 2, pp368-384.
- Guillermo Fernández de la Garza (1993),” The Importance of University Incubators in Latin America”, European Journal of Education, Vol28, No 1, pp31-34.
- Lasrado, V., Sivo, S., Ford, C., O’Neal, T., &Garibay, I. (2016),” Do graduated university incubator firms benefit from their relationship with university incubators?”, Journal of Technology Transfer, Vol41, No 2, pp205– 219.
- Aernoudt, R. (2004),” Incubators: A tool for entrepreneurship?”, Small Business Economics, Vol23, pp127–135.

