

Innovative entrepreneurship and startup

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Abstract

The current century is the century of transformation. In terms of business, it is the time to transform from the traditional to the modern and move further towards the futuristic. 'Digital' has ceased to be a word that was restricted to scientific community; it is fast moving beyond its orbit to become a habit, a way to do business and a way to live life. For business, Computers have become things of past and are being replaced with devices that are enabled with 'Artificial Intelligence'. 'Startup' is no longer a jargon restricted to a particular group; it is rapidly getting absorbed into the very fabric of Indian business ecosystem. Newer business practices are evolving rapidly, the glass ceiling is breaking and ever increasing number of female business leaders is joining the brigade. Old projections and statistics are being rewritten with pride. Business is getting amalgamated with technology and the combination is creating richer avenues with much more capacity to create jobs and drive the economy forward to transform the lives of millions of individuals. In a nutshell, it is a very interesting time for Indian business and economy. We are witnessing the 'Reforms Era' in India where everything seems to be undergoing a metamorphosis – from tax structure to business practices, from corporate governance to focus on digital transactions, from rapid increase in the number of startups to emergence of newer markets. This is the 'Start – grow – the digital way' age, the game has just begun. The paper focuses on 'Startups' as the accelerators of the economic growth and development. It explains that the Indian economy can scale heights that have been never witnessed before if the newly created digital ecosystem is carefully nourished by the government together with its regulatory agencies in terms of providing the right environment for the startups to grow and become sustainable businesses.

Keywords: innovative, entrepreneurship & startup

1. Introduction

As we stand at the doors of 2017, new opportunities are awaiting the Indian economy. January 2017 marks the first anniversary of the 'Startup India' campaign launched by the government in 2016. In 1991, the first wave of reforms swept through the economy of India in the form of the LPG – Liberalization, Privatization, and Globalization. It would not be wrong to put forward that the second wave of reforms is sweeping its economy in the current time in the form of 3Ds – 'De-regularization, Digitalization, and Demonetization'.

Indian economy is all set to overtake China in terms of the GDP growth rate and become the World's fastest growing economy. The entire world is looking at India as a preferred destination for investment both in terms of FDI and FII. One of the biggest causes of this change is the political stability and political will that India offers to the world today. The government of the day in India seems to be more interested to play the role of a watchdog, a patron who would step in only when something goes wrong. It is leveling the playfield for all, is more inclusive, willing to make the system more transparent, ready to make short term sacrifices for the achievement of long term goals and most importantly, keeping innovation in the front. With such a clear vision towards inclusiveness and efforts concentrated in the direction of the vision, sparkling results are bound to follow provided that a constant the objectives are chased diligently.

Literature Review

The topic being relatively new in comparison to other traditional topics of business management, the available literature on the topic is still in a nascent stage.

Startup is defined as an 'entrepreneurial venture or a new business in the form of a company, partnership or a temporary organization designed in search of a repeatable and scalable business model' (Shailaja Badra, 2016). Today, in India, for any commercial organization, there is everything to play for, because those who can take on the complexities of India may well be equipped to tackle the world.' (Neeta Baporikar, *Framework for social change through startups in India*, International journal of Civic engagement and social change).

An idea can be converted into an startup, sometimes, even a crisis becomes an opportunity sometimes and it gives birth to a startup venture (Akanksha Dutta, Startup Initiative, 2015). Since 2004, Indian startups have evolved in terms of visibility and market space. Startups are more confident in showcasing their product capabilities, activity in the venture capital space and networking platform (Keshav Kumar, Indian Online Startups, can they stand up against the world, 2015). Everything we associate with a startup follows from growth, a startup is a company designed to grow fast (Sharifi Omid, understanding the financing challenges faced by a startup, 2015).

Startups as the Fuel for the Growth Engine

Initially limited to the technology sector (specifically IT), startups are now penetrating various sectors, some of which are those that are the so called ‘protected’ sectors of the economy such as the defense and the strategic sector. Startups now can be found operating in various sectors such as E-commerce, hospitality, education, healthcare, manufacturing etc.

In the knowledge era, the young Indian minds have moved beyond the regular practice of ‘post study job searching’ to give rise to an emerging class of 22nd century entrepreneurs among which the following features can be commonly found – they are all ambitious, young starters, have the courage to look beyond the traditional, to think beyond the boundaries, have brought in innovation as the key factor into their business, have successfully collaborated with technology to push their business to enable it to reach greater heights and together with their own lives, have transformed the lives of many through creation of jobs and provision of better standards of living to stakeholders. Most of such ventures are tech driven and it wouldn’t have been possible to realize these ventures 15 or 20 years ago. It is only now when India has gained sufficient ability to provide the required digital, logistical and financial support and infrastructure to these new found companies, it is possible to come up with more such innovative ventures and convert ideas into profitable realities.

Funding is an important component of survival and sustenance of any startup. The government has created ‘Startup India fund’ to encourage entrepreneurship and innovation. Also, various types of tax holidays are being offered to the startups together with reduced fees for dealing with intellectual rights formalities such as patent etc. It is clearly evident that government is trying to create an atmosphere of sustainability and security among the startups, so that more and more of such innovation driven companies find their way in India. Indian startups saw \$3.5 billion angel and venture capital invested across 815 deals between 1st and 3rd quarter of the financial year 2016 – 2017.

Ease Of Doing Business – priority improvement area

World Bank’s report on ‘ease of doing business’ (*doing business 2017 report*, The World bank), places India at the 130th position in the list of 190 countries, below Sri Lanka and Nepal and only 14 places above Pakistan (144th position). For a country like India, that is set to become the world’s fastest growing economy, 130th position on the tally is unfortunate and deplorable. It merely outlines the fact that we still have to come out of the over regulatory mindset so that businesses could focus upon their core areas instead of compliances. The red tape is therefore to be cut forever.

It would be worthy to quote in terms of the startup environment of India in the digital era – ‘Now as this vast, disparate population moves online, hosts of companies are leaping forward to offer every service they need. These run from the ecommerce giants rising up to provide goods, to the tide of payment and delivery companies which make all this possible. They cover the new organizations that are helping to empower the previously disenfranchised. And they include innovative individuals who are spotting business and consumer gaps in the market and trying to plug them as fast as possible. For any commercial organization, there is

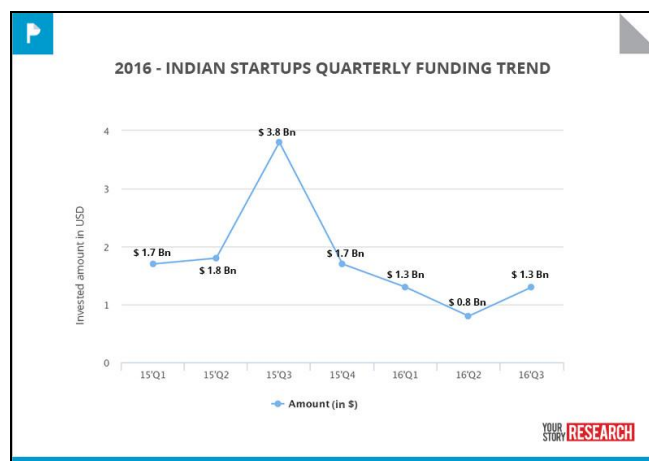
everything to play for, because those who can take on the complexities of India may well be equipped to tackle the world.’ (Neeta Baporikar, *Framework for social change through startups in India*, International journal of Civic engagement and social change).

Moving Beyond The Metros – financial inclusion through startups

For the fruits of the success of the startup revolution to be truly enjoyed by a greater fraction of population, the startups have to move beyond the metros. As of now, majority of startups are concentrated in metro cities like Bengaluru, Pune, Gurgaon, and Hyderabad etc. – the technologically advanced cities of India. Metro cities no doubt offer better infrastructural facilities, ease of getting credit, ease of getting skilled / semi-skilled workers and a dense market for products and services, but also could prove to be ineffective in terms of cost. Non metro cities can prove to be very cost effective and if the government provides an incubatory atmosphere, the startups and non-metro cities / small towns can prove to be a boon for each other.

A large concentration of startups in the metro cities can make the efforts of government regarding the financial inclusion, a futile exercise. To avoid this, the government must provide incentives to startups for initiating their operations in small towns, non-metro cities etc. appropriate tax holidays backed with relatively cheaper credit facilities would be good to start with. Once the startup culture takes into its grip the non-metro cities and small towns, the government can play the role of a guardian to enable these to perform optimally and grow steadily.

This is going to enable a better financial inclusion of the people, people of non-metro cities would get more opportunities for employment and in turn this will prove to be a check on the immigration tendencies, as a result the pressure on the metro cities would recede. The need of the hour is to make concerted efforts in this direction. The regulatory agencies, government and companies have to work in tandem as associates / partners.



Conclusion

To conclude, it can be put forward that though the ground is ready for the startups to take on the economy by storm, the role of the government cannot be diminished even by a fraction. The government will have to look into the following areas to enable the startup revolution reach its zenith of

success and derive the fruits of its evolution for the Indian economy and society at large:

- Financial sustainability of startups – provision of cheap and easy credit, credit expansion to cover more sectors.
- Ease of doing business – getting rid of the red tape through single clearance systems, de regulation in various sectors / areas.
- Population inclusion – taking the startups to smaller towns / non metro cities, encouraging the owners to reduce the gender gap.
- Digitalization – online clearance for various approvals, fees payment, documents keeping etc.
- Motivation – tax holidays, awards etc. to the better performing startups.

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