

AIR Spotlight: Start-up Revolution in India

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. This article features Start-up revolution in India, its significance and challenges.

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Introduction:

- India is the third largest in terms of the number of start-ups in the economy. In a rather significant development, start-ups which were previously limited to the urban areas have been noticed in even tier 2 and tier 3 cities and rural areas.
- A large number of Indian start-ups in India are valued at over \$1 billion dollars, earning the title of unicorns.

Schemes/policies of the government:

- Start-up India mission revolutionized the way entrepreneurs take up start-ups in India by involving a comprehensive supportive ecosystem for start-ups.
- Access to easier finance options through avenues such as seed funding. Connecting new enterprises to angel investors and venture capitalists.
- Tax breaks to start ups.
- Co-ordination and support from related government agencies.

Significance of start-ups:

- Given that through start-ups, the youth are converted from mere job seekers to job creators, this will go a long way in addressing the employment issue in India and help reap the [demographic dividend](#) available to India.
- The start-ups will also provide a great impetus to the economic growth and development of the Indian economy.
- Many of the start-ups will help improve the ease of living of the Indian citizenry through their initiatives.

Challenges faced by start-ups:

- Over valuation may be hurting the business sentiments around start-ups.
- Drying up of funds. Funds promised to start-ups haven't reached them leading to churn in the global financial markets.
- There has been some degree of stress in some segments where the start-ups are operating forcing them to undertake job cuts. The global recession may be contributing this stress.

Recommendations:

- The start-ups should focus on the business fundamentals of financial viability and sustainability based on profitability rather than focussing excessively on valuations.
- Start-ups should also look into new avenues such as manufacturing segments rather than limiting themselves to services sector.

