

How nimble start-ups are helping India win a global race?



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A massive global marathon is on. Countries across the world are sprinting and chugging out their best to win an economic race. The ones showcasing reliable use cases leveraging from technologies such as AI, IoT, Blockchain, VR, and Cloud Computing are expected to have an edge in winning the race. The comparison with a marathon race involving countries may seem abstract but the economy is after a marathon. For policymakers the larger output of this race is adding jobs, better socio-economic agenda, increasing export potential, and fuelling development on all cylinders. In simpler words, this is a marathon where everyone is running but only the smartest and innovative survive.

India's sprint in this race gets influenced not by the performance of the big corporates but the vibrant start-up ecosystem. In fact, every country in the world realizes the potential of start-ups. A report by the Kauffman Foundation credits them for nearly all net job creation in the United States. The Global Entrepreneurship Monitor finds that entrepreneurship activity accounted for between 5% and 10% of total employment in many countries. The Singapore government, for instance, has identified the creation of 10,000 new start-ups by 2023 as a key driver of the country's economic growth.

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While building a start-up is bound to help countries win a marathon, it may not be a simple proposition.

Until two decades ago, ordering food was limited to visiting a restaurant or perhaps calling them via a landline phone. Today, the scenario for ordering food online or starting a food business has turned simpler with the availability of services such as Zomato and Swiggy. A similar phenomenon is observed in the areas of insurance (Digit), payments (PayTm), education (Byjus), real estate (nobroker), logistics (Shiprocket), Online Games (Games 24X7), urban transportation (Ola), beauty (Purplle), e-commerce (Flipkart),



and even health & medicine (Innovaccer & Curefit). The examples illustrate the significant contributions of start-ups.

India has the potential to add more, but to do so there is a need for active collaboration and mentorship of start-ups. An investment in a budding start-up is often perceived as a viable return on investment, but there is a need to introspect on the significant contribution to the ecosystem. For instance, Zomato is not just a unicorn food service but one that connects an ecosystem of 1.4 million listed restaurants and 12,000 partners.

Governments and big corporations can leverage from start-ups by working with them to drive innovation, gain access to new markets, and stay ahead of the competition. By providing support in the form of business, investment, and even mentorship, start-ups can be leveraged to build a thriving ecosystem of innovation and entrepreneurship that benefits everyone in our big marathon race.

As of 2021, India saw nearly 80 start-ups registered daily and the Department for Promotion of Industry and Internal Trade (DPIIT) estimates the country to soon hit a sweet 100,000 start-ups. Industry body NASSCOM anticipates that by 2025, the start-up ecosystem may be home to 37,000 tech start-ups. And 180-200 unicorns with a cumulative valuation of \$700 billion from the current \$330 billion. In the last five years, the recognition of start-ups has increased with nearly 20x more registrations being reported.

To celebrate and further encourage start-ups, PM Modi has designated them as the “backbone” of New India and declared January

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16th as National Start-ups Day. In the words of the Prime Minister, “We have a million problems, but at the same time we have over a billion minds.”

India has made significant strides to switch its orientation from agriculture to services. Being a renowned IT hub and the capital for business processing outsourcing, the country is fast transforming into a global hub for research and development. Bengaluru, India’s Silicon Valley, is also home to approximately half of the world’s 1200 multinationals who have established an R&D centre here. Metropolitan cities such as Hyderabad, Delhi, Mumbai, Surat, Chennai, and Kolkata are certainly observing a vibrant start-up culture but so are tier-4 cities. A recent trend is how global giants such as GE, Cisco, and Adobe have relocated their R&D business units to India. India’s campaigns such as start-up India, Make-in-India, the ease of doing business, and the renewed culture around appreciating start-ups is encouraging. And this is likely to help India win the marathon of economic growth.