

“START UP ECOSYSTEM IN INDIA” STARTING UP, FANNING OUT

GS3:
Economy,

India: Global power house of creativity and technology

- INDIA'S EMERGENCE AS a centre of technological and entrepreneurial innovation is a cause for celebration.
- From being ranked in the third quartile among innovative nations a little over a decade ago, the country's innovation landscape has experienced a remarkable transformation.
- India has emerged as a global power house of creativity and technology.

India's thriving start-up ecosystem

- This change is evident in **India's thriving start-up ecosystem**. The country has emerged as **the third-largest start-up landscape** globally, with the number of tech start-ups projected to grow from 68,000 in 2023 to **1,80,000 by 2030**.
- As of January this year, India boasted **111 unicorn start-ups** with a combined valuation of over **\$350 billion**, demonstrating the economy's ability to nurture high-value companies across various sectors.
- Notably, this start-up revolution is no longer limited to major cities. There is a growing trend of start-up activity in Tier-2 and Tier-3 cities, signaling the democratization of entrepreneurship.

Five key initiatives have contributed to India's improved standing in the Global Innovation Index.

- **First**, India's rise is fueled by its robust innovation ecosystem, characterised by a vast knowledge capital, a dynamic startup landscape, and collaborative efforts between public and private research entities.
- The Department of Science and **Technology's NIDHI (National Initiative for Developing and Harnessing Innovations) programme** has established a network of technology business incubators and science and technology entrepreneur's parks across the country, bringing together public institutions and private start-Ups to commercialise innovation.
- **Second**, various government-led initiatives, including those by the Departments of Science and Technology and Biotechnology as well as the Atal Innovation Mission, have played crucial roles in enriching the national innovation environment.
- **Third**, policy-driven innovation, spear headed by NITI Aayog, has optimized efforts in strategic sectors such as electric vehicles, biotechnology, nanotechnology, space, and alternative energy.
- **Fourth**, India has demonstrated notable progress in key indicators like domestic industry diversification, patent origination and exports of cultural and creative services.

- **Finally**, among lower-middle-income countries, India stands out for having the highest innovation quality.

Other crucial initiatives:

- **The NITI Aayog** has been working closely with the Ministry of Railways to fast-track the redevelopment of railway stations across India through public-private partnerships.
- Similarly, the pharmaceutical industry in India has adopted a new business model in which firms under take contract manufacturing and clinical trials for multinational companies.
- This allows Indian firms to participate in global pharmaceutical innovation processes.
- The **Atal Innovation Mission (AIM)** did what previous initiatives could not—fostering innovation at the grass roots level.
- ✓ It has established over 4,880 operational Atal Tinkering Labs in more than 650 districts, providing access to innovative tools to over two million students.
- ✓ It has also selected **102 universities**, Institutions and private players to establish **Atal Incubation Centres** with over 50 operational centres nurturing more than 900 startups.
- ✓ It has also organised **over 24 Atal New India Challenges** in partnership with five Union ministries and departments, receiving 950 applications, of which 52 have been selected for grant-in-aid and hand-holding.

India's performance:

- ❖ Today, India is the top innovative lower middle-income economy in the world, ranking first among the 37 lower-middle-income group economies and first among the 10 economies in Central and Southern Asia.

- ❖ **From being ranked 81 in 2015 it has reached the 40th position in the world today. More significantly, India ranks:**
 - **fifth in ICT services exports,**
 - **sixth in venture capital received,**
 - **eleventh in graduates in science and engineering, and**
 - **thirteenth in global corporate R&D investors.**

The impact of these initiatives:

- The impact of these initiatives extends beyond statistics. A culture of innovation is now seen even at the school level.
- Importantly, this initiative is not restricted to Tier 1 cities but spans the entire country, encompassing virtually all top-notch sectors of the economy.

- All this means millions of young innovators and entrepreneurs in the making. The cascade effect will be tremendous, propelling India's innovation ecosystem to new heights.

What is 'Unicorn'

- A "unicorn" is a privately-owned startup business **worth more than \$1 billion**.
- In venture capital companies, the term unicorn is often used.
- The first person to use the word was Aileen Lee, who works in venture capital.
- **Decacorn:** a current valuation of over USD 10 billion.
- **Unicorns:** Start-ups founded after the year 2000 with a valuation of USD 1 billion.
- **Gazelles:** Start-ups that are most likely to go Unicorn in the next three years.
- **Cheetahs:** Start-ups that could go Unicorn in the next five years

The Startup India Initiative:

- **Launched on 16th January, 2016**, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers.
- These programs are managed by a dedicated Startup India Team, which reports to **The Department for Promotion of Industry and Internal Trade (DPIIT)**