



## Startup India Innovation Week

**For Prelims:** National Startup Day, National Start up Awards 2022, SISFS, NIDHI, Ranking of States on Support to Startup Ecosystems (RSSSE).

**For Mains:** Growth Drivers of Startup Ecosystem in India, Problems Associated with Startup Ecosystem, Recent Government Initiatives to Promote Startup Culture.

### Why in News?

Recently, on the occasion of [National Startup Day \(16<sup>th</sup> January\)](#), **Startup India Innovation week culminated** along with **National Start up Awards 2022**.

- National Startup Awards 2022 given by **Ministry of Commerce and Industry** acknowledges **startups and enablers** who have been instrumental in revolutionizing the development story of India.
- Startup India organized industry-focused webinars on the topic "**Championing the billion-dollar dream**".

### What is the Status of Startups in India?

- **About:**
  - The **Start-up ecosystem in India** ranks **third** after that of the United States (US) and China.
  - According to the **India Venture Capital Report 2021** published by Bain and Company, the number of cumulative start-ups has grown at a **Compound Annual Growth Rate (CAGR) of 17% since 2012**.
- **Growth Drivers:**
  - **Large Domestic Market:** India has a large domestic market for **technology-based products** and services, providing a ready market for startups to sell their products and services.
  - **Government Support:** The government of India has been actively promoting entrepreneurship through initiatives such as "[Atma Nirbhar Bharat](#)" and "[Digital India](#)," providing support to young companies.
  - **Access to Technology:** Advancements in **technology and internet penetration** have enabled startups to scale up quickly, leading to the rise of several unicorns in the ecosystem.
  - **Rising Start-up Hubs:** The major startup hubs in India are **Bengaluru, Mumbai, and Delhi-NCR**, providing a conducive environment for startups to grow and thrive.
    - **Bengaluru**, in particular, has been dubbed the "**Silicon Valley of India**" due to the large number of technology companies based in the city.
- **Problems Associated with Startup Ecosystem:**
  - **Stringent Regulatory Environment:** The **market laws and regulations are not always tailored to the needs of startups**, which can make it difficult for them to comply. This can be a significant **burden for early-stage companies**.

- **Limited Infrastructure and Logistics:** The lack of proper infrastructure and logistics can be a major challenge for startups, especially those operating in the [e-commerce space](#).
  - The **inadequate transportation, warehousing and logistics** infrastructure can make it difficult for startups to reach customers and deliver their products on time.
- **Lack of Mentorship and Guidance:** Startups often lack access to experienced **mentors and guidance**, which can make it difficult for them to navigate the **business landscape** and make informed decisions.
- **Recent Government Initiatives to Support Startup Ecosystem:**
  - [Start-up India Seed Fund Scheme \(SISFS\)](#): This scheme provides **financial assistance to start-ups** to help them prove their concept, develop prototypes, test products, and enter the market.
  - [National Initiative for Developing and Harnessing Innovations \(NIDHI\)](#): It is an **end-to-end plan for start-ups** to double the number of incubators and start-ups in the duration of five years.
  - [Ranking of States on Support to Startup Ecosystems \(RSSSE\)](#): The Department for **Promotion of Industry and Internal Trade (DPIIT)** under the Ministry of Commerce and Industry has been conducting the States' Start-up Ranking Exercise since 2018.

## Way Forward

- **Encouraging Innovation:** The government and private sector should encourage innovation by providing funding and support for research and development.
  - This can include setting up **R&D centres**, providing tax incentives for companies that invest in R&D, and **connecting startups with universities and research institutions**.
- **School-Entrepreneurship Corridor:** The [National Education Policy, 2020](#) promotes **student entrepreneurs by providing vocational education in partnership with industry** and thriving innovation at school level.
  - This can have a favourable impact on the start-up ecosystem in India, if **entrepreneurial skills are integrated with the education curriculum**.
- **Towards Social Acceptability of Start-ups:** By collaborating with **various unicorns of India**, **the government needs to work towards social acceptance** of entrepreneurial careers and channelize the youth in the right direction to choose a career with ease.
- **Vocal for Local, Local to Global:** Indian start-ups have the potential to not only look at Indian traditional problems, but also offer customised solutions for markets abroad.
  - **Exclusive Startup Zones** can be initiated at **state levels linked with Atma Nirbhar Bharat Initiative** making India an entrepreneurship and export hub.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Q1. What does venture capital mean? (2014)

- (a) A short-term capital provided to industries
- (b) A long-term start-up capital provided to new entrepreneurs
- (c) Funds provided to industries at times of incurring losses
- (d) Funds provided for replacement and renovation of industries

**Ans: (b)**

[Source: PIB](#)

