



Startup India,

a right idea at the right time

The Government of India's flagship initiative is helping entrepreneurs in their expansion and future growth while also providing opportunities to incubators and investors

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At a time when the growth in jobs has not kept pace with the rising number of claimants, Prime Minister Narendra Modi's 'Startup India' project holds high importance. The Indian Government is concerned over the rise in unemployment despite the fact that the nation is logging the fastest economic growth in the world. According to the latest Asia-Pacific Human Development Report, India faces a serious challenge of finding jobs for a growing population over the next 35 years. The report said that between 1991 and 2013, the size of the "working age" population increased by 300 million whereas only 140 million could be absorbed in the economy. It is in this context, the government's twin pet projects – 'Make In India' and 'Startup India' – seem a perfect answer to the issue.

There is an urgent need to create more jobs when the manufacturing sector is witnessing a slump due to the knock-on effect

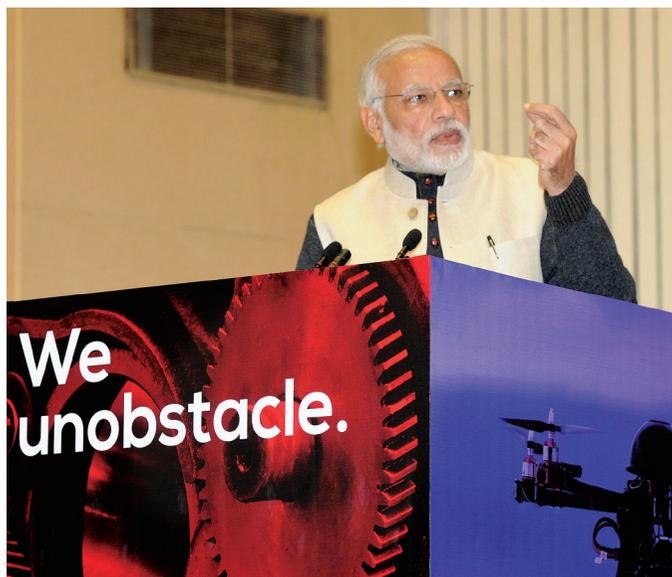
of a global slowdown in China. The national manufacturing policy has suggested that the share of manufacturing in GDP needs to be increased to 25 per cent in order to create 100 million jobs in the coming decades. Therefore, startups along with the 'Make In India' initiative will be the next job creating industry in the years to come. Today, India has the third highest number of startups in the world behind the US and Britain. Nasscom estimates software startups alone will create 800,000 jobs by 2017. Several companies

keen to invest sniff high potential in a country where cheap engineering talent is available for setting up a back office.

It is hoped the Indian Government's initiative early this year by offering a slew of tax breaks for companies as well as investors

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PM Modi addressing at the launch of Startup India, Standup India programme, in New Delhi





The Prime Minister interacts with startups representatives, VCs and angel investors

will act as a catalyst in supporting new businesses. The government has announced cheaper and faster patent applications, offering up to 80 per cent rebates on the cost of patents besides setting up a ₹10,000 crore special fund for startups. Experts believe that exemptions from tax and compliance inspections for three years will prove to be a shot in the arm for the sector.

India is seen as one of the world's fastest growing startup hotspots in the backdrop of a rapid expanding population of internet users. Mobile internet user base in the country has steadily increased from 15.1 per cent in 2013 to 34.18 per cent in

2016. In 2016, 43.8 per cent of internet users in India had purchased products online. In 2019, this figure is expected to grow to 64.4

per cent. India is on the threshold of a second-generation digital revolution, which will change the dynamics in new economy enterprises like healthcare, education, e-commerce, hospitality, agriculture and rural leading to the creation of new jobs. Encouraged by the growing digital buyer penetration, several

venture capital funds have raised billions of dollars for their Indian investments in recent years. Japan's Softbank and WeWork, a New York-based provider of shared office space,

The Government offering tax breaks to companies and investors will help new businesses

are among several companies that have announced their India plans. Bank of America Merrill Lynch has forecast that Indian e-commerce will surge to \$220 billion by 2025 from about \$11 billion last year.

Besides the software, there is considerable investor interest in startups in areas like healthcare software for the poor or low cost solar panels for homes. India offers a huge market as far as investment in social impact startups is concerned. Millions of people in rural India still have no access to clean and potable water, toilets and electricity. The rural segment is growing at a healthy pace of 8-10 per cent per annum and is expected to add \$100 billion in consumption demand by 2017. The Government is getting an encouraging

response and billions of dollars in funding for a push into solar energy after PM Modi promised to provide electricity to every village before the end of 2018. The Modi Government has drawn up ambitious plans to raise solar capacity five-fold to 100,000 MW by 2022 to meet the growing power needs and create jobs.

India is the youngest startup nation in the world as close to 70 per cent of the entrepreneurs are less than 35-years-old. About three to four IT startups are born every day in India. Over the years, there has been a tactical shift in the mindset of the youth who want to be seen as job creators than job seekers. And 'Startup India' is a perfect platform to give wings to the dreams of the youth of the country.

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PM Modi at the launch of Startup India, Standup India programme along with Union Minister for Finance, Corporate Affairs and Information & Broadcasting, Mr. Arun Jaitley and the Minister of State for Commerce & Industry, Ms. Nirmala Sitharaman

