

THE IMPACT OF INDIA'S ECONOMIC GROWTH ON STARTUPS: AN ANALYSIS OF ENTREPRENEURSHIP

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Received: 16 Aug 2023

Accepted: 19 Aug 2023

Published: 21 Aug 2023

ABSTRACT

The study highlights that entrepreneurs play a crucial role in igniting economic activities through their entrepreneurial decisions. Entrepreneurship plays a crucial role in driving the development of not just the industrial sector, but also the farm and service sectors of a country. Entrepreneurs are like skilled players in a game, and just like any player, their chances of winning soar when they possess the perfect cards. The role of entrepreneurship in economic development is diverse and can bring about positive changes depending on the available resources, the industrial environment, and the government's support for entrepreneurial activities. Incredible innovations by entrepreneurs, in the form of exciting goods & services, lead to new job opportunities, which can create a ripple effect or positive cycle in the economy. In fact, embracing a balanced approach to nurturing entrepreneurship will undoubtedly lead to a positive impact on the economy and society.

KEYWORDS: *Entrepreneurship, Business, Materials, Economic Development, and Society.*

INTRODUCTION

The relevance of entrepreneurial activities to the expansion of an economy differs from nation to nation. This is not only because of differences in the quantity and quality of the available material resources, but also because of differences in the nature of the business environment and the degree to which the structure of the government encourages commercial initiatives. The contribution that entrepreneurs make to economies that have good opportunity circumstances is much larger than the contribution that they make to countries that have significantly less favorable opportunity circumstances. Underdeveloped regions, when seen from the perspective of opportunity conditions, are less conducive to the development of highly innovative entrepreneurs due to the shortage of capital, lack of competent labor, and nonexistence of minimum social and economic overheads. This is because underdeveloped areas lack the social and economic infrastructure necessary to support businesses with minimal overhead costs. This is particularly the case when one takes into consideration inventive businesspeople. There is a dearth of well-developed institutions that are able to support and encourage entrepreneurial activity in these regions, therefore entrepreneurial activity does not emerge naturally and organically from an established industrial basis in these places. The importance of the role that the manufacturing sector plays in the development of each and every economy throughout the world cannot be overstated. The expansion of any economy relies heavily on entrepreneurial endeavors, which in turn play a significant part in the process of economic growth. Due to the fact that the micro, small, and medium companies (MSMEs) platform in India does not cover all industries, a large percentage of economic activity is carried out in the unorganized, or "unorganized," sector of the economy. Data associated with entrepreneurship are required in order to evaluate the expansion of the entrepreneurial

movement and determine its level of success. In addition, it is essential for each and every firm to be registered on a centralized database. Additionally, it is necessary to gather data about the expansion. Because of this, in order for companies to be eligible for the advantages that are provided by the Indian government, they are needed to register on the relevant online portal. Rarely is it possible to have access to a study of the development and future prospects of any of these businesses that have registered under the Entrepreneurs Memorandum (EM-II) and the Udyog Aadhar Memorandum (UAM). As a direct consequence of this, the breadth and depth of this investigation are totally devoted to exploring the possibilities for the continued growth of registered units in India.

REVIEW OF LITERATURE

- *P. T., D., Jayasheela, & Hans, V. B. (2008, June)*. The investigation of the conceptual framework of entrepreneur's viewpoints in Indiana and economic growth is the primary topic of this research. The purpose of this research was to diagnose the ailment and determine the best course of action for the company's continued existence. The researcher has considered all of the issues that are connected to the entrepreneur.
- *P.Revathi, P., M.V.Dharani, M., & K.Kanthimathi, K. (2011, October 1)*. The purpose of this research is to investigate the role that DIC plays in the creation of a sustainable global economy, specifically with regard to micro, small, and medium-sized enterprises in the Chittoor district area. The investigation is of an empirical kind. The scope of micro, small, and medium-sized enterprises (MSMEs), the variables that influence the development of MSMEs, and the advantages at the personal, societal, and national levels are the primary goals of the research. The DIC will offer supporting facilities for the project. The main data was collected by administering a standard survey to the 54 owners of the companies that participated in the study. The Likert scale with its five points has been used. The participants were selected in a haphazard manner, making use of the convenience sampling technique. In order to conduct an analysis of the data, statistical methods such as basic percentages, weighted averages, and chi-square procedures were used.
- *Rao, M. C. H. G. (2012)*. This paper will look at how MSMEs have done in the last ten years and also at the financial issues that they face. The article will also suggest some ways that government policies and rules could be changed to help MSMEs. Small and medium-sized businesses (MSMEs) rely significantly on financial service providers like banks, credit firms, and developmental agencies to fulfill their financial requirements on a daily basis.
- *Sharda, D. P. (2018, August 31)*. This research study concentrated on the new India in digital form project, which is an endeavor led by the government to scale up MSMEs, as well as the ways in which these efforts may aid the Indian MSME industry. This is an analytical work, thus I will be drawing on secondary sources of data for my research. The researcher is responsible for doing all of the analysis on the yearly reports that were released by MSMEs and other organizations.
- *Virk, S. K., & Negi, P. (2019, February 28)* The present situation and performance of the MSMEs sector in India are analyzed in this research, as well as the MSMEs themselves are decoded. The author conducted research on the impact that micro, small, and medium-sized enterprises (MSMEs) have had, are having, and will continue to have on the economy of the nation. Both the actions taken by the Indian government and the results of the national sample poll are considered in the calculation of the performance indicator.

- *Lahiri, I., & Banerjee, M. (2019, April 30).* The characteristics that are responsible for the long-term viability of the MSME Sector, the sustainability of brands within the MSME sector, and the effect of developing variables on the performance of organizations are the primary focuses of this research study. The yearly sales revenue of MSME firms is utilized as an objective indicator of MSME company performance.

Analysis Procedures for the Research

In order to accomplish what he set out to do with this piece of study, the researcher used both qualitative and quantitative approaches, observing and evaluating material that was already in circulation. The development of the companies is determined by this study by the use of secondary data and an in-depth research approach. The data originated from a variety of sources, including but not limited to well-known journals, newspapers, working papers published by well-known organizations, and official records maintained by the government. The data that pertains to registered units are evaluated here, and the time period that is being looked at spans from 2007–2008 to 2020–2021.

India's Emerging Startup Ecosystem a few quick points

Over 19 thousand new businesses were given financial assistance by the Department for the Promotion of Industry and Internal Trade (DPIIT) in 2022. Beginning in 2016, India has seen an increase in the number of new businesses operating in the startup sector. Startup India was established by the Indian government with the intention of fostering and facilitating the country's flourishing startup ecosystem. As of the year 2022, DPIIT has given its approval to a total of 80,152 different new businesses. The startup ecosystem in India is the third biggest in the world, and it is projected to have year-over-year growth of between 12 and 15 percent per year. In 2018, India is home to around 50,000 new businesses, with between 8,900 and 9,300 of them being technology-driven startups. Only in 2019, there were 1300 new tech firms established, which indicates that there are around two to three new technology startups established each day.

Economic Growth due to Government Investments

After ensuring that the most essential safeguards were in place for the vulnerable, the emphasis of the government's expenditures shifted to investments in domestic productive capital. This was done after the government had completed its previous task. During the next financial year, the Union Government increased its total spending, with a bigger portion of this increase going toward increases in capital expenditures. As a consequence, there was an increase in the overall cost.

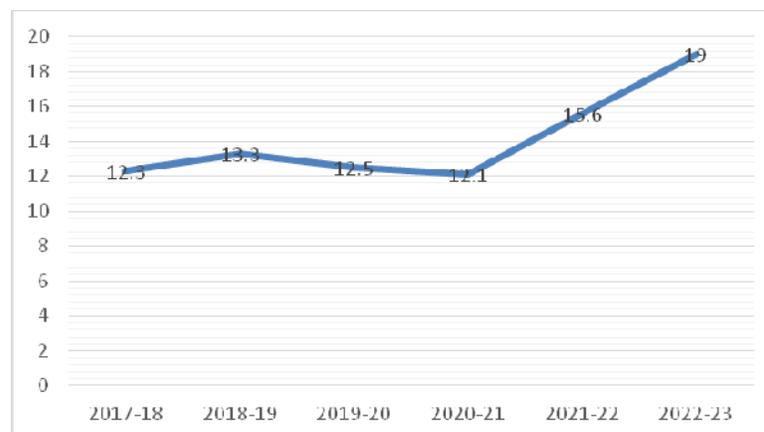


Figure 1:

Source: <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

In addition, the Goods and Services Tax (GST) that micro, small, and medium-sized enterprises (MSMEs) pay has been increasing since 2018–19, which reflects both the robust financial health of small firms and the success of the preventative government action aimed at MSMEs. One of the indicators that growth is occurring is the collection of GST.

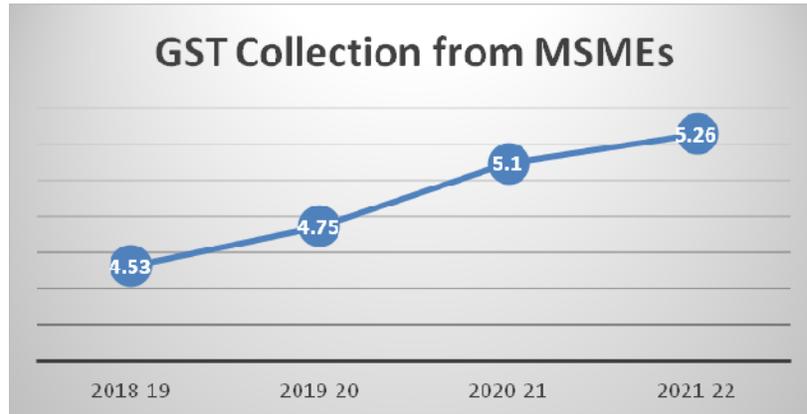


Figure 2:

Source: <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

The micro, small, and medium-sized enterprise sector is among the most important employers in the country. The establishment of an MSME would result in the employment of its owners, removing the need for them to seek employment elsewhere. Because of it, they are also in a position to assist others in finding work. The sector has been responsible for a considerable amount of the employment opportunities that have been created in the nation's rural and outlying areas. According to data obtained from the Udyam platform of the Ministry of Micro, Small, and Medium-Sized Enterprises (MSMEs), the number of people employed by MSMEs that were registered on the platform in FY 22 was 93,94,957. The figure that follows provides an overview of the employment landscape in relation to the number of registered MSMEs.

Number of MSME portal-registered employees (million)

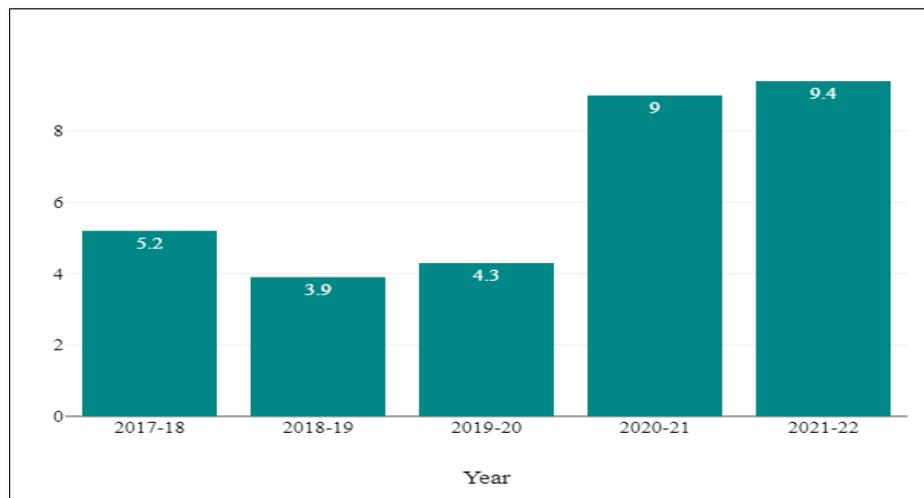


Figure 3:

Source: <https://www.ibef.org/blogs/india-s-msme-sector>

The percentage of all MSME businesses owned by socially backward groups that are classified as micro enterprises is 66.42%. The percentages of all MSME businesses owned by socially backward groups that are classified as small and medium firms are, respectively, 36.80% and 24.94%. Micro enterprises account for 66.42% of all MSME businesses owned by socially backward groups.

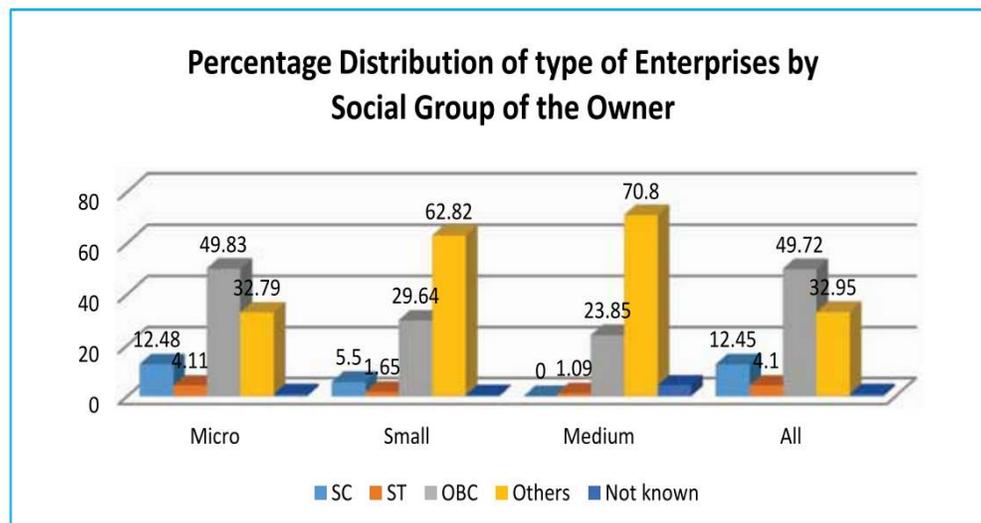


Figure 4:

Source: Ministry of MSMEs

CONCLUSIONS

According to the results of the study, companies, regardless of whether they are involved in the production or service sectors of the economy, contribute to the growth of the economy in terms of gross domestic product (GDP). The results of the research indicate that there is a discernible trend toward growth, both in terms of the number of new businesses and new jobs created. This is an effort that the researcher has made to expand on the present scenario concerning entrepreneurship in India, regardless of whether this results in upward mobility or downward mobility. This is an attempt that the researcher has made to expound on the current situation. The ease with which companies are able to function in India will serve as a gauge of the degree to which the government is providing the essential facilities and platforms for new firms to get their feet off the ground.

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