

INDIA MOVING TOWARDS TO FIVE TRILLION ECONOMY THROUGH UNICORN STARTUPS: A STEP TOWARDS SELF – RELIANT INDIA

Dr. Ashish Janakray Dave*
Dr. Neha K. Gadhvi**

ABSTRACT

In general, our India was self – sufficient since ancient times. History is witness to this, that our country has been continuously attacked for centuries. The main reason for this was our prosperity. Before the British rule, in the 17th century, our share in global trade was between 25% to 35%. But during the estimated 300 years of British rule, we were not only physically / geographically enslaved, but by destroying our education system, we were engrossed by the pangs of mental slavery. Even after Independence its mental effect was seen / felt for more than half a century. Not only non-visionary but also the Indian National leadership who was having the foreign ideology were not able to give right direction to the citizen of India.

Keywords: Ancient Times, Global Trade, Mental Slavery, Foreign Ideology, Foreign Productivity.

Introduction

Common Indian people were feeling proud to use foreign products and not only this, but the use of indigenous (aboriginal) production started to give a feeling of complexity due to establishment of such an international propaganda in favor of foreign productivity.

वनं नदी पपी चंद्रो भावेगद् युप्रभादिभिः।

स्वेनैव राजते नित्यमात्मनिर्भरकारणात्।।

Which means, the grace of the forest, the flow of the river, the aura of the sun and the radiance of the moon are always adorned due to their self-sufficiency which indeed started to get acknowledged. Youth started to compete among themselves with new discoveries. To convert their discoveries into requirements, the planning to supply the economic as well as technical tools, and regional youth/producers has welcomed these opportunities. A direct example of this is that during the current pandemic, we have invented our own vaccine for protection against the novel Corona Covid-19 virus. According to the ideology of our culture “Vasudhaiva Kutumbakam” (“The whole world is a family”), we not only manufactured vaccine, but also provided it free of cost to many countries of the world for the welfare of mankind which proves our capability.

The direction in which we could not imagine, the migration started happening through grants / financial support, technical support and training in order to make the country an economic power of 5 trillion dollars with an ideology of everyone’s support, development, faith and effort. The citizen started to realize that being self –sufficient would eventually lead them towards higher self-esteem.

अश्वस्य भूषणं वेगो मत्तं स्याद् गजभूषणम्।

चातुर्यं भूषणं नार्या उद्द्योगो नर भूषणम्॥

* Principal, Shree H K Commerce College, Opp. Handloom House, Ashram Road, Ahmedabad, Gujarat, India.

** Adhyapak Sahayak (Statistics), Shree H K Commerce College, Opp. Handloom House, Ashram Road, Ahmedabad, Gujarat, India.

- **Startup India:** Startup India is an initiative of the Government of India. The campaign was first announced by Indian Prime Minister, Narendra Modi during his speech on 15 August 2015, the action plan of this initiative is focusing on three areas:

Simplification and Handholding.

Funding Support and Incentives.

Industry-Academia Partnership and Incubation.

- **Journey from Startup to Unicorn:** India recently became the third country in the world after China and the US to have crossed the milestone of 108 unicorns. In this year itself (**till January 2023**), the country has produced 22 unicorns – startups valued at a billion-dollar or more. While InMobi was the first startup to gain the unicorn status in 2011, followed by Flipkart, it has been seen that the maximum number of unicorns in India have emerged from the e-commerce sector.

In the year 2021 itself 44 startups entered the unicorn cohort; it is reported that this number is nearer to half of startups of India has minted more than half of its 100 unicorns since the start of 2021. It is also noteworthy that the top four unicorns have now entered the Decacorn level i.e. companies which have a valuation of **\$10 billion and above**. Overall a transition from Unicorn to Decacorn is being noticed globally.

Research Methodology

The study conducted is explanatory and is based on Secondary data available in various websites and Research articles. The planning conducted by the government in order to boost startups which in turned took it to Unicorn Cohort has also been summarized and visualized. The data for number of Start-ups and number of Unicorns has been collected year wise. Sector-wise Unicorn companies has been represented in this article. A sample of 70 Unicorn company has been analyzed in order to understand the significant variable for company losing the Unicorn Status.

Objective of Study

- To summaries the Action points made by The Government of India in order to facilitate Start-ups.
- To Analyses the number of Start-ups year wise.
- To analyses the trend for number of Unicorn companies emerging.
- To highlight number of unicorns sector wise.
- To study Factors responsible for losing Unicorn Status of a company.

Hypothesis

H₀₁ : There is no significant relationship between Unicorn status lost and Company Publically Listed.

H₀₂ : There is no significant relationship between Unicorn status lost and Valuation at entry level.

H₀₃ : There is no significant relationship between Unicorn status lost and Valuation as of now.

Summary of Start-up Action Points

There were in total 19 Action points in order to enhance the process of boosting start-ups. This action points had been looked after by various Ministry and were handled smoothly. Below are the details of each Action point:

Action Number	Action	Objective	Ministry / Department Responsible
1	Compliance Regime Based on Self – Certification	To reduce the regulatory burden on startups thereby allowing them to focus on their core business and keep compliance cost low	Ministry of Labour and Employment (MoLE) Ministry of Environment, Forest and Climate Change (MoEFCC)
2	Startup India Hub	To create a single platform for engagement of various startup ecosystem stakeholders and enable knowledge exchange while promoting access to funding	Department for Promotion of Industry and Internal Trade (DPIIT)
3	Rolling-out of mobile app and portal	To serve as the single platform for startups for interacting with Government and regulatory institutions for all business needs and information exchange among various stakeholders	Department for Promotion of Industry and Internal Trade (DPIIT)

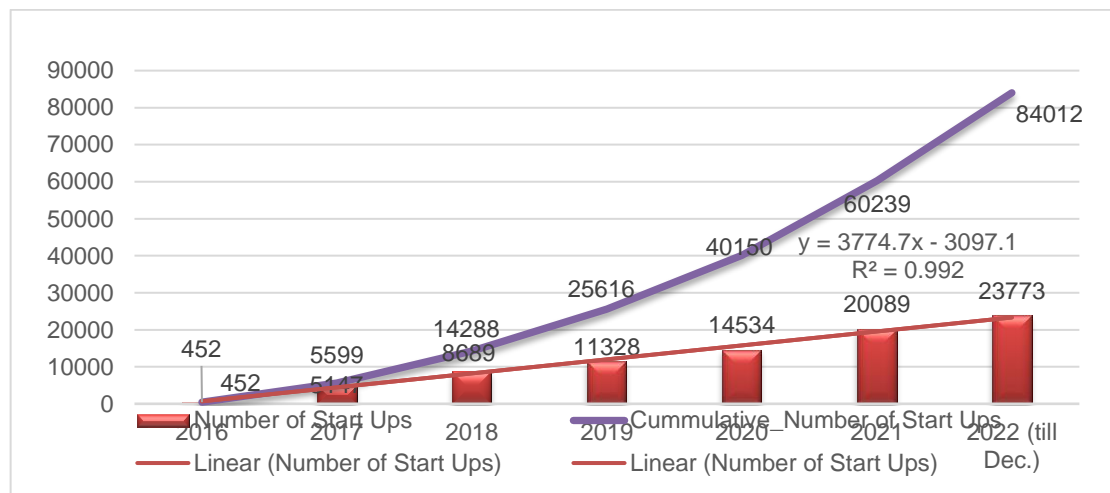
4	Legal support & fast-tracking patent examination at lower costs	To promote awareness and adoption of IPRs by startups and facilitate them in protecting and commercializing the IPRs by providing access to high quality intellectual property services & resources, including fast-track examination of patent applications and rebate in fees.	Department for Promotion of Industry and Internal Trade (DPIIT)
5	Relaxed norms of public procurement for startups	To provide an equal platform to startups (in the manufacturing sector) vis-à-vis the experienced entrepreneurs/ companies in public procurement	Ministry of Micro, Small and Medium Enterprises (MSME)
6	Faster exit for startups	To make it easier for startups to wind up operations	Ministry of Corporate Affairs (MCA)
7	Providing Funding Support through a Fund of Funds with a corpus of Rs 10,000 crore	To provide funding support for development and growth of innovation driven enterprises	Small Industries Development Bank of India (SIDBI)
8	Credit guarantee fund for startups	To catalyze entrepreneurship by providing credit to innovators across all sections of society	Department for Promotion of Industry and Internal Trade (DPIIT) and Small Industries Development Bank of India (SIDBI)
9	Tax exemption on capital gains	To promote investments into startups by mobilising the capital gains arising from sale of capital assets	Department of Revenue, Ministry of Finance
10	Tax exemption to startups for three years	To promote the growth of startups and address working capital requirements	Department for Promotion of Industry and Internal Trade (DPIIT)
11	Tax exemption on investments above fair market value	To encourage seed-capital investment in startups	Department of Revenue, Ministry of Finance
12	Organising startup fests for showcasing innovation and providing a collaboration platform	To galvanize the startup ecosystem and to provide national and international visibility to the startup ecosystem in India	Department for Promotion of Industry and Internal Trade (DPIIT)
13	Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilisation (SETU) Programmes	To serve as a platform for promotion of world-class Innovation Hubs, Grand Challenges, startup businesses and other self-employment activities, particularly in technology driven areas	NITI Aayog
14	Harnessing private sector expertise for incubator setup	To ensure professional management of Government sponsored / funded incubators, Government will create a policy and framework for setting-up of incubators across the country through public private partnership	NITI Aayog
15	Building innovation centers at national institutes	To propel successful innovation through augmentation of incubation and R&D efforts	Ministry of Human Resource Development (MHRD) and Department of Science and Technology
16	Setting up of 7 New research parks modeled on the research park setup at IIT Madras	To propel successful innovation through incubation and joint R&D efforts between academia and industry	Ministry of Human Resource Development and Department of Science & Technology
17	Promoting startups in the biotechnology sector	To foster and facilitate bio-entrepreneurship	Department of Biotechnology
18	Launching of innovation focused programmes for students	To foster a culture of innovation in the field of science and technology amongst students	Ministry of Human Resource Development (MHRD) and Department of Science & Technology
19	Annual Incubator Grand Challenge	To support creation of successful world class incubators in India	NITI Aayog

Year Wise Number of Start-up pan India

The data collected from the government website demonstrate that there is exponential increase in the number of start-up which can be seen as a post Covid-19 recovery. This Start-up in general

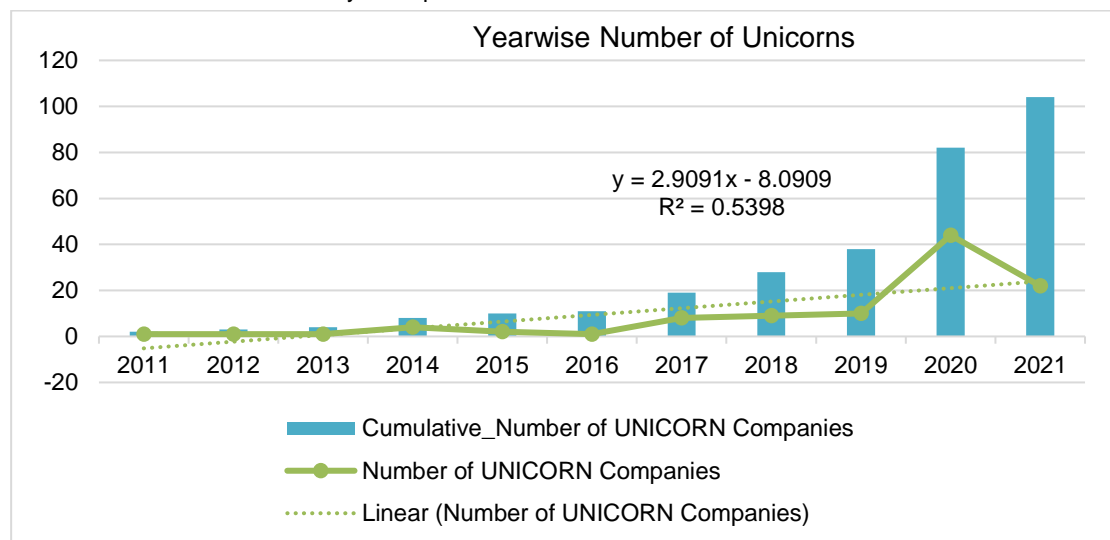
provide employment in huge scale and also brings in funds which boosts our economy in a positive way. The trend line fitted suggests the linear trend with a slope of 3774 i.e. every year we may witness 3774 new start-ups emerging which in turn will keep on up-scaling our economy.

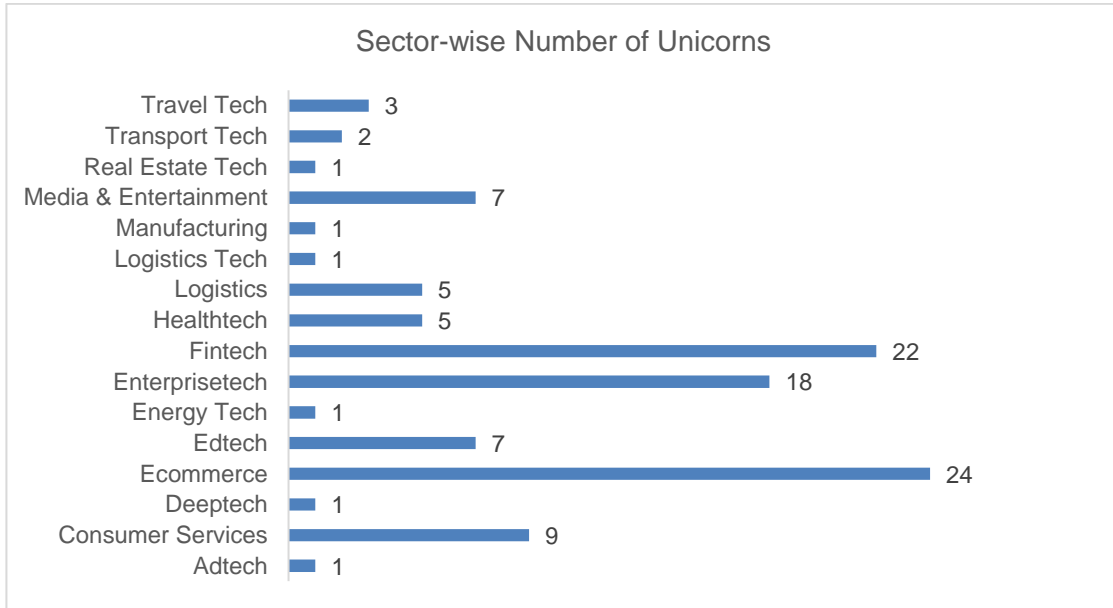
Year	Number of Start Ups	Cumulative Number of Start-Ups
2016	452	452
2017	5147	5599
2018	8689	14288
2019	11328	25616
2020	14534	40150
2021	20089	60239
2022	23773	84012



Year-wise and Sector-wise Number of Unicorns

The rise in the greater number of unicorns benefits all stake-owners as well as for generate employment. 21st century start-ups are backed by high technology with a strong belief in the vision, product, and people. This has created tremendous value for startup-founders, their employees, its investors and the overall economy. It can be rightly said that 1 in every 10 Unicorns in the globe is an India based Unicorn. The largest number of Unicorn has been from E-commerce Sector i.e. 24, then Fintech Sector i.e. 22 followed by Enterprisetech Sector i.e. 18.





Regression Model

There were 5 Start-ups who lost its unicorn status in August 2022. In order to understand which variable turns out to be significant, a sample of 70 unicorns has been examines with respect to its unicorn status as of September 2022, valuation when entered the unicorn label, valuation as of now and is the company publically listed of not. The following is the fitted model along with the results:

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon_{ij}$$

Here, \hat{Y} is unicorn status lost or not, X_1 Represents Company listed or not, X_2 represents the valuation of the company when entered its unicorn era and X_3 represents the present valuation of the company, ϵ_{ij} is the error factor.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.040	.055		.727	.470
	Listed or not	-.041	.090	-.060	-.451	.653
	Valuation entry level	.007	.032	.025	.204	.839
	Valuation as of now	-.001	.005	-.023	-.171	.865
2	(Constant)	.043	.024		1.758	.083

a. Dependent Variable: Lost Unicorn Status

It can be concluded that none of the variable has the significant role to play in losing the unicorn status of the company, there might be other factors responsible for the same.

Conclusion

November 8, 2016, when the Indian Government announced Demonetization it pushed people towards the technological world more encouraging e-payments which further opened platform for start-ups, especially for Fintechs Sector it acted as an Accelerator. Further 'Atamnirbhar Bharat' and 'Make in India' initiatives encouraged local entrepreneurs to move towards Start-ups ideas which were revolutionary. Also, India's ranking on the 'Ease of Doing Business' has improved drastically in the last few years and this motivated the startups to flourish in the years to come. Achieving the milestone was once considered doubtful. But India has shown that the term unicorn no longer holds the same credence as before. As it rained unicorns, it has also been the year of startup IPOs. The listing of Zomato, Nykaa, PolicyBazaar and Paytm were a big boost to the startup environment as it showed that India can give an exit path to investors.

References

1. <http://www.ssipgujarat.in/>
2. <https://theindianpreneur.com/raj-shah/>
3. <https://www.thehindu.com/life-and-style/food/bharat-prajapati-built-a-pani-puri-atm/article32044163.ece>
4. <https://www.amazon.in/Prickly-Fruit-Nectar-Sweetened-Stevia/dp/B07GGYB9JT>
5. <https://www.businessinsider.in/business/startups/news/2021-indias-year-of-the-unicorn-and-its-many-high-points/slidelist/88528773.cms#slideid=88565444>
6. <https://taxguru.in/finance/indias-unicorn-startups-comprehensive-analysis.html>
7. <https://www.investindia.gov.in/indian-unicorn-landscape>
8. Time taken to become Unicorn: <https://www.hellomeets.com/blog/top-unicorns-startups-india/>
9. <https://docs.google.com/spreadsheets/d/1sothwL1eJzaMhmS76el63LKDj06A5y-mI5XNtVzRdA4/edit#gid=0>
10. Unicorn Time and Valuation IPO Status: <https://startuptalky.com/top-unicorn-startups-india/#:~:text=The%20first%20unicorn%20was%20seen,bn%2C%20as%20of%20May%202020.>
11. <https://finlib.in/list-of-unicorns-in-india/>
12. <https://www.investindia.gov.in/indian-unicorn-landscape>
13. <https://www.hellomeets.com/blog/top-unicorns-startups-india/>
14. <https://www.ventureintelligence.com/>
15. [https://www.kaggle.com/datasets/shrikrishnaparab/indian-unicorns-2022.](https://www.kaggle.com/datasets/shrikrishnaparab/indian-unicorns-2022)

