



The Startup India initiative

- How lack of representation for marginalised groups as well as the heavy clustering of start-ups in certain regions has led to entrepreneurial disparities.
- Startup India was introduced in 2016 as a “clarion call to innovators, entrepreneurs, and thinkers of the nation to lead from the front in driving India’s sustainable growth and create large scale employment opportunities.”

Startup India: Disparity

1. The Startup India portal had more than 65,000 startups registered. Of these, 40 attained the ‘unicorn’ status in the last twelve months, bringing the total as of date to 90. He noted that India is now ranked third among global startup ecosystems.
2. However, entrepreneurship continues to be “highly concentrated” in three megacities, namely, Mumbai, Bengaluru and Delhi NCR. Such concentration can lead to increased economic inequality and hinder the emergence of entrepreneurs from other regional clusters.
3. There is an under-representation of women and marginalised caste groups in the national startup ecosystem.
4. The under-representation could be due to multiple factors such as caste-based economic exclusion, the urban and rural divide, lack of access to quality education and limited social networks.

Addressing regional entrepreneurial disparities

1. The networking, training and mentoring facilities provided by Startup India alongside entrepreneurship outreach campaigns in tier-2 and tier-3 cities, helped address regional entrepreneurial disparities in India.
2. The program was aimed at scouting entrepreneurs from these cities and integrating them into the portal. It would then facilitate a network between venture capital funds, angel networks, banks, incubators, accelerators, universities, legal partners, consultants and research & development institutions.
3. The paper states the initiative helped redirect many State govts’ policymaking in favour of startups. Only four States had dedicated startup policies prior to

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its launch. After its launch and as of December 2019, 23 States and two Union Territories had formulated a dedicated startup policy.

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Heavy concentration in megacities

1. Despite the initiative, the researchers pointed out that entrepreneurship continued to be “highly concentrated” in three megacities, namely, Mumbai, Bengaluru and Delhi NCR.
2. The three cities accounted for 93% of all funding raised between 2014 and 2019. The paper pointed out that India’s venture capital industry is also clustered in and around these three cities.
3. Quoting from recent studies, the researchers stated that such concentration can lead to increased economic inequality and hinder the emergence of entrepreneurs from industries other than those belonging to the clusters.



Women in the industry

1. Of 62,000 startups registered with the DPIIT, 46% of them had at least one woman director.
2. RBI’s pilot survey had earlier stated that 5.9% of participating startups in its survey had a female founder in comparison to 55.5% of the opposite gender. The remaining 38.6% had both male and female co-founders.
3. There are dedicated measures taken to spurt women's entrepreneurship. 10% of the fund in the Fund of Funds operated by Small Industries Development Bank of India (SIDBI) has been reserved for women-led startups.



4. Further, all the alternate investment funds where the SIDBI takes equity have been mandated to contribute 20% in businesses that are women-led, women influenced and women employment or women consumption centric.



Ensuring representation

1. The researchers point out that the 40-page Startup India Action Plan document has no mention of the words 'caste', 'tribe', 'marginalised', 'indigenous' or 'social group'.



2. According to them, this contradicts the initiative's very notion of making entrepreneurship in India inclusive. The under-representation could be due to multiple factors, the paper states, such as caste-based economic exclusion, the urban and rural divide, lack of access to quality education and limited social networks.
3. Additionally, the policy's reliance on technology does not take into consideration India's digital divide, especially with respect to urban and rural areas.
4. With reference to government data from 2013, the paper concluded that SC and ST share in the ownership of agricultural establishments including farming, livestock, fishery and forestry were higher in comparison to non-agricultural establishments.
5. The evidence thus suggests the need for targeted measures to promote technology-and innovation-driven entrepreneurship among SC and ST communities. However, the Startup India policy document in its present form does not address this issue.