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A Study on Growth Progress of Start-Ups in The North East India

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Abstract: In today's world of competitive economy, entrepreneurship play a vital role in the growth and progress of the economics of a country. The creativity and innovative ideas of the entrepreneurs led to the industrialisation of a nation. Start-up is one of the leading spirits that serve the nation by removing unemployment and poverty and creating sustainable economic development. Startups in the Northeast states of India have been leading innovation in various sectors such as agriculture, natural resources, healthcare and more importantly in the local culture. This study analyses the effect of Start-up India Campaign in the entrepreneurial ecosystem. The study also focuses on the growth and prospects of start-up companies in North East Indian states.

Key words: Startup, entrepreneurship, growth and development, Northeast India.

1.INTRODUCTION:

Startup is a company in the early stages of operation that an entrepreneur started their own business and develop unique product with an innovative idea and expectation that it will grow and earn profits. So, startup is regarded as an expression of creativity and ambition of entrepreneurs as it acts as forefront to bring a change, development of the technologies, reshaping various business models and attracting the customers. Startups serve as a route for generating large scale of employment opportunities and growth and expansion of the economy that attract talent, money and resources. With the upgradation of technology and creativity, entrepreneurs act as an important kit in every field including education, healthcare, manufacturing, agriculture, IT, food production carrying all the social responsibilities and eliminating all the challenges and problems they faced. Thus, startup play a significant role in nurturing entrepreneurial ecosystem and boost up to access in the global market.

2. START UP ECOSYSTEM IN INDIA:

India leads as the third largest start-up ecosystem in the world. Start-up India was launched by Indian Prime Minister Narendra Modi on 15th August 2015 and commences on 1st January 2016. This initiative aims to build a strong entrepreneurship and innovative ecosystem with an objective of promoting economic growth, providing financial support to the startup entrepreneurs. The benefits provided to the recognised start-ups under the Start-up India initiative are-

1. **Self -Certification-** Startups can self-certify compliance for 6 Labour and 3 Environmental Laws.
2. **Tax exemption-** The Startup India Scheme provides tax exemption for 3 years
3. **Patent Application and Protection-** The startups recognized with DPIIT can process their patents and other intellectual property to file patents and a 50% rebate for filling for a trademark.
4. **Access to Funds-** The Startup Scheme of the government provides Rs.10,000 crore of funds as venture capital.
5. **Easy procurement-** Startups face fewer restrictions in public procurement.
6. **Easy winding up-** A startup company can wind up their business within 90 days from the date of application.

3. SCENARIO OF STARTUPS IN NORTHEAST INDIA:

States like Assam, Manipur, Tripura, Nagaland, Meghalaya, Arunachal Pradesh, Mizoram Sikkim are the North East States of India. Northeast India had newly launched Northeast Entrepreneurship Fellowship which is an initiative to create entrepreneurial ecosystem and trains them. Startups in Northeast India concentrates on natural resources which helps in developing products and services. In order to develop the standard of living of the people in remote areas startups focuses on agricultural sector, connecting them into the market. Thus, there is agrotech development in the rural areas of the region. Startup companies in Northeast India provides innovative solutions by employing technology like e-commerce, travel and home security.

Northeast India startups face many challenges that includes access of funding, infrastructure and marketing. However, the state government take up many initiatives and skill development programs to support the entrepreneurs by giving them financial assistance, tax incentives and creating startup incubation centres. Thus, Northeast Indian startup ecosystem actively boost up young entrepreneurs, women and uneducated unemployed people especially in the rural areas to drive innovative and entrepreneurship in this business world.

4. LITERATURE REVIEW:

Limbu. H. N. (2022) explains that Chief Minister Start-up Scheme (CMSS) of Sikkim is the scheme that aims to promote the economic by giving emphasis to the unemployed youth to increase their entrepreneurial skills and give financial assistance to start their own business.

Das. J. N. & Sharma. S. (2020) analysed the role of business incubators in startup support. The study focuses more on understanding the current startup ecosystem of Assam with the help of various aspects like funding, mentorship, physical facilities, etc.

Das. M. (2023) explain that entrepreneurship in North-East states of India has slowly developed as they neglected to grow for decade. There is a need to emphasis on proper marketing and legal assistance. The author made special focus on how to bring a big change to boost up India's North-East entrepreneurs.

Santoki. S. (2016) conceptualized saying that the North East state of India lack growth of economy, development of people for a decade. However, with the passes of time, things are changing with the aim to nurture North East India's entrepreneurs. The paper attempts to influenced the Northeast entrepreneurs to open up their entrepreneurial talent and add export business in-order to make India a developed country

Solo. M.& Nagi. K. (2017) stated that entrepreneurship has a power of a change in a specific region. There is a need to empower each and every one to grab opportunities, utilize their efforts and strength in-order to exploit the natural resources of different states into probable area to bring growth and development of entrepreneurship in the region.

Borah. P. (2019) explained that the benefit of India's economy depends on the development of North East region as it has many growth opportunities for trade and commerce. The paper mainly focuses on the entrepreneurship scenario of Assam showing the performance and challenges of Assam's entrepreneur.

Balaji. A.& George. A. (2024) analysed the increasing startup in less competitive states and lower tier cities with the state initiative and policies under the Indian Start-up campaign. The paper shows the emerging startup specialisation in different regions and revealed startup hubs in green technology and renewable energy.

Ahir. D. & Mahida. R.G. (2024) analysed the goal of Viksit Bharat@2024 in the startup ecosystem. Their study examines the challenges and opportunities of entrepreneurship in India and provide many suggestions and recommendations to the stakeholders, policyholders and other parties to achieve the goal of Viksit Bharat@2024 startups.

5. STATEMENT OF THE PROBLEM:

Entrepreneurship is regarded as the fourth factors of production. It plays a crucial role in the economic development of a nation. It requires skills, creativity and innovative ideas in-order to grow and expand the business. The introduction of Startup initiative in India leads the entrepreneurship ecosystem by generating large scale of employment opportunities. There is increasing growth of startups in India in these few years. So, there is a need to study the growth of Indian Startups and Northeast Indian Startups.

6. OBJECTIVES OF THE STUDY:

1. To study the status of Startups in India.
2. To analyse the growth and prospects of startups in Northeast India.

7. RESEARCH METHODOLOGY:

7.1 Nature of the Study: The study is both descriptive and analytical in nature since it aims to know the growth of the startups in India and Northeast India.

7.2 Source of data: The study is based on secondary data. The required data and information had been collected from Startup India reports.

7.3 Period covered: The period of the study covers eight years from 2016 to 2023.

7.4 Statistical Tools: Statistical tools like Annual Growth Rate (AGR) and Compound Annual Growth Rate (CAGR) were used for analysis of the study.

8. LIMITATIONS OF THE STUDY:

1. The result cannot be generalised as the study focuses only on the startup companies in Northeast India.
2. The study uses secondary data for analysis.

9. ANALYSIS AND INTERPRETATION:

1. Growth of Startups in India

Table 1: Number of recognised startups during the year 2016-2023.

Year	No. of startups	AGR
2016	452	
2017	5147	91.2%
2018	8689	40.8%
2019	10604	18.1%
2020	13798	23.1%
2021	19371	28.8%
2022	26330	26.4%
2023	34779	24.3%
	CAGR	86%

Source: Startup India

Table 1 clearly reveals the growth of startups in India. There is immense growth of startup businesses during the study period i.e., 2016-2023. The number of startups registered in 2016 is 452 and then started increasing in the following years and reached 34779 startups in the year 2023. This shows that there will be growth in the future years as through the policy of Indian Startup and ecosystem support, India is in a strong position to pursue its route of entrepreneurship growth and reform the status of startups on the international stage.

2.Assam

Assam is famous for tea production in India. Assam's startup developed a flourishing startup ecosystem that comprises of agriculture, tourism, education. Assam has been recognised as a "Leader" in the State's Startup Ranking 2022 by Startup India.

Table 2: Growth of Startups in Assam

Year	No. of startups	AGR
2016	9	-
2017	34	73.5%
2018	67	49.3%
2019	67	0
2022	108	38%
2021	181	40.3%
2022	282	35.8%
2023	362	22.1%
	CAGR	69.5%

Source: Startup India

Table 2 clearly shows that with the introduction of Startup India Scheme Assam has a least number of startups in 2016. However, it started increasing in the following years and reached 362 startups in 2023. The compound annual growth rate is 69.5%, this is due to the offers and benefits supported by the government of Assam through various innovative ways.

3.Manipur

Manipur is a home to the largest cottage industries in India. Startup Manipur robust startup ecosystem with the support from business incubators and accelerators. Handloom and handicraft were the highest rate of startups in Manipur.

Table 3: Growth of Startups in Manipur

Year	No. of startups	AGR
2016	-	-
2017	4	-
2018	7	16.7%
2019	6	-50.0%
2020	12	63.6%
2021	33	57.1%
2022	21	-8.7%
2023	23	9.5%
	CAGR	33.8%

Source: Startup India

From the table 3, it is clearly visible that there is growth of startups during the period 2016-2023. With the incentives and policies of the state government, young and women entrepreneurs started their own business, expand their business and act as a backbone of entrepreneurship development in Manipur.

4.Tripura

The startup scenario in Tripura is progressing and fundamentally support from the incubation and institution. Education sector has the highest rate of startups in the state followed by construction, IT services, healthcare and agriculture.

Table 4: Growth of startups in Tripura

Year	No. of startups	AGR
2016	-	-
2017	-	-
2018	2	-
2019	7	71.4%
2020	23	69.6%
2021	12	-47.8%
2022	24	50%
2023	23	-4.3%
	CAGR	17.6%

Source: Startup India

From the table 4, it clearly reveals that the growth of startups in Tripura started from 2018 and continue to grow in the following years. Though the growth is slow, there is hopefulness of increasing in the future years.

5.Nagaland

Nagaland has prosperous and growing startups with the aim to make top startup destinations, The state offers the incentives to support women entrepreneurs and the local entrepreneurs.

Table 5: Growth of Startups in Nagaland

Year	No. of startups	AGR
2016	1	-
2017	4	75%
2018	2	-100%
2019	2	0
2020	5	60%
2021	6	16.67%
2022	7	14.29%
2023	22	68.18%
	CAGR	55.5%

Source: Startup India

The above table analyse the growth of startups in Nagaland during the study period 2016-2023. The highest rate of startups registered was in the year 2023. This is because of the government financial assistance, infrastructure and commercial climate to set up a new business, incubation centres to support local entrepreneurs.

6. Meghalaya

Meghalaya is rich in horticulture and secured a place among the startup clusters. It has secured "Top Performer in developing a strong Startup Ecosystem" for the second consecutive year in the states status Ranking 2022 by the Ministry of Commerce and Industry, Government of India.

Table 6: Growth of Startups in Meghalaya

Year	No. of startups	AGR
2016	-	-
2017	-	-
2018	2	
2019	5	58.11%
2020	0	-100%
2021	9	100%
2022	10	5.4%
2023	18	34.16%
	CAGR	73.21%

Source: Startup India

The growth of startups during the study period 2016-2023 is represented in the above table. The highest number of startups registered in the state is in 2023. The compound growth rate for the years 2016-2023 is 73.21% due to the provision of excellent institutional support, startups get the opportunities to develop significant technology.

7. Arunachal Pradesh

Arunachal Pradesh is a home to many entrepreneurs as it provides holistic support to local startups through policy intervention and marquee incubator which launched as a key pillar for the Arunachal Pradesh Startup Policy.

Table 7: Growth of Startups in Arunachal Pradesh

Year	No. of Startups	AGR
2016	-	-
2017	-	-
2018	2	-
2019	2	-
2020	0	-
2021	4	106.16%
2022	9	33.33%
2023	17	33.56%
	CAGR	53.42%

Source: Startup India

The above table shows the increasing number of startups in the state. The CAGR for the study period is 53.42%. Arunachal Pradesh Startup Hub provides the financial advice, key direction for the business.

8.Mizoram

Mizoram is regarded as one of the largest bamboo producers in India. Its capital city Aizawl serve as the startup hub providing resources and support to the entrepreneurs. Agriculture sector has the maximum number of startups followed by IT, food and beverage production and healthcare.

Table 8: Growth of Startups in Mizoram

Year	No of startups	AGR
2016	0	
2017	0	
2018	2	100%
2019	2	0
2020	1	-29.29%
2021	2	41.42%
2022	6	73.21%
2023	13	84.62%
	CAGR	45.41%

Source: Startup India

From the table it is clearly visible that in the year 2018 there were 2 startups registered under Startup Mizoram Policy. However, number of startups increase to 13 in the year 2023. Innovation in entrepreneurship in the state makes Mizoram as the favourable place to conduct business.

9.Sikkim

Sikkim is a region with stunning landscape. Startups in Sikkim mainly focuses on travel, tourism and hospitality.

Table 9: Growth of Startups in Sikkim

Year	No. of startups	AGR
2016	0	-
2017	1	100%
2018	0	0
2019	2	66.67%
2020	1	-29.29%
2021	3	73.21%
2022	2	-18.35%
2023	2	0
	CAGR	12.25%

Source: Startup India

From the above table, it is clearly visible that there is slow growth of rate of Startups in Sikkim in the stated years. The CAGR for 2017-2023 is 12.25%. But still there is a chance of increasing growth in the following years.

10.CONCLUSION:

North East Indian states have become apparent spirited hubs for the innovation and entrepreneurship supported by the initiatives and policies of government, desire to innovate in the productive and profitable ecosystem. Despite of all the challenges faces and the slow growth rate, the regions have a favourable ecosystem that helps to access global market in-order to place a sustainable economic growth and startup destination.

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