

Start-ups: The Key to Industrial Resurgence

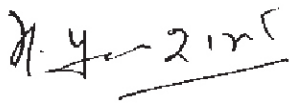
India had been home to a third of the world GDP until the turn of the seventeenth century. As per estimates made by famous British economic historian Angus Maddison, in his well researched and empirically documented book entitled "World Economic History- a millennium perspective", published by the OECD nations from Brussels, India had 33% share in the world GDP from first century AD to 1000 AD, 32% between 1000 to 1500 AD and 22% till the end of the seventeenth century. The same economic glory can be restored by powering start-ups across all sectors through a proper enabling environment and a slew of active promotional and tailor made policy initiatives. Such start-ups have been seen making a bee-line from the pre-independence period to the present. The zest of nation's youth for innovations and start-ups can place India in the front of industrialized countries.

To begin with, a small pre-independence era start-up of village farmers like 'Amul', set up as a village milk co-operative of 126 farmers in 1946 to sell just 247 liters of milk to the new found Bombay Milk Scheme 420 km away at Mumbai, has now got transformed into a Rs.20,000 crore mammoth multi-product co-operative, which has triggered the white revolution in the country. Another similar bright star is the largest bio-pharmaceuticals company of the country- Biocon-founded by Kiran Mazumdar Shaw in the garage of her rented house in 1978, with a capital of mere Rs. 10,000/-. She was even denied a bank loan by the banks, in the initial stage. Now it (Biocon) is a Rs. 500 crore turnover company, whose public issue of shares was oversubscribed thirty times. It manufactures unique bio-pharmaceutical products including DNA recombinant technology based medicines and life saving vaccines for worldwide consumption in more than 100 countries. She started her venture with a single employee and a single equipment, the spectrophotometer, but, today she has 5500 plus employees. Nirma as a detergent brand was another start-up founded by Dr. Karsan Bhai Patel, even without a single employee in the beginning. Karsan Bhai himself was an employee in 1969, who started making detergent part-time by blending chemicals on the floor of his house to sell the same on his bicycle, as a peddler in mornings and evenings. Gradually his business expanded and today he has a turnover of more than Rs. 10,000 crores with employee strength of 14000. If we now take- up the success story of a post - 2010 startup, it is the Rays Power Experts, started by a young 2010-passout engineering graduate Rahul Gupta, who once had to forego filing a tender, as he could not manage the earnest money of just Rs. 1.37 lacs. Initially he had to confine his firm to offering consultancy to other firms in the field of solar power. Gradually, from the income garnered from consultancy, he could start applying for projects at his own from 2012 onwards. Soon, by March 2014 his company touched a turnover of Rs. 350 crore. Now he is eyeing a turnover of Rs. 1000 crores by the end of 2015.

Such startups of young entrepreneurs are legion and growing across all sectors. Likewise, the Infosoft Global was started with a single product item of USD 15 in 2005. Now it has a turnover of above Rs. 50-crore with more than 60 employees. Dhruva, started by three friends has a

headcount of 300, Matrimony.com started by Murugavel Janakiraman in 2001 has a headcount of 4000. Jasper Infotech was started by Kunal Behl and Rohit Bansal in 2007, who later co-founded Snapdeal in 2010 which has become a giant e-commerce venture with a headcount of 1500 plus. Coming to innovations, Dr. Vijay Bhatkar's quest for innovation led him to conceive the idea of a parallel processor, capable of processing information faster just like a Cray super computer at a cost of less than Rs. 1 crore, when India was denied a Cray super computer, even on offering Rs. 24 crore. This has enabled the country to produce the complete series of Param Super-computers with a processing speed upto 500 teraflop. Research and Development is the key to all innovations. Today, Korea, which accounts for just 5% of India's population and area, is the world's largest ship-builder with 28% share, by virtue of spending around 4% of its G.D.P. on R&D vis a vis mere 0.9% being spent by India, which therefore has a mere 0.01% share in world ship-building, in spite of being the 3rd largest producer of steel with a large pool of skilled manpower and long coastline. Unfortunately, our share in nominal world GDP too has now plunged to just 2.5% on exchange rate basis from 32% in 1500 A.D and 3.8% in 1950. In manufacturing, we just have a 2.04% share in world manufacturing vis a vis China's 22.7% share in world manufacturing and 17.5% of the U.S., notwithstanding the fact that we are home to 16% of the global population and have been turning out largest number of engineering graduates in the world.

However, the country can again cross the threshold and restore its old economic glory by facilitating start-up ventures of enthusiastic youth and young entrepreneurs with an enabling environment to usher in an era of 'Made by India' products and brands, through this 'mantra' of start-ups for placing India in the forefront of advanced industrialized countries. The young across the country are over-flushed with strong entrepreneurial locus, ideas and enthusiasm who can en-jewel the whole country with fast budding and bubbling start-ups to restore the same glory of contributing a third of the world economy.



(Prof. Bhagwati Prakash Sharma)

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