

Start-ups and Fostering Innovations

Despite innovation and investment seemingly suffering from 'chilling effect' in perpetuity, India can boast of the creation of several multibillion-dollar enterprises over the past decade. The immense wealth and opportunity created by India's 66 unicorns, not to mention the other billions of dollars of wealth creation by Indian tech businesses seen this millennium are telling of an economic revolution in India. The large-scale adoption of the internet may not seem too important for the entrepreneurial environment in India, but to understand this, it is important to understand what challenges businesses have historically faced in India.

In addition to this, there were a host of infrastructural problems which hindered doing business and ballooned costs. These infrastructural problems manifested in several ways, ranging from a lack of all-weather roads allowing for efficient movement of goods and labor, to a lack of ATMs required in a cash-heavy country where consumers may need to make regular withdrawals to make purchases. This had been a crucial thorn in the Indian Economy's side. Goods manufacturers could not cost effectively and efficiently move goods to nearby areas, access to resources such as electricity and water are not always reliable, and the workforce had limited access to skill development resources. The overall impact of this deficiency has been felt throughout India's history. It has made businesses more risky and less efficient. This is where internet businesses have built a significant operational and economical advantage. The internet by its very nature can be a piece of infrastructure.

Although it may not simplify physically moving goods, the Internet is an information highway, which can either augment or replace the need for several analogue infrastructures. This is particularly visible in FinTech and EduTech. While the internet has not made banks and colleges redundant, the rise of FinTech and EduTech businesses is testament to the fact that these essential services markets still have room to create giants.

The Internet has enabled innovators and risk-taking entrepreneurs to circumvent traditional deficiencies and leapfrog the conventional businesses which have been operating in the conventional markets for much longer.

The Internet became a catalyst for such business growth and the subsequent wealth creation and innovation. It also became a regulatory haven for businesses in an economy with significant compliance costs. The Internet's ability to supplement existing infrastructure to enable better delivery of services and the vast consumer base affected by India's infrastructural shortage has nurtured a perfect environment for businesses to use the Internet as their mechanism to outreach and engage with the customer. This has also significantly widened the amount of people who now have access to crucial services such as education, connectivity, and financial services. The drastic transformation which the internet and innovation in consumer technology has brought about has not only offered solutions to India's legacy problems but has also instilled faith in India's startup ecosystem. The digital ecosystem's innovation-friendly environment has been an incubator for startups and allowed the internet to be an accelerator for startup India, by sheltering entrepreneurs from the saturated orthodox markets. This allowed business to leapfrog and circumvent traditional regulatory and infrastructural challenges to meet pressing unmet demand which was unachievable.