Indian Economy · GS - III

India's emergence as a major startup destination reflects growing entrepreneurial capabilities, but sustained innovation requires more than increased funding. Critically examine the institutional and policy measures needed to strengthen India's startup ecosystem, particularly in emerging sectors such as drones.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
15	~250 words

Answer Hint

Startup India, DPIIT, access to finance, research and development, deep-tech innovation, drone manufacturing, regulatory certainty, skilled workforce, intellectual property, venture capital, commercialisation.

Model Answer

Introduction

India's expanding startup ecosystem reflects entrepreneurial dynamism, digital infrastructure and investor interest. Growth in emerging sectors such as drones indicates opportunities for technological innovation and industrial competitiveness.

Institutional and Policy Support

1. **Startup India:** Provides recognition, facilitation and incentives to eligible startups.
2. **Financial support:** Fund of Funds for Startups and other financing mechanisms improve access to venture capital.

3. **Innovation ecosystem:** Atal Innovation Mission promotes incubation, mentoring and entrepreneurship.
4. **Sectoral policies:** Drone-related initiatives encourage domestic manufacturing, innovation and wider commercial applications.

Persistent Constraints

- Limited patient capital for research-intensive and deep-tech startups.
- Dependence on imported components and critical technologies.
- Gaps in advanced skills, testing facilities and research-industry collaboration.
- Regulatory uncertainty and difficulties in scaling from prototypes to commercial production.
- Uneven access to funding beyond major startup hubs.

Way Forward

India needs stronger university-industry partnerships, targeted deep-tech financing, domestic component manufacturing and predictable regulations. Public procurement can create demand for indigenous innovations, while effective intellectual property protection can encourage research investment.

Conclusion

Startup success should be measured not merely by funding or company numbers, but by technological depth, productivity, employment and global competitiveness. A strong innovation ecosystem can advance India's ambition of technological and economic self-reliance.

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