

“STARTUP INDIA: AN OVERVIEW”

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ABSTRACT

In this Paper tried to examine Start up India- An Overview. The central Government has recently launched the much anticipated and needed initiative called as ‘Start-up India’. The government has issued an action plan to help start-up companies and encourage entrepreneurship in India. We all know that how difficult and challenging it is to establish a Start up company in India. A start up company may have to handle corruption issues, lack of financial resources, complex approval processes etc., to see the light of the day. Also, most of the start-ups are either opposed or killed by the big corporate at the initial stage itself. Most of the funding of Indian start-ups comes from foreign venture capitalists and Private Equity funds. Startup India is a flagship initiative of the Government of India, intended to build a strong Eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. This paper mainly focused Startup India Scheme. India is a country in South Asia. It is the seventh-largest country by area and the second most populous country with over 1.2 billion people. Large population implies a large potential market in India, however, it also leads to heavy employment pressure in Indian society. In recent years the self-employment consciousness among college students are increasing and the students are less likely to rely on parents or schools or wait for opportunities. Instead, they tend to take initiative to look for new chances for themselves. This research aims to investigate the challenges of financing startups in India. This paper is intent to explore the overall view and main difficulties faced by startups in India. In this article I have cover the topics are meanings of startup, Business Plan, funding for startup projects, action plan, Role of large Business and startup business challenges.

KEYWORDS: Startup India, Business Plan, Action Plan, Funding, Initiative

MEANING OF STARTUP:

Currently a clear definition of a ‘Startup’ does not exist in the Indian context due to the subjectivity and complexity involved. Considering various parameters pertaining to any business such as the stage of their lifecycle, the amount and level of funding achieved, the amount of revenue generated, the area of operations, etc, some conceptual definitions are available in the public domain. These have been sourced and enumerated below to provide an indicative understanding on the space to the reader. The Department of Industrial Policy and Promotion (DIPP) is also working around a clear definition for startups and is expected to make it public in due course. But, the simple meaning in the mind of common man is a startup is a young company that is

beginning to develop and grow, is in the first stages of operation, and is usually financed by an individual or small group of individuals. A startup company or startup or start-up is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner. In the early stages, startup companies' expenses tend to exceed their revenues as they work on developing, testing and marketing their idea. As such, they often require financing. Startups may be funded by traditional small business loans from banks or credit unions, by government-sponsored Small Business Administration loans from local banks, or by grants from non profit organizations and state governments.

"This is startup the individual that he must move ahead Startup India Standup India will bring a big opportunity for young people across the country, be in manufacturing, service sector or agriculture."

CURRENT STATUS OF INDIAN STARTUP:

- India is 3rd largest startup hub.
- Average age of startup founders is 28 Yrs.
- 9% of total startup founders are women
- Average no. of new tech startups have moved from 480 in 2010 to 800 in 2015. Expected to increase to 2,000 in 2020
- Total Tech startups are expected to increase to 11,500 in 2020 from 4,300 in 2015
- Majority of startups and/or investors are from Metro cities
- Approximately 43% of total startups are Tech-based
- Approximately 50% growth in share of female entrepreneurs in the last 12 months
- The number of incubators has grown by 40% to 110 during 2014-15
- Approximately 60% of new jobs were created by SMEs during 1993-2013 50% (approx.)
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ROLE OF LARGE BUSINESSES IN STARTUPS:

Big corporate generally focuses on innovation, performance excellence and risk management in order to compete in the dynamic global business environment. Issues related to tightening of research and development budgets, increasing digital disruption and organisational bureaucracy make it difficult for large companies to innovate on their own. Rising number of corporate are looking in search of diverse information, creative people and processes at the smaller companies or star-ups. Many corporate are now shifting their focus from investments into their own research and development to investments in multiple source of innovation, focusing



in particular on technology based start-ups. Ratan Tata recently invested an undisclosed sum in Tracxn, a Bengaluru-based startup intelligence firm.

STARTUP BUSINESS CHALLENGES:

- The Indian culture has conditioned people to look down upon failure. For failures, opinions do come by but encouragement rarely so.
- Entrepreneurship is often about failing and learning from those failures and starting all over most common questions for anyone to become an entrepreneur.
- Problem related to creating a business idea, finding business opportunity or having a vision. Issues related to reward/incentive analysis, risk evaluation or any other benefits.
- Issues related to legalities and requirements such as clearances, licenses, approvals required.
- Issues related to resource availability including finances, technology and manpower supplier again.
- People need to start accepting failures and allow second chances.
- People are conscious about risk and rewards, and India is referred to as a price sensitive market.
- Most founders of failed startups feel that the lack of proper guidance and mentorship is a major reason behind their failure.
- An important factor behind failures and slow growth of some organisations is the lack of quality mentorship, especially in terms of industry knowledge/support.
- Indian markets are largely unorganised and fragmented that create a roadblock for a startup to succeed.
- Behaviour of Indian consumer changes in every 30-50km that makes it really difficult for a startup to create business or market strategy for their products or services.
- Most startups generally get stuck in stagnancy and gradually shut down.
- An important problem faced by startups is related to location of their business.
- India is a place of varied culture and taste and thus every product might not be welcomed equally in every region.
- Technology infrastructure, Appropriate IT-infrastructure has become a need for Indian businesses given the growing number of consumers online. It is absolutely vital for new startups to train their employees for handling critical customer information such as that of credit card numbers and related data.
- Cyber security is Most startups have a B2B business model. This is where cyber risk may rise as they are not aware of potential risks that might exist for their startup business.
- No back-up plan to keep the startup company running when an accident destroys some key equipment in their data centre.



- Financial Issues, Operational finance, Funding/Capital Deficiencies and Cash flow management.
- Most startups are self/family funded with limited workforce which makes it difficult to maintain records both financial and operational.
- Flawed business models and lack of innovative revenue strategies have led to the failure of many startups and they are forced to shut down operations.
- Overcoming unnecessary business steps to manage business operations.
- Access to capital has been a perennial problem for startups, Effective cash management is an important factor to achieve objectives both short term and long term.
- Sustainability Issues is the level of knowledge that business advisers have about ecological issues and their willingness to discuss this with their clients is important in creating business ventures.
- Lack of information is provision of more information directly to business founders could help in the adoption of more sustainable business practices.
- Not aware of potential that might exist for their startup business.
- Role of public funding in promoting sustainable enterprises is often overlooked.
- Regulatory Issues is multi window clearances.
- Budding entrepreneurs have to make multiple trips to government offices to register and seek clearances.
- Taxes like octroi, VAT, excise creates problems for entrepreneurs while starting up a business.
- NASSCOM has batted for the exemption of both direct and indirect taxes for all startups in India.
- Taxation is a barrier for technology adoption and proves to be an immense hurdle for budding entrepreneurs.
- With taxation out of the way, startups will be able to stem the cash outflow.

ACTION PLAN FOR STARTUP INDIA:

- **Self Certification:** The startup will adopt self-certification to reduce the regulatory liabilities. The self-certification will apply to laws including payment of gratuity, labour contract, provident fund management, water and air pollution acts.
- **Startup India Hub:** An all India hub will be created as a single contact point for startup foundations in India, which will help the entrepreneurs to exchange knowledge and access financial aid.
- **Register Through App.:** An online, in the shape of a mobile application, will be launched to help startup founders to easily register. The app is scheduled to be launched on April 1.



- **Patent Protection:** A fast-track system for patent examination at lower costs is being conceptualized by the central government. The system will promote awareness and adoption of the Intellectual Property Rights (IPRs) by the startup foundations.
- **Rs 10,000 Crore Fund:** The government will develop a fund with an initial corpus of Rs 2,500 crore and total corpus of Rs 10,000 crore over four years, to support upcoming startup enterprises. The Life Insurance Corporation of India will play a major role in developing this corpus. A committee of private professionals selected from the startup industry will manage the fund.
- **National Credit Guarantee Trust Company:** A National Credit Guarantee Trust Company (NCGTC) is being conceptualized with a budget of Rs 500 crore per year for the next four years to support the flow of startups.
- **No Capital Gains Tax:** At present, investments by venture capital funds are exempt from the Capital Gains Tax. The same policy is being implemented on primary-level investments in startups.
- **No Income Tax for Three Years:** Startups would not pay Income Tax for three years.
- **Tax Exemption for Investments of Higher Value:** In case of an investment of higher value than the market price, it will be exempt from paying tax.
- **Building Entrepreneurs:** Innovation-related study plans for students in over 5 lakh schools. Besides, there will also be an annual incubator grand challenge to develop world class incubators.
- **Atal Innovation Mission:** The Atal Innovation mission will be launched to boost innovation and encourage talented youths.
- **Settling Up Incubators:** A private-public partnership model is being considered for 35 new incubators and 31 innovation centres at national institutes.
- **Entrepreneurship in Biotechnology:** The government will further establish five new biotech clusters, 50 new bio incubators, 150 technology transfer offices and 20 bio-connect offices in the country.
- **Dedicated Programmes in Schools:** The government will introduce innovation-related programmes for students in over 5 lakh schools.
- **Legal Support:** A panel of facilitators will provide legal support and assistance in submitting patent applications and other official documents.
- **Rebate:** A rebate amount of 80 percent of the total value will be provided to the entrepreneurs on filing patent applications.

CONCLUSION:

Indian Government has given a new direction of life to Indian people. Indian Government has lighting the lamp in poor people's life through such kind of scheme and brought acrid in their life. Youth should use such scheme



and get benefit for their bright future and achieve their goal. From this campaign people have to get knowledge regarding this and try to work their best and make in India.

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