



**A STUDY ON “CONSTRUCTIVE IMAGE CREATED BY START-UP INDIA INITIATIVE AND ITS POSITIVE IMPLICATION WITH REFERENCE TO YOUNG PEOPLE IN INDIA”.**

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**ABSTRACT**

*In India, prime minister has initiated to promote entrepreneurship from the root level to the limits of sky. To understand this concept we can correlate with the first generation entrepreneurship to the current 4<sup>th</sup> industrial revolution there are so many ways to start our own business this has various methods to determine like the collaboration of department of Industrial promotion, ministry of small and medium scale enterprises, other ministries which are supportive either directly or indirectly and chamber of commerce's all over the country to encourage or define the activities in one step or single level process which is very important to this scheme. We also consider few points that may have relation between the Skill India and start-up India has because the moto of this two schemes are strongly arguing the creation or generation of the employment and reduction of the poverty in our country. The strategic advantage lies to understand the activities like policies formulation as well as the implementation of the policies in real practice has a critical issue or problem lies in this aspect.*

*This paper focusses on the how people are responding or perceiving about this scheme after the successful completion of two years and suggested changes are elaborated.*

## **Introduction:**

Start-up India is an initiative of the Government of India. Indian Prime Minister, Narendra Modi during his 15 August 2015 address from the Red Fort, In New Delhi, first announced the campaign. The action plan of this initiative is based on the following three pillars:

1. Simplification and Handholding.
2. Funding Support and Incentives.
3. Industry-Academia Partnership and Incubation.

An additional area of focused relating to this initiative is to discard restrictive States Government policies within this domain, such as License Raj, Land Permissions, Foreign Investment Proposals, and Environmental Clearances. The Department of Industrial Policy and Promotion (DIPP) organized it. A start-up defined as an entity that is headquartered in India, which was opened less than seven years ago, and has an annual turnover less than ₹25 crore (US\$3.9 million). Under this initiative, the government has already launched the I-MADE program, to help Indian entrepreneurs build 1 million mobile app start-ups, and the MUDRA Banks scheme (Pradhan Mantri Mudra Yojana), an initiative that aims to provide micro-finance, low-interest rate loans to entrepreneurs from low socioeconomic backgrounds. Initial capital of ₹200 billion (US\$3.1 billion) has been allocated for this scheme.

### **a) Key points**

- ❖ 10,000 crore start-up funding pool.
- ❖ Reduction in patent registration fees.
- ❖ Improved Bankruptcy Code, to a ensure 90-day exit window.
- ❖ Freedom from mystifying inspections for first 3 years of operation.
- ❖ Freedom from Capital Gain Tax first 3 years of operation.
- ❖ Freedom from tax for first 3 years of operation.
- ❖ Self-certification compliance.
- ❖ Create an Innovation hub, under the Atal Innovation Mission.
- ❖ To target 500k schools, and involve 1m children in innovation related programmes.

### **b)Government's role**

The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 such start-up support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).

The Reserve Bank of India said it would take steps to help improve the 'ease of doing businesses in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

### **c) States Assessment**

Southern States of India have shown great performance, like Karnataka, Kerala, Andhra Pradesh and Telangana, which have results better than the rest of the country in terms of their policies implementations for supporting start-ups. Their focus has been on improving infrastructure, especially in the Tier-II cities. Bengaluru, a metro city of Karnataka, is known as the Silicon Valley of India. Kerala is well known for the government's start-up policy, "Kerala IT Mission", which focus on fetching ₹50 billion (US\$790 million) in investments for the State's start-up ecosystem. It also made India's first telecom incubator Start-up village in 2012. The state also matches the funding raised by its incubator from Central government with 1:1. Telangana has launched the largest incubation centre in India as "T-Hub". Andhra Pradesh has allocated a 17,000-sq.ft. Technological Research and Innovation Park as a Research and Development laboratory. It has also created a fund called "Initial Innovation Fund" of ₹100 crore (US\$16 million) for entrepreneurs. The government of Madhya Pradesh has collaborated with the Small Industries Development Bank of India (SIDBI) to create a fund of ₹200 crore (US\$31 million). Rajasthan has also launched "Start-up Oasis" scheme. In order to promote start-ups in Odisha, the state government organised a two-day Start-up Conclave in Bhubaneswar on November 28, 2016. The main objectives of the event would be to motivate youth towards entrepreneurship, highlight the start-up ecosystem in Odisha and attract more start-ups to the state.

### **Research Objective:**

To determine the growth and trends in Indian start-up ecosystem with the various factors that are influenced by both direct or in direct as well as the demographic perception towards the scheme Start-up India.

### **Review literature:**

Agarwal V.K (1975) in his study on “Initiative, Enterprise and Economic Choices in India” revealed that the entrepreneurship entitles the ability to identify the resources and perceive their economic potential and shows a willingness to utilise these resources and to invest in their development, deferring immediate rewards in favour of future investment.

Sharma R.A (1980) in his study on “Entrepreneurial Change in Indian Industry” revealed that entrepreneur as one who through new combinations of means of production introduces new goals, new methods of production, new markets and a new source of supply of manufactured goods and carries out effective organization of any industry.

Uddin (1989) conducted a study on “Factors affecting Entrepreneurial growth; Entrepreneurship Development in India” found that the developing countries women entrepreneurs face considerable repercussions within their families and social relationships because of the role transformation from that of the traditional homemaker to a businessperson. To cope with these psychological stresses women require great confidence and mental resolve. Researchers do believe that these psychological traits like need for achievement, power, and affiliation are those that can be developed.

Rani (1996) examined the socio-economic background of women entrepreneurs, analysing their motivational factors, major strengths and weaknesses against their environmental threats and opportunities. It also investigated the degree of work-home conflict and its effects on enterprise performance. They prefer micro-enterprises as they could be managed together with discharge of their domestic responsibilities.

Kalyani and Chandralekha (2000) in their study revealed that various socio-economic and demographic characteristics have significant effect on enterprise management of women entrepreneurs. The study was conducted in four districts of Andhra Pradesh and a sample of 300 women entrepreneurs was taken. The study revealed that those women were able to manage business activities effectively who received support from husband and family. Women entrepreneurs hailing from poor economic groups had not much exposure to

training. Majority of women didn't have any business experience and were motivated by family members. Women seemed satisfied with their work and believed that business brought positivity in their life. Like educated women, illiterate women also practiced different techniques for efficient management but it was educated for multidisciplinary developmental approach.

MadhuMauthy K (2003) in her study on "Entrepreneurs, Evaluation of the Concept and Characteristics", revealed that the dominant characteristics of women entrepreneurs are self-confidence, perseverance, determination, energy, diligence, resourcefulness, ability to take risks, need to achieve creativity, initiative, flexibility, positive response to challenges, independence, foresight, dynamism, leadership, versatility, knowledge of product and technology, responsiveness, profit-orientation, perception and optimism.

Lefcourt (1981) an individual with strong internal locus of control may tend to believe that she can influence and alter situation through the exercise of her skills and knowledge. Strong internal control tends to bring in self-confident. Hence, women entrepreneur with strong internal control is likely to seek opportunities to improve her enterprise by trying new techniques and technologies that will enhance its growth. The opposite is likely for the strong externally controlled individuals. Research has however demonstrated strong linkages between locus of control and behaviour in areas as diverse as physical and mental health, intellectual achievement, and entrepreneurship.

Druker P.F (1985) in his study on "Innovation and Entrepreneurship Practices and Principles" revealed that the entrepreneur always searches for a change, responds to it and exploits it as an opportunity.

### **Research Methodology**

Data collected from 253 respondents of various groups and used descriptive statistics for analysis

### Overall Data analysis:

	How much political influence is involved in starting a start-up?	What extent investors are willing to invest on Indian start-ups?	What is the impact of Start-up is on family owned business?	What extent institutional support is there for setting up a start-up?
Mean	3.11	2.89	2.61	2.61
Median	3.00	3.00	2.00	2.50
Mode	3 <sup>a</sup>	2 <sup>a</sup>	2	1 <sup>a</sup>
Std. Deviation	.996	1.373	1.342	1.300
Variance	.992	1.884	1.800	1.689
Skewness	-.225	.332	.459	.138
Std. Error of Skewness	.153	.153	.153	.153
Kurtosis	-.571	-1.068	-1.133	-1.324
Std. Error of Kurtosis	.306	.306	.306	.306
Range	4	4	4	4

### Frequency Table

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	98	38.9	38.9	38.9
	Male	154	61.1	61.1	100.0
	Total	252	100.0	100.0	

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	18-25 years	126	50.0	50.0	50.0
	26-30 years	56	22.2	22.2	72.2
	31-40 years	70	27.8	27.8	100.0
	Total	252	100.0	100.0	

### Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	doctorate	14	5.6	5.6	5.6
	Graduation	70	27.8	27.8	33.3
	Intermediate	28	11.1	11.1	44.4
	post-graduation	140	55.6	55.6	100.0
	Total	252	100.0	100.0	

### Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	business	28	11.1	11.1	11.1
	private employee	84	33.3	33.3	44.4
	student	140	55.6	55.6	100.0
	Total	252	100.0	100.0	

### Do you believe start-up India scheme is working in India?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	maybe	42	16.7	16.7	16.7
	no	70	27.8	27.8	44.4
	yes	140	55.6	55.6	100.0
	Total	252	100.0	100.0	

**How much political influence is involved in starting a start up?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	5.6	5.6	5.6
	2	56	22.2	22.2	27.8
	3	84	33.3	33.3	61.1
	4	84	33.3	33.3	94.4
	5	14	5.6	5.6	100.0
	Total	252	100.0	100.0	

**What extent investors are willing to invest on Indian start-ups?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	42	16.7	16.7	16.7
	2	70	27.8	27.8	44.4
	3	70	27.8	27.8	72.2
	4	14	5.6	5.6	77.8
	5	56	22.2	22.2	100.0
	Total	252	100.0	100.0	

**Start-up India is a job creation for unemployment what do you say**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree	70	27.8	27.8	27.8
	dis agree	14	5.6	5.6	33.3



neutral	70	27.8	27.8	61.1
strongly agree	98	38.9	38.9	100.0
Total	252	100.0	100.0	

**What extent institutional support is there for setting up a start-up?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	70	27.8	27.8	27.8
	2	56	22.2	22.2	50.0
	3	42	16.7	16.7	66.7
	4	70	27.8	27.8	94.4
	5	14	5.6	5.6	100.0
	Total	252	100.0	100.0	

**What is the impact of Start-up is on family owned business?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	56	22.2	22.2	22.2
	2	98	38.9	38.9	61.1
	3	14	5.6	5.6	66.7
	4	56	22.2	22.2	88.9
	5	28	11.1	11.1	100.0
	Total	252	100.0	100.0	

**Which way is appropriate to shut our start-ups?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	communicate to investors	84	33.3	33.3	33.3
	give your team a clear answer	28	11.1	11.1	44.4

mergers and acquisitions	70	27.8	27.8	72.2
start with innovation	70	27.8	27.8	100.0
Total	252	100.0	100.0	

**What are the un supporting factors to start a start-up?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	family support	56	22.2	22.2	22.2
	financial support	98	38.9	38.9	61.1
	government support	56	22.2	22.2	83.3
	institutional support	28	11.1	11.1	94.4
	Technological Support	14	5.6	5.6	100.0
	Total	252	100.0	100.0	

**What extent Start-up India 19 point action plan is working**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	average	70	27.8	27.8	27.8
	bad	28	11.1	11.1	38.9
	good	154	61.1	61.1	100.0
	Total	252	100.0	100.0	

**"All pitching ideas leads to setup a start-up" what do you say on this point**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	may be	84	33.3	33.3	33.3
	no	70	27.8	27.8	61.1
	yes	98	38.9	38.9	100.0

Total	252	100.0	100.0
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### In which phase start-ups are competing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid establishment	70	27.8	27.8	27.8
expansion	28	11.1	11.1	38.9
growth	84	33.3	33.3	72.2
introduction	70	27.8	27.8	100.0
Total	252	100.0	100.0	

### At which level Indian Start-ups are reaching to get funding from investors?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid angel investor funding	56	22.2	22.2	22.2
ipo (Initial Public Offering)	70	27.8	27.8	50.0
mezzanine financing & bridge loans	42	16.7	16.7	66.7
seed capital	56	22.2	22.2	88.9
venture capital financing ( series A , B, C, ...)	28	11.1	11.1	100.0
Total	252	100.0	100.0	

### Recommendations and suggestions:

From the data we identified different parameters that the scheme initiation is very good initiative but there is no employment creation as well as the reports which has used as secondary data also replicates every individual is coming up with an idea some are at establishment stage some are at growth stage but the critical issue lies in the supporting

factors like institutional support and family support. The suggestive measures has to renovate the scheme and identify the correct person that may work or beneficiary to both government and society, which is appropriate for both parties. Another suggestive method is we identifies only nine start-ups are surviving out of hundred in both domestic and global operations and the investors are looking for the best idea and they are also ready to invest amount the decision part lies in an individual or team which make a way to success for their new born start-ups. Alternatively, the nineteen-action plan working implementation is at the middle of the sea which means for some people it is working and for some people it is not working so that no need to change these plan because it depends on nature and scope of utilisation is to be considered. Finally we would address this in terms of political involvement in the establishment of start-up is major opinions are lying at 4<sup>th</sup> and 5<sup>th</sup> level of the scale also the collaboration of all departments are needed to make this unique scheme to make India stand up at the global competition.

### **Conclusion:**

It is concluded based on the study that Start-up India initiation is a good activity that has done by Government of India but there is a positive trend going on in the minds of the people especially in the youth. This would be continued for future to generate employment and promote entrepreneurship in all verticals with the changes in the policy standards and protection of intellectual property rights. To add provisions which aid the closure of dead companies within 90 days. Foreign exchange regulations are to be in tune with investor needs.

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