



Start-up Direction in India

Rajesh S

Assistant Professor of Commerce

Government First Grade College, Doddaballapur, Bangalore Rural - 561203

Abstract: This research paper delves into the Start-up India Campaign initiated on August 15, 2015. The primary objective of this article is to shed light on start-ups and the proactive measures taken by the Indian government. Start-ups represent innovative companies that prioritize development, analysis, evaluation, and research for their target segments. The paper will comprehensively explore various government policies, plans, schemes, and strategies pertaining to start-ups. In the current era, start-ups have become a focal point of discussion, and the Start-up India Campaign specifically aims to augment bank financing for start-ups, fostering entrepreneurship and increasing job opportunities.

Keywords- direction, entrepreneur, government, start-up, strategies.

I. Introduction:

These days start-up has become a buzzword in the business world. Ongoing academic events are revolving around this buzzing concept and governments, world-wide, are seriously rolling out schemes to familiarise the Start-Up culture. The concept of start-ups has evolved over time, with changes in technology, business practices, and global economic landscapes shaping the way entrepreneurship is perceived and pursued. Basically, Start-up is a refined and renewed form of an entrepreneur. It is a juvenile organization that has just started to emerge. Start-ups, characterized by their innovative approaches to development, analysis, evaluation, and research for targeted market segments, have become a driving force in the contemporary business environment.

A startup is a newly established business or company that is typically characterized by innovation, a high growth potential, and a focus on addressing a specific market need. Startups are often associated with technology-driven industries, spanning various sectors, including healthcare, finance, education, and more. It can encompass any new entrepreneurial venture, business, or partnership firm designed to achieve a scalable and sustainable business model.

The trajectory of start-ups in India has gained considerable momentum in recent years. The prime minister of India, Narendra Modi, in his Independence Day speech on August 15, 2015, initiated the Start-up India program and on 16th January 2016 the campaign was officially flagged by the finance minister Arun Jaitley. Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India (<https://startupindia.gov.in>, 2016). The

main aim of the government is to provide maximum help and support for the newly emerging businesses and ideas. The support will be in the form of finance, technology, economic, social as well as environment. With this campaign, the business landscape has witnessed a notable surge in entrepreneurial endeavors. This initiative is dedicated to bridging the economic gap and fostering development with the aim of igniting entrepreneurial spirit at the grassroots level. It has infused a sense of positivity and confidence among Indian entrepreneurs (Dutta, AETM' 2016).

II. Review of Literature:

In recent years, it has become evident that the understanding of leadership needs to expand beyond the traditional top-down heroic model (Day et al., 2004; Pearce, 2004; Yukl, 2002). The shared leadership process brings significant awareness to the dynamics of entrepreneurship. It is essential for the expansion and extension of new start-ups. Ensley, Hmieleski, and Pearce (2006), are of the opinion that the descriptive value of shared leadership surpasses that of vertical leadership. This implies that the well-publicized instances of daring startups, where individual creativity and innovation single-handedly lead to fame and success, may be more of a myth than a reality. Bosma, Praag, Thurik, and Wit (2002) conducted an extensive study on companies that invest in human and social capital to enhance performance. They highlighted the challenge of disentangling whether the positive outcomes are a result of such investments or if innovative entrepreneurs inherently allocate more resources to their human and social capital. The study revealed that entrepreneurs with greater skills in their respective industries tend to outperform their counterparts. In conclusion, the research emphasized that the investment in human and social capital contributes to improved entrepreneurial performance. Goyal and Parkash (2011) concluded in their research paper that the status of entrepreneurs is more favourable than in the past. There is a concerted effort by economies to promote and enhance entrepreneurship, with governments actively raising awareness and implementing necessary measures. They emphasized the importance of structuring startups effectively, combining business expertise to navigate evolving trends and changes in the business environment, and positioning themselves for success in the entrepreneurial arena. Similarly, Caliendo, Kunn, Wiebner, and Hogenager (2015) examined the distinctions between subsidized startups arising from unemployment and non-subsidized startups from non-employment. Their findings indicated that initiators of subsidized startups possess formal education, although they have less employment experience and exposure to the industry. They concluded that the primary constraint among the unemployed is the limitation of wealth stock in terms of personal equity and access to loans.

III. Objectives and Methodology:

The research is grounded in secondary data obtained from diverse sources such as websites, newspapers, magazines, government reports, books, and research papers. The study is designed with the following objectives:

- 1). To understand the concept of startup.

- 2). To analyse the important bottlenecks faced by the start-ups.
- 3) To study the government initiatives.
- 4). To study the influence of various policies, programs, agencies involved in enhancing the start-ups.

IV. Roadblocks Faced by the Start-Ups

Startups encounter various roadblocks that can impede their growth and success. Some common challenges faced by startups include:

- a) Securing adequate funding is a significant challenge for many startups.
- b) Competition from established competitors and differentiating the products or services and market share is very challenging.
- c) Attracting and retaining skilled and motivated employees is a hurdle, especially when competing with larger companies.
- d) Compliance with laws and regulations adds to operational complexity.
- e) Economic fluctuations and uncertainties can impact consumer spending, investor confidence, and overall stability.
- f) Establishing trust and building a brand name among consumers and stakeholders takes time.
- g) Adopting and integrating new technologies can be daunting for startups.
- h) Scaling a business while maintaining efficiency and quality can be challenging. Rapid growth can strain resources and operations.
- i) Startups need to be agile and adaptive to changing market conditions. Resistance to change or failure to pivot, when necessary, can hinder success.
- j) Legal challenges, such as intellectual property disputes, contractual issues, or regulatory fines, can pose significant threats to startups.
- k) Understanding customer needs and preferences is critical for sustained success.
- l) Scaling internationally brings additional challenges, including cultural differences, regulatory compliance in multiple jurisdictions, and adapting products or services to diverse markets.

V. Direction by the Government:

The Indian government has taken several initiatives to promote and support startups in the country. The flagship initiative in this regard is the "Startup India" campaign, launched on January 16, 2016. The campaign aims to build a strong ecosystem for nurturing innovation, driving economic growth, and generating employment opportunities. Here are some key directions and measures taken by the Indian government to support startups:

1. Startup India Action Plan:

The government introduced a comprehensive action plan that includes a range of incentives and support measures for startups. This plan covers areas such as simplifying regulations, providing tax benefits, and facilitating funding.

2. Tax Benefits:

Startups in India can avail various tax benefits, including a three-year tax holiday, exemption from capital gains tax, and a reduced tax rate for eligible startups. These measures are intended to encourage entrepreneurship and attract investment.

3. Funding Support:

The government has established the Fund of Funds for Startups (FFS) with a corpus of Rs 10,000 crores. The FFS invests in SEBI-registered Alternative Investment Funds (AIFs) that, in turn, invest in startups.

4. Startup India Hub:

The Startup India Hub serves as a single-point contact for all stakeholders in the startup ecosystem. It provides information, resources, and assistance to startups, investors, and incubators.

5. Innovation and Research Parks:

The government has proposed to set up Startup India showcases and incubators in various institutions, fostering innovation and research. The government plans to lay seven innovative research parks, including six in the Indian Institute of Technology campuses and one in the Indian Institute of Science campus. A private-public partnership model is being considered for 35 new incubators and 31 innovation centres at national institutes.

6. Simplification of Regulations:

Efforts have been made to simplify regulatory processes for startups. The goal is to reduce the bureaucratic hurdles and make it easier for entrepreneurs to establish and operate their businesses.

7. Intellectual Property Rights (IPR) Support:

The government offers fast-track examination and a 80% rebate on patent filing fees for startups. This encourages startups to protect their intellectual property. A committee of moderators will give legal help and reinforcement in complying patent applications and other papers.

8. Collaborative Platforms:

The government encourages the creation of incubation centers, innovation labs, and collaborative platforms to facilitate networking and knowledge exchange among startups.

9. Ease of Doing Business:

Initiatives like the "Make in India" campaign and improvements in the ease of doing business rankings aim to create a conducive environment for startups to thrive.

10. State-Specific Initiatives:

Several Indian states have also launched their own startup policies and initiatives to complement the national efforts, tailoring support to local ecosystems.

11. Skill Development Programs:

Skill development programs focus on equipping entrepreneurs with the necessary skills and knowledge to navigate the business landscape successfully.

12. Faster exit:

If an entrepreneur is unsuccessful then the government will help him to get a particular resolution for their complication.

These directions by the Indian government reflect a commitment to fostering a vibrant startup ecosystem, encouraging innovation, and promoting economic growth. The ongoing efforts seek to position India as a global hub for entrepreneurship and technological innovation.

VI. Successful Start Ups in India:

Supportive to initiatives by government, India has seen many start-ups, which helped in the growth of the economy. In every sector like retail, hotel industry, medicine, education, transportation etc, start-ups emerged like a boom. Few of the leading start-ups are Flipkart, Oyo Rooms, Chaayos, Ola cabs, Paytm, Redbus, Zomato, Zivame, Justdial, Pepperfry, LImeroad, Quikr, Cardekho, Practo, Urbane ladder, policybazar, Grofers, Shopclues, Nearbuy, Voonik, Inmobi, Firstcry, Yepme, Mobikwik, Bigbasket, Nykaa, Hopscotch, Bluestone, Caratlane, Paperboat, Gojavas, Craftsvilla, Roposo, Voylla, Babyoye, Naaptol etc. (Dutta, AETM' 2016).

VII. Conclusion:

The present-day scenario witnesses a prolific growth of startups akin to a burgeoning grapevine. New age people with novel and innovative ideas of doing business are increasingly venturing into entrepreneurship, with a willingness to take risks, showcasing their commitment to sustaining credibility. The Indian startup ecosystem strives to cultivate an environment enriched with essential elements such as education, talent, innovation, and incubators, coupled with the active support of funding agencies and government initiatives.

As per Nasscom, India has secured the third position in the global startup ecosystem, reflecting an impressive growth rate exceeding 65% in the year 2015. Startups not only provide entrepreneurs with an opportunity to educate and inspire others but also serve as platforms for ideation and execution. Despite encountering challenges, entrepreneurs exhibit resilience and determination, corresponding to the rising sun. Their unwavering commitment enables them to channel their energy into planning, supporting, and realizing their dreams, thereby contributing significantly to economic growth.

The recent initiatives for startups encompass streamlined processes, facilitating rapid approvals for business commencement, simplified exit procedures, tax rebates, and expeditious patent registrations. This proactive approach holds the potential to generate employment opportunities, especially crucial amid a downturn in the manufacturing sector. Recognizing that the journey from a novel idea to a successful venture necessitates proper support and mentoring, these initiatives aim to provide the requisite ecosystem for startups to thrive.

REFERENCES

1. Dutta, A. (AETM' 2016). Start-up Initiative. *IOSR Journal of Business and Management*, 93-97.
2. M. Goyal and J. Prakash, "Women entrepreneurship in India-problems and prospects", *Zenith International Journal of Multidisciplinary Research*,1(5), 2011.
3. M.D. Ensley, K. M. Hmieleski and C. L. Pearce, "The importance of vertical and shared leadership with in new venture top management teams: Implication for the performance of the startups", 2006.
4. N. Bosma, M. V. Praag, R.Thurik and G. D. Wit, "The value of human and social capital investment for the business performance of start-ups", 2002.
5. M. Caliendo,S.Kunn,F. Wiebner and J. Hogenacker, "Subsidized start-ups out of unemployment :A comparison of regular business start-ups, IZA Discussion Papers", 8817, 2015.
6. http://www.iisermohali.ac.in/Start-upIndia_ActionPlan_16January2016.pdf
7. <https://www.speakingwalls.in/blogs/speaking-walls/85632515-eight-challenges-faced-by-an-indian-start-up>
8. <http://www.iamwire.com/2015/10/biggest-roadblocks-faced-start-ups-india/124312>
9. <http://indiatoday.intoday.in/education/story/start-up-india-stand-up-india/1/573128.html> indiatoday.in new delhi, 2016.
10. <https://startupindia.gov.in>. (2016). *About Startup India*. Retrieved from <https://www.startupindia.gov.in/content/sih/en/about-startup-india-initiative.html>.
11. <http://yourstory.com/2015/12/india-100-top-start-ups-2015/>
12. <http://www.indianstartups.com/>