

# STARTUP INDIA STAND UP INDIA: A NEW PLATFORM FOR ENTREPRENEURS

Swati Sharma<sup>1</sup>, Annu<sup>2</sup>

<sup>1</sup>Research Scholar (M.Phil), Department of Commerce, Bhagat Phool Singh Mahila Vishwavidyalaya, Khanpur Kalan Sonipat, India

<sup>2</sup>Ex- student (M.com), Department of Commerce, Bhagat Phool Singh Mahila Vishwavidyalaya, Khanpur Kalan Sonipat, India

**Abstract:** India is the second largest population country in the world where more than 60% of 15-64 years and 74% literacy Rate. This indicates human resource capital and to tap this opportunity, a revolutionary step has been taken by Indian ministry of commerce & industry under the name "Start up India". The purpose behind this campaign is to encourage entrepreneurship and employment generation. Startup India is about challenging conventions and urging a revolution of unique and exclamatory business model. Therefore the present study is carried out with an objective to discuss the various initiatives taken by Indian government.

**Key words:** Startup India, Action plans, Financing, Entrepreneurship

## INTRODUCTION

Initially India was known for its cheap human resource and exporter of human capital. It is anticipated that by 2020, India will be the home town of 112 million human capital falling in the age limit of 20-24 years; the same is the reason behind low product development and innovation. But it is not too late to initialize set up India for growing up Indian economy.

When a person starts their new business, he/she has to face many problems like financial problems, problems regarding permission or investment proposals. The Indian government worked on these problems and fills the gap in economy and its development. The Indian government starts an initiative called Startup India. Startup India is launched by Modi government for the better future of youths of India. Basically it is a refined mode of entrepreneurship. The main aim of this campaign is to provide help and support to the entrepreneurs. This support is in form of finance, economic, technology etc.

By fostering innovation and startups built a strong ecosystem in the country and startup India is a drastic step taken by government of India. Sustainable economic growth and large scale employment opportunities are anticipated outcome of the "Startup" agenda along with startup moment from digital sector to all other sector including agriculture industry, service sector etc.

## DEFINITION OF STARTUP

On 17<sup>th</sup> April 2015, the Ministry of Commerce and Industry released a notification to define the term "startup". According to the notification a business is consider as startup if-

- It is incorporated or registered in India not prior to five years.
- Its turnover is not more than INR 25 crore in any preceding year.
- It is working innovation, development, deployment or commercialization of new products, process or services driven are technology or intellectual property.

This definition is only for the government enlisted startup scheme.

## REVIEW OF LITERATURE

**Rani (2017)** discuss the opportunities and challenges faced by entrepreneurs as well as government while announcing the scheme. The study mainly focuses on the challenges faced by government and the opportunities that were available under this scheme. The study suggested that government as well as entrepreneurs work together to face the challenges and make the scheme effective.

**Surbhi Jain (2016)** has presented a detailed study on growth of startups ecosystems in India. She highlighted various initiatives and action plans of Startup India and found that India had a very high scope for growth of startup ecosystem in India and through startups India offer help for the entrepreneurs.

**Madhura Wagh (2016)** has highlighted various action plans of startup India that support the entrepreneurs. In her paper she discuss the positive aspects of action plan that was entrepreneurship will be promoted right from school and Incubation support was provided at various level and suggested that if initiatives was implemented properly then it will become success for entrepreneurship.

**Akanksha Dutta (2016)** explains the concept of Startup campaign started by Modi government and highlights the initiatives and action plans of startup India. She also explains the reasons behind setting up startups and concluded that more than 65% growth was seen in year 2015.

**Anurag Garg (2016)** this paper describes the various financial challenges faced by entrepreneurs in India by Startups. He also explains various financial resources that are available for entrepreneurs and concluded that are various financial resources but still their was many difficulties that are faced by entrepreneurs. He suggests that they need more support from government.

**Omid Sharifi, Bentolhoda Karbalaei Hossein (2015)** they describes the various financial challenges that are faced by the startup in India and concluded that major lead in technology leads investors to raise the bar in term of how many legwork entrepreneur are expected to do before even pitching their companies.

## NEED FOR THE STUDY

Starting a new business is not an easy task. Many factor influences at the initial stage such as finance, land permission, family support, security, advice, investment proposal etc. This study highlights the various initiatives taken by government for Startup India. These action plans support entrepreneurs and helps to do their business efficiently.

## RESEARCH METHODOLOGY

This study is based on secondary data and the data is collected from 'Startup India action plan 2016'. This study is descriptive in nature. The objectives of the study are:

1. To highlight the initiatives of Startup India.
2. To discuss about various action plans of Startup India.
3. To study about the growth of startup India.

## ACTION PLAN OF STARTUPS

19 point action plan is announced for this initiative. Action plan is divided into three across areas that are;

1. Simplification and handholding.
2. Funding support and incentives.
3. Industry- academia partnership & Incubation.

### Simplification and handholding

The objective of this area is to reduce regulatory burden on startups.

1. **Self-certification compliances regime-** Regulatory regime for Startup has been made more simplified and flexible allowing new entrepreneurs to focus on their core business activities otherwise labour and environment laws are time consuming and complicated which put the burden on Startups. Startups are allowed self-certification through Startup mobile app with 9 simplified labour and environments laws.
2. **Startup India Hub-** A single contact point called "All-India Hub" is to be created to exchange knowledge and access to financial aid for entrepreneurs to improve the ease of doing business "Startup India Hub" so created work with central and state government, Indian and foreign VCs, legal partners, Incubators, banks, consultants, R&D institutions.
3. **Mobile App and Portal-** To interact with government and regulatory institutions on a single platform an online portal in the form of mobile application launched starting from April, 2016. Mobile app provide accessibility for;
  - Startup registration with ministry of corporate affairs and registrar of a firm.
  - Tracking status of registration application.
  - Filling for complains and obtaining information on various approvals/clearance/registration.
  - Collaborating with various startups ecosystem partners.
  - Applying for various schemes.
4. **Patent examination and legal support-** The scheme for startup intellectual property protection(SIPP) facilitate fast track system for the patent examination, trademarks at lower cost various measures conceptualized by central government include:
  - Startup patent application fast tracking.
  - Panel of facilitators to assist in filling of IP applications, central government bearing cost of these facilitators.
  - Rebate on filling of application.
5. **Relaxed norm of public procurement for startup-** Prior experience or prior turnover eligibility conditions for the procurement of tender floated by various agencies restrict entry of startups. To facilitate ease in doing new business, at least 20% procurement from micro, small and medium enterprises has made mandatory by central government.
6. **Faster exist for startups-** On the consequence of business failure, simple wind-up process has been proposed for startups. The insolvency and bankrupts bill, 2015 (IBB) contains the provisions for fast track and voluntary closure of businesses.

### Funding Support and Incentives

7. **Funding support through a 'fund of funds'**- Fund setup with initial corpus of Rs. 2500 Crore and 25 Crore per year provide by the government. This board was setup to support various sectors such as agriculture, health, manufactures, education.
8. **Credit guarantee fund for startups-** Banks were involved to flow venture funds under credit guarantee fund in order to encourage experiments among new entrepreneurs through disruptive business model. National credit guarantee trust company (NCGTC) and straight industrial development bank of India (SIDBI), empowered with budgetary corpus Rs. 500 Crore per year for next 4 years.
9. **Tax exemption on capital Gains-** investment in funds of funds by the person having capital gain during the year shall be exempted from tax on the condition that fund of funds should be recognized by government in order to promote technology related Startups computer software or any such software used in core business activity shall be treated as, "purchase of new asset".
10. **Tax exemption to Startups for 3 years-** To facilitate growth and meet the need of working capital, a tax exemption for a period of 3 years is allowed to the startups. This also provides a strong competitive platform to the newly setups.
11. **Tax exemption on investment above fair market value-** Income where actual consideration for issue of share exceeds its fair market value, amount shall be taxable under the income from other sources but fair market value determination is not possible in contact of startups so tax being levied under Section 56(2).
12. **Startup fest for innovation and provide a collaboration platform-** Government plans to organize one national and one international startup festival annually for showcasing innovation and providing a collaboration platform. The fest includes sections to connect with investors, mentors, incubators and startups. They showcase innovations, exhibitions and product launching.

**Industry Academia and Partnership Incubators**

13. **Atal Innovation Mission-** Atal innovation mission launch with self employment and talents utilization programs. It has 2 core functions that are entrepreneurship promotion and innovation promotion. In entrepreneurship promotion, specific sector incubators and 500 tinkering labs will be established. It also helps seed funding to potentially successful and high growth startups. In promoting innovation, 3 states and 3 national level innovation awards will announced. State innovation council provides awareness creation and organizing state level workshops. Grand innovation challenges Awards are also launched for finding ultra-low cost solutions to India's pressing and intractable problems.
14. **Harnessing private sector expertise for incubators setups-** Government intends to create a policy and framework for setting up of incubators across the country in public private partnership. 35 new incubators in current institutions will be setup along with funding support of 40% shall be provided by the government, 40% funding from State government and 20% funding by private sector. Central government will also provide grant of 50% for 35 new incubators by private sector.
15. **Building innovative centers at National Institutions-** Government setup 13 startups centers of annual funding support of 50 lakhs for 3 years to encourage student driven Startup from the host institute and 18 technology business incubators at NITs/ IITs/ IIMs etc providing smooth approvals to have separate society and build up space.
16. **Setting up research parks-** To proper successful innovation through incubation and joint R&D efforts, government shall setup 7 new research parks in IITs and IIS with an initial investment of INR 100 Crore each. The research parks shall be modeled based on research park setup at IIT madras.
17. **Promoting startups in biotechnology sector-** To faster bio-entrepreneurship, five new bio-clusters, 50 new bio-incubator, 150 technology transfer offices and 20 bio-connect offices will be setup in research institutes and universities across India. Bio technology equity fund also introduced to provide financial assistance to young biotec startups.
18. **Programs for students-** Innovation focused program is launched such as innovation care to target school kids with an outreach to 10 lakhs innovation from 5 lakh schools, NIDHI instituted through innovation and entrepreneurship development centers to support and award 10 Lakh to 20 students, innovation and Uchhattar Avishkar Yojana is to provide 250 Crore per annum towards fostering very high quality research among IIT students.
19. **Annual incubator Grand Challenge-** To build world class incubators in india, government of india identify and select 10 incubators and provide financial assistance of INR 10 crore which may be used for improving the quality of services.

**CONCLUSION**

At present startup are growing at a high rate even females are also a part of startups. Startups boost the economy of the country. It also increases per capita income. Now the government is also supporting the startups. Startup is an opportunity for entrepreneurs to create new ideas and innovation but still they are facing many problems. This new initiative of startups for approval, tax rebate, faster registration, financial support etc. boost the morale of entrepreneurs. This initiative holds the potential of creating jobs.

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