

STARTUP INDIA: INSTIGATING ENTREPRENEURSHIP & INNOVATION

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ABSTRACT:

Startup Scheme was launched on 16th January 2016. The main objective is to provide support to all start-up businesses in all aspects of doing business in India. Under the plan, the startups will acquire self-certification to decrease the regulatory liabilities. The study focus on issues and hurdles to encourage innovation and entrepreneurship in our country by startup plan.

KEYWORDS: Innovation, entrepreneurship, startup.

INTRODUCTION:

Startup plan was launched on 16th January 2016. The main aim is to provide support to all start-up businesses in all aspects of doing business in India. Under the plan, the startups will adopt self-certification to reduce the regulatory liabilities. An online portal, in the shape of a mobile application, will be launched to easily register. The app is scheduled to be launched on April 1. 19 Plans for startups are as follows:

- 1) **Self Certification-** The startups 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.
- 2) **Start-up India hub-** A hub will be made as a sole contact point for start-up basis in the Indian economy, which will support the entrepreneurs to interchange knowledge and access financial help.
- 3) **Registration by app-** An online portal, in the form of a mobile app, will be introduced to support start-up promoters to simply register. The app is scheduled to be launched on April 1.
- 4) **Patent protection-** A fast-track procedure for patent scrutiny at cheap costs is being developed by the Indian Central Government. The procedure will boost awareness and acquisition of the (IPRs) Intellectual Property Rights through the start-up assumptions.
- 5) **Rs. 10000 crore fund-** The government will develop a fund with an initial corpus of Rs.2500 crore and a total corpus of 10000 crore over four years, to support upcoming startup enterprises. A corporation named Life Insurance Corporation of India will act a huge role in generating this corpus. A committee consists of private professionals choose from the startup industry will handle the corpus fund.
- 6) **National Credit Guarantee Trust Company (NCGTC) -** A NCGTC is being generated with a budget of Rs. 500 crore per year for the next four years to support the flow of funds to startup industries.
- 7) **No Capital Gains Tax-** At present, investments by venture capital funds are exempt from the capital gain tax. Similar policy is being executed in initial level of investments in startup industries.
- 8) **No Income Tax for three years-** Startups would not pay income tax for three years. This policy would revolutionize the pace with which startups would grow in future.
- 9) **Tax exemption-** If an investment is of higher value than the prevailing market value, it will be exempted from tax perception.
- 10) **Making Entrepreneurs-** Study plans relates to innovation related for students in schools. Excepting, there will also be a yearly incubator grand hurdle to make high class incubators.
- 11) **Atal Innovation Mission-** This will be launched to increase innovation and promote talented youngsters.
- 12) **Building incubators-** A public private partnership model is being examined for 31 innovation centers and 35 new incubators at national institutes.
- 13) **Research parks-** The government plans to set up seven new research parks, including six in the Indian Institute of Technology campuses and one of the Indian Institute of Science campus, with an investment of Rs. 100 crore each.
- 14) **Entrepreneurship in biotechnology-** Indian government will further develop 50 new bio incubators, 05 new biotech clusters, 20 bio-connect offices and 150 technology transfer offices in the country.
- 15) **Dedicated programmes in schools-** The government will introduce innovation related prorammes for students in over 5 lakh schools.
- 16) **Legal Help-** Legal experts will give legal help and support regarding submitting patent applications and many other official documents.
- 17) **Rebate-** A rebate amount of 80 percent of the total value will be provided to the entrepreneurs on filing patent applications.
- 18) **Easy Rules-** Norms of public procurement and rules of trading have been simplified for the startups.
- 19) **Easy exit-** Solutions of the problems arise due to failure of startup, govt. will support the entrepreneurs through various steps. If they fail again, the government will provide an easy way out.

The above benefits are the reasons that many entrepreneurs were excited by the announcements made by Prime Minister Narendra Modi as part of the Startup India Action Plan. Therefore, the startup entrepreneurs and other person are happy that they can now receive get the tax and other benefits after commencing a new business.

CONDITIONS FOR START UPS:-

- 1) It must be an body incorporated/ registered as a:
- 2) Private Limited Company under the Companies Act, 2013; or
- 3) Registered Partnership firm under the Indian Partnership Act, 1932; or
- 4) Limited Liability Partnership under the Limited Liability Partnership Act, 2008.
- 5) Five years must not have elapsed from the date of incorporation/registration.
- 6) Annual turnover (as defined in the Companies Act, 2013) in any preceding financial year must not exceed Rs. 25 crore.
- 7) Startup business must be employing towards development, innovation, commercialization or deployment of new things, services or processes driven by intellectual property or technology.
- 8) The Startup must aim to develop and commercialise:
 - a) a new thing or process or service; or
 - b) a considerably improved surviving service or product or process that will generate or increase value for consumers or enterprise.
- 9) The Startup business must not only be indulged in: generating service or product or processes which do not have capable for commercialisation; or uniform services or products or processes; or services or products or processes with no or little incremental value for consumers or enterprise.
- 10) The Startup must not be formed by splitting up, or reconstruction, of a business already in existence.
- 11) The Startup has obtained certification from the Inter-Ministerial Board, setup by DIPP to validate the innovative nature of the business.

ISSUES:

1. **Compliance regime based on self-certification:** This is for ease of doing business and must be done for all businesses and not just start-ups. From the concept to initiate operations takes 06 to 18 months.
2. **Startup India hub:** Operated and controlled by Indian government. It refuted Prime Minister Modi's call for little government. They could have given those funds to organizations such as TIE, NASSCOM etc. to create those hubs and run them.
3. **To ease in startup process:** Huge simplification of doing business is required not just for start-up business but all other businesses.
4. **Patent protection:** It is a proclamation of intent and not a policy drive: Will have to stand by and watch how corruption sink mired government organizations/offices make this take place. Except this, IPR procedure and Patent must be made translucent, not just for startup business but for other business also.
5. **Legal Help:** Legal support is provided by Government to start-ups through various measures.
6. **80% rebate on patent applications:** Nothing substantive. The filing fees of Intellectual Property Rights are between Rs. 1600 to Rs. 12000.
7. **Lenient norms of public acquisition:** A proclamation of intent, not a policy drive. The core that survives in government acquisition should anyways be smashed.
8. **Quick Exits:** This is where the government could have made a bolder move. We should enable the profitable business to combine with the loss oriented company. Today, we were trying to purchase company which had positive synergies with our company. It had been in survival for 8 years and was depriving of money with 45 person on its rolls. When examining, the amalgamation would have create a sense, if the losses due to tax were also used. The cost we reached at was much more than the profits since tax losses. But the uncertainty of allowing the M&A by tax authorities killed the deal. We should try to make merger and amalgamation easier simpler, gainful in taxation and easier. We could have saved 45 jobs, a company and still made the entrepreneur earn something for his pain and effort. Alas, it was not to be.
9. **Funds of Rs.10,000 crore:** This is a government scheme. You could have operated it by banks as various already have such plans.
10. **Capital Gains Tax:** This is a huge step although we should anticipate the fine print in the provisions of budget. The capital gains tax currently favours investments in listed entities. Investment on start up business bears higher tax and higher risk. This is a laughable situation when you are trying to motivate startup business and innovation. If they indeed change capital gains tax and bring it on par with the existing capital gains tax, it will be a big move that can drive funding towards startups.
11. **Exemption of tax:** This is high in optics but doesn't mean much. It is same giving sunglasses to the blind. In an economy where not even 1% of startup business exists after five years, not even one percent of that 1% earns a benefit in the first three years. Tax exemption for whom? And what is it about commencing after 1st April 2016?
12. **Fair Market Value formula:** It was an initiator of exploitation. An obstacle has been vanished.
13. **Startup fests:** The government should be avoided. All you require to do is vanish the service tax on newly established startups and luxury tax on venues and you will watch these disappear.
14. **Introducing the Atal Innovation Mission etc.:** Government launched Innovation mission, research parks, incubators and bio-clusters etc. for support the startups through reducing government interference.

CHALLENGES:

1. **Courage to start your own business:** Starting your own business is not a easy task. You require a lot of dare and power to leave your job and commence your own business. One requires be firming and assuring regarding his/her aims. You require assuring yourself that there is a requirement of that product in the market and you are the perfect people to make it.
2. **Is your idea big enough:** Idea is the most significant hurdle which each entrepreneur faces? What you want to do? What type of business you are going to deal in? Who are your target audiences? Is your Idea really worth giving a chance? These are little doubts that would arise in your mind and you require finding solutions for them.
3. **Augmentation of Capital:** Money is another important obstacle faced by a promoter/ entrepreneur. Now you have to decide how, when and from whom you are going to increase the needed capital. At times, person requires to reboot their start-up for a longer span of time.
4. **Procurement of right talent:** There is a requirement of team, if you have decided to start your own business. Behind every successful business is a dream team - be it finding a right co-founder or the founding start-up team. Getting someone, who believes in your idea/venture as much as you, to make it work are always difficult, but yet the most crucial.
5. **Effective marketing on limited budget:** Being a start-up business it's necessary to make transparency among your customers. You need to reach your target audiences by using effective marketing techniques.
6. **Financial Security:** For a start-up to be a successful enterprise one needs to answer two most important questions – ‘Do I have enough savings to ensure my family’s financial security?’ and ‘Does the business have sufficient funds to assure at least a year’s airstrip?’ If you realize you have sufficient savings for the home and family, then you can simply concentrate on the start-up business that you are establishing. Along with it, if your start-up has enough working capital, then you have the ability to take bigger risks.
7. **Stress Management:** It is a common phrase ‘No pain no gain’. Promoter/entrepreneur has to go through various strains – whether it is associated with its family and business. To run a smoothly and successful business one requires to be very calm and strong. So if you are initiating your own startup, then be ready to handle with the daily strain.
8. **Policies:** Government is the single largest enabler for the entrepreneurial ecosystem. Role of Indian government of doing business and supporting companies to commence is necessary to assuring success. The latest World Bank Ease of Doing Business (out of 189 economies) ranks India at an abysmal 142 where starting a business rank for the country is even lower at 158. It is unnaturally difficult to commence a business in India and various laws and rules means it takes about 30 days to obey in compare to only 9 days in (Organisation for Economic Co-operation & Development) OECD countries. The role of government has so far been restricted to providing loans and grants, but without an productive, capable environment, execution is far off the aim. In this context it will be fascinating to watch the form of the currently proclaimed Startup Fund in the budget of this year. For startups to flourish and prosper, the Indian government has a lot to do and find out the significance of promoters in the development of Indian economy.
9. **Facing Failure:** It's not necessary that every idea of yours will work. With introducing of new products and services and upcoming new markets comes under “failing fast”. If you're doing a plenty of new things, not each & everything will work properly and you will not arrive at each of that ideas.

CONCLUSION:

This (startup India) could be a successful step by the Indian government regarding developing and promoting business startups that would further encourage ‘Digital India’ and ‘Make in India’ campaigns but there are hurdles that should be mannerly handled, vacant no room for mismanagement of funds and wastage of fund.

If the mobile app portal starts, there will be a mob of promoters/entrepreneurs for registering their startup businesses. It should be a good condition if the government firstly determines a team of successful promoters/entrepreneurs to choose the luminary candidates. Any sort of biasness in this matter would waste this earnest and praiseworthy initiative by the Government.

A few years later, India could be a self-sufficient and strong nation if our suitable startup business could receive the needed support to open up new chances in our country, India.

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