

Startup India – Present Scenario, Scope and Challenges

Sebanti Show*

Abstract: *Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. Indian Government intends to make an eco-system that promotes all entrepreneurship at startup level. Make in India and Digital India is also boosting up the campaign of startup India. At present India is amongst the top five countries in the world in terms up startups with more than 10000 startups. In this respect, the paper aims to find out the present scenario of new start up ventures in India; to analysis the scope and challenges faced by these ventures.*

Keywords: *Startup Campaign; Startup ventures; 19 Plans; Challenges.*

*Faculty of Commerce, Shri Shikshayatan College
Email ID- sebantishow@gmail.com, Contact No. – 99831429920

Introduction:

Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. Indian Government intends to make an eco-system that promotes all entrepreneurship at startup level. Make in India and Digital India is also boosting up the campaign of startup India. The main objectives of startup India are to provide necessary freedoms and exemptions in connection with starting up in ventures like 80% reduction in patent registration fee, providing modified and more friendly Bankruptcy Code to ensure 90-day exit window, freedom from mystifying inspections for 3 years and from Capital Gain Tax for 3 years, freedom from tax in profits for 3 years, providing Self-certification compliance, Innovation hub under Atal Innovation Mission, offering new schemes to provide IPR protection to start-ups and new firms, encourage entrepreneurship etc. the startup life cycle generally comprises of three cycles:

Pre-start up → Start up → Growth

Start up India's main aim is to support entrepreneurship at startup level only. At present India is amongst the top five countries in the world in terms up startups with more than 10000 startups. These startup ventures are surely going boost up our economic growth and employment

opportunities. In this respect, the paper aims to find out the present scenario of new start up ventures in India; to analysis the scope and challenges faced by these ventures.

The study is divided into six sections. Literature review is discussed in Section-II. Section-III deals with the objective of paper. Research methodology is highlighted in Section-IV. Section-V discusses the analysis and findings. Section-VI concludes the study.

Literature Review

On the last Independence Day, Prime Minister Narendra Modi had introduced the Start-up India, Stand Up India' initiative. For this, there is no such study made on this emerging topic. However some of advisory firms like Grant Thornton International Ltd., Grant Thornton in India and ASSOCHAM have jointly provided their meaningful advice on this topic. According to them, a startup is a young, dynamic company built on technology and innovation wherein the founders attempt to capitalize on developing a product or service for which they believe there is a demand.

Objectives of Study

The specific objectives of this study are:

- to find out the present scenario of new start up ventures in India;
- to analysis the scope and challenges faced by the start up ventures in India.

Research Methodology

The study is based on entirely secondary data available in the official website of NASSCOM and World Bank report on startup venture. NASSCOM is the industry association for the IT-BPM sector in India. A non-profit organization funded by the industry, its objective is to build a growth led and sustainable technology and business services sector in the country. Tables are used to analysis the data.

Analysis and Finding

a) Present scenario of new start up ventures in India (at the end of 2015)

Table A: Sector Composition of Startups

Total startups 10000 plus (approx.)	
Sector Composition of Technology Based Startups 4300	Sector Composition of Nontechnology based Startups 5700
E-commerce-33%	Engineeerinr-17%
B2B-24%	Consturction-13%
Consumer Internet-12%	Agri products-11%
Mobile apps-10%	Textile-8%
SaaS-8%	Printing and packing-8%
Others-13%	Transport-6%
	Others-37%

Source: NASSCOM Startup India report 2015

This increasing trend in Startup ventures is surely going to contribute in GDP of India and strengthening the economic growth of our country.

b) India's Startup Directory 2015**Table: B The top 100 Indian startups with remarkable growth**

Snapdeal	Lybrate
Ola	Lookup
Flipkart	Zopper
Bigbasket	Aryaka Networks
Delhivery	MySmartPrice
OYORooms	Capital Float
Zomato	Rategain
Swiggy	Nykaa
Practo	Rivigo
Paytm	Simplilearn
Quikr	hopscotch
Helpchat	BabyChakra
PepperTap	POPxo
CarDekho	Cashkaro
NestAway	Bluestone
ZoRooms	InShorts
ShopClues.com	CleverTap
Portea Medical	LendingKart
CredR	Paper Boat
HomeLane	GoJavas
ZoomCar	Ezetap
Babajob	Craftsvilla
Roadrunnr	Capillary Technologies
Jugnoo	Attune Technologies
Droom	Ather
CoverFox	Antuit
Urban Ladder	Moonfrogslabs

Stayzilla	Indix
Nearbuy	Roposo
NetMeds	ZopNow
Pepperfry	Robosoft
BankBazaar	FundsIndia
Voonik	Voylla
Freshdesk	CaratLane
TinyOwl	Mapmygenome
Grofers	CultureAlley
Axtria	Medgenome Labs
UrbanClap	MebelKart Tech. Pvt. Ltd
Faasos	Babyoye
PolicyBazaar	Mad Street Den
HouseJoy	Naaptol
InMobi	LogiNext
LimeRoad	Medwell Ventures
FirstCry	Culture Machines
La Renon Healthcare	Loylty Rewardz
GreyOrange Robotics	Vserv
Yepme	MindTickle
MobiKwik	Smart Air Trip
Zivame	Allygrow
Toppr	Fintellix Solutions

Source: yourstory.com

The INDIA 100 ranking shows the 100 hottest companies that have established their ability to broaden and seized opportunities through 2015. These are the startups that stayed in the news through the year and grew substantially. These 100 companies have already demonstrated the ability to achieve various levels of scale.

c) Scopes of New Start ups

On January 16, Prime Minister Narendra Modi announced a 19-point action plan for start-up enterprises in India. He also announced a self-certification scheme related to nine labour and environment laws. He also said that there would be no inspection of the enterprises during the first three years of the launch. These are as follows:

1. Self certification

The start-ups will be receiving self-certification facility 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

An all-India hub will be created as a single contact point for start-up foundations in India, which will help the entrepreneurs to exchange knowledge and access financial resources.

3. Register through app

An online portal, in the shape of a mobile application, will be launched to help start-up founders to easily register. The app is scheduled to be launched on April 1.

4. Patent protection

A fast-track system for patent examination at lower costs is being conceptualised by the central government. The system will promote awareness and adoption of the Intellectual Property Rights (IPRs) by the start-up foundations.

5. Rs 10,000 crore fund

The government will develop a fund with an initial corpus of Rs 2,500 crore and a total corpus of Rs 10,000 crore over four years, to support upcoming start-up enterprises. The Life Insurance Corporation of India will play a major role in developing this corpus. A committee of private professionals selected from the start-up industry will manage the fund.

6. National Credit Guarantee Trust Company

A National Credit Guarantee Trust Company (NCGTC) is being conceptualised with a budget of Rs 500 crore per year for the next four years to support the flow of funds to start-ups.

7. 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 start-ups.

8. No Income Tax for three years

Start-ups would not pay Income Tax for three years. This policy would revolutionise the pace with which start-ups would grow in the future.

9. 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

10. 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.

11. Atal Innovation Mission

The Atal Innovation Mission will be launched to boost innovation and encourage talented youths of country.

12. Setting up incubators

A private-public partnership model is being considered for 35 new incubators and 31 innovation centres 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 in the Indian Institute of Science campus, with an investment of Rs 100 crore each.

14. 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.

15. Dedicated programmes in schools

The government will introduce innovation-related programs for students in over 5 lakh schools.

16. Legal support

A panel of facilitators will provide legal support and assistance in submitting patent applications and 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 start-ups.

19. Faster exit

If a start-up fails, the government will also assist the entrepreneurs to find suitable solutions for their problems. If they fail again, the government will provide an easy way out.

These plans open scopes and ocean of opportunities for new startups and these will surely enhance the growth of Indian Startup in near future.

d) Challenges faced by the start up ventures in India

Startup business challenges may hamper its growth to a great extent. The possible challenges are financial, technological, sustainability, regulatory, social and cultural etc.

Financial challenges may arise due to capital deficiencies and ineffective cash flow management. On the other hand, regulatory issues may arise due to existence of multiple tax system in our country. It may be difficult to start a venture in a new geographical area due to cultural differences, language barriers etc. Moreover technological infrastructure and cyber security risk may hamper momentum of startups.

Conclusion

According to NASSCOM, India has moved to 3rd position in number of startups with the fastest growing base of startups worldwide. NASSCOM predicts that the pace of startup launches will increase from 3-4 every day in 2015 to 6-7 every day by 2020. IMF predicts that India will outpace China for the foreseeable future and be one of the engines of world

growth along with Africa. Lower commodity prices, better governance and digitization will be the key drivers of growth going forward. India will need to broaden the scope of startups, implement action to face the startup challenges and double the number of startups by 2020 just to keep pace with economic growth.

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