



START-UP INDIA: GOVERNMENT INITIATIVES

DR.SRP.VIJAYA ¹

¹ ASSOCIATE PROFESSOR, DR.UMAYAL RAMANATHAN COLLEGE FOR WOMEN, KARAIKUDI.

ABSTRACT:

The basic purpose of this article is to put some light on the start-ups and the initiative taken by the Indian govt. This campaign is particularly based on enhancing the bank financing for the start-ups to encourage the entrepreneurship and job availability. This research paper revolves around the concept of Start-up India Campaign which was started on 15th August, 2015. After the initial 2 years of the venture formation, startup saga continues to the growth stages and understanding the challenges of sustaining and growing.

KEYWORDS:

ENTREPRENEUR, GOVT PLANS, INITIATIVES, STRATEGIES, SUCCESS STORIES.

INTRODUCTION

As it is a known fact that when someone starts a new enterprise or tries to get into entrepreneurship they face many problems like finance, land permissions, environmental clearance, foreign investment proposals, family support etc. It is one of the much needed initiative plan of Govt of India. This initiative focuses on filling the gap in the economy and its development and has the objective to fire the entrepreneurial blood at the bottom level. It has brought lot of positivity and confidence among the entrepreneurs of India. According to PM Narendra Modi the start-ups, its technology and innovation is exciting and effective instruments for India's transformation.

There are plenty of challenges that an entrepreneur has to face. Raising start-up capital for a business venture has always been a bigger challenge for aspiring entrepreneur. This is especially true for firms in knowledge based industries. In India, new economy is driven by technology development, wherein major investments are being made in the knowledge based industries with substantially low investments in land, building, plant and machinery. These knowledge based industries often start with just an idea hence, the asset/collateral-based instruments adopted for the hard core manufacturing industries, are proving to be inadequate for the knowledge based industries.

First of all we need to understand what Start up is according to Start up India scheme.

Any entity incorporated or registered and headquarters in India not prior to seven years (up to 10 years for biotechnology start-ups from its date of incorporation / registration). Turnover for any fiscal year should not be exceeding INR 25 crore. Should be working towards innovation, development or improvement of products or processes or services.

A scalable business model with a high potential of

employment generation or wealth creation. Entity should not have been formed by splitting up or reconstruction a business already in existence

WHY STARTUP INDIA?

Start up India is about creating prosperity in India. Many enterprising people who dream of starting their own business lack the resources to do so. As a result, their ideas, talent, and capabilities remain untapped. And the country loses out on wealth creation, economic growth, and employment.

Start up India will help to boost entrepreneurship and economic development. By ensuring that people who have the potential to innovate and start their own business are encouraged. Start up India is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability. So the government will give them support to make sure they can implement their ideas and grow. The success of Start up India scheme will eventually make India, a better economy and a strong nation to 1.

KEY FEATURES OF STARTUP INDIA:

1. Compliance regime based on self-certification: The objective of compliance regime based on self-certification is to reduce the regulatory burden on startups.
2. Startup India hub: A Startup India hub will be created as a single point of contact for the entire startup ecosystem to enable knowledge exchange and access to funding.
3. Simplifying the startup process: A Startup registration is made simple. It is just by filling up a short form through a mobile app and online portal. There will also be a portal for clearances, approvals, and registrations
4. Patent protection: The government is also working on a legal support for fast-tracking patent examination at lower costs.
5. Funds of funds with a corpus of Rs 10,000 crore: In

order to provide funding support to startups, the government will set up a fund with an initial corpus of Rs 2,500 crore. And a total corpus of Rs 10,000 crore over four years.

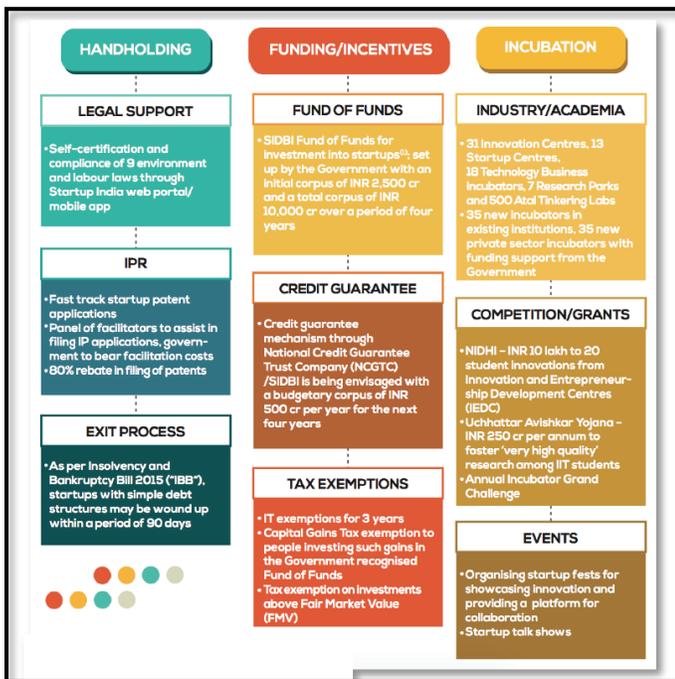
6. Credit Guarantee Fund
7. Exemption from Capital Gains Tax
8. Tax exemption for startups
9. Tax exemption on investments above Fair Market Value
10. Startup fests
11. The launch of Atal Innovation Mission
12. Setting up of 35 new incubators in institutions
13. Setting up of 7 new research parks

GOVERNMENT INITIATIVES

Start up Ecosystem facilitated through various government departments & programs

- **4000+** Start-ups have benefitted in the last year through various programs of the Central Govt.
- **960 crore** of funding has been enabled to Start-ups through various schemes
- **828 Cr** sanctioned funds for infrastructure

With the objective to build a strong eco-system for nurturing innovation and Start-ups in the country the Government launched a Start up India Action Plan that offers the following support to recognized supports through:



Start up Ecosystem facilitated through various government departments & programs.

ACHIEVEMENTS OF STARTUP INDIA

The Department of Industrial Policy and Promotion has been actively taking requisite measures to encourage

entrepreneurship and promote innovation. There are over 14,600 Start-ups recognized under Start up India that are spread across 479 districts, covering all 29 States and 6 UTs. In order to provide growth stage funding to Start-ups, a Fund of Funds (FFS) of INR 10,000 Crore has been setup. This is supporting innovators and risk takers in their path towards the creation of a New India. The Government has already committed INR 1,611.7 Crore to 32 Venture Capital Funds through FFS. The funds contributed by Government have enabled VC funds to raise a corpus of over INR 7,000 Crore which is available for Start-ups. When these committed funds complete their fund-raising process, then a total of INR 13,888 Crore will be available to be used by Start-ups. Thus, Government contribution has catalyzed 8X funding for Start-ups.

It is encouraging to note the enthusiastic contribution from women to the Start up movement. More than 45% of the Start-ups recognized by DIPP have at-least one woman founder or director. The recognized Start-ups will generate over 1.25 lakh direct jobs.

GOVERNMENT POLICY AND REGULATORY FRAMEWORK:

In India, Central and State governments are playing an active role in Start up ecosystem development. The key objectives of the Government are as follows: Spur entrepreneurial activity to accelerate job creation• Create enabling environment by reducing regulatory burden and introducing new policies• Build capacity through infrastructure creation and training• Provide funding support and fiscal incentives• Facilitate all members of the Start up ecosystem to collaborate and connect•

FUNDING AND FINANCE:

Investors play a pivotal role in bridging the funding needs of a Start up. They nurture, invest and mentor Startups to make measurable returns and typically remain invested with a Start up for minimum 3-4 years. Depending on the stage of a Start up, the investor types are: Angel: An angel investor is an affluent person or a high net worth individual who provides• initial capital to the Start up at its infancy stage. Early stage investor: Institutional investors come in at early growth stage of a Start up when• the product is ready and it has been validated. This money is used to fuel business growth. Late stage investor: Venture capitalists or private equity firms invest in Start-ups at the• growth or late stage. By this time Start up has reaped some revenues and gained market traction.

CONCLUSION:

Central Government is playing a key role of channelling the energy, aspirations and vision of the youth. The measures propagated to build a pro-entrepreneurship environment are targeted to: reduce regulatory barriers facilitate opportunities for learning and development develop large scale innovation driven infrastructure facilities; and promote active collaboration among entrepreneurs, industry and academia Government of India under the

Startup India initiative is collaborating with various ecosystem stakeholders across different parts of the country to ensure that all the above components are available for entrepreneurs and Start-ups to engage with and utilize to its full potential. Indian start-ups attempt to build the start up environment with important education, talent, innovation and incubators with correspondence to funding agencies. Now the govt is also supporting the Start-ups.

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