

Start-Up India Initiative

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Abstract: Start-up 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 job creation. The campaign was announced by Prime Minister Modi in his 15 August 2015 address from the Red Fort.

Start-up India is a revolution scheme that has been started to help those people who have many business ideas and potential but are unable to finance their dream projects. This programme aims to fill gaps in the economy for growth and development of start-ups, promotes digital entrepreneurship at the grassroots. The start-up India campaign is entrusted with obligation to turn the youth of India from “job seekers to job makers”.

This paper talks about start-ups and the initiatives taken by government. The paper also discuss about investment frameworks, eligibility criteria, steps, changing trends of start-ups, roadblocks of the startups.

Key Words: Start-ups, bank financing, initiatives

INTRODUCTION

Start-up India is a flagship initiative of Government of India to promote bank financing for start-up ventures and offer incentives to boost entrepreneurship and generating employment.

Start-up India is a revolutionary scheme launched on 16th January by finance minister Arun Jaitley with objective of helping people in starting their own business. In India there are many people who have ideas and capability but they are facing problems like finance, land permission, environmental clearance etc., so government will support them to make sure that they can implement their idea and grow in terms of finance, technology and many other benefits.

The campaign will also focus on promoting entrepreneurship among SC_s, ST_s, women communities.

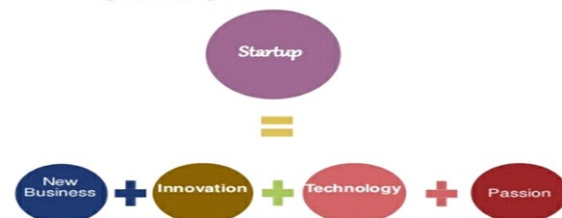
This campaign will help in converting idea into start-ups which will lead to sustainable economic growth and generate employment opportunities. So the campaign will fill the prevailing gap in the economy which will eventually help India in becoming a better economy and strong nation.

There are some of the terms and conditions for the startups to take benefits from the campaign of the government-

- 5 year from setup a legal entity

- Turnover less than 25 Crore
- Working towards innovation and development
- Recommendation letter from Incubators/college incubators/govt. incubators
- Patent registration in India

EQUATION OF A STARTUP



OBJECTIVES OF THE PAPER

- To study the brief overview of the campaign
- To study the eligibility criteria of the start-ups to take the benefits from the campaign
- To study the initiatives taken by the government under this campaign
- To see the glimpses of the campaign in current scenario

DATA COLLECTION

The secondary data has been used in this paper and information has been taken from the internet via newspapers, journals and research papers.

REASONS BEHIND SETTING UP A START-UP

– There are many reasons supporting the establishment of start-ups. Some of them are given as follows-

- Money is the foremost requirement of every person and the best way to get is own business. In the job people get only fixed amount of salary but business make them enable in making money as per their choice and potential.
- Setting up of start-up gives birth to many jobs because a business cannot run it alone. It turns Indian youth from job-seeking to job making activity.
- Job security is one of the basic concern of human beings. If the job is not secured no one would work with the potential they have and the job is secured only when someone has their own business.
- Due to impact of globalization and e-commerce, everyone wants to go for the best quality life. Being owner one can choose his lifestyle accordingly.
- Being an owner one can convert his vision into reality which would further help in growth and development of economy.
- As we know every single move make changes. In this changing scenario, people who take the initiative ,can change the direction of the world according to them.
- Business enables us in learning many skills which were earlier untouched by us. These skills will help us in reshaping our personality.

CHALLENGES FACED BY START-UPS –

Setting up a new business is not easy task. There are many obstacles in way of successful implementation of start-ups. Some of problems are mentioned as follows-

- Finance
- Land permission
- Environmental clearance
- Foreign investment proposals
- Family support

- Marketing strategy
- Legal aspect
- Guidance and information

INITIATIVES TAKEN BY THE GOVERNMENT

- **FAST TRACKING OF START-UP PATENT APPLICATIONS** – The valuation of any innovation goes up immensely once it gets the protection cover of a project. Under this scheme, the central govt. shall bear the entire fees of the facilitators for any number of patents. Further, start-ups will also be provided 80% rebate in filling of patents vis-a -vis other companies.
- **RELAXED NORMS OF PUBLIC PROCUREMENT FOR START-UPS** – Central govt. , state govt. and PSU’s have to mandatorily procure at least 20% from MSME for works, supplies and services by public bodies. In order to promote start-ups, govt. shall exempt start-ups from the criteria of “prior experience/turnover” without any relaxation in quality standards.
- **FASTER EXIT FOR START-UPS** - If the business is making continuous loss then govt. will help to get specific resolution for their complications. An insolvency professional shall also be appointed for start-up.
- **FUNDING SUPPORT OF Rs. 1000 CRORES** – The government will develop a pool with a starting fund of Rs.2500 Cr. And a total fund of Rs. 1000 Cr. Over 4 years to help new and innovative entrepreneurs.
- **CREDIT GUARANTEE FUND FOR START-UPS** – Debt funding to start-ups is also perceived as high risk and to encourage banks and other lenders to provide venture Debts to start-ups. Credit Guarantee mechanism through National Credit Guarantee Trust Company (NCGTC/SIDBI) is being envisaged with a budgetary corpus of Rs. 500 Cr. Per year for the next 4 years.

ISSN - 2456-7868

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- **TAX EXEMPTION TO START-UPS FOR 3 YEARS** – It is imperative that the profits of start –up initiatives are exempted from income tax for a period of 3 years which will facilitate growth of business and meet the working capital requirement during the initial years of operation.
- **TAX EXEMPTION ON CAPITAL GAINS** – Exemption shall be given to persons who have capital gains during the year, if they have invested such capital gains in the fund of funds recognized by the government.
- **SETTING UP OF INCUBATORS** – A private –public partnership model is being considered for 35 new incubators and 31 innovation centers at national institutes.

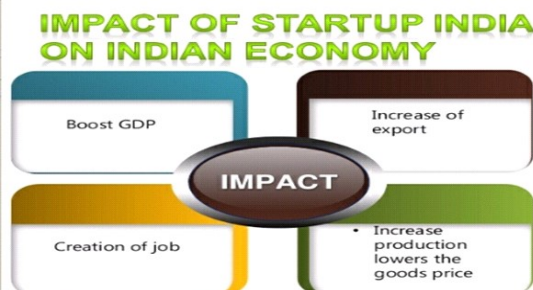
Softbank (Japan) have invested \$2 Billion into Indian start Ups under this scheme and they have asked to permit them for \$ 10 Billion.

Google has also launched a Campaign wherein TOP 3 start-up ideas would join in Next Google Launch pad Week. The final winner will get \$ 100,000 as reward.

‘ **SUGGESTIONS** – Although the campaign is a very good move of government of India still it has some limitations which need to be taken out by suggestive measures. Some of the suggestions are given as follows –

- There should be focus on building strong organization i.e. steps should be taken to make and maintain long term profit by the start-ups.
- There should be clarity in allocation of funds.
- There is need for effective participations of various departments and demanding commitments and efforts. Various policies in different area should support this goal.
- To make this campaign successful, a massive awareness programme has to be conducted. There is pressing need to educate and inform the entrepreneurs to run their business efficiently.

IMPACT OF START UP INDIA ON INDIAN ECONOMY



SUCCESSFUL LEADING START-UPS IN INDIA OF 2017 – In last year’s, we have seen many rising start-ups in India in every sector like retail, hotel, industry, medicine, education, transportation etc. Start-ups help in growth and development of economy. Few of them are named as follows –

- ZOMATO
- URBAN LADDER
- AIRPAY
- ALTBALAJI
- ASK ARVI
- AVISHKAAR BOX

CURRENT SCENARIO

CONCLUSION

Start-up India campaign is a very positive step towards helping new Indian entrepreneurship. It intends to build strong eco-system for nurturing innovative and start-ups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The government recognizes the need for institutional assistance. To meet the objectives of the initiative, government of India is announcing this Action plan that addresses all aspects of the start-up ecosystem. This initiative keeps the capability of creating job even when the economy is facing downfall in the market. For any idea to become successful venture it requires full support and mentoring.

ISSN - 2456-7868

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