

“A DESCRIPTIVE STUDY ON STARTUP INDIA MISSION - OPPORTUNITIES AND CHALLENGES”

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Abstract:

This study utilizes descriptive analysis to explore the opportunities available through the Startup India initiative that entrepreneurs can leverage to start their own businesses. Additionally, it examines the challenges and limitations of implementing the Startup India mission.

Introduction:

The "Start up; Stand up India" initiative was announced by Prime Minister Narendra Modi on August 15, 2015 to promote entrepreneurship and create employment opportunities in India. As a result of this initiative, successful startups such as Flipkart, Amazon, Myntra, and Snapdeal have emerged as some of the most valuable private companies in India. According to a report by the National Association of Software and Services Companies (NASSCOM) in October 2015, India is ranked third among global startup ecosystems, behind only the US and the UK.

In an effort to assist aspiring entrepreneurs, Nirmala Sitharaman, the head of the Commerce and Industry Ministry, has urged all states and Union Territories to establish Startup Hubs and incubators. The Department of Industrial Policy and Promotion (DIPP) has also set up a startup hub that has been operational since April, providing startups with financial and non-financial support to resolve their queries. According to a status report by the DIPP, the hub has resolved 12,290 queries received from startups through telephone, email, and Twitter.

The DIPP plans to request leading companies to establish new incubators or expand existing ones in partnership with educational institutions to support the startup initiative. In addition, the National Expert Advisory Committee formed by the HRD Ministry has recommended the establishment of seven Research Parks, 16 Technology Business Incubators, and 13 startup centers.

Objectives:

The study aims to achieve the following objectives:

1. Explore the different opportunities provided by the Startup India initiative that entrepreneurs can leverage to establish their own businesses.
2. Analyze the obstacles and deficiencies encountered in executing the Startup India Mission.
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Research Methodology:

The methodology employed in this study is descriptive, utilizing data obtained from secondary sources such as articles, blogs, and online websites.

Literature review:

1. Eko India Financial Services' Co-Founder and CEO, Abhishek Sinha, expressed positive sentiments about the Prime Minister's engagement with entrepreneurs on a national platform. However, he highlighted that obtaining bank funding without collateral is a significant challenge for many entrepreneurs. He argued that intangibles cannot solely populate a balance sheet and that acknowledgment must be given to the creation of IT products. Sinha added that banks exercise caution when granting loans, and at the start of Eko India Financial Services, loans and credit cards were essential for financial support.
2. Jayant Sinha, the Minister of State for Finance, claimed that foreign venture capitals contribute 90% of funding, and this could affect innovation's nature. A recent Grant Thornton study showed that more than 600 companies received funding in 2015, with PE and VC funds investing over \$2 billion.
3. Ramesh Abhishek, the Secretary of DIPP, indicated that the government is still learning and could benefit from more knowledge. He stated that tax benefits and funding provisions have been introduced to make Startup India easier. However, Abhishek acknowledged that the government has a long way to go and that they had to understand various regulations. He believed that startups are the next big thing, and they want to engage with them.

Startup India mission - opportunities and challenges:**Opportunities:**

The Startup India program offers a range of opportunities for startups, including following measures proposed by the Government. These measures include:

1. Self-certification for startups: The program aims to reduce the regulatory burden on startups by simplifying regulatory formalities. Startups can self-certify compliance with nine labor and environmental laws using the startup mobile app.
2. Startup India Hub: A single contact point for startups in India, the "Startup India Hub," will facilitate collaboration with Central and State Governments, banks, incubators, legal partners, consultants, universities, and R&D institutions. The program also offers mentorship programs to encourage innovation.
3. Mobile app for convenience: A mobile application enables startups to interact with government agencies for exchange of information, register with the Ministry of Corporate Affairs and Registrar of Firms, track registration status, file various compliances, and access other services.
4. Fast-tracking patent examination: The Central Government has introduced a fast-track system for patent examination at lower costs, which helps spread awareness regarding Intellectual Property Rights among startup foundations. The program facilitates the filing of patents, trademarks, and designs by innovative startups.

5. Simplifying Regulatory Framework:

The Government plans to simplify the regulatory framework for startups in order to reduce the regulatory compliance burden on them. This would include simplifying the registration process, reducing the number of filings required, and ensuring compliance with labour and environmental laws.

6. Intellectual Property Rights (IPR) Protection:

The Government aims to facilitate the protection of IPRs for startups by providing them with legal support and assistance in filing for patents and trademarks. The objective is to enable startups to safeguard their innovative ideas and prevent infringement of their intellectual property.

7. Launch of Mobile App and Portal:

A mobile app and a portal will be launched by the Government to provide startups with access to various services and information related to the startup ecosystem. This will include information on various schemes and programmes, funding opportunities, mentorship and incubation services, and other relevant information.

8. Promoting Women Entrepreneurship:

The Government aims to promote women entrepreneurship through various initiatives, including setting up of women-only incubation centres, providing them with access to funding, mentorship and networking opportunities, and simplifying regulatory compliance requirements.

9. Collaboration with Industry Associations and Academia:

The Government plans to collaborate with industry associations and academia to promote the startup ecosystem in India. This will involve partnerships with various institutions and organisations to provide startups with access to mentorship, funding, incubation, and other support services.

10. Promoting Innovation in Rural Areas:

The Government aims to promote innovation and entrepreneurship in rural areas by setting up rural incubation centres, providing access to funding and mentorship services, and promoting the use of technology to solve problems faced by rural communities. This will enable the growth of startups in rural areas and contribute to the development of the overall economy.

11. Establishment of Innovation Centres at National Institutes:

To enhance the nation's Research and Development efforts, the Government plans to establish 31 innovation and entrepreneurship centers at national institutes. This initiative will consist of 13 startup centers and 18 Technology Business Incubators.

12. New Research Parks being Set up:

The Government is investing INR 100 crore in setting up seven new Research Parks in selected institutes like IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore, IIT Gandhinagar, and IIT Delhi. These Research Parks will be modeled after the successful Research Park at IIT Madras.

13. Promotion of Startups in the Biotechnology Sector:

The Department of Biotechnology and its Public Sector Undertaking will take measures to promote startups in the Biotechnology sector. These measures will include the establishment of the Biotechnology Research Assistance Council (BIRAC), Bio-incubators, Seed Fund, Equity Funding, and other initiatives.

14. Innovation Focused Programs for Students:

The Government will execute various measures to promote research and innovation among young students. These measures include the Innovation Core program targeting school kids, the National Initiative for Developing and Harnessing Innovations to award INR 10 lakhs to 20 student innovations, and the Uchhattar Avishkar Yojana to foster high-quality research among IIT students.

15. World Class Incubators :

The Government is investing in the establishment of world-class incubators. To achieve this, the Government will identify and select 10 incubators with the potential to become world-class. These incubators will serve as reference models for other incubators to offer best-in-class services.

Challenges:

The Startup India program is a promising initiative for Indian startups, but it has certain shortcomings in its implementation. Startups must demonstrate that their innovations have significantly enhanced existing processes to be eligible for various schemes and exemptions. Moreover, the lack of self-certification poses a challenge as startups cannot determine if their improvements are significant enough. It is puzzling why benefits from such schemes cannot be extended to all startups based on transparent criteria. The government should create an environment conducive to innovation instead of identifying it, which is best left to the market.

There is a possibility that income tax exemptions may only be available to those approved by an inter-ministerial panel, which goes against the government's intention to remove exemptions and close loopholes. Instead of income tax exemptions, the government could focus on simplifying compliance with tax requirements. Although long-term capital gains exemptions for startup investments are intended to facilitate investment, they must be monitored to prevent abuse by real estate manipulators.

Findings And Conclusions:

1. Based on the analysis of PM Modi's Action Plan, it can be concluded that the government is taking significant steps to promote and support start-ups in India. The plan offers a range of opportunities for various types of start-ups and aims to assist them in establishing and growing their businesses.
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3. One of the most noteworthy aspects of the plan is the government's commitment to minimizing regulatory barriers in setting up start-ups. This move is likely to encourage more entrepreneurs to take the plunge and start their own businesses.
4. However, the elimination of unscrupulous entities remains a significant challenge that the government will need to address. Additionally, there are concerns about the certification of start-ups' "innovation" by government authorities, which could potentially hinder the growth of some businesses.

5. Overall, PM Modi's Action Plan is a positive step towards supporting India's start-up ecosystem, and it is expected to have a significant impact on the country's economy in the coming years.

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