



ROLE OF STARTUP SCHEME IN THE DEVELOPMENT OF INDIA

Dr. Kuldeep Kumar, Assistant Professor- Dept. of Commerce NIILM University-Kaithal (Haryana) 136027
(India).

ABSTRACT

Startup is a business that is looking for funds to get off the ground. The first and foremost concern of any startup is to demonstrate the viability of its promise to attract lenders and/or investors. However, startups are always considered a risky investment and potential lenders/investors have different methods for calculating their returns. In terms of the number of startups, India ranks third behind the United States and the United Kingdom. It can be observed that there are nearly 4,400 tech startups in India, with the number expected to cross 13,000 by the end of 2021. Moreover, India has to boast of its own billion dollar club. Startups like Flipkart, Paytm, Zomato, Snapdeal, Ola, InMobi, Hike, MuSigma and Quikr are examples of this. MobiKwik, a fintech company, hopes to enter the unicorn club with another \$100 million in fundraising. According to NASSCOM's Start-up Report 2015, start-ups created 65,000 new jobs in 2014 and the number is projected to reach 250,000 by 2021, mostly thanks to private sector efforts. If the government succeeds in creating a proactive start-up environment, there is a lot of scope for new job creation, which is usually significantly larger than NASSCOM forecasts.

Key Words: Startup India Schemes, Startup Ranking, Economic development.

INTRODUCTION

A startup is a business that is in the early stages of operations and is often funded by its entrepreneurial founders. It refers to a start-up business established by one or more entrepreneurs to create and promote a unique product or service. One of the most important responsibilities of startups is to raise significant funds to further develop the product or service they provide. Startups have no results and almost little profit. To offer cash and help to entrepreneurs, the Government of India announced the "Startup India Scheme" on 16 January 2016. Its main objective is to stimulate companies, create jobs and create wealth. Prime Minister Narendra Modi launched this initiative at Vigyan Bhavan in New Delhi under Ministry of Commerce and Industry (Department of Promotion of Industry and Domestic Trade). During the event, Nirmala Sitharaman, India's finance minister, stated that "business is no longer vilified as jugaad". There are around 4,400 startups in India now, with the number expected to cross 13,000 by the end of 2021. Business loans from banks or credit unions, grants from nonprofit

organizations, and state and government-backed small business management loans from local banks have traditionally been sources of financing for start-up businesses. As a result, early-stage startups may generate little or no income as they have an idea to develop, test, and sell. Other sources include incubators, which are often associated with business schools, and nonprofits that provide them with mentorship and seed capital. Similarly, angel investors and venture capitalists actively seek out potential businesses to finance in exchange for a stake in the business until it gets off the ground.

Need of the Study

The government intends to encourage domestic and international firms to invest in Indian manufacturing, strengthen the industry and create jobs at both skilled and unskilled levels. Manufacturing appears to have a substantial multiplier effect on a country's economic growth. Because manufacturing has more backward linkages, it stimulates growth in other sectors. This leads to more businesses, investment and innovation, as well as a higher general standard of living in the economy.

OBJECTIVES OF THE STUDY

- To study the different Startup Schemes providing by Indian Government.
- To analyze the economic growth process of Startups schemes.

STARTUP INDIA STANDUP INDIA

The global business world has recognized India as one of the most influential investment locations. She identified the innovative and creative potential of India. Over the past three years, India has seen a substantial increase in foreign investment in startup valuations, in some cases exceeding \$1 billion, a scenario that would have been unthinkable just five years ago.

Realizing this truth and working on it, Prime Minister Narendra Modi understood that the time had come to make the government design an effective policy framework, followed by the required tax and financial incentives, and encourage the creative and inventive potential of the youth. According to NASSCOM's Start-up Report 2015, start-ups created 65,000 new jobs in 2014 and the number is projected to reach 250,000 by 2021, mostly thanks to private sector efforts. If the government succeeds in creating a proactive start-up environment, there is a lot of scope for new job creation, which is usually significantly larger than NASSCOM forecasts.

In terms of the number of startups, India ranks third behind the United States and the United Kingdom. It can be observed that there are nearly 4,400 tech startups in India, with the number expected to cross 13,000 by the end of 2021.

Moreover, India has to boast of its own billion dollar club. This includes startups like Flipkart, Paytm, Zomato, Snapdeal, Ola, InMobi, Hike, MuSigma and Quikr. Fintech startup MobiKwik also looks set to join the unicorn club with another \$100 million funding raise.

STARTUP RANKINGS

The Department of Industry and Internal Commerce released the first rankings of startup states in December 2018 based on policy, incubation centers, scaling innovation, procurement, regulatory reform, communications, seed innovation, northeastern states and mountain states. Among the many states, the following secured their places in various aspects:

Top performers: Kerala, Karnataka, Odisha and Rajasthan

Best performers: Gujarat

Leader: Telangana State, Andhra Pradesh, Bihar, Madhya Pradesh and Chhattisgarh

Aspiring Leaders: Jharkhand, Uttar Pradesh, Haryana, Himachal Pradesh and West Bengal

Emerging states: Delhi, Goa, Assam, Maharashtra, Punjab, Tamil Nadu, Jammu & Kashmir and Uttarakhand.

Beginners: Manipur, Mizoram, Nagaland, Chandigarh, Puducherry, Sikkim and Tripura

STARTUP INDIA SCHEME

Startup India is a government initiative in India. Prime Minister Narendra Modi launched the campaign on 15 August 2015 in his address from the Red Fort in New Delhi. The initiative's primary action plan is built on three pillars:

- i. Simplification and hand holding
- ii. Funding support and provision of incentives
- iii. Partnership and incubation of industry and academia.

The primary objective of this initiative is to support startups, create wealth and create jobs. Consequently, Prime Minister Narendra Modi formally announced the "Startup India Plan" on 16 January 2016 from Vigyan Bhawan in New Delhi under the Ministry of Commerce and Industry (Industrial Promotion and Domestic Trade Department). The basic elements of this scheme are (a) new entrepreneurs are given tax-exempt status for three years and (b) the government provides a fund of Rs. 2500 crore for start-ups as well as a loan guarantee fund of Rs. 500 million crowns.

Alliances formed to support Startup India Scheme

The government played a key role in launching its initiative to support companies. The Ministry of Human Resource Development and the Ministry of Science and Technology have agreed to set up more than 75 startup support centers at National Institutes of Technology (NITs), Indian Institutes of Information Technology (IIITs), National Institutes of Pharmaceutical Education and Research (NIPERs). and Indian Institutes of Science Education and Research (IISERs) (IISERs). According to the RBI statement, it would take concrete initiatives to improve the "ease of doing business" and contribute to an ecosystem that is beneficial for the growth of new businesses in the country. Many other countries invested in India to offer early support for the plan. Japan's SoftBank has reportedly invested \$2 billion in Indian startups, with the Japanese firm promising to spend another

\$10 billion. Google said it will create a business based on the top votes, and the top three startups will be invited to the next Google Launchpad Week, with the winner receiving \$100,000 in Google's cloud credit system. On February 2016, Oracle announced the establishment of nine incubators in Bengaluru, Hyderabad, Mumbai, Noida, Chennai, Gurgaon, Pune, Trivandrum and Vijayawada. Under the 'Industry-Academia Partnership and Incubation', the Union Ministry of HRD has announced plans to build 'Research Parks' to be built in collaboration with higher education institutions across India to focus and assist Startup India.

The initiative, which seeks to offer students access to money and mentorship for entrepreneurs, has received an initial investment of Rs. 100 million crowns. Following the launch of the startup scheme, the government launched the Innovation in Mobile App Development Ecosystem (I-MADE) program in February 2016 to help entrepreneurs develop 10,000 (1 million) mobile app startups, and the MUDRA Bank program was also launched. provide micro-financing, loans with a low interest rate for entrepreneurs from a low socio-economic background.

In 2021, the initial capital was Rs. 20,000 million crowns were approved for this project.

ELIGIBILITY FOR REGISTRATION AS STARTUP COMPANY

- The company created must be a private limited liability company or a limited liability company.
- The company must not be more than ten years old and its total turnover must not exceed 100 million rupees.
- The firm must be approved by the Department of Industrial Policy and Promotion (DIPP).
- The company must obtain a patronage bond from the Patent and Trademark Office of India.
- The firm must provide new products or services.
- SEBI must register accelerators, incubation funds, angel funds, equity funds and angel networks.

BENEFITS OF STARTUP INDIA SCHEME

- Exemption from confusing controls during the first three years of business
- Revised bankruptcy law providing for a 90-day exit period
- No capital gains tax during the first three years of business.
- Tax exemption for the first three years of operation.
- Compliance with self-certification
- An innovation center was set up under the Atal Innovation Mission.
- A financing fund of 10,000 million crowns was created for entrepreneurs.
- Target 5 million schools and engage 10 million young people in innovation related programs.
- Various programs have been developed to ensure protection of intellectual property rights for start-ups

- Encourage entrepreneurship in the country
 - Built Startup Oasis as Rajasthan Incubation Center
 - Promote India globally as a startup hub.

THE PROBLEM AREAS:

- Start-up financing is based on the ability to take risks and exploit the commercial potential of the proposed venture. The absence of specialized seed capital without guarantors is a significant barrier for all.
- Most start-ups fail due to lack of market acceptance, lack of mentoring, timing of market entry or lack of capital. In any case, the ratio of failures to successes is skewed.
- Lack of government-sponsored physical incubators and cutting-edge technologies
- Another problem is the lack of federal and state government expertise in assisting technology-based businesses.
- There is a lot of talent in small towns and villages both for invention based on basic needs and for social innovation.

Currently there is a lack of ecosystems; therefore, for Stand-up India to prosper, the government must extend this new effort to the grassroots.

LIST OF STARTUP SCHEMES BY THE INDIAN GOVERNMENT

Under Ministry Of Electronics and Information Technology

1. Support for International Patent Protection in Electronics & Information Technology (SIP-EIT)
2. Multiplier Grants Scheme (MGS)
3. Software Technology Park (STP) Scheme
4. Electronic Development Fund (EDF) Policy
5. Modified Special Incentive Package Scheme (M-SIPS)
6. Scheme to Support IPR Awareness Seminars/Workshops in E&IT Sector

Under Ministry of Agriculture and Farmers Welfare

7. NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC)
8. The Venture Capital Assistance Scheme

Under Ministry Of Micro, Small and Medium Enterprises (MSME)

9. Credit Guarantee
10. Performance & Credit Rating Scheme
11. Raw Material Assistance
12. Revamped Scheme of Fund for Regeneration of Traditional
13. Single Point Registration Scheme (SPRS)
14. Aspire – Scheme for promotion of innovation, entrepreneurship, and agro-industry
15. Infrastructure Development Scheme

16. MSME Market Development Assistance
17. National Awards (Individual MSEs)
18. Coir Udyami Yojana
19. International Cooperation (IC) Scheme
20. Credit Linked Capital Subsidy for Technology Upgradation
21. Bank Credit Facilitation Scheme

Under NITI Aayog

22. Atal Incubation Centres (AIC)
23. Atal Tinkering Laboratories (ATL)
24. Scale-up Support to Establishing Incubation Centres

Under Ministry of Skill Development and Entrepreneurship

25. Udaan Training Programme for Unemployed Youth of J&K

Under Ministry of Heavy Industries & Public Enterprises

26. Enhancement of Competitiveness in the Indian Capital Goods Sector

Under Ministry of New and Renewable Energy (MNRE)

27. National Clean Energy Fund (NCEF) Refinance
28. IREDA Scheme for Discounting Energy Bills
29. Bridge Loan against MNRE Capital Subsidy
30. Bridge Loan against Generation-Based Incentive (GBI) Claims
31. Loan for Rooftop Solar PV Power Projects

32. Credit Enhancement Guarantee Scheme

Under Schemes by Public Sector Enterprises

33. Dairy Entrepreneurship Development Scheme
34. 4E (End to End Energy Efficiency)
35. Pradhan Mantri Mudra Yojana (PMMY)
36. Stand Up India
37. Sustainable Finance Scheme

38. SIDBI Make in India Soft Loan Fund for Micro Small and Medium Enterprises (SMILE)

39. Startup Assistance Scheme

40. Growth Capital and Equity Assistance

Under Ministry of Science & Technology

41. Assistance to Professional Bodies & Seminars/Symposia
42. Ayurvedic Biology Program
43. Industry Relevant R&D
44. High Risk-High Reward Research
45. Technology Development Programme (TDP)



46. National Science & Technology Management Information System (NSTMIS)
47. Biotechnology Industry Partnership Programme (BIPP)
48. Industry Innovation Programme on Medical Electronics (IIPME)
49. Extra Mural Research Funding
50. SPARSH (Social Innovation programme for Products: Affordable & Relevant to Societal Health)
51. Promoting Innovations in Individuals, Startups and MSMEs (PRISM)
52. Science and Technology of Yoga and Meditation (SATYAM)

CONCLUSION

India is a beautiful and attractive country. There is a lot to see and do, as well as several opportunities to build a business network. This will never be used as an excuse to pass on new options. There are several ways to make money in the current environment. In India, where people are very understanding and knowledgeable about business, startups can have a high success rate. Indians are not afraid to experiment. Even the startup names are interesting. Some of India's most successful companies are quite ordinary. When it comes to starting the most successful business in India, you have to think outside the box. Startup concepts must be unique to attract clients and generate While the failure rate of startups is quite high, investors would judge the team's idea as well as expertise. Angel investors don't even invest because they can't afford to lose money. Funding can only be obtained if you fully trust the capabilities of the company and believe that the concept will go far. Investors must have confidence in the people around them and trust that they will run your company in the right way.

SUGGESTIONS

A backbone is essential to the development of the ecosystem, as are mentors and subject matter experts who can help budding entrepreneurs with the necessary paperwork to set up a business and guide them to the next stage of funding. To produce startup ideas in India, you need to get a lot of information about what you can achieve on the internet. You need to identify a niche in the market and at the same time be willing to try something new. A new concept will always be successful. People don't achieve great success based on universal beliefs. Most successful entrepreneurs had a few setbacks before reaching their peak. As a result, the government must watch out for failure and ensure that entrepreneurs are encouraged to try again rather than penalized for failure. The federal government must work with state governments to ensure that officials are trained to fully support young entrepreneurs and help their businesses grow, rather than being a hindrance. The government must appoint individuals at the federal and state levels in collaboration with state governments and initiate a thorough and continuous training program to equip these officials to be business friendly and build the skills needed to provide support as needed.

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