

STARTUP INDIA: A NEW VISION OF INDIAN ECONOMIC DEVELOPMENT

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Abstract

Due to globalization and advancement in technology competition is increasing day by day that's why self-employment consciousness among college students is increasing at fast pace. Furthermore India is second most populous country and due to large population pressure it is need of hour to develop entrepreneurial skill among people in India so government launch startup India Plan to support young inspiring entrepreneur. This Paper aims to investigate the challenges and Opportunities in the way of startups in India. This paper is intent to explore the major difficulties faced by startups in India, and discuss the various opportunities of startups in India by using a literature-based analysis.

Keyword: *Competition; Globalization; Entrepreneurial skill; Opportunities.*

Introduction

Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design. In order to meet the objectives of the initiative, Government of India is announcing this Action Plan that addresses all aspects of the Startup ecosystem. With this Action Plan the Government hopes to accelerate spreading of the Startup movement:

- From digital/ technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and
- From existing tier 1 cities to tier 2 and tier 3 cities including semi-urban and rural areas. The Action Plan is divided across the following areas:
 - Simplification and Handholding
 - Funding Support and Incentives
 - Industry-Academia Partnership and Incubation.

Startups are essentially of two kinds. One that starts something ground up, something that no one has thought about and is often ground breaking. This type of startup is difficult to create but once created often sees unprecedented growth. The second kind of startups that we see around us is primarily the ones that do not want to reinvent the wheel. They are akin to adding old sauce in a new dish to create something new and innovative. Whatever may be the kind of startup, Indian startups face its own set of challenges and some stellar opportunities.

A NEW VISION OF ECONOMIC DEVELOPMENT

A startup company (startup or start-up) is an entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. A startup is usually a company such as a small business, a partnership or an organization designed to rapidly develop scalable business model. Often, startup companies deploy technologies, such as Internet, e-commerce, computers, telecommunications, or robotics. Addressing the Nation on the 69th Independence Day, he said, "We are

looking at systems for enabling start-ups. We want to enable start-ups to make India No. 1 in this field.... **Start-up India; Stand up India.** “The main objective of this study is to get insight about the scheme “Startup India”. This research paper is simply based on **secondary data. So, this paper is to know about “Startup India”.** What are the main highlights of this Scheme? How it will work and how it will be beneficial? What will be the impact of this on Indian economy and also about the challenges before this scheme? All these steps would be clear through this lecture.

“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. Success of this scheme will eventually make India, a better economy and a strong nation”. With the launch of Prime Minister's ambitious Startup India mission on 16th January at Vigyan Bhavan auditorium in New Delhi, it seems that India is progressing to become the next big startup nation. Never before in the history of India, have so many influential forces congregated to promote startups and enable them to flourish globally. In the past few years, the Indian startup ecosystem has witnessed an immense growth, despite several roadblocks, adoption of play-to-win approach by the young and enthusiastic entrepreneurs was all time high. However, the direct involvement of government in empowering startups will certainly give a real boost. There was a time in India when much importance was given to government jobs. Later, higher pay scales and good perks offered by several private sectors or multinational companies enticed greatly to the people. A lot of factors, including the globalization and rise of IT industry in the 90s were majorly responsible for the rise of entrepreneurship in India. Today, Indian Economy is undergoing an immense makeover with new strategies rolling into the market emphasizing and enhancing the role and contribution of startups. In 2016, Indian market is foreseeing market domination for startups, especially in the online retailing and service industry where high priced business entities have been created. Moreover, it is projected that there will be over 11,500 startups by 2020 and that will change the way markets are working today in India. The new age India today is ready to walk the path- follow your hearts- shown by the business maven Steve Jobs and Mark Zuckerberg. Moreover, with the environment in India for starting own venture has become conducive and a great deal of entrepreneurship opportunity India presents, more and more people are now prepared to take the leap.

STATUS TILL 2018

With the intention to build a strong eco-system for nurturing innovation and Startups in the country, the Hon'ble Prime Minister launched Startup India Action Plan on January 16, 2016 in New Delhi. The Government through this initiative aims to empower Startups to grow through innovation and design and to accelerate spreading of the Startup movement. Given below is a glimpse of the progress Startup India has made:

AMENDED DEFINITION OF STARTUP AND SIMPLIFIED RECOGNITION PROCESS

Acknowledging the long gestation period for Startups, the definition has been amended where an entity shall be considered as a Startup for up to 7 years (from earlier 5 years) and a Biotechnology Startup for up to 10 years from the date of its incorporation/ registration. Also, scope of definition has been broadened to include scalable business model with high potential of employment generation or wealth creation. Additionally, no letter of recommendation from an incubator/industry association shall be required for either recognition or tax benefits. **RECOGNITION** Out of the applications received, 14,036 have been recognized as Startups by DIPP. 91 Startups have been approved for availing tax benefits by IMB, as of 3rd. week of Nov, 2018. **COMPLIANCE REGIME BASED ON SELF-CERTIFICATION** Compliance norms have been eased in order to reduce the regulatory burden on Startups thereby allowing them to focus on their core business. a) Startups falling under the list of 36 “white” category industries will not require Environment clearance under 3 Environment related Acts viz. The Water (Prevention & Control of Pollution) Act, 1974; the Water (Prevention & Control of Pollution) Cass (Amendment) Act, 2003 and the Air (Prevention & Control of Pollution) Act, 1981. Click here to get the list of “white” category industries b) Ministry of Skill Development and Entrepreneurship (MSDE) has issued advisory to states to allow Startups to self-certify compliance for a period of 1 year with the Apprenticeship Rules, 1992 of Apprenticeship Act 1961 c) As per the advisory issued by Ministry of Labour & Employment (MoLE) on 12.01.2016, Startups may self-certify compliance under 6 Labour Laws. MoLE has now increased the tenure of compliance of self-certification under 6 Labour laws from 3 to 5 years. 27 states viz. Andhra Pradesh, Assam, Chhattisgarh, Chandigarh, Daman & Diu, Delhi, Gujarat, Himachal Pradesh, Mizoram, Odisha, Punjab, Tripura, West Bengal, Uttar Pradesh, Haryana, Jharkhand, Madhya

Pradesh, Maharashtra, Tamil Nadu, Telangana, Uttarakhand, Rajasthan, Karnataka, Bihar, Andaman & Nicobar, Arunachal Pradesh and Meghalaya have confirmed compliance.

14,036 Startup applications have been recognized as Startups by DIPP.

Startup India hub has been able to handle more than 1,16,000 queries and facilitate more than 660 Startups by providing advisory on business plans, pitching support, etc.

Startups can now avail income tax exemption for 3 years in a block of 7 years, if incorporated after 1st April 2016.

A 'fund of funds' of INR 10,000 Cr is being managed by SIDBI. INR 1611 Cr have been committed to 32 AIFs. 170 Startups have been funded

A 4 week free Learning & Development programme covering 6 modules has been launched. More than 2, 27,000 applicants have signed up for the course and 10,000+ applicants have completed 100% of the course successfully.

5441 Tinkering Labs have been approved and 2071 have received grant of INR 12 lakh each.

8 EICs have been approved for scale-up grant of INR 10 Cr. 22 institutes have been approved for establishing AICs.

The Research Park at IIT Gandhinagar is being set up by DST which has disbursed an initial instalment of INR 40 Cr. IIT Kharagpur has received INR 74 Cr. and IIT Bombay has received INR 34 Cr. From MHRD.

INR 475 crore has been earmarked under UAY for 2016-18. INR 285 Cr has been sanctioned and 85 research proposals from IITs received INR 162.4 Cr under the scheme.

Reduction of Income Tax rate for companies with an annual turnover of up to INR 50 crore to 25% from 30% - Union Budget, 2017

MCA has notified the relevant sections pertaining to Fast Track process. Startups (other than partnership firm) shall now be able to wind up their business

SOURCE OF ABOVE DATA: -

www.startupindia.gov.in

www.incometaxindia.gov.in

www.gst.gov.in

www.commerce.gov.in

www.sidbi.in

www.dipp.gov.in

Indian government budget 2017-18 & 2018-19

Ministry of Skill Development and Entrepreneurship (MSDE)