



STARTUP INDIA: OPPORTUNITIES AND CHALLENGES

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Abstract:

The Startup is not a new concept; it exists right from the first industrial policy. The private entrepreneur has been encouraged to establish industrial units. However, the startup India initiated by the present government, to encourage new generation to enter into the production/manufacturing/trading activities. According to this initiative there are many opportunities for the young generation to startup with their new ideas. To facilitate the growth of startups and provide encouragement, Startup India initiative was announced on 15th August, 2015. This initiative has rolled out several programs with the objectives of supporting entrepreneurs, and transforming India into a country of job creators instead of job seekers and also provide 19-point action plan to promote Startup India initiative. The research proposes to find opportunities and challenges of Startup India initiative with reference to Gujarat and Maharashtra and suggest measures to solve issues and challenges of Startups in India.

Keywords: *Start-up, Innovation, Entrepreneurs, Employment*

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Introduction:

India is a developing nation, it has always been open with innovations, but these innovations were often squashed down by the bigger conglomerates. Lack of resources, less incentives to the entrepreneurs, market sensitivity and many other factors often discouraged such endeavours. To solve such issues of the nation government announced a number of policies and programmes, such as Employment Guarantee Scheme (1972), Training Rural Youth for Self-employment (1979), Pradhan Mantri Rozgar Yojana (1993), Swarna Jayanti Gram Swarozgar Yojana (1999), Pradhan Mantri Kaushal Vikas Yojana (2016-20), Atal Innovation Mission, Startup India Initiative (2016), Startup India Seed Fund Scheme . As per the third edition of startup state rankings were announced on 4th July 2022 by Department of Industry and Internal Trade, Maharashtra

was the top performer followed by Kerala, Odisha, Jammu and Kashmir and Telangana. This research is related to the Start-up India Initiatives with special reference to Gujarat and Maharashtra

The startup initiative was announced by Mr. Prime Minister Narendra Modi during his speech on 15 August 2015 and was launched in January 16, 2016 from Vigyan Bhavan, New Delhi, with an aspiration to impart more "strength and inspiration to the talented young generation of India to do something new for India and humanity."

The rate of economic growth of the country is not sufficient to generate adequate jobs to absorb the expanding labour force, but if young generations utilise this startup opportunity, the initiative can help to change the picture of India.

The problem of unemployment and poverty are considered to be the biggest challenge for the



development of India, due the problems of unemployment, illiteracy, inequality and poverty, it leads to a waste of human resources and improper utilization of resources in the country. Young generation who are well qualified face the problem of unemployment. Young people are a major human resource, key agents for social change, innovation and driving force for economic development. If these resources are underutilization, it creates problem of unemployment, mass poverty and slow economic growth and development. Mostly. As India has considerable young population hence unemployment among youth is the most critical challenge for the India.

Meaning and definition of Startup:

A Start-up is a newly formed business with particular momentum behind it based on perceived demand for its product or service, it is nothing but an idea that manifests into a commercial undertaking. It aims at bringing innovation and building ideas quickly, there are a number of types of start-ups such as Scalable start-ups, small business start-ups, Lifestyle start-ups, Buyable start-ups, big business start-ups, social start-ups.

Start-ups as those newly founded companies which fulfill the criteria set by DIPP, Start-up means an entity incorporated or registered in India which is:

- Not prior to seven years, however for Biotechnology Start-ups not prior to ten years,
- With annual turnover not exceeding INR 25 crore in any preceding financial year, and
- Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation

Research Methodology:

This research study is based on secondary data and considered the time period from 2016 to 2022.

Objectives of the study:

1. To understand the impact of Startup India initiative

2. To identify and make a comparative study on the opportunities and challenges in Maharashtra and Gujarat for Startup India initiative
3. To Suggest measures to solve issues and challenges of Startups in India

Review of Literature:

Prakash, Goyal (2011): the researchers discuss the reason that there are several reasons behind women becoming successful entrepreneurs, like in education, support of family member, successful stories of family and friend etc., still they also face lots of hurdle like family obligation, lack of self-confidence and old and outdated social outlook to stop women to enter into entrepreneurship. Schemes of promotion & development of women entrepreneurship also started for the growth of women entrepreneurs in India.

Babu (2015): discusses that India's startup scene is encouraging and attracting more women entrepreneurs, and now global investors increasingly start raising funds for new women startups.

Dr Suniti Chandiook (2016): India the world's fastest growing startup ecosystem, this study found that respondents supported the idea of funding for incubation centres. The Government proposal do so, across universities, innovation movements, research parks and industry parks is on similar lines.

Sumit Mishra (2017): Start-up India: opportunities and challenges, he identified various challenges and opportunities faced by entrepreneurs all over the India also this initiative holds the potential of creating the jobs when the manufacturing sector is having a downfall. For any new idea to become successful venture it requires appropriate support, synchronisation and mentoring from stakeholders, govt. and community as well.

The Startup India Ecosystem – Opportunities and Challenges:

Over the years, Indian startup have been receiving more attention globally, being as a developing nation, India needs millions of jobs annually and most employment in



our country generated from startups. In today's world the role of startups in economics prosperity is increasing, till now may startups have introduced the latest technology such as artificial intelligence, robotics etc. Today the global investors prefer to invest in India because of the enterprise friendly nature of government initiatives. At present there are 28 states and 8 union territories (total = 36 states and union territories) are there in India from that 31 have a dedicated startup policy in their state. They all promoting startups because they know, this is a way to solve various economic problems such as unemployment, poverty, inequality, brain drain, etc. The ecosystem of Indian startups has evolved dynamically over the years, it consists of various stakeholders, including incubation centres, educational

and research institutions, and big companies, more jobs are created across all work levels. Indian Food Tech industry are expected to generate 9 million jobs by 2024, Indian (Software as a science) SaaS companies are expected to create half a million new jobs by 2030, travel and hospitality industry 52.3 million jobs by 2028 and, many new startups were introduced but failed due to immaturity and lack of resources with limited investors. Domestic startups closed investment deals close to \$12 bn in Q1, 2022 and Today India becomes third largest startup ecosystem in the world. The implementation of the Goods and Services Tax (GST) has further facilitated the growth rate of start-ups in the country. In fact, India on the way to achieve its target of having 250 Unicorns by 2025.

States	Total Startups (DIPP recognised)	Women led startups	Key Sector	Nodal Agency
Maharashtra	16450	8022	Food Processing	Department of Industries & Commerce, Maharashtra State Innovation Society (MSINS); Department of Skill Development and Entrepreneurship
Gujarat	6418	2781	Business Support Services	Industries Commissionerate, Government of Gujarat

Source: www.startupindia.gov.in

The above table shows the status of Maharashtra and Gujarat's startups, as per the data given on website, till 24th January 2023, a total of 6418 DIPP recognised startups, 2781 women led startups in Gujarat with its key sector Business support services and a total of 16450 DIPP recognised startups, 8022 women led startups in Maharashtra with its key sector Food processing, both the states have their respective Opportunities and Challenges.

Challenges for Startups:

The researcher identified the following challenges for startup India initiative of the Government:

- 1. Market Structure:** The market structure of both the states are very large, fragmented and unorganised. This makes it difficult for startups to launch and provide any goods and service in the states, due to such uniqueness nature of the market new startup often experiences a difficult

- 2. environment.**
- 3. Financial resources:** Financial resource management is a biggest challenge for both the states, access to capital and get sufficient capital is problem for the startups. The requirement starts increasing as business progresses but due to new company's being underfunded demotivating, new startups are unable to take their business decisions.
- 4. Regulations of the government:** New startups



always need to follow regulations of the government, running a new business requires a number of permissions from government agencies such as labour laws, intellectual property rights, disputes resolution. Although there is a perceptible change, it is still a challenge to register a company in India.

5. **Angel investors:** India has lack of angel investors, which often doesn't allow budding startups to grow since these are institutions that fuel a startup. But in in case of Gujarat and Maharashtra they have more angel investors and they are doing good in field of investment but due to lots of rules and regulations they become inefficient. A Startup entrepreneur finds a huge challenge to raise finance either to fund his business or to expand.
6. **Change in the Mindset of the working class:** Traditional career paths will be giving way to Indian start-up space. Challenging assignments, good compensation packages would attract talented people to start-ups. Also, it is seen that several high-profile executives are quitting their jobs to start or work for start-ups.

Opportunities for Startups:

The researcher identified the following opportunities for startup India initiative of the Government:

1. **Maharashtra Startup Week:** It is a particular platform which offering a unique opportunity for early-stage startups working across education, skilling, agriculture and infrastructure, etc. It is organised by Maharashtra for encouraging the innovative ideas. Last year over 1800 startups applied for an opportunity, Winners will get an amount for their startup.
2. **Her START Accelerator:** It is a unique platform that prepared by Gujarat government to bridge the gap between women and innovation. It already empowered more than 150 women in the previous two editions, her START 3.0 aims to identify and

enable more women to empower the nation with their innovations.

3. **Deep Tech Startups:** Maharashtra state generated 1.46 lakh jobs in India in the past six years. More employment can be generate by most innovative ideas, to encourage an innovative idea of young entrepreneurs, government of Maharashtra promoting deep tech startups to support innovation and technological development this will be usefull for early stage startups.
4. **Huge Investments:** Investment is most important to run any business, huge investment in both the states startups from foreign and Indian investors is taking place. In both the states have many emerging startups such as automobile, biotechnology, Railways, Civil aviation and Food processing etc.
5. **Startup India Seed Fund Scheme (SISFS):** There are many business ideas that do not come into existence because of lack of financial support, so provide them financial assistance the government of India launched this scheme on 16th of January 2014. Under this scheme central government transfer funds to Incubators and incubators will circulate the fund according to requirements of startups. As per data government allotted budget of Rs 945 Crores, this help 300 incubators and the funds provided to the startup under this scheme will be up to Rs 50 lakh.
6. **Large Population:** India is a labour-abundant country. In the coming years, it is expected that the working age population will surpass the non-working populations of the country. Both the states have multiculture and multi religions and also attracted citizens of other states. This unique demographic advantage will offer a great opportunity to any start-up. Various infrastructure issues and the bottom-of the- pyramid market would provide huge opportunities for the entrepreneurs and start- ups.

Suggestions:

India is a country of young minds and found as a start-up



hub, it is expected that India is able to generate more employment with the help of its right policies and initiatives, At present both Maharashtra and Gujarat are doing good in terms of startup as they have good number of startups 16450 in Maharashtra and 6418 in Gujarat both the states require more incubation centres, need more literate or skilled population, need more schemes like Startup India Seed Fund Scheme, Gujarat need to develop Deep Tech Startups and Startup Week to support new entrepreneurs and startups.

Conclusion:

The Startup India Initiative facing many challenges in relation to making young minds job seeker to job creator, government giving opportunities to new startups such as extension of tax holiday, action plan, ease-of-doing business, innovation to help entrepreneurs to startup. This research work is related to startup India initiative with reference to Maharashtra and Gujarat, both the states have their crucial strategies for Startups, such as Gujrat adopted to pursue threefold strategy: innovators, institutions and government committee also facilitating mentor services, financial service for the innovator, and free access to institutional support systems for startups and Maharashtra adopted Public-Private Partnership (PPP) Model it also facilitating environment for startups such as extensive events through sponsorship.

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