



Role of Startups on Indian Economy

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ABSTRACT

India needs 10 million jobs a year and global data shows that it is startups, not large enterprises that create net new jobs in any country. Startups are the centers of innovation and are a great way to enhance employment creation in the economy. The concept of Start-up India campaign was started on 15th August 2015. Startups involve dealing with new technology which generally lies at the highest end of value addition chain. India is a home to almost 3100 startups starting per year standing just behind the US, UK, and Israel according to the NASSCOM report of 2015.

If the growth continues in the same pace then it is expected that Indian tech startups will generate almost 2.5 lakh jobs in the next five years. India is also said to enjoy demographic dividend and it is anticipated that by 2020 India will be a home to 112 million working population falling in the age bracket of 20-24 years as compared to that of 94 million workers of China. This demographic dividend will definitely boost the startup culture in the country. The Prime Minister's Startup India campaign is a great initiative to boost entrepreneurship in India. This initiative will play a very important role in further facilitating startups and providing a new dimension to entrepreneurship in the country.

Keywords-- Startups, Shareholders, Government, Employment, Economy, Entrepreneurship

A complete action plan of startup India was launched on 16th January 2016. This scheme will boost entrepreneurship in the country at grassroots level ensuring youth benefits from the lowest strata of society.

The Action Plan is divided across the following areas

- Simplification and Handholding
- Funding Support and Incentives
- Industry-Academia Partnership and Incubation

II. REVIEW OF LITERATURE

Christopher A Pissarides (2001) in his paper studied that the role of company starts up costs for employment performance. This paper is highly theoretical one. The conclusion is the factors that can explain the differences in Labor Market performance are structural and should be sought in the institutional structures of the countries.

Omid Sharifi, Bentolhoda Karbalaeei Hossain (2015) in their paper stated that the various financial challenges faced by the Startups in India. It also depicts the difficulties faced by the startups at the initial stage. The major findings are major leap in technology have led investors to raise the bar in terms of how much leg work entrepreneurs are expected to do before even pitching their companies.

I. INTRODUCTION

“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 & capabilities , 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.”

III. OBJECTIVES

- To analyze the initiative for startup India
- To understand the problems faced by the start-ups.
- To study the impact of start up on people
- To study the awareness about Startups in the light of recent changes announced by the Government

IV. ROLE OF GOVERNMENT

The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 such startup support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs). The Reserve Bank of India said it will take steps to help improve the 'ease of doing business' in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

V. INVESTMENTS IN STARTUP

SoftBank, or, in other words Japan, has put \$2 billion into Indian new companies. The Japanese firm had vowed the aggregate ventures at \$10 billion. Google announced to dispatch a startup, in view of the most elevated votes in which the main three new businesses will be permitted to join the following Google Launch pad Week, and the last champ could win a measure of \$100,000 in Google cloud credits. Pradhan Mantri Mudra Yojana is likewise one of the comparable activities to renegotiate the small scale units

VI. INITIATIVE TAKEN BY GOVERNMENT

Refund

A refund measure of 80 percent of the aggregate esteem will be given to the business people on recording patent applications.

Simple standards

Standards of open obtainment and tenets of exchanging have been rearranged for the new companies.

Quicker exit

On the off chance that a start-up fizzles, the administration will likewise help the business visionaries to discover reasonable answers for their issues. In the event that they bomb once more, the administration will give a simple way out. Atal Innovation Mission

The Atal Innovation Mission will be propelled to help advancement and empower capable young people.

Setting up hatcheries

A private-open association show is being considered for 35 new hatcheries and 31 development focuses at national foundations.

Research parks

The administration intends to set up seven new research parks, incorporating six in the Indian Institute of Technology grounds and one in the Indian Institute of Science grounds, with a venture of Rs 100 crore each.

Enterprise in biotechnology

The administration will additionally build up five new biotech groups, 50 new bio hatcheries, 150 innovation exchange workplaces and 20 bio-interface workplaces in the nation.

Committed projects in schools

The legislature will present advancement related projects for understudies in more than 5 lakh schools.

Legitimate help

A board of facilitators will give legitimate help and help with submitting patent applications and other authority reports.

Self accreditation

The new companies will embrace self-accreditation to decrease the administrative liabilities. The self-affirmation will apply to laws including installment of tip, work contract, provident reserve administration, water and air contamination acts.

Start-up India center point

An all-India center will be made as a solitary contact point for start-up establishments in India, which will assist the business people with exchanging learning and access money related guide.

Simple Registration

An online entry, in the state of a versatile application, will be propelled to enable begin to up organizers to effectively enroll. The application is planned to be propelled on April 1.

Patent security

A most optimized plan of attack framework for patent examination at lower costs is being conceptualized by the focal government. The framework will advance mindfulness and selection of the Intellectual Property Rights (IPRs) by the start-up establishments.

Corpus Funds of Rs. 10,000 crore to help start-up

The legislature will build up a reserve with an underlying corpus of Rs 2,500 crore and an aggregate corpus of Rs 10,000 crore more than 4 years, to help forthcoming start-up endeavors. The Life Insurance Corporation of India will assume a noteworthy job in building up this corpus. A board of private experts chose from the start-up industry will deal with the reserve.

National Credit Guarantee Trust Company

A National Credit Guarantee Trust Company (NCGTC) is being conceptualized with a financial plan of Rs 500 crore for every year for the following four years to help the stream of assets to new businesses

No Income Tax for a long time

New businesses would not make good on Income Government expense for a long time. This approach would alter the pace with which new businesses would develop later on.

With an average age of 28, India's entrepreneurs rank among the youngest in the world. India is the third largest startup country. Formalization of India's start-up

economy is also increasing, with funding for start-up companies more than doubling between 2014 and 2015. The top MBA Colleges from Andhra Pradesh, Haryana, Karnataka, West Bengal, etc have been consistently producing entrepreneurs to progress in this field.

Survey results reveal that start-ups can exploit a range of advantages and attributes unique to India. A little more than three-fourths of Indian executives (76 percent) pointed to India's openness in an economy as a major business advantage, while 60 percent identified India's skilled workforce. And as much as 57 percent said that India's large domestic market provides significant advantages. The Indian economy has benefitted from the country's accelerating start-ups activity.

Indian governments also have a strong interest in supporting emergent start-up ecosystems both nationally and regionally.

In addition to contributing to improved economic vitality, a robust start-up community can support expanded economic openness, skills improvement and transformation of the economy

VII. IMPORTANCE OF STARTUP

The Indian start-up community, in particular, believes government needs to play an activist role in building an Indian start-up ecosystem. Not just the government, but also Universities such as The North cap University, IIMs from all over India, etc. have been consistently playing a major role in the growth of this sector.

The Start-up India campaign is a good example of how the government can help foster growth of India's start-up community. Established by the Indian government, Start-up India includes a series of initiatives designed to encourage accelerated start-up formation and development. As part of the program, the government is offering financial incentives for start-ups, including 100 percent tax exemption for three years, and has allocated Rs 500 crore to support funding for specifically targeted groups, such as women entrepreneurs. Additionally, the Indian government has announced a capital gains tax exemption for start-ups, as well as an 80 percent rebate for start-ups filing patents.

As of 2015, an estimated 80,000 jobs had been created by India's technology start-ups businesses. Ninety-seven percent of India's start-ups said they planned to continue hiring in 2016.

And start-ups are beginning to spread benefits beyond traditional locations into regional economies. Start-ups are upending established business models and creating new markets. Across industries, start-ups companies – such as Zoctr and HealthKart in healthcare, Paytm and FreeCharge in financial services, Ecolibrium Energy and

Glowship in energy and utilities, and Jugnoo and Ola in travel – threaten to disrupt established businesses.

Startups help in self-employability and for creating job opportunities for others as well. If a country has to boost its economy then majority of population has to take part in the country's economy. Many have a job or business this will result in increased economic activities and money circulation and finally boosts the economy so successful startup businesses help in increasing job opportunities

VIII. LEGAL REQUIREMENTS TO ESTABLISH A STARTUP

For a corporation, entity, or a business to be termed as a startup, it must be established under either of the following legal frameworks:

Registered under the Companies Act, 2013;

Registered under Section 59 of the Partnership Act, 1932, as a partnership firm; or, Registered under the Limited Liability Partnership Act, 2002, as a limited liability partnership.

This legal definition means that Sole Proprietorship Firms are not under the Startup India scheme.

IX. ADVANTAGE OF STARTUP INDIA

Monetary advantages

New companies will get a 80% refund on patent expenses. This implies, if and when a startup applies for a patent, the legislature will go to its guide by subsidizing the barrier of the patent. The organization will therefore get a refund of 80% in the charges. Additionally, the administration will likewise pay the expenses of the facilitator and help acquire the patent. Patent enlistment and assurance of Intellectual Property Rights (IPRs) will be quicker and the procedure, straightforward.

Enrollment benefits

The legislature propelled a versatile application on 1 April 2016 alongside an entrance to enable organizations to enlist in multi day. A solitary purpose of contact has been set up for all enlistment based inquiries toward the Start-up India center point. What's more, there is a solitary window leeway for all clearances, endorsements, and enlistments, which will make the procedure less demanding for all.

Salary Tax benefits

Salary Tax exception is accessible for the initial three years post enlistment under the plan. In any case, any startup will be qualified to guarantee these tax breaks simply in the wake of acquiring an authentication from the Inter-Ministerial Board which has been set up particularly for this reason. Likewise, if the cash is put resources into a

reserve of assets, the new companies can likewise profit tax cuts on the capital increases.

Exceptional advantages

New companies in the assembling division are exempted from sticking to the criteria of 'related knowledge' or 'turnover'. This is managed with no unwinding in quality measures or specialized parameters concerning open acquirement (by government).

Ensured assets through National Credit Guarantee Trust Company or SIDBI more than 4 years

No investigation will be for the initial three years with respect to work laws.

Condition law consistence is required just post-self accreditation.

Conclusion/Winding up will be a speedier procedure – Just in 90 days!

X. ROADBLOCKS FACED BY THE START-UPS

Starting an entrepreneurship is not an easy task. There are many factors which influence the initial stage of the start up. When someone starts a new enterprise or tries to get into entrepreneurship they face many problems like finance, land permissions, environmental clearance, foreign investment proposals, family support, team, marketing strategy, legal aspect, resource allocation, mentorship, accurate advice and information, fear of failure etc.

XI. CONCLUSION

Presently the govt. is likewise supporting the Start-ups. As indicated by Nasscom, India positions third in worldwide start-up environment. Over 65% development is found in the year 2015. Start-up is an open door for a business person to teach and rouse others while some are considering how to do and what to do. Despite the fact that, business people are confronting issues yet at the same time they are rising like a sun. They have the assurance to setup and occupy their vitality to plan, bolster and execute their fantasies and adding to the development of the economy.

If the growth continues in the same pace then it is expected that Indian tech start-ups will generate almost 2.5 lakh jobs in the next five years. India is also said to enjoy demographic dividend and it is anticipated that by 2020 India will be a home to 112 million working population falling in the age bracket of 20- 24 years as compared to that of 94 million workers of China. This demographic dividend will definitely boost the start-up culture in the country.

The Prime Minister's Start-up India campaign is a great initiative to boost entrepreneurship in India. This

initiative will play a very important role in further facilitating start-ups and providing a new dimension to entrepreneurship in the country. The government must help start-ups promote themselves, not just in India but across the globe, as well as create policies that are start-up friendly so that Indian start-ups get a major boost and they can further create better employment opportunities for the youth of the nation.

SUGGESTIONS

1. The Government should empower simple accessibility of credits the nation over.
2. The Govt. should take some mindfulness program me in regards to new businesses in country territories.
3. Multi window clearances: Budding business people need to make numerous outings to government workplaces to enroll and look for clearances. Earnest need to scrap various administrative clearances.
4. There ought to be an Incubator help program that backings physical and virtual hatching, government ought to be impetus here, aside from the private ones.
5. An essential factor behind disappointments and moderate development of a few associations is the absence of value mentorship, particularly as far as industry learning/bolster. So the Govt. ought to sort out consultancy office particularly for start-up programmes.

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